

## **TAS100 Consultation Response**

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Company: SL Investment Management

Position Held: Actuarial Analyst

### **Q3.1 – Do you have any comments on the draft *Framework for FRC Actuarial Standards* (paragraphs 3.5 to 3.8 and Appendix A)?**

No specific issues or comments relating to these sections.

Appendix A: Paragraph 4.8 (Proportionality) uses the word 'expect' when I think it should be 'expecting'.

### **Q3.2 – Do you have any comments on our proposal to withdraw and archive the existing *Scope & Authority* (paragraphs 3.26 to 3.29)?**

I am in agreement that it would be better to have a section regarding the scope within the TASs themselves to allow for easier application. Subsequently (and as the other pertinent pieces from the original document will be retained in the *Framework*), there appears to be no need to have a separate *Scope & Authority* document and it should be withdrawn and archived.

### **Q3.3 – Do you have any comments on our proposed approach to the Significant Considerations documents (paragraphs 3.30 to 3.31)?**

I agree that there is no material requirement to issue any further *Significant Considerations* papers due to familiarity of the general TAS universe.

### **Q4.1 – Do you agree that the extension of the scope of application of TAS 100 to all actuarial work would be of benefit to users of actuarial work? If you disagree, please explain why.**

I agree that extending the scope of the TAS100 to all actuarial work is a good thing. It has often been (and seen to be) confusing over what is and what is within the scope under previous TASs. However, I think it is important to clarify the definition of what constitutes actuarial work in this context due to the vast potential that could be classified as such.

### **Q4.2 – Do you agree with the proposed definition of actuarial work? If not please provide reasons and suggest an alternative approach (paragraph 4.11).**

I agree that the definition of actuarial work should not be too precise as it would be near impossible to precisely define all potential actuarial work. However, I think that it should be made slightly more precise than current, to be limited to work overseen by an actuary or member of the profession. This could be possibly done via a change to the last sentence as follows:

*“Actuarial work is not limited to work undertaken by an actuary, but is limited to work overseen by an Actuary or a member of the profession.”*

### **Q4.3 – Do you agree with the analysis of different areas of work in Appendix E?**

Paragraphs E10 and E11 appear contradictory in my opinion. The former appears to suggest actuarial software development is within the scope whereas the latter would suggest the opposite. However, if the intention of the latter is simply to show the comparison to the old TASs then I think this could be made more obvious.

In general, I think the approach of having the example followed by the comparison to the current TASs makes for an unwieldy document. The section would be easier to read and process if the comparison bits were removed.

#### **Q5.1 – Do you agree with the proposed high-level principles (paragraph 5.3)?**

Broadly, I am in agreement with all of the high-level principles apart from that concerning models. I feel that it should contain more detail about the uncertainty that is inherent in a model, specifically about being used for their designed purpose and the timing of when the model was produced (a model may be proved to be flawed based on future information as it arises, but which was adequate at the time of production). Proposed wording could be:

Models used in actuarial work shall, **at the point of production and/or use**, be fit for **the purpose(s) for which they are designed**, and be subject to sufficient controls and testing so that users can rely on the resulting actuarial information **for informed decision-making, after having taken account of the uncertainty and limitations in the model**.

In general, all principles could be changed slightly to incorporate the issue of designed purpose and timing of work in line with the model description above.

#### **Q5.2 – Do you agree with the proposed provisions in TAS 100 on data (Appendix B)?**

Yes.

#### **Q5.3 – Do you agree with the proposed provisions in TAS 100 on assumptions (Appendix B)?**

Yes.

#### **Q5.4 – Do you agree with the proposed provisions in TAS 100 on modelling (Appendix B)?**

A proposal for the provisions under modelling would be:

- **The purpose(s) for which the model is designed shall be documented.**
- An explanation of how a model **remains** fit for **the purpose(s) for which it is designed**, and what it does, shall be documented.
- Controls and tests that have been applied to a model shall be documented.
- Communications shall describe the methods used in the actuarial work and explain their rationale.
- Communications shall include an explanation of any changes to the models used from the previous exercise (if one exists) carried out for the same purpose.
- Communications shall include explanations of **the uncertainty inherent in the models**, any significant limitations of the models, and the implications of the **uncertainty and limitations for informing decision-making**.

#### **Q5.5 – Do you agree with the proposed provisions in TAS 100 on communications (Appendix B)?**

Under point 5.2, should it be necessary to provide sensitivities in **all** communications? I would propose the following wording amendment:

Communications shall include the results of the actuarial work and, **where appropriate**, the sensitivity of the results to variations in key assumptions.

#### **Q5.6 – Do you have any comments on the application of TAS 100 (paragraphs 5.25 to 5.29)?**

No.

#### **Q5.7 – Do you agree that a compliance statement should be required (paragraph 5.30)?**

I agree that a Compliance statement should be required as including such a statement should force the individual(s) involved to ensure document is compliant (if it needs to be).

**Q5.8 – Do you agree with the proposed approach on guidance material (paragraphs 5.32 to 5.34)?**

Yes.

**Q5.9 – Do you agree with the proposal to include defined terms in a separate glossary (paragraph 5.35)?**

I agree that the glossary of terms should be a separate document in order to avoid repetition and also due to the fact that many of the terms have an intuitive meaning (at least to the likely readership) and as such would make the document unnecessarily longer for little benefit, if not kept separate.

**Q5.10 – Do you consider the definitions of the terms in the glossary are clear (Appendix C)?**

Yes.

**Q5.11 – Do you have any other comments on the exposure draft of TAS 100?**

No.

**Q6.1 – What areas of work specified in scope of the current Specific TASs do you consider should not be subject to more detailed actuarial standards (paragraph 6.8)?**

As I do not work in those specific areas it is difficult to ascertain whether the work done is worthy of the specific TASs or could be covered under a more all-encompassing TAS100.

**Q6.2 – What work which is not currently in the scope of the Specific TASs do you consider should be subject to the more detailed standards (paragraph 6.8)?**

I work in the investment sector and feel that our work is covered adequately under the proposal for the new TAS100.

**Q6.3 – Do you agree with the proposed structure of the TASs (paragraphs 6.9 to 6.12)?**

Yes.

**Q6.4 – Do you have any other comments on the proposals for technical actuarial standards in section 6?**

No.

**Q7.1 – Do you have any comments on the proposed implementation of the new framework in Section 7?**

No.

**Q7.2 – Are the proposed interim arrangements clear (paragraphs 7.7 to 7.9)?**

Yes.

**Q8.1 – Do you agree that TAS 100 could be applied to a wide range of actuarial work without disproportionate costs?**

Yes.

**Q8.2 – Do you have any comments on our analysis of the impact of the changes set out in section 8?**

No.