

GN40: The Role of the Actuarial Function Holder

Classification

Practice Standard

MEMBERS ARE REMINDED THAT THEY MUST ALWAYS COMPLY WITH THE PROFESSIONAL CONDUCT STANDARDS (PCS) AND THAT GUIDANCE NOTES IMPOSE ADDITIONAL REQUIREMENTS UNDER SPECIFIC CIRCUMSTANCES

Purpose

This Guidance Note sets out the duties of the *actuarial function holder* as defined in SUP 4.3.13 and gives guidance on how to fulfil them. It describes some generally accepted actuarial practices in regard to this function.

Definitions

Defined terms appear in italics when used in the standard.

Reference

actuarial function holder

Definition

A Fellow of the Faculty of Actuaries or of the Institute of Actuaries appointed by (or by the FSA for) a *firm* in accordance with SUP4.3.1R or 4.3.3R to perform the role specified in SUP4.3.1R(1)(a)

firm

An insurance company or friendly society in respect of which the *actuarial function holder* is appointed

FSA

Financial Services Authority

governing body

The board of directors or committee of management of a *firm*

Individual Capital Assessment (“ICA”)

The assessment required by PRU 1.2.26R of the capital which a firm needs to hold to meet PRU 1.2.22R (adequate financial resources, including capital resources)

PCS

Professional Conduct Standards of the Faculty of Actuaries and Institute of Actuaries

pillar 1

The requirements for the *firm* to maintain *capital resources* in excess of its *capital resources requirement* and for the *firm* to maintain *group capital resources* in excess of its *group capital resources requirement*, as stated in PRU 2.1.9R

pillar 2	The <i>FSA</i> 's rules and guidance in relation to adequacy of financial resources as required by PRU1.2.22R including use of the <i>firm</i> 's own internal assessment, known as the <i>ICA</i>
with-profits actuary	A Fellow of the Faculty of Actuaries or of the Institute of Actuaries appointed by (or by the <i>FSA</i> for) a firm in accordance with SUP4.3.1R or 4.3.3R to perform the role specified in SUP4.3.1R(1)(b)

The following terms have the meanings given to them in the *FSA Handbook of Rules and Guidance*:

capital resources
composite firm
capital resources requirement
customers
group capital resources
group capital resources requirement
liabilities to a policyholder
long-term insurance business
long-term insurance contracts
long-term insurance fund
policyholder
Principles and Practices of Financial Management ("PPFM")
realistic basis life firm
related undertakings
with-profits insurance business

In addition, the following abbreviations are used for sections of the *FSA Handbook of Rules and Guidance*:

APER	Statement of Principles and Code of Practice for Approved Persons
COB	Conduct of Business
IPRU(INS)	Interim Prudential sourcebook for Insurers
IPRU(FSOC)	Interim Prudential sourcebook for Friendly Societies
PRU	Integrated Prudential sourcebook
SUP	Supervision manual

Legislation or Authority

The Financial Services and Markets Act 2000 (the "Act").
The *FSA Handbook of Rules and Guidance* (the "*FSA Handbook*")
The Financial Services and Markets Act 2000 (Communications by Actuaries) Regulations 2003 (the "Regulations")

Application

Actuarial function holders of UK-authorized insurance companies and friendly societies writing *long-term insurance business*.

Where the duties of the *actuarial function holder* are related to:

- (i) COB rules (in particular the parts relating to the *Principles and Practices of Financial Management*), the requirements below should be taken as being restricted to UK business, except to the extent that other business has a direct impact on the UK business, including where the *FSA* rules provide explicitly for other business to be covered.;
- (ii) PRU, they apply to a *firm's* overseas business as well as to its UK business, except where PRU provides otherwise.

Author

Life Board

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1 General

- 1.1 In this standard, requirements of legislation or of *FSA* rules and guidance are specifically referred to as such. Any other guidance is that provided additionally by the profession. The inclusion of summarised references to, or quotations from, particular provisions of the *FSA Handbook* is not a substitute for referring to the *FSA Handbook*.
- 1.2 GN37 and GN39 are also applicable to *actuarial function holders*.
- 1.3 All or parts of one or more of GNs 44 to 47 may also be applicable to *actuarial function holders* when carrying out their duties. GN8 is applicable to *actuarial function holders* for incorporated non-directive friendly societies.
- 1.4 Certain guidance notes referred to above are not classified as practice standard. Their status is not altered by references to them in this practice standard guidance note.
- 1.5 SUP 4.3.1R allows a *firm* to appoint more than one *actuarial function holder*, each in respect of one or more classes of business. Much of this guidance note is written as if only one such actuary has been appointed. However, should more

than one be appointed, each must follow this guidance in respect of the class (or classes) of business in respect of which he or she has been appointed.

- 1.6 Each *actuarial function holder* must seek written guidance from the *governing body* which specifies in respect of which classes of business he or she is appointed.
- 1.7 It is possible that two or more *actuarial function holders* of the same *firm* may make different recommendations to the *governing body* on what are essentially similar matters. In such a situation, it may be left to the *governing body* to decide a way forward.
- 1.8 When commenting on the recommendations or reports of the other *actuarial function holders*, an *actuarial function holder* must do so in a manner consistent with *PCS*.
- 1.9 Where this guidance note refers to advice being in writing, this will include communications by e-mail, fax or similar methods.

2 Regulatory requirements relating to the *actuarial function holder*

- 2.1 The duties of the *actuarial function holder* are set out in SUP 4, in particular 4.3.13R. He or she must:

- “(1) advise the *firm’s* management, at the level of seniority that is reasonably appropriate, on the risks the *firm* runs in so far as they may have a material impact on the *firm’s* ability to meet *liabilities to policyholders* in respect of *long-term insurance contracts* as they fall due and on the capital needed to support the business, including regulatory capital requirements;
- (2) monitor those risks and inform the *firm’s* management, at the level of seniority that is reasonably appropriate, if he or she has any material concerns or good reason to believe that the *firm*:
 - (a) is not meeting *liabilities to policyholders* under *long-term insurance contracts* as they fall due, or may not be doing so, or might not have done so, or might, in reasonably foreseeable circumstances, not do so;
 - (b) is, or may be, effecting new *long-term insurance contracts* on terms under which the resulting income earned is insufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources that are available for the purpose, to enable the *firm* to meet its *liabilities to policyholders* as they fall due (including reasonable bonus expectations);
 - (c) does not, or may not, have sufficient financial resources to meet *liabilities to policyholders* as they fall due (including reasonable bonus expectations) and the capital needed to support the business,

including regulatory capital requirements or, if the *firm* currently has sufficient resources, might, in reasonably foreseeable circumstances, not continue to have them;

- (3) advise the *firm's governing body* on the methods and assumptions to be used for the investigation required by IPRU(INS) 9.4R or IPRU(FSOC) 5.1R and the calculation of the *with-profits insurance capital component* under PRU7.4 as applicable;
- (4) perform those investigations and calculations in (3), in accordance with the methods and assumptions determined by the *firm's governing body*;
- (5) report to the *firm's governing body* on the results of those investigations and calculations in (3); and
- (6) in the case of a friendly society to which this section applies, perform the functions of the appropriate actuary under section 87 (Actuary's report as to margin of solvency) of the Friendly Societies Act 1992."

2.2 SUP 4.2.1G gives guidance explaining that the rules in SUP 4.3 specifying the duties of the *actuarial function holder* and related matters arise from the powers given to the *FSA* under section 340 of the Act which is reproduced below:

"340.-(1) Rules may require an authorised person, or an authorised person falling within a specified class-

- (a) to appoint an auditor, or
- (b) to appoint an actuary,

if he is not already under an obligation to do so imposed by another enactment.

- (2) Rules may require an authorised person, or an authorised person falling within a specified class-
 - (a) to produce periodic financial reports; and
 - (b) to have them reported on by an auditor or an actuary.
- (3) Rules may impose such other duties on auditors of, or actuaries acting for, authorised persons as may be specified.
- (4) Rules under subsection (1) may make provision-
 - (a) specifying the manner in which and time within which an auditor or actuary is to be appointed;

- (b) requiring the Authority to be notified of an appointment;
 - (c) enabling the Authority to make an appointment if no appointment has been made or notified;
 - (d) as to remuneration;
 - (e) as to the term of office, removal and resignation of an auditor or actuary.
- (5) An auditor or actuary appointed as a result of rules under subsection (1), or on whom duties are imposed by rules under subsection (3) -
- (a) must act in accordance with such provision as may be made by rules; and
 - (b) is to have such powers in connection with the discharge of his functions as may be provided by rules.
- (6) In subsections (1) to (3) "auditor" or "actuary" means an auditor, or actuary, who satisfies such requirements as to qualifications, experience and other matters (if any) as may be specified.
- (7) "Specified" means specified in rules."

2.3 That the *actuarial function holder* is appointed as a result of section 340 of the Act is important for the operation of section 341 of the Act and the rights that are consequently granted to the *actuarial function holder* under section 341 of the Act:

“341.-(1)An appointed auditor of, or an appointed actuary acting for, an authorised person-

- (a) has a right of access at all times to the authorised person’s books, accounts and vouchers; and
 - (b) is entitled to require from the authorised person’s officers such information and explanations as he reasonably considers necessary for the performance of his duties as auditor or actuary.
- (2) "Appointed" means appointed under or as a result of this Act.”

2.4 SUP 4.3.17R and SUP 4.3.18G grant a *with-profits actuary* function various rights to obtain information and resources and require the *firm* to keep him or her informed. No such equivalent provisions are given in SUP to *actuarial function holders*. *Actuarial function holders* may wish to note the rights given to them in primary legislation under section 341 of the Act to obtain

information and explanations that they might reasonably consider necessary for the performance of their duties under SUP.

- 2.5 The *actuarial function holder* is an approved person and must be aware of the Principles and Code of Practice set out in APER.

3. **The Appointment as *actuarial function holder***

- 3.1 The *actuarial function holder* must hold a practising certificate, which must cover *with-profits insurance business* if he or she is appointed in respect of such business.
- 3.2 When accepting an appointment as *actuarial function holder*, the actuary must ensure that he or she will have the right to present a report to the *firm's governing body* in person, should he or she deem the report sufficiently important.
- 3.3 To provide the advice on risk and the monitoring of exposures required by SUP4.3.13R (1) and (2), the *actuarial function holder* must ensure that he or she has sufficient information and resources to enable the necessary investigations to be carried out. This applies both at the time of the appointment and thereafter.
- 3.4 The information required, and the frequency of monitoring, will depend on the nature of the business carried out by the *firm*. Examples of the more usual matters that give rise to or mitigate risks are included in GN45 and GN46, although those examples are not exhaustive.
- 3.5 Where there is more than one *actuarial function holder* within a given *firm*, it may not be possible for the requirements described in SUP 4.3.13R(1) and (2) above to be carried out separately by each such actuary, especially where they are appointed in respect of different classes of business within the same *long-term insurance fund*. In such a case, each *actuarial function holder* must ensure, before accepting his or her appointment, that the *firm* allocates to one of them, or to each of them acting collectively, the responsibility described in SUP 4.3.13R(1) and (2) in relation to the *firm* as a whole.
- 3.6 The *actuarial function holder* should normally seek written guidance from the *governing body* to clarify his or her responsibilities, if any, in addition to those described in SUP 4.3.13R (see paragraph 2.1 above). SUP 4.3.15G lists some areas where a *firm* will wish to take actuarial advice, although not necessarily from the *actuarial function holder*.
- 3.7 In some cases, the broad title of a particular area will be insufficiently clear as to the exact nature of the exercise. If so, the guidance given needs to clarify the subset of the area falling to the *actuarial function holder*, and the scope of his or her responsibility.

4 **The *firm's* ability to meet *liabilities to policyholders***

- 4.1 *Liability to a policyholder* is defined in the *FSA Handbook Glossary* as
- “any liability or obligation of that *firm* to, or in respect of, a *policyholder*, including any liability or obligation arising:
- (a) from the requirement to treat *customers* fairly under Principle 6, including with respect to *policyholders*’ reasonable expectations, or
 - (b) from a determination of a liability by an *Ombudsman*, or
 - (c) from any requirement to pay compensation under the *regulatory system*.”

SUP 4.3.13R(1) and (2) state the requirements of the *actuarial function holder* in respect of the *firm* meeting the *liabilities to policyholders*.

- 4.2 The *actuarial function holder* must use his or her judgement to decide which risks need to be monitored, and the frequency with which they should be monitored, and advise the *firm* accordingly.
- 4.3 *Actuarial function holders* must advise the *firm* in writing of the actions that could be taken if the solvency of the *firm* were to deteriorate, or capital requirements were to increase, as a result of circumstances either within or outside the control of the *firm*. This advice must include details of the options available as the probability of failure to meet *liabilities to policyholders* progressively increases. It must also refer to the desirability of having documented plans and processes for dealing quickly and effectively with the situation were it to arise, and comment on the adequacy of any existing such plans and processes. The extent and detail given must be sufficient to enable the *firm* to consider such steps as are reasonable given the likelihood of the circumstances being considered. The *actuarial function holder* need not address circumstances which the *firm* would not need to review in meeting its obligations under *FSA* rules (see PRU 1.2.22R, PRU 1.2.26R PRU 1.2.27R and related guidance).
- 4.4 For *with-profits insurance business*, it is the duty of the *with-profits actuary* to advise the *firm* on key aspects of discretion. The *actuarial function holder* must liaise with the *with-profits actuary* to ensure he or she is aware of such advice given by the *with-profits actuary* and of relevant decisions taken by the *firm* insofar as they affect *liabilities to policyholders*.
- 4.5 The *actuarial function holder* must ensure that the *firm*’s management are aware at all times of his or her interpretation of its *policyholders*’ reasonable expectations and of any other obligations to treat its *customers* fairly which need to be taken into account, other than where the matter is covered by the responsibilities of the *with-profits actuary*. This interpretation must have regard to the nature of the *firm*’s practices and business plans and its approach to the treatment of *policyholders* both individually and (where appropriate) collectively as a group vis-à-vis shareholders.

- 4.6 When a material change is likely to take place in the *firm's* business plans, practices or other circumstances, the *actuarial function holder* must take all reasonable steps to ensure that the *firm* appreciates the implications for fairness and the reasonable expectations of its *policyholders*. The *actuarial function holder* must also satisfy himself or herself that systems of control are in place intended to ensure that the *firm's policyholders* are not misled as to their expectations. If the *actuarial function holder* believes that the systems of control may not be adequate, he or she must draw this to the attention of the *firm*, and must advise the *governing body* unless sufficient steps are otherwise taken to meet his or her concerns.
- 4.7 Where the *firm* also carries out general insurance business, the *actuarial function holder* must consider that business to the extent to which it might impact on the *long-term insurance business*. Even where the long-term and general insurance funds are legally separated, poor performance of the general insurance business can affect the apportionment of overheads between the businesses and the capital available outside the *long-term insurance fund* to meet the *firm's capital resources requirement*. Where after consideration of the circumstances the potential impact is material, the *actuarial function holder* should normally seek advice from an actuary with relevant experience in general insurance.

5. Capital needed to support the business, including regulatory capital requirements

- 5.1 SUP 4.3.13R(1) requires the *actuarial function holder* to advise the *firm's* management on the risks the *firm* runs in so far as they may have a material impact on the capital required to support the business, including regulatory capital requirements. SUP 4.3.13R(2)(c) requires the *actuarial function holder* to monitor those risks and inform the *firm's* management of any material concerns or good reason to believe that the *firm* does not, or may not or might not in future reasonably foreseeable circumstances, have sufficient financial resources to meet the capital needed to support the business including regulatory capital requirements. Regulatory capital requirements include the requirements of *pillar 1* and of *pillar 2*.
- 5.2 In performing the duties required by SUP 4.3.13R(1) and SUP 4.3.13R(2)(c), the *actuarial function holder* must consider not only the *capital resources* and the *capital resources requirement* but also the ability of the *firm* to meet the ongoing *capital resources requirement*. He or she must advise the *firm* on the ability of the *firm* to maintain a positive margin of *capital resources* in excess of *capital resources requirement*. The *actuarial function holder* should normally consider and advise on the range of potential future outcomes on not only *pillar 1* basis but also the *pillar 2* basis. Even if he or she is not responsible for the production of the *ICA* the *actuarial function holder* must be sufficiently familiar with the *firm's ICA* to carry out this duty.

- 5.3 In making this assessment the *actuarial function holder* should normally consider and should bring to the attention of the *firm* at the appropriate level of seniority:
- the full range of risks which may have a material impact on the firm within the period relevant to the investigation, as identified by the firm or as may be apparent to the *actuarial function holder*,
 - the risk appetite of the *firm* and the possible impact on its *policyholders*,
 - the availability of additional capital to support the business in adverse scenarios,
 - the appropriateness of management actions assumed and the impact on *policyholders* so as to protect the financial position of the *firm* in adverse scenarios, and
 - the capability of the *firm* to perform the *pillar 2* calculations, whether any further developments are required, and the potential weaknesses introduced by using approximate methods.
- 5.4 An *actuarial function holder* must consider whether it is necessary to take advice from appropriately qualified professionals having regard to the materiality of the issues. A non-exhaustive list of examples where advice may be appropriate is:
- pension actuaries with regard to complex final salary schemes in a group structure,
 - legal professionals where there are material and complex legal arrangements with group companies or external parties,
 - specialists on particular investments,
 - general insurance actuaries where there are general insurance liabilities within the same *firm*, and
 - tax specialists where there are complex group structure and tax risks.
- 5.5 Where he or she has reason to doubt the ability of the *firm* to maintain a positive margin of *capital resources* over the *capital resources requirement*, the *actuarial function holder* must determine and advise the *firm* on suitable approaches that the *firm* might take to reduce risk. The *actuarial function holder* should not make assumptions related to management actions which might impact on the duty to treat customers fairly without drawing full attention to them: the *firm* and in the case of a with-profits office, the *with-profits actuary*, must in practice be comfortable with the impact management action would have on *policyholder* benefits and be comfortable that this is consistent with the *firm's* actual business plans and any relevant *PPFM*.
- 5.6 The *FSA* expresses its intentions regarding *ICAs* largely in the form of guidance rather than rules. The *actuarial function holder* must report on the *ICA*, and if any aspect of the *FSA's* guidance cannot be complied with, then this fact, the reasons for it and the alternative adopted must be disclosed in his report on the *ICA*. This report must be made approximately annually (or more frequently), normally not more than fifteen months after the previous report. However, on first appointment an *actuarial function holder* need not report

within the first six months of his or her appointment, but where advantage is taken of this exception he or she should advance the next report to return to the previous cycle, if any.

5.7 SUP 4.3.13R(2) requires the *actuarial function holder* to

“... inform the *firm's* management at the level of seniority that is reasonably appropriate, if he has any material concerns or good reason to believe that the *firm* ... (c) does not, or may not, have sufficient financial resources to meet ... the capital needed to support the business, including the regulatory capital requirements.”

Frequent full recalculation of the capital required is not necessary and, indeed, may not be feasible for many *firms*. However, the *actuarial function holder* must ensure that an approximate method of assessing continuing capital adequacy is maintained. If this indicates that circumstances may have changed sufficiently since the last full *ICA* such that the capital now held may be or may soon become insufficient, he or she must inform the *firm* of this finding. This may also be a matter requiring to be communicated to the *FSA* in accordance with the Regulations. The outcome of a subsequent full *ICA* must not be awaited.

- 5.8 Under *pillar 1* the *actuarial function holder* should, where applicable, take into account the interaction of the realistic and regulatory capital requirements. Care should be taken to give sufficient consideration to the likelihood of a switch from one “peak” to the other so that the *firm* does not unexpectedly find itself in a weaker than expected financial position should this occur.
- 5.9 PRU 8.3.9R to 8.3.16G place requirements on a *firm* to maintain adequate group capital. The *actuarial function holder* should make himself or herself aware of all *related undertakings* for which the *firm* is required to maintain adequate group capital.
- 5.10 When giving advice to the *firm's* management in relation to the matters specified in SUP 4.3.13R(1) and (2)(c) the *actuarial function holder* must take into account the effect of its *related undertakings* on the capital position of the *firm*.
- 5.11 For a *composite firm* the requirement to maintain group capital applies separately to its *long-term insurance business* and its general insurance business. For such a *firm*, the *actuarial function holder* would not be expected to give advice or monitor matters that do not have an impact on the *long-term insurance business* of the *firm*.

6 Adequacy of Premium Rates

- 6.1 SUP 4.3.13R(2)(b) requires the *actuarial function holder* to monitor the terms on which the *firm* is, or may be, effecting new *long-term insurance contracts*.
- 6.2 If the *actuarial function holder* has any material concerns or good reason to believe the *firm* is, or may be, effecting new business on inadequate terms as referred to in SUP 4.3.13R(2)(b), he or she must inform the *firm's* management in writing, at the level of seniority that is reasonably appropriate.
- 6.3 It may be that a proposed charging basis, whilst commercially justifiable, will involve significant new business strain. The *actuarial function holder* must be satisfied that the *firm* will be able to set up the necessary reserves and additional regulatory capital. Should premium rates or policy charges be such that business is expected to be written on terms which require support from the free assets, the *actuarial function holder* must assess the *firm's* ability to continue to write business on such terms and must inform the *governing body* or the *firm's* other senior management in writing, at the level of seniority that is reasonably appropriate, of this, indicating any limits on the volume of business that may prudently be accepted.
- 6.4 *The actuarial function holder* must pay special attention to contracts involving *policyholder* options, including when circumstances could arise in which the *policyholder* or an intermediary could gain by surrender and re-entry.
- 6.5 The *actuarial function holder* must also consider the implications for the *firm* and for *policyholders* if future economic, demographic or business circumstances were to be radically different from those of today, particularly where the policy contains guarantees.
- 6.6 For a composite firm, assets held outside the *long-term insurance fund* cannot automatically be assumed to be available for the purposes of paragraph 6.3 above.

7 Methods and Assumptions

- 7.1 SUP 4.3.14G states the requirements for undertaking investigations. Relevant guidance is given in GN44 and GN45.
- 7.2 The *actuarial function holder* has a duty to advise the *governing body* on the methods and assumptions used in any such investigation. This advice must include sufficient information and discussion about each relevant material factor to enable the *governing body* to judge both the appropriateness of the advice and the implications of accepting it, including the implications for the *policyholders* of the *firm*.
- 7.3 When carrying out the investigations under IPRU(INS) 9.4R and IPRU(FSOC) 5.1R or the calculations under PRU 7.4, the *actuarial function holder* must use the assumptions determined by the *firm*.

- 7.4 If the *actuarial function holder* considers that any of the assumptions determined by the *firm* differ from his or her recommendations to such an extent that they would, in his or her opinion, not be reasonable, then the *actuarial function holder* must inform the *firm* of this opinion in writing. If the *firm* does not alter its instructions, the investigations or calculations must then be carried out on the assumptions provided by the *firm*. However, in such a situation the *actuarial function holder* must inform the *FSA* of his or her views. GN37 provides guidance on the Regulations and on the need to communicate certain matters to the *FSA*.
- 7.5 The value to be placed on the assets is the responsibility of the *governing body*. However, the *actuarial function holder* must take reasonable steps to verify that adequate systems of control are in place to ensure that appropriate values are placed on the assets: in particular, that any limits on the exposure to individual investments, classes of investment or counterparties imposed by *FSA* rules are properly applied. If the *actuarial function holder* believes that the systems of control may not be adequate, he or she must draw this to the attention of the *firm* in writing, and unless sufficient steps are otherwise taken to meet the actuary's concerns he or she must advise the *governing body* and, if necessary, advise on how to provide for the risk of over-valuation.
- 7.6 In a *realistic basis life firm* the *actuarial function holder* must make recommendations in writing to the *governing body* on the methods and assumptions to be used in the valuation of the future profits on non-profit business written in the with-profits fund.

8 Investigation and Reporting

- 8.1 The *actuarial function holder* must report in writing to the *governing body* on the results and implications of the investigations referred to in SUP 4.3.13R(3). He or she must present the results in a way that demonstrates, subject to the constraints of the valuation basis arising from *FSA* rules, and subject to any reservations which he or she has expressed regarding the basis determined by the *firm*, the underlying position of the *firm* in a way which is not misleading. Where the *actuarial function holder* believes that the investigation materially fails to make the financial circumstances of the *firm* clear to the *governing body* the report must draw attention to this explaining the differences unless this has been done or will shortly be done in a separate full report by him or her to the *governing body*. All material risks to the solvency of the *firm* must be disclosed unless the *actuarial function holder* has reported these previously, and this information remains valid.
- 8.2 All material methods and assumptions must be stated and justified, and the reasons for any recommended departure from guidance must be documented. This may be by reference to a report previously presented to the *governing body* and accepted by them.

- 8.3 Where any treatment adopted is unusual or does not follow a pattern that would appear natural to an external observer, as may occur for example in the matching of assets to liabilities but also elsewhere, this must be brought to the attention of the *governing body*.
- 8.4 The *actuarial function holder* must address the key risks and uncertainties facing the *firm* and must consider whether it would be more helpful to present his or her results as a range of possibilities, rather than point estimates.
- 8.5 *The actuarial function holder* should normally present his or her report in person to the *governing body* so that he or she may identify and address any areas of misunderstanding or concern that may arise.