

Name of Organisation	Hyman Robertson LLP
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?	We agree that the relevant sections of both the Framework for TASs document and the Glossary should be incorporated into the TASs.
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?	Yes
Question 3: Does the draft guidance support you in complying with the TASs?	Yes
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?	Immediately after each principle
Question 5: What are your views on the proposed change to the compliance requirement?	<p>We do not support the proposed change. Evidence of compliance is likely to be highly technical in nature and not recorded in a format suitable for users of actuarial advice. Communication of this information to the user would result in significant additional work to make the evidence more 'user friendly'. This would result in increased costs and timescales for providing actuarial advice.</p> <p>In addition, there is the danger that releasing this information into the public domain could result in market competing firms being the unintended beneficiaries. Competing firms, or indeed auditors, could use the compliance evidence to discredit a perfectly reasonable alternative actuarial approach.</p> <p>It's not clear what the driver is behind this change or what the benefit would be to the end user. Our opinion is that it should be enough for a suitably qualified and experienced professional who has used their actuarial judgement in the production of work to state that their advice meets the necessary requirements, and for this statement to be trusted.</p>
Question 6: Does the proposed FRC guidance on how TAS 100 can be applied proportionately assist actuaries in their compliance with TAS 100?	<p>No. It isn't clear why the proposed changes are required.</p> <p>Replacing the term 'shall' with 'must' significantly increases the number of mandatory regulatory requirements actuaries need to comply with. In order to check whether an element could be</p>

	<p>proportionately shorter, the additional work still needs to have been done. This is a fundamental flaw: the increased requirements will only serve to increase the cost, time, and effort needed to prepare actuarial work.</p> <p>This issue is significantly compounded by the requirement (P6.2) to document the justification for all deviations from regulatory expectations (ie all Application statements, which are “should” rather than “must”, will require specific documentation if they are not complied with, even if on grounds of proportionality). This is at odds with the 3.16 of the consultation paper which suggests that the previous proportionality approach (“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.”) remains an appropriate principle.</p> <p>In addition, it would be helpful if the illustrative examples provided in the proportionality guidance, in particular the pensions ‘Scenario 3’ example, were focused on more complex scenarios.</p>
<p>Question 7: What are your views on the revision in nomenclature of the ‘user’ to ‘intended user’?</p>	<p>This seems reasonable as ‘intended user’ would distinguish the client, who is the intended recipient of the advice, from someone else accessing the advice whom the actuary did not intend to address when preparing the work. The term ‘specified user’ would make this distinction clearer.</p>
<p>Question 8: Do you agree the new proposed Risk Identification Principle and associated Application statements?</p>	<p>No. The proposed wording of this principle is expansive and prohibitive from a practical perspective. The requirement to include risks that “have the potential to affect...” suggests that even extremely unlikely risks would need to be considered. It implies that actuaries would be compelled to consider an extensive array of risks and determine where to draw the line in terms of which risks to include/exclude. Significant judgement will likely be required to avoid presenting the user with a distracting range of scenarios and contingencies. The impact of which would serve only to make reports unnecessarily longer and reduce the impact of actuarial work. The application section further confirms our concerns on the expansive nature of potential material factors.</p>

<p>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?</p>	<p>Overall, no. Whilst the principle of judgement is very similar to the current TAS 100, the clarifications present onerous additional requirements. Whilst we agree that it's important to 'consider alternative methodologies, models, data and assumptions', it is impractical to compel actuaries to 'consider the sensitivity of conclusions to the judgement' in all cases. For example, in many cases, without conducting additional calculations under an alternative approach it could be difficult to evaluate whether this could have led to a different conclusion. In addition, the inclusion of unnecessary extra information is likely to obscure the key point of advice given to users. It would be helpful for any further guidance on this to be examples based.</p>
<p>Question 10: What are your views on the proposed changes to the Data Principle and associated Application statements?</p>	<p>We do not support the amendments in their current form.</p> <p>The proposed changes are much more onerous than the current TAS 100. The application statements contain a number of new and prescriptive regulatory expectations, which doesn't feel in keeping with the spirit of the standard being principles based. There is a strong focus on assessing bias, with this appearing 4 times within the data principle alone and a total of 20 times throughout the proposed TAS 100. The reasons for this increased focus on bias are unclear.</p> <p>Communicating this additional data work in actuarial advice will significantly increase the length of advice, diluting its key messages, and potentially disclose commercially sensitive client information.</p>
<p>Question 11: Do you agree with the proposed clarifications and additions relating to documenting and testing material assumptions?</p>	<p>No. There's a disconnect between Principle 4 and provision P4.4. P4.4 mandates 'Where an assumption is set by the intended user or a third party and the practitioner considers it not to be reasonable for its purpose the practitioner must carry out an indicative assessment of the impact on actuarial information'. In practice an assumption is either set by the actuary, in which case it would be chosen due to it being 'reasonable for its purpose', or a proposal accepted from a third party, as the actuary doesn't disagree with it or does not have the expertise to set the assumption, hence the required input from a third party. Given that Principle 4 Assumptions compels actuaries to use 'appropriate' assumptions, there is no need for</p>

	<p>P4.4 as actuaries would raise concerns with inappropriate assumption selection with users in advance of preparing advice.</p>
<p>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?</p>	<p>The proposed changes to this principle introduce potentially onerous additional mandatory requirements. In particular P5.2 and P5.5 would create significant additional work in cases where proprietary models or licensed software are used, which would have very high levels of model governance already in place.</p> <p>We suggest P5.2 is updated as follows:</p> <p>P5.2:Practitioners must ensure or, where models are maintained by other practitioners, be reasonably satisfied that the models they use for technical actuarial work have in place an appropriate level of model governance, including validation and a change control process.</p> <p>Under P5.5 actuaries would be compelled to run models twice when preparing advice as they ‘must ensure’ the output can be replicated or that any differences are explainable. This is impractical, expensive, and would delay the provision of advice to users. We suggest that this requirement is revisited.</p>
<p>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?</p>	<p>Not entirely. Most of the proposals appear reasonable. However, we do have a concern with the proposed update in Principle 6 from a ‘technically competent person’ being required to understand the content of actuarial documentation to ‘persons responsible for reviewing, auditing or validating’. This is potentially a wider group than before as the process of reviewing/validating is very different to auditing (which may be carried out by an external agency with limited understanding of technical actuarial work). This change implies that additional content will be required in documentation to ensure technical actuarial work is accessible to those who are not technically competent. We suggest the current ‘technically competent person’ is retained.</p>
<p>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?</p>	<p>This proposal is reasonable. However, the comments in 4.29 of the consultation are at odds with the ‘..unless the inclusion of such information is a regulatory requirement’ requirement of the Communications principle P7.3. As the proposed changes to TAS 100 include a plethora of mandatory requirements, and therefore potential additional information to</p>

	<p>be included in user communications, the preparation of clear and concise advice would be significantly more difficult under these proposals.</p> <p>4.29: 'Feedback suggested that in some cases, the identification of the most material judgement is obscured by the extensiveness of the communication.'</p> <p>P7.3: The practitioner's communications must exclude information that is not material if that information obscures material actuarial information unless the inclusion of such information is a regulatory requirement .</p>
<p>Question 15: What are your views on the additional clarification provided in the Application Statements?</p>	<p>Although the additional clarifications are intended to provide clarification on TAS 100 principles, many of these introduce additional mandatory requirements for actuaries to comply with, in the form of additional calculations or more detailed advice communications.</p>
<p>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?</p>	<p>See 11.</p>
<p>Question 17: What are your views on these proposed amendments to clarify the existing requirements?</p>	<p>These appear reasonable.</p>
<p>Question 18: Do you agree with our impact assessment? Please give reasons for your response.</p>	<p>No. We believe the proposed TAS 100 would be more onerous to comply with than suggested and will result in significant additional work to ensure compliance. Our primary concern is that the proposed changes do not appear to be prompted by any significant existing issues with TAS 100 that couldn't otherwise have been addressed by publishing additional guidance. The impact of these changes is likely to be felt by our clients in the form of more complicated and longer advice communications, and increased costs and longer timescales for the provision of advice. We believe this would be unwelcome and detrimental to our clients.</p>