

Institute and Faculty of Actuaries, **Regulatory Board**

Subject	TAS 400 consultation
Meeting date	17 May 2023
Previous Steer/Approval	<p>July 2022 Update to Board on FRC’s Call for Feedback on TAS 400 and the IFoA’s response</p> <p>February 2023 Update to Board on FRC’s publication of revised TAS 400 for consultation.</p> <p>April 2023 Update to Board on proposed meeting with FRC (by email).</p>
International issues considered?	UK specific matter
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Reviewer	Suzie Lyons, Consultant Ben Kemp, General Counsel
Purpose	Noting

A: Executive Summary

1. This paper provides an update to the Regulatory Board (‘the Board’) on publication by the Financial Reporting Council (FRC) of a revised TAS 400 for consultation; the interaction with the Board’s ongoing APS Z1 consultation and proposed next steps.

B: Background

2. The TAS 400 is the FRC’s Technical Actuarial Standard applying to all IFoA members that are carrying out ‘Technical Actuarial Work’ for funeral plans.
3. In May 2022, the FRC issued a Call for Feedback in relation to TASs 200, 300 and 400. This Board submitted a response.
4. The FRC launched a consultation on revising the TAS 400 on 1 February, following the transfer of funeral plan authorisations and supervision from the Funeral Planning Authority to the FCA in July 2022.

C: Discussion

5. At the time of the launch of the FRC consultation, this Board had publicly announced its intent to publish a consultation on a revised APS Z1 (the IFoA standard relating to funeral plans) which was then published on 8 February. By exception, the IFoA consultation withheld any publication of an exposure draft of guidance for APS Z1, in recognition of the division of mutual responsibilities in this area under the IFoA and FRC MoU and to avoid confusion for IFoA members and the public.
6. Members of the IFoA Executive met in April with the FRC’s Actuarial Policy team to provide feedback on TAS 400. The FRC is also considering wider consultation feedback received.

7. The Executive received input from IFoA members involved in funeral trust work, who expressed a general view that the standards proposed within the revised TAS 400 are proportionate and appropriate.
8. The scope of the revised TAS 400 is aligned to the new FCA rules, extended to cover ongoing accounting-related activity, and insurance-backed plans, where actuarial liabilities may still be relevant. However, as with the new TAS 100, areas have been proposed which could be considered to relate more to professional ethics, than technical requirements and so the observations previously made by the IFoA to the FRC have been re-stated (such as, a need to ensure communications are not materially misstated or misrepresented; detailed communications requirements; Risk Assessment provisions; and aspects of the actuarial approvals requirements concerning obtaining information and assisting separate practitioners)..
9. Currently, the IFoA Guidance on the existing APS Z1 relates to both ethical and technical matters. To determine whether the technical elements should be withdrawn or revised, the Executive has asked for advance copy of the proposed TAS 400 published standard and guidance. Unfortunately, the request for exemption from the FRC embargo policy for this purpose has not been granted. Instead, the Executive will shortly provide a note of the aspects of the guidance which are impacted by the proposed changes before FRC publication. The Executive will consider the impact of the published FRC standard and guidance on the proposed APS Z1 standard and guidance when available. This will be returned to this Board at its next meeting. No guidance or other IFoA material will be withdrawn pending sight of the FRC publications, to avoid any public interest risk of lacuna. In discussing this with the FRC, both parties have acknowledged the import of a clear and comprehensive regulatory position from the point of view of IFoA members and the public.
10. In addition to the potential overlap with IFoA guidance, it is considered that if the proposed revisions to the TAS 400 are confirmed, additional guidance would be useful regarding (i) assumptions (in the areas of judgement and communication) (ii) communicating the obligations of funeral plan trusts under their trust deed; (iii) third party opinions on assumptions, data or methodologies, and how to consider the reasonableness of these; (iv) actuarial approvals; and (v) bulk transfers.

D: Conclusion

11. The Board is asked to note the position in respect of TAS 400. A further update will be provided once the FRC published material is available. This is expected mid May.