



A new framework for Technical Actuarial Standards

The ABI's response to the FRC's consultation

1. The ABI is the voice of insurance, representing the general insurance, protection, investment and long-term savings industry. It was formed in 1985 to represent the whole of the industry and today has over 300 members, accounting for some 90% of premiums in the UK.

ABI comments

2. We welcome the opportunity to comment on the FRC's consultation, *A new framework for Technical Actuarial Standards*.
3. In principle, we support the FRC's main aims:
 - setting out high-level principles for all actuarial work, rather than only specified categories;
 - simplifying and rationalising the current generic TASs, with duplication eliminated and with less guidance, whilst largely sustaining current requirements; and
 - facilitating consistency with international actuarial standards.
4. However, whilst we agree that good actuarial standards support high quality actuarial work, we are concerned about the potential difficulty in deciding whether some work is in scope or not. Judgement will play a part, and different people may not reach the same conclusions. Guidance may be helpful, therefore. We suggest that this guidance builds on the examples given in appendix E and that a draft is then exposed for public comment. Adequate consensus may be reached thereby on what is in scope. If not, we suggest the FRC's standards should continue to be restricted to cover only specified categories of actuarial work.
5. We have a specific concern that a new requirement, to communicate the sensitivity of results to variations in key assumptions, may be overly prescriptive and in effect gold-plates ISAP 1 (which requires the actuary to consider sensitivities in carrying out the work but does not prescribe the relevant reporting).
6. We note that the FRC proposes a transition period between when the generic TASs D, M & R apply to work within their scope and when TAS 100 applies but only to work covered by its extension of scope. This matters to the extent that there are differences between the requirements – eg TAS 100's stronger principle for data (sufficient and reliable); and its new requirement for data to

be 'relevant to the entity'. We suggest anyway that the latter should be rephrased as it should not imply that entity specific data is to be used without regard to relevant market data. More generally, we question whether it is appropriate to have different requirements applying in parallel, particularly where the scoping decisions can have different consequences.

7. Lastly, we note that the geographical scope of the FRC's standards includes work done in relation to overseas operations which report into the UK. We suggest that some overseas actuarial standards might be recognised as equivalent to the FRC's.
8. We have no comments on other aspects of the FRC's consultation.

Association of British Insurers
March 2015