

7 September 2022

The Director of Actuarial Policy
Financial Reporting Council
8th Floor
125 London Wall
London
EC2Y 5AS

Dear Sirs,

Proposed changes to TAS 100: General Actuarial Standards - consultation

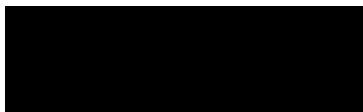
I am writing on behalf of Buck Consultants Limited ('Buck') in response to the above consultation.

Buck's employees provide actuarial advice and are involved in HR, pensions, employee benefits, technology and administration services and so are directly impacted by the consultation.

Our responses to your specific questions are set out in the appendix to this letter.

Please contact me if you would like to discuss our responses to the questions further.

Yours sincerely



David Broadbent FIA
Senior Consulting Actuary

For and on behalf of Buck Consultants Limited

Appendix – responses to consultation

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?

Incorporating relevant sections of the Framework for TASs such as quoting the reliability objective in 1.3 would be helpful.

We think that it is more practical to keep the glossary as a separate document. It is easier to reference a separate glossary simultaneously with the relevant part of the TAS.

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, the draft FRC guidance provides some clarity on the definition of technical actuarial work and geographic scope.

Question 3: Does the draft guidance support you in complying with the TASs?

Yes, the additional clarification makes compliance easier. We appreciate that the examples given cannot be exhaustive.

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?

We prefer the application statements to be separate. It would be helpful to put in hyperlinks that take you to the corresponding application statement and then back to the principle.

Question 5: What are your views on the proposed change to the compliance requirement?

The statements on compliance with TAS 100 could become quite lengthy since they must include a justification of any divergence from an application statement even if it is not material or applicable (1.7). The guidance allows you to deviate from an application statement for reasons of proportionality but with the current wording you will still need to document and justify why it is the case.

We believe it would be better to include the word "material" in the second sentence of 1.5 i.e. "Any **material** caveat, qualification or limitation must be justified to the intended user. The evidence must be made available on request. "

Question 6: Does the proposed FRC guidance on how TAS 100 can be applied proportionately assist actuaries in their compliance with TAS 100?

In Scenario 3, 3.12 explains that this situation may justify that "no details are communicated". Do practitioners still need to prepare a report including a compliance statement with the caveat that

no communication was needed and the justification for that? (Because of TAS 100 1.5) It would be useful to have an illustration of what the compliance statement may look like in this example.

Question 7: What are your views on the revision in nomenclature of the ‘user’ to ‘intended user’?

We agree that this makes it clearer.

Question 8: Do you agree the new proposed Risk Identification Principle and associated Application statements?

We agree with the principle of risk identification. What we are not sure about is "might reasonably be expected to know about at the time of carrying out the work" may mean. Some risks such as political risks can change over a very short time period. So it may not be easy to say when someone could reasonably have known about a change.

P1.3 considers timeframes of the risks but they may not be relevant to the technical actuarial work under consideration. Would it be better to say, " Practitioners must consider the timeframe over which such material factors and material risks will emerge and whether their dependencies, nature or relative importance may change within that timeframe **if it is material in relation to the technical actuarial work.**"

For example, if the work being done only needs to consider the effect of climate change over the short term then considering the timeframe over which climate change will emerge (which would be a long timeframe) is not relevant to the work.

Alternatively, it could be worded as "Practitioners must consider how material factors and material risks will emerge and whether their dependencies, nature or relative importance may change within the timeframe the actuarial work relates to."

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?

The direction it has taken may result in intended users receiving more information than they need, which is expensive, and may obscure the information that they need to focus on.

Is the intention that the actuary needs to have the means to provide further justification should the intended user request it to the extent that the intended user is satisfied that they can conclude that the judgement is reasonable? We believe this approach would produce a better outcome for all but it is not clear from the wording that this is what is intended.

A7.3 b) requires descriptions of any alternative models, data or assumptions considered. Many models may have been considered however the difference in the models may have turned out to be immaterial for the purpose they are being used. To give details of the models to the intended user may just be confusing for them.

Question 10: What are your views on the proposed changes to the Data Principle and associated Application statements?

Broadly agree, although we think the wording needs to be improved. Suggested changes as follows:

A3.2 Practitioners should improve data that is insufficient or unreliable by adjusting or supplementing it **to the extent that is proportionate**.

A3.4 If **material biases** are found, the practitioner **should** take reasonable steps to improve the **data** by adjusting or supplementing **data**.

A3.5 Where **material** limitations in **actuarial information** arise from the use of **data** that is insufficient, unreliable or contains **bias**, the practitioner **should** assess the impact of these limitations.

Question 11: Do you agree with the proposed clarifications and additions relating to documenting and testing material assumptions?

Yes, we agree with the proposed clarifications.

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?

We agree with the proposed changes. We feel the principles, application and guidance are adequate, so no further guidance is necessary.

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?

Yes, we agree but should P6.2 refer to a 'material' deviation?

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?

We agree.

Question 15: What are your views on the additional clarification provided in the Application Statements?

We are generally in favour

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?

If the assumptions set by a user or third party influence the results of technical actuarial work, then we feel actuaries should validate the assumptions and communicate any material concerns.

Question 17: What are your views on these proposed amendments to clarify the existing requirements?

We broadly agree.

Question 18: Do you agree with our impact assessment? Please give reasons for your response.

We are not sure that it does remove the need for the additional documents. We think the separate glossary is useful and we think that there are now additional guidance documents to look at. One off costs would involve training and updating checklists and report templates (We suspect this is not insignificant.)

We think that the change in emphasis to provide evidence demonstrating compliance to the intended user will add to ongoing costs. (It will need to be in a format that can be shown to an external user rather than the current approach where it is documented for auditing purposes.)

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