

1	Please provide your name (note: anonymous responses will not be accepted).	DELETED FOR GDPR PURPOSES
2	Are you responding as an individual or on behalf of an organisation? If the latter, please specify.	On behalf of an organisation: Aon
3	Please provide your email address. The responses to this survey are being collected and processed by the Financial Reporting Council (FRC) in order to inform certain aspects of the Actuarial Policy Team's (APT) work. In particular, the data collected through this survey will be used by the FRC's APT for the Technical Actuarial Standards Post Implementation Review. The FRC will process any personal data provided by you in accordance with the General Data Protection Regulation and the Data Protection Act 2018. More information about how we handle the personal data of stakeholders is contained in the privacy notice on the FRC website at https://www.frc.org.uk/about-the-frc/procedures-and-policies/privacy-the-frc .	DELETED FOR GDPR PURPOSES @aon.com
4	Do you request confidentiality of your response? (note: if so, your response will NOT be published to the FRC website).	no
5	<i>[for users of technical actuarial work]</i> Have the TASs been effective in ensuring the quality and clarity of the actuarial information you receive is reliable for any decisions that you take based on that information?	<p>For the majority of our actuaries, this question is not relevant. However some Aon actuaries are themselves users of actuarial services, for example as scheme trustees.</p> <p>We feel it would be very difficult for users to compare the quality of information before and after the TASs were introduced – we would expect users of our work to have seen good quality information before and after. However our clients have reported that the volume of information has gone up (not necessarily adding to the quality) and that the compliance statement serves no purpose. Reference to other reports is useful to set context for our work but in practice we believe that few of our clients refer back to earlier documents.</p> <p>The current TASs are well established in firms' processes. When considering possible changes an important point to keep in mind is that amendments increase costs for clients and so any changes that are made should be minimised and should also be fully justified in terms of the value they will add to client outcomes.</p>
6	To what extent has TAS 200 been effective in supporting high quality technical actuarial work in the insurance sector?	

7	What aspects of TAS 200 have caused difficulties? Please explain what those difficulties were and how you were able to overcome them.	
8	To what extent have the Provisions 12 to 23 of TAS 200 been effective in supporting high quality technical actuarial work in the specified areas?	
9	Have you observed difficulties with the quality of technical actuarial work in support of pricing frameworks? Would further additional requirements help clarify the FRC's expectations in this area?	
10	Are there other areas of insurance-related technical actuarial work, beyond the areas covered in Provisions 12 to 23 of TAS 200, where you would welcome further technical actuarial standards?	
11	Does TAS 200 currently give sufficient direction on the nature of professional scepticism, what that involves, and how that should be demonstrated?	
12	Do Provisions 16 and 17 of TAS 200 in relation to insurance transformations provide sufficiently clarity in setting out the FRC's expectations of technical actuarial work in this area? Are there further additional requirements which should be considered?	
13	What changes should be made to TAS 200 to better reflect the PRA and the FCA's expectations of the Independent Expert's work in a Part VII transfer?	
14	How should TAS 200, in particular the provisions in relation to financial statements (Provisions 12 and 13 of TAS 200), be updated to address the challenges in respect of the implementation of IFRS 17?	
15	To what extent has TAS 300 been effective in supporting high quality technical actuarial work in the pensions sector?	We have no particular evidence that TAS 300 led to an improvement in the standard of technical actuarial work - but as a firm we aspire to high standards in all the work that we do, regardless of the TASs. However we do welcome the principles-based nature of TASs, and we would find the introduction of prescriptive rules most unwelcome in today's working environment. This would be even more so if TASs are to be made legally binding for some or all of the work done by actuaries, and for non-actuaries who also provide that work.

16	<p>What aspects of TAS 300 have caused difficulties? Please explain what those difficulties were and how you were able to overcome them.</p>	<p>Consideration of what work is in or out of scope, and whether the compliance statement is needed, continues to cause difficulties. As a firm we expect to apply the standards to everything we do, so such consideration detracts from the main consideration of what needs to be covered in the advice.</p> <p>The risk of regulatory arbitrage remains for some work where compliance is mandatory for members of the IFoA yet only encouraged for non-actuaries.</p> <p>Examples of work that does not currently appear to be in scope include (in the DC environment): advice on and analysis of contributions, Lifetime Allowance analysis and advice, member outcomes analysis, scheme design.</p> <p>If - as seems likely under the Government's response to the BEIS consultation - the TASs are to become legally binding, it is critical that they remain principles-based and are applied to all practitioners carrying out the work regardless of whether they are members of the IFoA or not. As a result the work to which the TASs apply needs to be clearly defined.</p>
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<p>17</p>	<p>How are recent or anticipated changes in the regulatory framework requirements in relation to scheme financing changing the nature of advice and support provided by practitioners? What changes should be made to TAS 300 to reflect these?</p>	<p>Since the TASs were initially introduced the delivery approaches for advice have evolved, and continue to change. Consideration needs to be given as to whether the TASs need amendment in light of the different methods of delivering advice - with advice being more interactive and building on other discussions and information. For example, increasingly funding advice is provided in ad hoc emails over a period of months addressing the various aspects or answering specific questions – and it would not be proportionate or sensible to apply the full TAS process to each communication. At present such aspects are addressed by considering the principles of the TASs and what is proportional but different actuaries will have different views. Although at this stage the supporting regulations are not available, it is possible that further amendment might be needed to TAS 300 to support work in relation to the amendments to the scheme funding requirements anticipated under the Pension Schemes Act 2021.</p> <p>Although not specifically about scheme funding in ‘traditional schemes’ it is very relevant to note that actuaries are likely to need to give advice on collective money purchase (‘CDC’) schemes. Although we do not believe that this should require a separate technical actuarial standard, there are important changes which will need to be made to TAS 300 to reflect the new CDC schemes and our suggestions are set out in the remaining response to this question.</p> <p>As regards the scope of TAS 300:</p> <ul style="list-style-type: none"> • Our reading is that the scheme actuary’s work for the trustees of a CDC scheme is in scope of TAS 300 as currently drafted - in particular, work relating to ‘scheme funding and financing’ (given the reference to “... work required by legislation to support decisions on... benefit levels”), work relating to factors and work relating to bulk transfers. This is appropriate, although the detailed wording of TAS 300 would need to be amended (see below for suggestions) to reflect the requirements of such schemes. Such work would include: modelling for scheme design viability assessments; annual valuation work to determine benefit adjustments, and work relating to accrual
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		<p>rates in the scheme; and member option factors in such schemes.</p> <ul style="list-style-type: none">• Our reading is that the actuary's work advising an employer in relation to a CDC scheme (including the prospect of setting up of such a scheme or modelling work for the scheme) is not in scope as currently drafted. In our view, the work advising an employer in relation to CDC schemes should be in scope of TAS 300. <p>As regards areas where the current TAS 300 would need modification:</p> <p>In paragraphs 6 and 7, the comments relating to prudence in assumptions need amending, to reflect the fact that prudence in assumptions is not appropriate for CDC schemes – indeed, the legislation requires the use of 'central estimates' when setting assumptions and therefore prohibits margins for prudence.</p> <p>In paragraph 11, the reference to the governing bodies' duties in relation to "funding and financing" should be extended to include benefit levels.</p> <p>In paragraph 12 –references to projected funding levels and volatility of funding levels are not relevant to CDC schemes but similar requirements would need to reference projected benefit adjustments and likely volatility in these benefit adjustments, including the risk of benefits being cut.</p> <p>Paragraph 13 is not relevant</p> <p>The scheme funding report noted in paragraph 14-16 is not required for CDC schemes, but instead a document must be prepared by the scheme actuary to inform the trustee's consideration as to whether the design of the scheme is sound, so provisions similar to paragraphs 14-16 (including a separate appendix. although this can mirror several of the existing requirements for defined benefit schemes) will need to be drafted to reflect the requirements of CDC schemes.</p>
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18	<p>How has the development in pensions freedoms in recent years impacted on your technical actuarial work for actuarial factors? What changes should be made to TAS 300 to reflect these?</p>	<p>The development of pensions freedoms, in itself, has not impacted on our technical actuarial work for actuarial factors. What has impacted on that work is the economic environment, the impact of the pandemic on longevity and macro societal changes more generally. As a result we see no need for changes to be made to the existing principles set out within TAS 300. However, consideration could be given as to whether some aspects of work relevant to member options advice should fall within scope of the TAS and our comments on this are set out below.</p> <p>Insufficiency reports: these are subject to TAS 100 by virtue of being "Technical Actuarial Work". The TAS 300 wording is not so clear that an insufficiency report relates to the derivation of an "actuarial factor", because the report is essentially a mechanistic process with no judgement on the actuarial assumptions (as these have already been set for previous work) but as the factors themselves are within scope it may be inappropriate to then treat the reduction factor as out of scope..</p> <p>Factors used within online modelling functions (for example 'at retirement' models): the working behind such factors is clearly within scope of TAS, and any advice to the scheme setting up such online modelling facilities would be appropriately carried out, communicated and documented. However such models might then be used by members making decisions (although if the decision is to transfer this would need further advice). The conclusion would be that such models are intended to support the retirement decision, but that they are not central to the decision.</p> <p>Incentive exercises: it is not clear whether TAS 300 applies to all technical actuarial work with any connection to the incentive exercise, or whether it applies only to actuarial advice on the design and operation of the incentive exercise. We have taken the latter view, although in practice the work would be carried out in the same way regardless.</p>
19	<p>Are there other areas of pensions-related technical actuarial work where you would welcome further technical actuarial standards?</p>	<p>This is answered below.</p>
20	<p>To what extent has TAS 400 been effective in supporting high quality technical actuarial work for funeral plans trusts?</p>	

21	What aspects of TAS 400 have caused difficulties? Please explain what those difficulties were and how you were able to overcome them.	
22	What are your views on the timings of the changes to TAS 400 given the timings of the change in authorisation and supervision regimes?	
23	Do you think that TAS 400 should create a standard terminology to be used for funeral plan valuation reports?	
24	What are your views on whether TAS 400 should apply to technical actuarial work for Burial Societies?	
25	To what extent has ASORP 1 been effective in supporting high quality technical actuarial work in the social security sector?	
26	What aspects of ASORP 1 have caused difficulties? Please explain what those difficulties were and how you were able to overcome them.	
27	Do you consider the definition of work which falls in the scope of application of ASORP 1 is clear? What changes should be made to the definitions set out in ASORP 1 to improve clarity?	
28	Have you observed an increased variety of technical actuarial work which falls into the scope of application of ASORP 1, for example since the pandemic? What changes should be made to ASORP 1 to reflect the new types of work and practices?	
29	What changes should be made to the existing sector specific TASs to reflect these developments?	We agree that as people are trying to model new and uncertain risks (e.g. climate change), there will need to be a consideration of how such work should be regulated within actuarial standards. It would be appropriate to consider the general principles around data, assumptions and communication of the work, in particular the limitations of uncertainty in the assumptions, or unmodelled risks in relation to new areas.

30	<p>Would there be greater coherence in the requirements in relation to technical actuarial work in the fields of investment and finance by setting them out in their own standard?</p>	<p>We believe that any addition to actuarial standards in relation to climate change would sit better within the sector specific standards rather than in a separate standard (even if this means repetition of content across the standards for some aspects). For example, users of TAS 300 would find it helpful to consider this as part of their pensions work rather than have to follow another standard. However we do note that the FRC has recently exposed a draft of a new TAS 100 which, in general, would require actuaries to include climate change risks in the course of their work. In particular the new TAS 100 would include a Risk Identification Principle and associated Application statements. The consultation on that draft (which runs until September) clearly overlaps with this call for feedback and may mean that some of the arguments for including consideration of climate change risk in sector specific standards might become less relevant if they are already dealt with in the generic TAS.</p> <p>In relation to various investment aspects, many areas are currently covered within TAS 100 (although – for example in relation to pensions work – they do not fall within sector specific standards). It is not clear to us that there is any need to further regulate investment work in such areas, a specific standard for such work would not appear to add anything.</p>
31	<p>Are there any areas where you would welcome further standards; in particular, new areas where an increasing number of actuaries are performing technical actuarial work?</p>	<p>See our comments on question 30. If FRC is considering designing actuarial standards for further work, consideration needs to be given to the comparable standards of other professions working in those areas, with a view that actuarial standards should be no lower and arguably not too much higher than any present regulatory guidance.</p> <p>It would be wholly inappropriate to have a raft of standards that apply to actuaries just because they are members of the IFoA. It would be counterproductive if IFoA members felt they needed to resign in order to avoid the standards. IFoA members already have the Actuaries Code to underpin their work, so they should not be restricted by unnecessary standards.</p>