



TAS 200 Consultation – IFoA private feedback

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Introduction

This document provides private feedback on behalf of the IFoA for the TAS 200 consultation. It has been subject to review by appropriate individuals at the IFoA.

We broadly support the following key updates in TAS 200:

- Introduction of references to consumer regulation
- Updates to provisions for Part VII transfer work
- Updates to scope of functions or activities which are likely to involve technical actuarial work
- Removal of provisions which duplicated or over-lapped with TAS 100

We have some concerns that the technical standard overly focuses on Communications, particularly given the Actuaries' Code, and associated guidance, and TAS 100 already cover this requirement in detail. There may be further opportunity to streamline TAS 200 by reducing Communications provisions where these do not necessarily add to the corresponding technical provision and/or there is already ample coverage in the Actuaries' Code or TAS 100.

Consultation questions

Question 1

Do you agree with the proposed new provision in relation to Consumer Duty? Do you consider that more specific requirements would be more appropriate?

Given the significance of the FCA Consumer Duty as part of the regulatory landscape applicable to the UK insurance industry, it is reasonable to include reference to this in TAS 200. Arguably such wording would apply to other previous or existing consumer regulations, and how actuaries should make consideration of this in their technical work.

Question 2

Do you consider that a specific requirement concerning communications to retail customers is required?

We do not think that further specific wording is required for this. We note that the Actuaries' Code already contains the following relevant clause:



“6.3 Members must take reasonable steps to ensure that any communication for which they are responsible or in which they have a significant involvement is accurate, not misleading, and contains an appropriate level of information.”

Question 3

Do you agree that the proposed new provisions in relation to Consumer Duty should be applied to 1) technical actuarial work to support the tasks of the Actuarial Function, and 2) technical actuarial work in connection with the merger, acquisition or disposal of insurance companies or portfolios or risk-transfer transactions?

It makes sense to ensure the scope covers the range of functions where technical actuarial work may be carried out in insurance. The two examples are clearly areas where we would expect actuarial involvement.

Question 4

Do you agree that no further amendments are required to TAS 200 in light of the proposed Solvency UK reforms? If not, please provide further information.

We agree that the reforms which replace the Solvency II regime with the Solvency UK regime for UK-based insurers do not require further amendments. We note the ongoing inclusion of capital requirements and own risk and solvency assessment within the overall scope.

Question 5

Do you agree with the proposed removal of TAS 200 Provisions 1 to 11? If not, please provide further information.

Yes, this helps to avoid unnecessary overlap and duplication.

Question 6

Do you agree with the proposed new provisions P1.2, P1.3 and P1.4? If not, please provide further information.

Provisions P1.2 and P1.3 feel like sensible new provisions which are relevant to a range of technical actuarial work. Provision 1.4 may be better combined with P1.2, referring to “documentation” (as has been done for P1.3). For avoidance of doubt this would remove the need for P1.4.

Suggested possible wording:

*Practitioners should consider the consistency of assumptions used in **technical actuarial work** within the same entity for a range of purposes, such as business planning, pricing, reserving or capital modelling. Where there are **material** inconsistencies between assumptions used for different purposes, this should be explained in **documentation**.*



Question 7

Do you agree with the proposed changes to provisions in relation to the valuation of insurance contract assets and liabilities? If not, please provide further information.

Valuation work should remain part of the scope of TAS 200, and the combining of financial reporting elements from the existing version of TAS 200 is sensible.

However, we wonder if P2.1 has sufficient crossover with P1.3 such that consideration could be given to extending the wording of P1.3, removing the need for P2.1 (and hence P2.2).

Question 8

Do you agree with the proposed changes to provisions in relation to prudential regulatory capital requirements and the ORSA? If not, please provide further information.

We agree that this should remain part of the scope of TAS 200. The principles as written are however heavily weighted towards communication requirements. The technical challenges relating to aspects such as dependencies assumptions and codifying management actions, across a range of potential stress scenarios should perhaps be the focus. A single principle relating to communication of complex issues could then be used.

Question 9

Do you agree with the proposed changes to provisions in respect of insurance transformations? If not, please provide further information.

We support the proposed changes and the focus on some of the technical aspects of this type of work, particularly in the light of recent feedback from the PRA and FCA. In the communications principle there appears to be significant duplication and perhaps a shortened overall principle might be sufficient in this instance.

Question 10

Do you agree with the proposed changes to provisions in respect of audit and assurance? If not, please provide further information.

Audit and assurance work conducted by actuaries should remain in the scope of TAS 200. It may be helpful to make clear what the scope of this covers – e.g., external audit, internal audit, risk function activity (all of which may involve actuaries). The current and proposed new provisions appear to focus more on professionalism as opposed to technical aspects. The emphasis on professional scepticism is welcomed.

We note the ongoing uncertainty relating to audit reform in the UK, and that should this become a priority to government then there may be some impact on the work of actuaries in this area.



Question 11

Do you agree with the proposed changes to provisions in relation to with-profits discretion? If not, please provide further information.

With-profits discretion should remain in the scope of TAS 200. It may be helpful to set out key areas where actuaries might employ discretion – for example, setting of bonus rates, setting final payouts, assessing estate distributions, assessing any relevant charges for guarantees.

Question 12

Do you agree that technical actuarial work to support pricing frameworks should remain in scope of TAS 200? If not, please provide further details.

We note that it is specifically provisions P1.1 to P1.4 which apply as there are no specific provisions for pricing frameworks. However, it is also important to note that where an area of work falls under TAS 200, it therefore also falls under TAS 100. Whilst we agree that pricing frameworks should remain in scope, it is still the case that the overall burden of TAS 100 and 200 may prove challenging in some circumstances. Further guidance in relation to some of the more dynamic and time-critical aspects of pricing may prove helpful to actuaries in the field.

Question 13

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

The impact assessment appears reasonable. It is likely that insurance firms will already have conducted extensive updates to processes and controls in the relation to the Consumer Duty. It is also likely that Actuarial functions will already be applying TAS to their work.