

## Emily Brown

---

**From:** Paul Thornton [paul.thornton19@btinternet.com]  
**Sent:** 16 July 2007 20:20  
**To:** basapril07  
**Cc:** Paul Thornton forward to home; Paul Thornton (gazelle)  
**Subject:** Response to Consultation

My apologies for a late response to your Preliminary Consultation of April 2007.

In general I am pleased that the Board is attempting to develop a conceptual framework as suggested by Morris, but I hope it will recognise the reality that this is something of a holy grail, and that whatever is produced will need to be open to further refinement after publication.

Other tasks which the Board needs to pursue in parallel are the maintenance of the existing body of technical actuarial guidance and the introduction of new guidance in the area of mortality and longevity assumptions.

On the specific questions in section 3

1.  
I have no objection to the initial focus on what is designated as actuarial information, but in practice the needs of users do not fall neatly into information or advice. The vast majority of users, certainly in the pensions arena, rely on the actuary to provide recommendations as well as information, recognising that the actuary will normally have more experience of actuarial decision-making than themselves. Thus, if the needs of those who rely on actuarial information is to be the primary foundation, with which I would not disagree, this distinction may not be readily sustainable.

3.  
I fully agree, although I would note that techniques for measuring and pricing long term liabilities are significantly less well developed than those for short term liabilities, other than in the actuarial profession. A conservative approach to model risk should not be confused with prudence as you seek to define it.

4.  
I support the approach of SAPT, but see this as defining appropriate standards rather than enabling distinctions to be drawn between different sources of actuarial information. Appropriate regard must be paid to the difference between forward looking actuarial assessments and historical accounting assessments and the analogy not pursued for the sake of it. BAS did not have to be constituted under the FRC.

5.  
The first 4 items in A1.14 seem more fundamental and necessary in all circumstances than the latter 2, which are likely to be more situation specific.

I would however qualify these remarks by noting that the discussion paper is framed in such abstract terms that it will not be until the next stage that some of the questions posed can be meaningfully addressed.

Paul Thornton

-----  
Sent with Instant Email from T-Mobile