

From: [Graham, Mark - Chaucer](#)
To: [basnovember07;](#)
Subject: RE: BAS Consultation
Date: 14 January 2008 13:53:38
Attachments: [6772-logo02.gif](#)

Thank you for the opportunity to comment on BAS's consultation paper on the conceptual framework for actuarial standards. I have just one point to make, but I think that it represents an important practical issue.

Paragraph 3.21

I am an actuary employed as CFO of an LSE-listed company. The annual and interim financial statements of my company would clearly seem to fall within BAS's Category B ("Work that an entity is required, by regulation or by virtue of a legal obligation to a beneficiary, to commission, not necessarily from an actuary"). Since I am in overall charge of this work (as defined in paragraph 5.17), the standards would apply, and I would be subject to a "comply or explain" requirement.

Of course, the financial statements are subject to numerous accounting standards. These accounting standards are generally rules-based, rather than principles-based. At best, I would have to go through a very significant exercise of reconciling the relevant accounting standards with the BAS standards to ensure that they were all consistent and, hence, I could declare compliance. A much more likely outcome, given the different philosophies behind the standards, is that various inconsistencies would exist. I would then be faced with including explanations for these inconsistencies with the BAS standards in my company's published statements.

Quite apart from the fact that these inconsistencies would be of no interest to any users of the financial statements, and would more likely confuse such users (given they would not be included in any equivalent document), the need to include them would make my own position as CFO entirely untenable. Quite simply, were these standards in place in the form set out in this document, no insurance company would ever employ an actuary as CFO. It is vital that the framework is amended to ensure that BAS standards do not apply to work that is already subject to alternative, more relevant, professional standards, or that is subject to audit sign-off. This may well require the addition of a Category F.

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