



BOARD FOR ACTUARIAL STANDARDS

**Minutes of the meeting of the Board for Actuarial Standards held on 14 August 2006,
at Aldwych House, 71-91 Aldwych, London WC2**

PRESENT

Paul Seymour	Chair
Nigel Bankhead	Director
Mike Arnold	
David Blackwood	
Lawrence Churchill	
Harold Clarke	
Christopher Daws	
Steven Haberman	
Julian Lowe	
Jerome Nollet	
Tom Ross	
Sir Derek Wanless	
Martin Weale	

Observers

Fraser Low	The Pensions Regulator
Paul Sharma	Financial Services Authority

In Attendance

Paul Kennedy	Professional Oversight Board
Derek Pike	Project Director, BAS
Roger Nicklen	Note taker

Apologies for absence were received from Peter Askins, Dianne Hayter and Jim Kehoe.

The Chairman welcomed Fraser Low, attending in place of Sue Rivas.

1 MINUTES OF THE LAST MEETING

The Minutes of the meeting held on 10 July 2006 were agreed and approved for publication.

2 MATTERS ARISING

The Board took note of the response to the Department for Work and Pensions (DWP) on GN 27 'Retirement benefit schemes - Minimum Funding Requirement'.

3 PROGRESS REPORT

The Board took note of the Director's progress report and of the minutes of a recent meeting with the Profession's Scrutiny Committee and emphasised the need to institute as quickly as possible quadrilateral discussions between the Financial Reporting Council



(FRC), the Financial Services Authority (FSA), the Pensions Regulator and the DWP to discuss current risks.

4 DEVELOPMENT OF A CONCEPTUAL FRAMEWORK

The Board considered papers dealing with the coverage of the conceptual framework and the approaches to be taken in its development, noted the progress made in setting up working groups covering value and risk and received an oral report on the first meeting of the value working group.

The Board approved arrangements for a further working group on stakeholder interests, to be chaired by Dr Hayter. A committee to oversee final publication of the framework discussion paper was also appointed, to be chaired by Sir Derek Wanless.

The Board took note of progress with the development of a proposed FRC consultation on the drivers of quality in actuarial services.

5 OPERATIONAL ISSUES

The Board received a progress report on the preparation of a Scope & Authority Statement.

The Board took note of:

- discussions between BAS staff, the Profession and the Department for Work and Pensions related to whether *GN19: Retirement Benefit Schemes - Winding-up and Scheme Asset Deficiency* should require the use of audited accounts.
- a request for a minor change to *GN20: Actuarial Reporting under the Lloyds Valuation of Liabilities Rules* to reflect a change in Lloyds requirements.
- proposals to hold discussions with the Profession about their concerns over *GN27: Retirement Benefit Schemes – Minimum Funding Requirement*.
- a request from the Profession to discuss issues arising during the consultations on amendment of *GN46: Individual Capital Assessment* and *GN47: Stochastic Modelling for Life Insurance Reserving and Capital Assessment*.

The Board approved a proposal for a minor amendment to *TM1 Statutory Money Purchase Illustrations* to take civil partnerships into account.

The Board discussed a number of issues relating to the practice of offering transfer value incentives, noted the intention to raise these issues in the proposed quadrilateral discussions (see Item 3 above) and agreed to consider further what action would be appropriate at a future meeting.

The Board took note of progress in amending legislation to name the BAS as the standard setter for actuarial standards and of a positive response from the DWP on the issue of bringing to an end the need for approval by the Secretary of State of certain GNs.

The Board discussed the concerns raised in the Press about the absence from the CMI mortality tables of judgements about future changes in mortality rates, gave preliminary consideration to the case for issuing guidance and agreed to consider the matter further at a future meeting.



The Board considered the article by David Forfar in the July 2006 edition of 'The Actuary' and commissioned preparation of a response setting out the limitations of the BAS's responsibilities.

The Board received an oral report on staff recruitment.

6 OTHER BUSINESS

The Board noted the FSA's intention to undertake consultation on high level principles for how insurance companies (life and non-life) should be arriving at their individual capital assessments and of the ABI's intention, possibly with others, to develop some industry guidance.

The Board noted an informal suggestion that the BAS might join the International Association of Actuaries and agreed to give the matter further consideration at a future meeting.

The Board noted the arrangements for working group meetings, papers and proceedings.

The Board was informed that a member had been invited to serve on the oversight committee of the Disciplinary Scheme of the Society of Actuaries in Ireland.

7 NEXT MEETING

Monday 11 September, 1:30 p.m.