



6 March 2015

**Strictly Addressee Only**

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Dear Faye

**A new framework for Technical Actuarial Standards – our consultation response**

I am responding to the consultation document titled “A new framework for Technical Actuarial Standards: Consultation” dated November 2014 on behalf of Jardine Lloyd Thompson.

Thank you for giving us the opportunity to contribute to the development of the new framework during the pre-consultation phase of your project and for meeting with us on 18 February 2015 to discuss the consultation papers. As we stated on the day, we are supportive of the new framework for Technical Actuarial Standards, the consolidation of standards into TAS 100 and the extension of the scope of actuarial work covered by TAS 100. We also support the consolidation of the Pensions and Transformation TASs so that pensions actuaries need only refer to two TASs.

I have responded to the questions set out in the consultation paper in the attachment to this letter. Please let me know if you have any questions.

Yours sincerely

A handwritten signature in black ink that reads 'M Elcoate'.

Martin Elcoate FIA  
**Operations Director**

## Response to consultation questions

Q3.1 Do you have any comments on the draft <i>Framework for FRC Actuarial Standards</i> (paragraphs 3.5 to 3.8 and Appendix A)?	We support the proposal.
Q3.2 Do you have any comments on our proposal to withdraw and archive the existing <i>Scope &amp; Authority</i> (paragraphs 3.26 to 3.29)?	We support the proposal.
Q3.3 Do you have any comments on our proposed approach to the Significant Considerations documents (paragraphs 3.30 to 3.31)?	We support the proposal.
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.	We support the proposal.
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).	We support the proposal.
Q4.3 Do you agree with the analysis of different areas of work in Appendix E?	We disagree with the statement in E.6 that “Such calculations clearly use actuarial techniques and they will almost always require the use of judgement on matters such as setting assumptions.” For example a defined pension scheme transfer value calculator is a complex calculation that, once coded and checked, can be run by pension administrators. There is no judgement required in respect of assumptions at the point the calculator is run. We suggest that the focus is not the complexity or otherwise of the model used but the judgement required to determine the suitability of the model, assumptions, data etc.
Q5.1 Do you agree with the proposed high-level principles (paragraph 5.3)?	We support the proposal.
Q5.2 Do you agree with the proposed provisions in TAS 100 on data (Appendix B)?	We recommend a revision to 2.3 and 2.4. We recommend that “the checks and controls that have been applied” is removed from 2.4 and moved to 2.3 i.e. “Data used in actuarial work and the checks and controls that have been applied shall be documented.”
Q5.3 Do you agree with the proposed provisions in TAS 100 on assumptions (Appendix B)?	We support the proposal.
Q5.4 Do you agree with the proposed provisions in TAS 100 on modelling (Appendix B)?	We support the proposal.

Q5.5 Do you agree with the proposed provisions in TAS 100 on communications (Appendix B)?	We recommend a revision to 5.1 since the provision may be misinterpreted to require a specific statement of the purpose, user etc when it may already be clear elsewhere in the communication e.g. it is our view that a letter addressed to the trustees does not require a statement that "This advice is addressed to the trustees of the scheme". We suggest that this provision is reworded to " <b>Communications</b> shall be clear as to the purpose of the work, its users and who commissioned the actuarial work."
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)?	We would prefer not to include a compliance statement but understand the FRC's rationale for the inclusion of a compliance statement in the aggregate advice.
Q5.8 Do you agree with the proposed approach on guidance material (paragraphs 5.32 to 5.34)?	We support the proposal.
Q5.9 Do you agree with the proposal to include defined terms in a separate glossary (paragraph 5.35)?	We support the proposal. There may be merit in including the glossary within the <i>Framework for FRC Actuarial Standards</i> to avoid repetition.
Q5.10 Do you consider the definitions of the terms in the glossary are clear (paragraph 5.35)?	Yes. We recommend that you consider amending the definition of <b>measure</b> to read: "The approach that is used to quantify an (uncertain) asset or liability amount. Two different <b>measures</b> of the same asset or liability may produce different results."
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)?	We have not considered this in detail at this stage and will comment as part of the Specific TASs consultation.
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)?	We have not considered this in detail at this stage and will comment as part of the Specific TASs consultation.
Q6.3 Do you agree with the proposed structure of the TASs (paragraphs 6.9 to 6.12)?	We support the proposal.
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?	We would be delighted to work with you regarding the Pensions specific TAS.
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