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Louise Pryor
Technical Director
Board for Actuarial Standards
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Dear Louise

**Reporting Actuarial Information – Exposure Draft
Lane Clark & Peacock LLP (“LCP”) response**

We are pleased to submit our response to the above consultation document.

By way of background, Lane Clark & Peacock (“LCP”) is a leading firm of consulting actuaries, with 85 partners and principals, and a team of more than 450 employees across Europe. The firm provides actuarial, employee benefit, investment, insurance and risk management related advice as well as pensions administration services. Over 90% of our fee income derives from pensions-related advisory services.

We have a number of concerns with this generic reporting standard which we expand on in the appendix to this letter. In its present form we feel that it cannot be subject to minor amendments in order to arrive at the final standard. Instead some major redrafting is necessary.

We note the Consultation Paper on the Structure of new BAS Standards (with implications for adopted GNs) but are not responding to it.

Yours sincerely

Fiona J Morrison FIA
Partner

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A list of members' names is available for inspection at 30 Old Burlington Street, London, W1S 3NN, the firm's principal place of business and registered office. The firm is regulated by the Institute of Actuaries in respect of a range of investment business activities.

Offices in London, Winchester, Jersey, Belgium, Switzerland, the Netherlands and Ireland.

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Response to specific questions

1. The definition of a “report” (Section 2 and paragraph 3.1.)

The definition of a report in itself appears non-contentious, but the phrase “within the scope of this standard” begs the question as to precisely what is intended to be within scope. We would have expected to have seen this addressed at exposure draft stage. Its absence makes it very difficult to comment in any meaningful way on the practicalities that could result under this standard.

2. The approach to “compound” and “repeat” information (Section 8)

We are generally supportive of the approach taken to compound information. However, we ask whether you have addressed the practicalities of requiring compliance with the standard for each stage where a report is written ahead of a decision being taken by the entity.

We are also generally supportive of the approach taken on repeat information. As an extension of this principle, it seems to us that where a piece of related work is being undertaken, it should be possible for the report writer to refer back to the original work where this is appropriate. For example, a report on transfer bases should be able to take (if appropriate), the latest scheme funding valuation report as a starting point.

3. The text of the exposure draft as a means of implementing the policy decisions outlined in Part I of this document

We have great difficulties in this area and consequently are strongly of the view that the standard needs to be redrafted. It just does not have the feel of a professional standard with much of the drafting having a commentary flavour to it.

We have a number of specific points to make under this heading as follows:

- Since its purpose should be to state some principles and then expand on them by way of explanation, its structure needs to be completely rethought and its length needs to be substantially reduced. As currently presented it is very difficult for the report writer to extract the things that he or she is required to consider from all the other content. It is for example, not clear how one can use the easement that paragraph 4.2. appears to represent when what follows can be quite prescriptive in parts. The standard also needs to be rewritten so that it is more task-oriented.
- Some of the content, whilst relevant in any discussion leading up to the standard, is not appropriate for the content of a professional standard – eg the first sentence of paragraph 5.1.
- Section 6 appears to be introducing a new principle. Very little of it seems worthy of inclusion in a professional standard. Some of the content is educational and should not form part of a professional standard – eg paragraphs 6.1. and 6.3. Some of the content seems more like helpful hints and again should not form part of a professional standard – eg paragraph 6.6.
- In places the standard strays away from principles into rules or unnecessary detail – eg paragraphs 7.10. and 7.13.

- We are not sure if you have truly brought out the difference between a subjective and an objective judgment (paragraph 7.11.).
- Where requirements are stated, in many instances they are then subject to a judgment caveat. Whilst we can understand the reason for this, there is a danger that the message becomes confused and consequently you are not able to “deliver the improvement in reporting which the proposed generic reporting standard will engender”.

We note that the standard will not come into effect until relevant technical actuarial standards are turned on. We suspect that as part of this, the finalised generic reporting standard will need to be reviewed.

4. The BAS’s assessment that the proposals are free from any (material) costs, whilst generating benefits to users of actuarial information (see paragraph 29 of the Feedback section of this paper)

Your assessment that you are “not aware of any requirements in the proposed generic reporting standard that would impose extra costs on entities” is given without any evidence. As such, this clearly fails the first principle within the generic reporting standard.

In the discussion leading up to the standard we would have expected to have seen an assessment of which areas of actuarial activity are intended to be within scope, evidence of shortcomings in actuarial reporting within each of these areas (as measured against the proposed standard) and hence an indication of the additional duties anticipated of the report writer. Had you carried out this analysis we expect that you would have come to the opposite conclusion to the one that you have reached. We would then have been in a position to give you an informed view as to the extent of the costs that we would have faced.

Even without such an analysis, it seems to us that unless you are expecting there to be no change in behaviour by report writers, there are bound to be additional costs.