

## General comments

I think the exposure draft for TAS 100 is very good. Getting the key points down to less than four pages is an achievement that makes the TAS regime easier to apply and consequently more likely to be of use.

My main concerns are with extending the scope of TAS, the requirement for a compliance statement and the documentation principle. Details below.

### **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 disagree. I do not think the FRC has demonstrated that the existing TAS regime contributes to meeting the Reliability Objective, or evidenced that extending the regime would further contribute to meeting the Reliability Objective.

The only evidence I am aware of comes from the post-implementation review paper. (<https://www.frc.org.uk/Our-Work/Publications/Actuarial-Policy-Team/TAS-post-implementation-review-insurance.pdf>)

This research states *The principal users of actuarial information say they are generally confident in its reliability and believe they receive adequate information about risk and uncertainty.* But it is not clear whether this is a change in recent years, or if users have always felt like this. If there has been a change, it is not clear that this is due to the TAS regime, changes to reports for Solvency II purposes, or something else.

We are in a great position to collect evidence on the impact of the TAS regime due to the different way it has been adopted in different companies. Some have applied TAS to all actuarial work, some only when absolutely required, and some have gone for a balance in between. Comparing feedback from users in these different environments would allow the impact of TAS to be measured and separated from other factors. Further, for companies where all actuarial work is TAS compliant, the impact of extending the existing regime could be assessed. I also think such research could give examples of success stories to justify the cost of TAS compliance, something which is lacking at present.

In particular, I think there is a risk that extending the regime won't necessarily bring any greater benefits, will certainly increase costs, and in the worst case could do some harm. The post-implementation review paper points out there were *users and practitioners stating that the additional documentation adds little value.* The risk of adding little value seems increasingly likely as TAS is applied to less critical actuarial work.

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

I disagree. Again, I don't see any evidence that a compliance statement on every piece of work is valued by users, which is the driving force behind the whole TAS regime.

Paragraph 5.30 says some users will find this compliance statement to be of value, but that is not expanded upon. This is not obvious to me, given my personal experience that compliance statements confuse users at least as often as they are valued by users, and are probably ignored by users more often than not. It is possible that putting compliance

statements on all actuarial work means that they will be increasingly ignored as their constant presence means nobody notices what they are saying.

Why is there no scope for professional judgment here? Indeed, the suggestion is that actuaries cannot be trusted to use their judgment here. Paragraph 5.30 suggests the benefit of always having a compliance statement is it will remind actuaries they need to think about TAS, rather than relying on their sense of responsibility to ensure they meet such standards.

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

The documentation requirement seems a reasonable goal but the “no previous knowledge” element is a strong minimum standard. I doubt any profession currently meets this requirement, even in areas where documentation is arguably more important (eg IT). Why is it essential for all actuarial work to exceed a standard that nobody else can meet?

The deeper point here is what is the benefit of this minimum standard? The typical argument is “enable another to do your work if you were hit by a bus”. Even in that unlikely scenario it is rare that your work would be passed to somebody with no previous knowledge, rather than a fellow team-member with related experience. To say that all actuarial work must be documented to the extent a person with no previous knowledge of the work could do it seems like overkill in order to satisfy the Reliability Objective. And if the requirements of TAS are too stringent then they will not be met in practice, merely met with lip service.

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