



Financial Reporting Council

Technical Actuarial Standard 100: General Actuarial Standards

**Feedback statement and
Impact assessment**

March 2023

Contents

	Page
1 Executive summary	2
2 Introduction	6
3 Summary of respondents to the CP	7
4 Impact assessment	8
5 Analysis of responses to the Consultation	10

The FRC's purpose is to serve the public interest by setting high standards of corporate governance, reporting and audit and by holding to account those responsible for delivering them. The FRC sets the UK Corporate Governance and Stewardship Codes and UK standards for accounting and actuarial work; monitors and takes action to promote the quality of corporate reporting; and operates independent enforcement arrangements for accountants and actuaries. As the competent authority for audit in the UK the FRC sets auditing and ethical standards and monitors and enforces audit quality.

The FRC does not accept any liability to any party for any loss, damage or costs however arising, whether directly or indirectly, whether in contract, tort or otherwise from action or decision taken (or not taken) as a result of any person relying on or otherwise using this document or arising from any omission from it.

© The Financial Reporting Council Limited 2023 The Financial Reporting Council Limited is a company limited by guarantee. Registered in England number 2486368. Registered Office: 8th Floor, 125 London Wall, London EC2Y 5AS

1 Executive summary

- 1.1 The Financial Reporting Council (FRC) received significant stakeholder input to the consultation on the revisions to [Technical Actuarial Standard 100: Principles for Technical Actuarial Work \(TAS 100\)](#), both in written form and through outreach activities. This executive summary draws out the key areas where feedback was provided and highlights the main changes made to the exposure draft of TAS 100 v2.0 in response to that feedback.

General observations

- 1.2 Many respondents expressed agreement at the FRC's decision to retain the principles-based approach.
- 1.3 There was also general support for the proposal to incorporate relevant elements of the Framework for TASs document within TAS 100 and the Glossary document within the TASs.
- 1.4 The guidance was welcomed by a significant proportion of respondents with some respondents requesting further guidance and some proposing improvements.
- 1.5 A significant proportion of respondents also agreed the intent of the new Risk Identification Principle but highlighted areas of potential challenge.
- 1.6 The majority of respondents provided feedback on the introduction of the Application Statements. Around half of those who provided feedback found the Application Statements helpful but highlighted areas of challenge.

Application of proportionality

- 1.7 The consultation document (paragraphs 3.16 to 3.17) explained the policy intent in relation to proposed changes to how the application of proportionality should be presented in TAS 100. In particular, it was explained that the FRC expects the appropriate application of proportionality in complying with the standards to continue and has provided additional guidance to support this.
- 1.8 However, it was evident from the responses received that many interpreted the re-positioning of the statement in relation to the application of proportionality to the guidance as a move away from allowing a proportionate approach to compliance.
- 1.9 To address respondents' concerns around proportionality, a new paragraph, 1.5, has been inserted into TAS 100 v2.0, which references the guidance on proportionality and how this could be used to inform compliance with the standard.
- 1.10 In finalising TAS 100 v2.0, the words 'material' or 'relevant' have been inserted in a number of places to emphasise that many of the provisions and regulatory expectations apply only where matters are considered to be material. Note that the justification for departures from regulatory expectations need only be provided where the deviation is material.

Documentation requirements

- 1.11 In the consultation, the FRC proposed for the terminology 'shall' to be replaced with 'must', which also further distinguishes mandatory requirements ('must') from the regulatory expectations ('should') introduced through the proposed application section.
- 1.12 Although the words 'shall' and 'must' are both commonly used to express a mandatory requirement in the regulatory environment, many respondents viewed the replacement of the word 'shall' with 'must' as a move away from the principles-based approach towards a more rules-based approach. Further, there was concern that the requirements relating to justifying departures from regulatory expectations could be interpreted to mean that Application Statements using the word 'should' were effectively mandatory.
- 1.13 The requirement to provide evidence of TAS compliance to the intended user, if requested, caused some respondents to conclude that all documentation must be in a form that can be read and understood by individuals with no actuarial training.
- 1.14 The above, in combination, led respondents to believe that the proposed changes to TAS 100 would impose a significant regulatory burden on actuarial practitioners and the users of their work. This was considered to be of particular concern in relation to smaller pieces of work.
- 1.15 In relation to the use of the terms 'must' and 'should', the FRC notes that the Institute and Faculty of Actuaries' (IFoA) members will be familiar with this terminology from the principles-based Actuaries' Code. The proposed change of terminology from 'shall' to 'must' aligns TAS 100 with the IFoA Actuaries' Code. The IFoA Actuaries' Code requires Members to be able to justify non-compliance with requirements expressed using the word 'should'.
- 1.16 Further, practitioners will be familiar with this terminology as it is widely used by the sectoral regulators. Solvency II, despite using the term 'must', requires proportionality (e.g., 'A firm's system of governance must be proportionate to the nature, scale and complexity of its operations'). Finally, as noted above, the terms 'shall' and 'must' both reference a mandatory requirement, so replacing one with the other does not indicate a change in classification of requirement.
- 1.17 In relation to the requirement to make the evidence demonstrating compliance available to the intended user (if requested), as noted by some respondents, such requests are rare and it would be unusual not to comply. Further, it would be reasonable for the intended user to request this information if it is considered to be of value. There are a range of practices that could be followed to evidence TAS 100 compliance. Principle 6 of TAS100 v2.0 makes it clear that the intended audience for documentation (which includes evidence demonstrating compliance) referred to under the standard is "technically competent persons ...". In most situations, the FRC expects that technical evidence of compliance would suffice for an intended user. However, if an intended user seeks evidence of compliance in a non-technical form, for example, in situations where the intended user does not have actuarial training, the FRC expects the practitioners to communicate such information in compliance with Principle 7 of TAS 100 v2.0.

1.18 The FRC has therefore finalised TAS 100 v2.0 with the proposed terminology as set out in the exposure draft in the consultation.

Risk Identification, Judgement Principle and Bias

- 1.19 Respondents cited concerns that certain elements of the wording of the Risk Identification Principle (e.g., the requirement to consider all material risks and factors), combined with the concerns mentioned above, made the principle unworkable.
- 1.20 Some respondents were concerned that the new additions to the Judgement Principle could be difficult or impossible to comply with, as respondents inferred P2.3 implies that their judgements will be assessed with the benefit of hindsight.
- 1.21 Respondents raised concerns in relation to the requirements to 'investigate' data and the requirements in relation to 'present or potential future unintended biases' under assumptions and models. Some respondents requested clarity on how to identify 'potential future unintended biases', others requested clarity on how to perform the investigations. Respondents also challenged the proposals as gold-plating the standards.
- 1.22 The FRC has made drafting amendments to the final standard to address the concerns raised to the Risk Identification and Judgement Principles as well as sections relating to bias in data, assumptions and models. The amendments aim to bring further clarity to the requirements.

Requirements retained from TAS 100 v1.0

- 1.23 A number of respondents raised concerns in relation to several requirements which already exist in TAS 100 v1.0 effected 2017 and where the policy intent has remained unchanged in the exposure draft of TAS 100 v2.0; these concerns were not raised as part of the 2021 and 2022 calls for feedback. Examples are:
- The requirement to ensure it is possible to reproduce output from models used for technical actuarial work (insurance actuaries will be familiar with this concept from core provision 9 of TAS 200).
 - The requirement to state whether assumptions set by an intended user or third party are not reasonable for the purpose of the technical actuarial work and provide an indication of their impact on the actuarial information (TAS 100 provision 3.5).
 - The requirement to confirm in written form any material actuarial information provided orally (TAS 100 provision 5.3).
- 1.24 The FRC has made amendments to the final standard to remove the explicit requirement to ensure model output can be reproduced and has instead specified that model validation includes appropriate checks to ensure the stability of model outputs. The FRC views the reproducibility of the model as one way of demonstrating stability of the model outputs and views this as a more principles-based approach to setting such a requirement.

-
- 1.25 The FRC has made amendments to P4.4, to better align with the corresponding requirement in TAS 100 v1.0 and more explicitly allow for proportionality.
 - 1.26 The FRC considers that it remains important for practitioners to retain some form of written evidence of actuarial information provided to intended users and have finalised TAS 100 v2.0 with no further changes to P7.5.

Other changes

- 1.27 In addition to the main changes outlined above, some minor drafting changes were made either in response to feedback received or where it was identified that the existing drafting required improvement.

2 Introduction

Background

- 2.1 The FRC is the UK's independent regulator responsible for issuing and maintaining technical actuarial standards.
- 2.2 Version 1 of TAS 100 was issued in 2016, becoming effective 1 July 2017.
- 2.3 The FRC keeps the Technical Actuarial Standards (TASs) and other actuarial standards under regular review and reconsidered at least once every five years. The post implementation review of the TASs is being carried out in two phases: Phase 1, covering TAS 100 and the Framework for the TASs and Phase 2, covering the sector specific TASs.
- 2.4 As part of Phase 1 of the post implementation review of the TASs, the FRC published a [Call For Feedback](#) (CFF) in February 2021. This was followed by the publication of a [Position Paper](#) in November 2021, summarising the responses to the Call For Feedback and setting out the FRC's proposed position. The FRC also published its Phase 2 Call For Feedback in relation to the sector specific standards in May 2022.

Purpose of this paper

- 2.5 In June 2022, the FRC issued a [Consultation Paper](#) (CP) titled 'Technical Actuarial Standard 100: General Actuarial Standards. The consultation closed on 7 September 2022. This was supplemented by a round table in July and extensive outreach activities over Q3-Q4 2022. This paper provides a summary of the feedback received and sets out the FRC's response, summarising material amendments to the exposure draft in response to the consultation. The final version of TAS 100 v2.0 and its guidance are issued alongside this paper.
- 2.6 Section 3 of this paper provides a summary of who responded to the CP. Section 4 provides the impact assessment of the changes to TAS 100. Section 5 sets out the feedback on the CP in more detail and the FRC's responses to the points raised.
- 2.7 TAS 100 v2.0 will be effective for all technical actuarial work issued on or after 1 July 2023.

3 Summary of respondents to the CP

3.1 In total the FRC received 25 written responses, of which 22 responses were not confidential and have been published on the [FRC website](#). The table below summarises the number of responses by respondent type.

Respondent type	Number
Professional and industry bodies	4
Consultancies / Professional Services Firms	16
Insurers	1
Individuals	1
Pension schemes	1
Government bodies	2
Total	25

3.2 In addition, during and following the close of consultation we held 22 meetings with stakeholders, either in groups or individually, to discuss their responses to the consultation in more detail. In addition, the FRC hosted a public roundtable on 27 July 2022.

4 Impact assessment

4.1 The FRC is a principles-based regulator and is committed to issuing proportionate Standards that support the provision of high-quality actuarial work. We have considered the need for proportionality in finalising TAS 100 v2.0.

Benefits

4.2 The FRC concluded to retain the principles-based approach to TAS 100 and that no significant changes are required to the existing set of high-level principles.

4.3 The presentational changes to TAS 100 have been made to set out clearer requirements and expectations and making it an easier standard to navigate, leading to improved consistency in the approach to compliance. In particular:

- TAS 100 incorporates elements of the existing Framework and Glossary, removing the need for these additional documents. This intends to assist practitioners in navigating the standards.
- The addition of an application section setting out expectations allows practitioners to have a better understanding on how they should interpret and comply with the principles. This intends to narrow the range of interpretations and practices in application of TAS 100.

4.4 The revisions to the principles have been made to ensure the standard is reflective of current practices in actuarial work and addresses any known gaps in the quality of actuarial work. The introduction of the new principle relating to risk identification should be codifying existing good practice whilst ensuring the non-traditional risks such as climate change and other emerging risks which are currently less well-considered will be taken into account in future.

Costs

4.5 Through responses to the consultation and discussions with stakeholders, the FRC understands the proposed changes as set out in the exposure draft were viewed as a significant increase in requirements due to the perceived lack of application of proportionality and increased documentation requirements.

4.6 The FRC has made amendments to the final version of TAS 100 v2.0 to bring clarity to FRC's expectation that practitioners continue to apply proportionality and judgement to guide and inform their compliance activities. As such there should not be any significant additional ongoing burden on practitioners associated with changes to TAS 100 in relation to existing principles.

-
- 4.7 Apart from the introduction of the new Risk Identification Principle (principle 1), the FRC has not revised the existing principles in any material way. Many of the expectations in the application section reflect requirements that existed in TAS 100 v1.0. The new additions to the application section act to clarify the existing expectations with the associated principles and do not go beyond what is generally observed as good practice when complying with the associated principles. Crucially, where practitioners are already carrying out actuarial work of sufficient quality, we do not expect the revisions in TAS 100 v2.0 will have a material impact on how they carry out and communicate such work.
- 4.8 Therefore, whilst we recognise that there will be a one-off cost associated with reading the revised TAS 100 and updating processes and procedures, where these exist, the FRC does not foresee significant additional ongoing burden on practitioners, where the work already complies to the TAS 100 v1.0 principles.
- 4.9 In relation to the new Risk Identification Principle, we understand that many practitioners will already be following best practice by considering all relevant and material risks and factors in their work and so compliance with the new principle will not give rise to significant additional work for these practitioners.

5 Analysis of responses to the Consultation

- 5.1 In this section we summarise and comment on the points raised in the written submission responses to questions in the consultation.

Question 1

What are your views on the proposal to incorporate relevant sections of the Framework for TASs document within TAS 100? Further, what are your views on incorporating relevant sections of the Glossary document within TASs?

Responses

- 5.2 Most respondents answered this question. The majority of respondents supported the proposals to incorporate relevant sections of the Framework for TASs document within TAS 100 and to incorporate the relevant sections of the Glossary document within TASs.
- 5.3 Many respondents commented that the proposals were practical and sensible as the consolidation of information would improve both the ease of access of relevant information and its readability for practitioners.
- 5.4 A small number of respondents suggested that it would be helpful for TAS 100 to include explicit references or hyperlinks to the TAS 100 framework and guidance documents to increase the visibility of these documents and to improve their accessibility.
- 5.5 Some respondents flagged the need to review all Glossary terms in order to ensure consistent use of terminology throughout the TASs and guidance.
- 5.6 Although not directly relevant to the question asked, several respondents were unclear as to why we replaced the word 'shall' with 'must' throughout the TAS 100 principles and why we used the word 'should' within the Application Statements. These respondents were concerned that this resulted in the standards becoming more rules-based in style.

FRC response

- 5.7 The FRC has finalised TAS 100 v2.0, which incorporates the relevant sections of the Framework for TASs document and includes hyperlinks to the relevant TAS 100 guidance documents. The Framework for TASs document will no longer be required.
- 5.8 The FRC agrees with respondents that the glossary terms used across the TASs need to be consistent and will review and update these terms, as necessary, to ensure this is the case.
- 5.9 As stated within the TAS 100 Consultation Paper paragraph 2.10, the proposed changes aimed to give a clear demarcation between mandatory standards, expectations and guidance. This has been achieved through the use of the word 'must' within the principles and the word 'should' within the Application Statements. The new terminology aligns to the

equivalent definitions from other standards (notably the Actuaries' Code) that practitioners will already be familiar with and have not changed the FRC's policy intent.

5.10 The FRC has finalised TAS 100 v2.0 retaining the changes proposed in the exposure draft.

Question 2

Does the draft FRC guidance provide clarity on the definition of technical actuarial work and geographic scope? If you don't think the guidance provides clarity, please explain why not and suggest how the position might be further clarified.

Responses

- 5.11 Most respondents answered this question, with just under half of the respondents commenting that the guidance provided helpful clarity on the definition of technical actuarial work and geographic scope.
- 5.12 Several respondents suggested amendments to the guidance to improve the clarifications, add further clarifications or to address inconsistencies with equivalent IFoA guidance, with some respondents providing explicit text to this end.
- 5.13 Some respondents commented that the examples were particularly helpful and also suggested further examples be added. Some suggestions were also made for improvements to the examples.
- 5.14 A number of respondents queried whether the IFoA's guidance would be withdrawn in areas where it duplicates the FRC's guidance.

FRC response

- 5.15 As set out in paragraphs 3.4 to 3.6 of the CP, the FRC proposed to retain the existing definition of technical actuarial work and geographical scope and to provide clarity on the existing definition through guidance.
- 5.16 The FRC has finalised TAS 100 v2.0 without amendments to the exposure draft in relation to the definition of technical actuarial work and geographical scope as set out in TAS 100 v1.0 effected 2017. The suggested amendments to guidance by respondents have been considered and incorporated in our guidance to provide additional clarity, where appropriate.
- 5.17 The FRC will be coordinating with the IFoA on revisions to the IFoA's guidance in relation to TAS 100.

Question 3

Does the draft guidance support you in complying with the TASs?

Responses

- 5.18 Most respondents answered this question; over two-thirds of these respondents commented that the draft guidance does support them in complying with the TASs. The generic feedback was that the example scenarios in the draft guidance were helpful.
- 5.19 Some respondents raised concerns with regards to proportionality and materiality. Specifically, several respondents were concerned that the guidance and inclusion of the Application Statements within the body of the TAS 100 could be perceived as instilling a rules-based aspect to the TAS 100 standards.
- 5.20 There was feedback from several respondents who commented that the volume of guidance documentation is extensive, whilst other respondents commented that there are a variety of situations not covered in the guidance.
- 5.21 A few respondents asked for the FRC to apply care when seeking to address points of clarity within the guidance to guard against it becoming too prescriptive.
- 5.22 A few respondents challenged whether it is necessary for practitioners to read the guidance documentation in order to remain TAS 100 compliant.

FRC response

- 5.23 The FRC's comments on proportionality are noted and are covered in more detail in the 'FRC response' to question six.
- 5.24 The overall purpose of FRC's guidance is to improve the quality of actuarial work. The FRC issues guidance for a number of specific purposes, for example to support compliance with requirements, or for interpretive, explanatory, contextual or educational purposes to support the use of judgement in applying principles-based standards. Guidance is persuasive not prescriptive, and compliance is encouraged.
- 5.25 In providing guidance, the FRC balance continues between providing a range of representative scenarios and the guidance becoming too unwieldy due to its size. The FRC will review and update its guidance on an ongoing basis with these practical considerations in mind.

Question 4

Our proposal places all the Application Statements in a separate section within the TAS. An alternative approach would be to place Application Statements relating to each principle immediately after the relevant principle. Which do you prefer?

Responses

- 5.26 Most respondents answered the question. Of these, about half did not support the proposal, whilst the remainder were generally supportive of it or expressed no clear opinion on their preference.
- 5.27 The respondents who did not support the proposal preferred the Application Statements after the relevant principles to avoid having to look in two places for the accompanying text.
- 5.28 Several respondents were also concerned that the draft requirement to justify divergence from the regulatory expectations outlined within the Application Statements, paragraph 1.7, is an onerous requirement and viewed that the Application Statements are mandatory.

FRC response

- 5.29 As no clear preference was evident, the FRC has finalised TAS 100 v2.0 with the Application Statements in a separate section as per the exposure draft, rather than augmenting the text after each principle.
- 5.30 In recognition of the need for more visibility of the need to consider materiality, we have made an amendment to the final standard to include the word 'material' in paragraph 1.9 and P6.2 such that the requirement to justify divergence from regulatory expectations and make the documentation of this justification available to the intended user (if requested), now applies only where the divergence is material. Principle 6 makes it clear that the intended audience for documentation (which includes evidence demonstrating compliance) referred to under the standard is "technically competent persons ...". In most situations, the FRC expects that technical documentation would suffice for an intended user. However, if an intended user seeks documentation of the justification in a non-technical form, for example, in situations where the intended user does not have actuarial training, the FRC expects the practitioners to communicate such information in compliance with Principle 7 of TAS 100 v2.0.
- 5.31 The FRC has therefore finalised TAS 100 v2.0 with the proposed terminology as set out in the exposure draft in the consultation but with insertion of the word 'material' as mentioned in 5.30.

Question 5

What are your views on the proposed change to the compliance requirement?

Responses

- 5.32 Most respondents answered the question. Of those, the majority had concerns with the proposed change to the compliance requirement. Some respondents suggested guidance would be helpful.
- 5.33 The main areas of feedback were as follows:
- Challenges over the usefulness of evidence of compliance and whether this would add value to the quality of a practitioner's work. Respondents were not sure what form of evidence would be needed in all situations.
 - Concerns over the requirement for evidence of compliance to be available to an intended user, if requested. Some respondents also suggested that justifications for deviations from full compliance might obscure the communication of key actuarial information and detract from the advice being given.
 - Generic concerns that the proposed change could involve changes to practitioners' processes and standards, which could disproportionately increase their costs or delay the timely delivery of actuarial information.

FRC response

- 5.34 As set out in paragraphs 3.11 to 3.15 in the CP, responses to the CFF and stakeholder outreach showed that a range of compliance statement wordings exist, and in some cases, these compliance statements do not accurately reflect the level of compliance applied.
- 5.35 In the interest of providing clarity for the intended user, the FRC considers that any actuarial information that is material must include a statement confirming compliance. This is a continuation of the requirement under the TAS 100 v1.0.
- 5.36 Further, to address the feedback mentioned in 5.34 above, any material departure from full compliance should be clearly identified, justified and communicated to the intended user.
- 5.37 The FRC considers that evidence of judgements made in considering compliance, must be available in a clear and accessible form. The FRC does not agree that the evidence of compliance would add disproportionately to the work required, firstly, because the requirement only applies to material actuarial information and, secondly, because practitioners are expected to apply proportionality when deciding on the form of the evidence needed. Further details can be found in 1.17 and 5.30.

-
- 5.38 In recognition of the need for more visibility of the need to consider materiality, we have made an amendment to the final standard to include the word 'material' within the second sentence of paragraph 1.7.

Question 6

Does the proposed FRC guidance on how TAS 100 can be applied proportionately assist actuaries in their compliance with TAS 100?

Responses

- 5.39 Most respondents answered this question. Of those responded, almost half confirmed that the FRC guidance was useful.
- 5.40 Several respondents commented that the migration of the statement in relation to the application of proportionality to guidance gave the perception that the principle had been weakened and as a result it was not obvious that practitioners would need to consider proportionality when complying with TAS 100.
- 5.41 There were various challenges with the guidance as well as some suggested improvements, including requests for further scenarios.
- 5.42 A few respondents did not directly answer the question but challenged the absence of words such as 'where material' within TAS 100, citing this was not useful in instilling the need for practitioners to apply proportionality when complying with the standards.

FRC response

- 5.43 As set out in paragraph 3.16 in the CP:

'The current TAS 100 and the Framework document states that "Nothing in TAS 100 should be interpreted as requiring work to be performed that is not proportionate to the nature, scale and complexity of the decision or assignment to which the work relates and the benefit that users would be expected to obtain from the work". We continue to believe this is an appropriate application of the standards. Moreover, we consider this to be guidance on how the TAS should be applied in practice, rather than a mandatory requirement to be complied with.'

- 5.44 The CP explained that the FRC expects the appropriate application of proportionality in complying with the standards to continue and provided additional guidance to support this.
- 5.45 However, it was evident from the responses received that many interpreted the re-positioning of the statement in relation to the application of the proportionality to the guidance as a move away from allowing a proportionate approach to compliance.
- 5.46 To address the concerns around whether proportionality is expected when complying with the standard, in finalising TAS 100 v2.0, a new paragraph 1.5 has been inserted which

references the guidance on proportionality, suggesting this may be used to inform how the standard will be complied with.

- 5.47 Further, in finalising TAS 100 v2.0, the words 'material' or 'relevant' have been inserted within several key statements to emphasise that many of the provisions and regulatory expectations apply only where matters are considered to be material. Note that the justification for departures from regulatory expectations need only be provided where the deviation is material.
- 5.48 Further, the guidance has been reviewed and changes made, as appropriate, in light of the concerns raised and the suggested improvements.

Question 7

What are your views on the revision in nomenclature of the 'user' to 'intended user'?

Responses

- 5.49 Majority of respondents answered this question. Of those, the majority were supportive of the revision in nomenclature of the 'user' to 'intended user', commenting that it was beneficial for the FRC to highlight that actuarial work will normally be prepared for an intended user over someone else accessing the advice whom the practitioner did not intend to address when preparing the work.
- 5.50 Some respondents recommended that the FRC should ensure that the definition of 'intended user' is aligned to the definition from ISAP1 and also consider consistency with APS X1, which currently defines the term 'user' but not 'intended user'.
- 5.51 Several respondents recommended that the FRC provide additional guidance with regards to the circumstances where stakeholders are not considered intended users. The respondents suggested it would be useful for the definition of intended user to explicitly state that TAS 100 would not have been complied with from the point of view of a third party.

FRC response

- 5.52 The FRC considers that it would be useful to include the reference to 'a group of persons' within the TAS 100 definition of intended user. With this addition, the TAS 100 definition of intended user is consistent with the ISAP1 definition.
- 5.53 The FRC considers the current definition is clear that the TAS compliance statement relates to the actuarial information prepared for the intended user and it cannot be inferred that parties other than the intended user can place reliance on that statement. Practitioners may choose to make a statement to this effect, should this be considered necessary.
- 5.54 The FRC has reviewed the guidance taking account of respondents' feedback.

Question 8

Do you agree the new proposed Risk Identification Principle and associated Application Statements?

Responses

- 5.55 Most respondents provided feedback to this question. Of those, the majority recognised the importance of considering both established risks as well as emerging risks but expressed concerns at the detail of the requirements.
- 5.56 The main concerns raised were over the practicalities for practitioners to consider all material factors and all material risks within their technical actuarial work and the dependencies between these factors and risks both at outset and over time.
- 5.57 Several related concerns were raised, which can be summarised as follows:
- Risks that are not material now might become material in the future.
 - Accurate assessment of material factors and material risks is only possible in hindsight.
 - Practitioners are already considering relevant material factors and material risks within their technical actuarial work.
 - Some risks, such as risks posed by climate change, cannot be quantified easily.

FRC response

- 5.58 Through the outreach discussions, the FRC understands that the respondents' concern around practicalities is that the use of the word 'all' in the principles infers that practitioners are obliged to consider all risks, including ones which are irrelevant to the actuarial work.
- 5.59 The FRC considers that it is implicit that proportionality is applied in complying with the standards (as discussed in Question 6 above) and that practitioners would only consider risks which are relevant as part of the consideration of materiality of risks. In finalising TAS 100 v2.0, the FRC has made amendments to the Risk Identification Principle in the exposure draft to clarify this point. Other detailed amendments to the exposure draft have also been incorporated in principle 1 and the associated Application Statements to address the concerns raised, where appropriate.
- 5.60 The Risk Identification Principles in the exposure draft set outs that
- 'Practitioners carrying out technical actuarial work must identify and have regard to all material factors and material risks which may affect, or have the potential to affect, their technical actuarial work and which the practitioner might reasonably be expected to know about at the time of carrying out the work.'*

-
- 5.61 The FRC consider that it is clear that practitioners are only required to have regard to the factors and risks that practitioners might reasonably be expected to know about at the time of carrying out the work.
- 5.62 The FRC has also received feedback on a number of other areas, and has amended the final standard to clarify that:
- Persistency risk is a material risk for many life insurers.
 - Other market participants might be exposed to the same factors and risks at times of market stress and consequently, the practitioner may need to consider how they might behave in these situations.
 - Other material factors that could reduce the effectiveness of assumed risk mitigation actions both prior to and at the times they are required.

Question 9

What are your views on the clarification included in the proposed changes to TAS 100 in respect of the exercise of judgement? Further, do you feel that guidance will be helpful?

Responses

- 5.63 Most respondents provided feedback on this question. Of those, about half of respondents did not object to the additional clarification although nearly all respondents proposed changes or expressed concerns with aspects of the proposals. On the second part of the question, over a third of respondents felt that additional guidance would be helpful.
- 5.64 The main concerns respondents raised were with regards to the practicality of the requirements for practitioners to document all judgements, to consider alternative methodologies, models, data and assumptions, to periodically review material judgements to ensure the implemented decisions (on the basis of these judgements) remains appropriate over time and to consider the sensitivity of conclusions to the judgement.
- 5.65 Some respondents also suggested that the additional clarification was not needed and that there was overlap with the IFoA's Actuaries' Code.
- 5.66 Several respondents requested additional guidance.

FRC response

- 5.67 As stated in the CP, feedback from users of actuarial information suggests actuaries have not always communicated clearly how they form their judgement, and alternatives to key judgements are not always considered or presented. Accordingly, the FRC has proposed clarifications to the Judgement Principle.

-
- 5.68 Through stakeholder outreach, the FRC understands that some of the concerns around the practicality of the requirements were built on the perception that proportionality no longer applies. As set out in Question 6, the FRC agrees with respondents on the need for proportionality to be applied when complying with the requirements. Further, the FRC has made drafting amendments to the exposure draft to address the concerns around the practicality of the requirements.
- 5.69 The IFoA's Actuaries' Code is an ethical Code of Conduct, which outlines through the Impartiality Principle¹ ethical behaviours in relation to exercising professional judgement and whether professional judgement has been compromised by bias, conflict of interests or the undue influence of others. In contrast, the FRC TAS 100 standards is a technical standard supporting the reliability objective, where the Judgement Principle relates to whether judgement has been made in a reasoned and justifiable manner. Given this, the FRC does not agree with respondents' feedback that the FRC Judgement Principle in the exposure draft is duplicative of the IFoA Code of Conduct.
- 5.70 The FRC guidance includes fuller clarifications to address respondents' feedback and feedback the FRC has received from outreach discussions.

Question 10

What are your views on the proposed changes to the Data Principle and associated Application Statements?

Responses

- 5.71 Most respondents provided feedback to this question. Of those, a small number of respondents agreed the changes with no caveat or concerns. Of the remaining respondents some either supported the proposed changes with suggestions for changes or improvements or expressed concerns at the proposed changes.
- 5.72 The respondents who supported the proposal commented that the changes to the Data Principle and corresponding Application Statement have regard to the fact that the world is changing and new of after forms actuarial advice are required, which they thought was appropriate.
- 5.73 Concerns raised related to the following:
- Requirement for practitioners to ensure effective checks and controls are applied to the data, where the responsibility for the integrity of the data rests with clients, third parties or non-actuarial colleagues. There were also concerns at potential overlap where the technical actuarial work is being carried out by individuals carrying out validation or assurance work.

¹ Members must ensure that their professional judgement is not compromised, and cannot reasonably be seen to be compromised, by bias, conflict of interest, or the undue influence of others.

-
- The requirement to investigate data for biases; 'investigate' suggests significant work.
 - How to identify potential future biases.
 - Immaterial bias or bias that cannot be removed.
- 5.74 Several respondents suggested that data deficiencies and issues regarding unintended bias should be best dealt with through disclosures and sensitivities in those cases where it is not practical or possible for an intended user to correct the underlying data.
- 5.75 There was also feedback that practitioners should be able to apply the principle of proportionality when complying with the requirements.

FRC response

- 5.76 As set out in the response to Question 6, the FRC confirms that proportionality should be applied when complying with TAS 100.
- 5.77 Where data and/or data systems are provided by third parties, the FRC expects practitioners to seek assurances from the third parties on the wider data checks and controls performed. Additional data checks and controls could also be applied by the practitioners to identify any material issues.
- 5.78 The FRC agrees that practitioners working within functions providing validation or assurance may need to have recourse to the data checks performed by other professionals or non-actuarial colleagues supplemented, where appropriate, with their own additional data checks and controls.
- 5.79 In finalising TAS 100 v2.0, the FRC has made the following amendments having taken account of the issues identified in the feedback:
- Require practitioners to 'seek to ensure' in the Data Principle as the practitioners may not be in a position to ensure the data used satisfies the principle in all situations.
 - Replaced 'investigate' with 'identify the extent of' to allow practitioners the flexibility to choose the type of approach that is best suited to the situation.
 - Removed the requirement for practitioners to investigate 'potential future biases' within data, as we agree that such an analysis might only provide limited beneficial value to intended users. This is consistent with the approach we have followed towards the consideration of future biases for the requirements relating to both the Assumptions and Model Principles.
 - Amendments to ensure data has appropriate regard to extreme events or outliers, as informed by events in September/October 2022 around Liability Driven Investment strategies used by defined benefit pension schemes.

5.80 On concerns regarding bias, the FRC agrees that intended bias might be present and acceptable based on the nature of the underlying technical actuarial work. For this reason, the words 'if appropriate' have been inserted in A3.4.

Question 11

Do you agree with the proposed clarifications and additions relating to documenting and testing material assumptions?

Responses

- 5.81 Most respondents provided feedback to this question. Of which, just over half of these respondents were in broad agreement with the proposed clarifications and additions relating to documenting and testing material assumptions, although several respondents proposed changes. The majority of the remaining respondents raised concerns with the proposed clarifications and additions.
- 5.82 The respondents who supported the proposal commented that the proposed clarifications are helpful in formalising the processes in place across many actuarial firms.
- 5.83 The main concerns and challenges raised related to the following:
- The absence of references to 'where proportionate' or 'where material'.
 - The requirement to investigate assumptions for any present or future unintended biases.
 - The requirement for the practitioner to carry out an indicative assessment of the impact on actuarial information if an assumption that is set by the intended user or a third party is considered to not be reasonable for its purpose by the practitioner.
 - Inconsistencies between the wording within the Data, Assumptions and Models Principles.

FRC response

- 5.84 As set out in the response to Question 6, the FRC agrees with respondents on the need for proportionality to be applied when complying with the requirements of TAS 100 and made amendments when finalising TAS 100 v2.0 to include words 'material' or 'relevant' to emphasise that the requirements apply only where matters are considered to be material.
- 5.85 In relation to bias in assumptions, the FRC has made amendments when finalising TAS 100 v2.0 consistent with the changes made for the equivalent requirements relating to Data as set out in 5.79 above.
- 5.86 The FRC agrees that it might not always be possible for a practitioner to carry out an indicative assessment of the impact on actuarial information when he/she does not consider that an assumption set by an intended user or third party is reasonable for purpose. However, the FRC considers that it would still be possible for a practitioner to form a view of the appropriateness of an assumption, or a set of assumptions in aggregate, where the

impact on actuarial information is likely to be material and to state this in communications to the intended user. This is consistent with the current requirement of TAS 100 (provision 3.5) to provide an indication of the impact on actuarial information. In finalising TAS 100 v2.0, paragraph P4.4 has been revised accordingly.

Question 12

Do you agree with the proposed changes to the Modelling Principle and associated Application Statements? Further, do you agree that guidance would be helpful?

Responses

- 5.87 Most respondents provided feedback to this question. Of those, two thirds were in broad agreement with the proposed clarifications and additions although several proposed changes or raised concerns. The majority of the remaining respondents raised concerns with the proposed clarifications.
- 5.88 Many respondents supported the issuance of additional guidance.
- 5.89 Those respondents that were supportive of the proposals provided similar comments as outlined in the response to question eleven.
- 5.90 Concerns were raised in relation to the following:
- Absence of clarity on proportionality.
 - Practicalities of complying with requirements in cases where proprietary models or software are used.
 - Practicalities of complying with requirements where model governance, validation and change control process work is undertaken across different lines or functions of an organisation or multi-disciplinary teams.
 - Requirement to consider whether models used contain any potential future unintended biases. The concerns were similar to those raised for the equivalent data and assumption provisions.
 - Concerns over the requirement for practitioners to reproduce outputs from the models they use for technical actuarial work.
 - A lack of clarity over the FRC's policy intentions of the requirement, for the practitioner to assess the broad implications of allowances for actions or responses by management.

FRC response

- 5.91 As set out in the response to Question 6, the FRC agrees with respondents on the need for proportionality to be applied when complying with the requirements of TAS 100 and has made amendments when finalising TAS 100 v2.0 to include words 'material' or 'relevant' to emphasise that the requirements apply only to matters which are considered to be material.
- 5.92 The FRC has also made amendments to ensure models have appropriate regard to extreme events or outliers, as informed by events in September/October 2022 around Liability Driven Investment strategies used by defined benefit pension schemes.
- 5.93 In relation to bias in models, the FRC has made amendments when finalising TAS 100 v2.0 consistent with the changes made for the equivalent requirements relating to Data as set out in 5.79 above.
- 5.94 The FRC agrees that the requirement for practitioners to reproduce outputs from the models they use for technical actuarial work by re-running the model with the same inputs or to explain any differences in the outputs is adequately covered within the requirement for practitioners to ensure that the models they use for technical actuarial work to have in place an appropriate level of model governance. Accordingly, the FRC has removed the relevant paragraph when finalising TAS 100 v2.0.
- 5.95 The FRC has amended the final standard to provide clarity on the requirement for practitioners to assess the broad implications of allowances for actions or responses by management.
- 5.96 The FRC will issue additional guidance to provide the clarifications respondents have requested. This will include the following points raised in the feedback:
- The FRC considers that the model governance, validation and change control activities required to achieve TAS 100 compliance should not be duplicated across key functions, such as between the different lines of defence functions or within multi-disciplinary teams.
 - Where proprietary models are provided by third parties or modelling work is undertaken by other functions such as through multi-disciplinary teams, the FRC considers that practitioners should ensure, through assurances from the third parties and any additional challenges, that the model governance, validation and change control processes are appropriate.

Question 13

Do you agree with the proposed clarification of the Documentation Principle? Further, do you agree with the proposal to move all requirements relating to documentation to the Documentation Principle and associated Application Statements, where applicable?

Responses

- 5.97 Most respondents provided feedback to this question. The majority of respondents supported the proposal to move all requirements relating to documentation to the Documentation Principle and associated Application Statements.
- 5.98 The main concerns respondents raised were around:
- Proportionality and apparent prescriptiveness of requirements.
 - Potential for compliance to result in a non-trivial amount of additional documentation and longer reports of limited value to intended users.
 - The requirement for documentation on technical actuarial work to contain sufficient detail to allow persons responsible for auditing the technical actuarial work to understand the matters involved and assess the judgements made.
 - Disproportionate and operationally burdensome requirements for practitioners to document justifications for deviations from regulatory expectations and to make these justifications available to an intended user or a relevant regulator, if requested.
 - A number of respondents asked for examples of what constitutes acceptable evidence of justifications for deviations from regulatory expectations.

FRC response

- 5.99 From the respondents' feedback and the outreach discussion, the FRC understands that some respondents have perceived that the proposed changes to TAS 100 could result in a significant increase in documentation work for practitioners. This perception is driven by the combination of the repositioning of the statement on proportionality to guidance, the usage of 'must' in place of 'shall' and the requirement to provide evidence of TAS compliance to the intended user, if requested.
- 5.100 As set out in the CP, paragraph 4.30, the proposed changes aim to improve the clarity of the requirements for documentation and communication, whilst not proposing to materially change the overall level of the required standards.
- 5.101 As set out in the response to Question 6, the FRC reiterates that we continue to expect proportionality to be applied by practitioners in complying with the TAS 100 standard. To address respondents' concerns around proportionality, a new paragraph, 1.5, has been inserted into TAS 100 v2.0, which references the guidance on proportionality and how this

could be used to inform compliance with the standard. The requirement to document justifications for deviations from regulatory expectations has also been amended to ensure it reflects the requirement for it to apply where deviations are material.

- 5.102 To address respondents' feedback on the Documentation Principle, the FRC has made two amendments to the final standard to clarify the requirement by replacing 'persons' with 'technically competent persons' and through replacing the reference to 'auditing or validating' with the words, 'providing assurance in relation to'.
- 5.103 In recognition of the need for more visibility of the need to consider materiality, we have made an amendment to the final standard to include the word 'material' in P6.2 such that the requirement to justify divergence from regulatory expectations and make the documentation of this justification available to the intended user or a regulator (if requested), now applies only where the divergence is material. Principle 6 makes it clear that the intended audience for documentation (which includes evidence demonstrating compliance) referred to under the standard is "technically competent persons ...". In most situations, the FRC expects that technical documentation would suffice for an intended user. However, if an intended user seeks documentation of the justification in a non-technical form, for example, in situations where the intended user does not have actuarial training, the FRC expects the practitioners to communicate such information in compliance with Principle 7 of TAS 100 v2.0.
- 5.104 We will seek to issue further guidance to provide examples of what constitutes acceptable evidence of justifications for deviations from regulatory expectations.

Question 14

Do you agree with the proposal to move all requirements relating to communication to the Communications Principle and associated Application Statements, where applicable?

Responses

- 5.105 Most respondents provided feedback to this question. Of those, about two thirds agreed (or were indifferent to) the proposal to move all requirements relating to communication to the Communications Principle and associated Application Statements. Some respondents offered suggestions for changes to the requirements or expressed some concerns.
- 5.106 The respondents who supported the proposal commented that it was sensible as the consolidation of information would improve the visibility of relevant information and its ease of reference.
- 5.107 Many respondents did not raise concerns on specific Communications requirements. Where raised, the main concerns related to the following:
- Proportionality - respondents' concerns were that the Application Statement requirements could add to the operational compliance burdens for practitioners and lengthy reports

despite the requirements of P7.3 to exclude information that is not material if that material obscures material actuarial information.

- Implications of removal of reference to component and aggregate communications.
- Potential difficulties in meeting the requirement for practitioners to confirm in written form any material actuarial information provided orally.

5.108 Some respondents suggested that there is overlap between the Communications Principles in TAS 100 and the Actuaries' Code.

FRC response

5.109 As set out in the response to Question 6, the FRC agrees with respondents on the need for proportionality to be applied when complying with the requirements of TAS 100. As the Communications requirements remain relatively unchanged from the TAS 100 v1.0 effected 2017, the FRC does not agree with respondents that the proposals will significantly increase TAS 100 compliance practices.

5.110 In relation to the removal of the reference to component and aggregate communications, the communication requirements apply to the overall communication provided to the intended user in relation to a particular piece of technical actuarial work, be this in the form of single or multiple communications.

5.111 The FRC is responsible for setting and maintaining the technical standards supporting the reliability objective. Effective communication of actuarial information is itself a technical matter as the reliability of the actuarial information depends on it, and therefore TAS 100 must cover this aspect of actuarial advice.

5.112 The FRC has finalised the TAS 100 v2.0 with minor draft amendments to the requirements in relation to Communication.

Question 15

What are your views on the additional clarification provided in the Application Statements?

Responses

5.113 Most respondents provided feedback to this section. Of those, around half supported the additional clarification, although several of these respondents expressed concerns with aspects of the additional clarifications provided.

5.114 Respondents who supported the additional clarification provided in the Application Statements said that the clarification was helpful and would aid TAS 100 compliance.

5.115 Respondents who did not support the proposal were concerned that it would result in a significant increase in the complexity and the corresponding volume of work to demonstrate compliance. Respondents commented that this was the case because practitioners would be

required to document their justification for any divergence from the Application Statements. Given this, several respondents commented that the Application Statements could be perceived as being prescriptive and mandatory standards.

5.116 The other main concerns and queries from respondents were as follows:

- Queries as to whether the additional clarification provided in the Application Statements would be better repositioned into guidance.
- A concern that it could be challenging for a practitioner to comply with some of the specific requirements.

FRC Response

5.117 The points raised above have already been addressed in the sections above.

Question 16

What are your views on the proposed changes to the requirements relating to assumptions set by the intended user or a third party?

Responses

5.118 Most respondents provided feedback to this question. Of those, only a few agreed with the proposed changes to the requirement for a practitioner to state whether assumptions set by an intended user or a third party are reasonable. The majority of respondents had concerns or were unsure about the proposal. The responses to this question were also captured in feedback to question 11.

5.119 Respondents commented it would not always be possible for practitioners to state whether assumptions set by an intended user or a third party are reasonable and gave a number of examples to illustrate why this might be the case. The main examples were as follows:

- Potential difficulties if the intended user will not meet the cost of the intended assessment or in circumstances where the actuaries undertaking the work don't have access to the detailed bases or methodologies underpinning the derivation of the assumptions.
- A challenge that it might not be appropriate for practitioners to provide a view on the reasonableness of assumptions set by third parties, for example, in circumstances where the derivation of assumptions are outside an actuary's expertise or the scope of a practitioner's remit or in circumstances where assumptions are prescribed by accounting standards or regulation. This might also be cases where the potential range of assumptions is so wide where it would be misleading or superfluous for a practitioner to provide a definitive view on assumption reasonableness.

-
- The fact that it is becoming increasingly common for work to be commissioned in pieces that are subsequently adjusted or used as inputs for further work – in these cases, assumptions may be specified by a third party at the scoping stage with no clarity on the ultimate purpose. This means that it might not always be necessary or possible for a practitioner to carry out an indicative assessment of the reasonableness of assumptions and to try to do so would entail more work than the intended user had commissioned.

5.120 Respondents also stated that indicative assessments should only be performed where the assessments are likely to have a material impact on the actuarial information or advice provided.

FRC response

5.121 TAS 100 v1.0 (provision 3.5) already requires the practitioner to state whether the assumptions set by a user or third party are not reasonable for the purpose of the technical actuarial work and provide an indication of their impact on the actuarial information.

5.122 In the proposal referenced under Question 16, the FRC intends for the practitioner to state whether the assumptions are reasonable and, if they are considered not to be reasonable, provide an indication of their impact on actuarial information. The proposal is an extension of the requirement in TAS 100 v1.0 whereby the practitioner is expected to opine on the reasonableness of the assumptions for the purpose of the technical actuarial work, rather than just stating when the assumptions are not reasonable.

5.123 As set out in paragraph 5.86, the FRC agrees that it might not always be possible for a practitioner to carry out an indicative assessment of the impact on actuarial information when he/she does not consider that the assumptions set by an intended user or third party are reasonable for the purpose of the actuarial work. However, the FRC considers that it would still be possible for a practitioner to form a view of the reasonableness of assumptions, or a set of assumptions in aggregate, where the impact on actuarial information is likely to be material and to state this in communications to the intended user. In finalising TAS 100 v2.0, paragraph P4.4, paragraph P4.4 has been amended to better reflect the corresponding requirement in the TAS 100 v1.0 to avoid the interpretation of the provision that a detailed quantitative assessment is necessary at all times.

5.124 A7.5 has not been amended from exposure draft on the basis that deviation from this requirement may be acceptable.

Question 17

What are your views on these proposed amendments to clarify the existing requirements?

Responses

- 5.125 About three quarters of respondents provided feedback to this question. Of those, over half supported the proposed amendments to the existing requirements albeit with some suggestions for changes.
- 5.126 The respondents who supported the proposed amendments provided brief comments that the amendments seem reasonable and in line with existing good practice and also recommended that the amendments should be applied proportionately.
- 5.127 The other main concern arising from the proposals related to the requirement for practitioners to reproduce a model output using the same inputs. These concerns were as raised in the response to question twelve.

FRC response

- 5.128 The FRC acknowledges all respondents' feedback and will consider supplementing our guidance to provide additional clarifications where necessary.
- 5.129 The FRC response on the requirement for practitioners to reproduce a model output using the same inputs is captured in question twelve (see 5.94).

Question 18

Do you agree with our impact assessment? Please give reasons for your response.

Responses

- 5.130 The majority of respondents provided feedback to this question. Of which, three quarters of respondents did not agree the impact assessment.
- 5.131 Several respondents expressed concern that the assessment of the initial one-off costs did not reflect the increased size of the standard, its increased complexity and the additional volume of work required to update processes and procedures and train those carrying out technical actuarial work. A few respondents also mentioned or alluded to increased ongoing costs of compliance.
- 5.132 One respondent noted that many firms will have a continuous cycle of refinement to their procedures and the costs associated with the changes required to reflect the new TAS 100 would form part of the ongoing refinement costs.
- 5.133 Some respondents made suggestions as to how increases in costs could be mitigated.

5.134 A respondent provided an indicative quantitative impact assessment outside of the formal consultation. However, we understand that the impact assessment was based on the perception that proportionality would not apply. Given this, the FRC does not have a basis for determining either implementation or ongoing costs of delivering the TAS 100 changes.

FRC Response

5.135 Through the consultation feedback and discussions with stakeholders, the FRC understands the proposed changes were viewed by stakeholders as a significant increase in requirements due to the perceived lack of application of proportionality and perception of increased documentation requirements.

5.136 The FRC has considered this feedback in making the final changes to the standard and made amendments to the exposure draft to bring clarity to FRC's expectation that practitioners continue to apply proportionality and judgement to guide and inform their compliance activities. As such there should not be any significant additional ongoing burden on practitioners associated with changes to TAS 100 in relation to existing principles.

5.137 A revised Impact Assessment is provided in section 3.

General Comments

5.138 Some respondents made overarching comments to the consultation which summarised their response to the individual questions above. As such, we do not detail these points further here as they are already covered in the earlier parts of this section.

5.139 Further, one respondent made comments which did not relate to the specific questions posed in the Consultation Paper.

5.140 The respondent raised a concern about the scope and requirements of the TAS 100 having the unintended negative public interest consequence of driving individuals outside of the scope of the UK actuarial regulatory system. This includes the broad and open nature of the definition of 'Technical Actuarial Work' causing significant uncertainty about what is or is not in scope. Respondent cited that one way in which individuals are able to seek that certainty is to resign their membership of the IFoA, thereby taking themselves outside of the scope of both the IFoA and FRC's standards. The respondent is also of the opinion that the existence of TAS 100 contradicts what the Government has set out in the Government Response to the consultation on the future actuarial regulation.

5.141 The respondent has raised a concern that TAS 100 is too generic and is duplicative of the IFoA's professional regulation framework and that matters covered are not strictly matters relating to the technical aspects of actuarial work and advice but rather are professional ethical matters. Specifically, the respondent cited that the proposed addition of a Risk Identification Principle, is not a specifically technical actuarial matter but rather a broader professional issue and cited that there is nothing inherently actuarial in risk identification.

-
- 5.142 The respondent noted that their concerns around the geographic scope of the TASs had not been dealt with in draft guidance, but also noted that the guidance could not address the concerns which would require amendment of the definition and consistency across the various FRC remits.
- 5.143 The respondent finally commented that TAS 100 should be withdrawn, leaving the IFoA to regulate actuarial work under the oversight of the FRC (soon to be statutory oversight by ARGAs).

FRC response

- 5.144 Feedback received to the Call for Feedback as part of the post implementation review of the TASs (set out in [Position paper](#) published Nov 2021), suggested that the framework of the current TASs has achieved benefits for both practitioners and users and contributed to raising the quality of work overall. In particular, most stakeholders were supportive of TAS 100 and that it is effective in supporting high quality work and some cited that the standard documents existing good practice and have not suggested that a large proportion of members of the IFoA are considering taking action to avoid regulation.
- 5.145 In relation to the definition of Technical Actuarial Work, feedback gathered during the pre-consultation phase (as set out in the [Position paper](#) paragraph 3.6) has shown that whilst many have found the existing guidance to be beneficial, there is still a substantial level of uncertainty remaining on whether a piece of work classifies as technical actuarial work. The FRC does not consider there to be a need for change to the scope of the current definition of technical actuarial work but will provide clarity on the existing definition through issuing further guidance (as issued) and will be coordinating with the IFoA on revising its guidance. Feedback to the consultation has shown that many find the guidance helpful.
- 5.146 The FRC's work to implement its strategy through technical actuarial standards is informed by the Reliability Objective². The purpose of the TASs is to ensure users (i.e., those making decisions based on the actuarial work) can rely on the suitability and comprehensibility of the work and that it helps them to make a sound decision. TAS 100 is designed to ensure a minimum level of quality is maintained in all technical actuarial work. The removal of TAS 100 would remove this protection for many users.
- 5.147 The exercise of judgement in performing technical actuarial work, as set out in the first sub-clause of the definition of technical actuarial work³, is a technical matter. Similarly, effective communication of actuarial information is itself a technical matter as the reliability of the actuarial information depends on it, and therefore TAS 100 must cover this aspect of actuarial advice.

² To allow the intended user to place a high degree of reliance on actuarial information, practitioners must ensure the actuarial information, including the communication of any inherent uncertainty, is relevant, based on transparent assumptions, complete and comprehensible

³ Work performed for the intended user: (i) where the use of principles and/or techniques of actuarial science is central to the work and which involves the exercise of judgement; or (ii) which the intended user could reasonably regard as technical actuarial work by virtue of the manner of its communication.

-
- 5.148 The FRC considers ethical standards to be codes of behaviour that are societally acceptable or concerned with the principles of right and wrong, typically addressing behaviours such as integrity, impartiality and duty of care. Examples of ethical standards include the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA), which the ICAEW's Code of Ethics is based on, and includes five fundamental principles: integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.
- 5.149 The Risk Identification Principle⁴ requires practitioners to have regard and to identify risks and factors affecting their technical actuarial work. The FRC does not consider this requirement to be of a behavioural or ethical nature. The topic 'Risk Identification and classification' is covered by the syllabus of the exam, Core Practices: CP1 – Actuarial Practice⁵, as part of the actuarial qualification and it is expected this forms part of the actuarial skill set. This is evident further by the responses⁶ to the IFoA's recent consultation to changes to the Actuaries' Code in relation to climate change and sustainability, having due regard to particular risk factors are considered a technical matter.
- 5.150 The FRC views the consideration of amendment of the definition and consistency of the geographic scope across the various FRC remits to be out of scope of the TAS 100 review.
- 5.151 The FRC will be considering the technical standards in relation to the future actuarial regime in due course.

⁴ Practitioners carrying out technical actuarial work must identify and have regard to all material factors and material risks which may affect, or have the potential to affect, their technical actuarial work and which the practitioner might reasonably be expected to know about at the time of carrying out the work.

⁵ <https://www.actuaries.org.uk/system/files/field/document/CP1-Syllabus-2022.pdf>

⁶ https://www.actuaries.org.uk/system/files/field/document/Proposals%20for%20changes%20to%20the%20regulatory%20framework_Feedback%20document%20%28updated%29.pdf



Financial Reporting Council

**Financial
Reporting Council**

8th Floor
125 London Wall
London EC2Y 5AS
+44 (0)20 7492 2300

www.frc.org.uk

Follow us on
 Twitter [@FRCnews](https://twitter.com/FRCnews)
or **Linked** .