

Towards a conceptual framework: consultation paper

I find myself in almost total agreement with the recommendations of the consultation paper.

In particular, I think the categorisation of actuarial work into five categories A-E to be very helpful, particularly when presented in conjunction with the commentary that work falling into category A or B is often for the protection of beneficiaries, whereas work in categories C or D is often for the benefit of a firm or other similar entity. This in itself is a useful distinction, in that the beneficiaries will not normally be in a position to influence the actuarial work, and so need a third party to protect their interests, whereas a firm is often in a better position to take an informed view of whether or not it requires such safeguards and can introduce them through a contractual requirement.

I also agree with the proposed applicability of BAS standards in relation to the category in which the work arises, with Category A inside scope and Category B in scope but restricted to "Comply or Explain". In practice, I imagine that those commissioning work in categories C or E may choose to apply similar standards in some cases, but I agree with the recommendation that that can best be achieved by the commissioning entity rather than through prescription.

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After attending a presentation on the proposals, I would like to add to my original comments in further support of the proposals.

In my role, I not only work as an actuary but I also regularly commission work from other actuaries, both internal to my company and from external consulting actuaries. In those instances, I typically choose to employ actuaries because of the technical skills and experience they possess, but I often do not want to impose an additional layer of cost in order to comply with a set of prescriptive standards. On occasion, however, I would prefer the additional confidence of having a formal report prepared in accordance with recognised professional standards. The proposed approach for category C/D work of not making standards mandatory would work in this situation, because in normal circumstances the standards would not apply but I could choose to ask the actuary to comply with a ready-made standard in a particular instance. I do think, however, that some publicity needs to be given to the standards amongst those who use the service of actuaries, as many will not be aware of the circumstances in which standards apply and will therefore be unable to make an informed decision of whether or not to apply standards by means of a contractual arrangement in cases where they are not mandatory.

Regards

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