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| 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. | I am responding on behalf of the IFoA GI Pricing Research Group - this represents the collective views of its members as discussed within the group, not necessarily those of any one individual member, and it is not an official IFoA position. |
| 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 @gmail.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 (note: if so, your response will NOT be published to the FRC website).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? | n/a |

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| 6 | To what extent has TAS 200 been effective in supporting high quality technical actuarial work in the insurance sector? | <p>(Please note all our responses relate only to the application of TAS 200 to Pricing Frameworks in a general insurance context.)</p> <p>The principles of TAS 200 are good principles that underpin high quality technical actuarial work, and we support the objective of the TAS to promote high quality technical actuarial work in the pricing field. That being said, it is not clear to us that TAS 200 has been necessarily effective in meeting that objective. Firstly, our view is that GI pricing actuaries would appropriately follow the core principles - on the basis of their training and general professionalism - regardless of the existence of TAS 200.</p> <p>We also note that actuaries have no specific reserved role in "supporting pricing frameworks", except perhaps the Solvency II requirement for the actuarial function to provide an opinion on the overall underwriting policy as a second-line control. That aside, people from other disciplines, such as statistics or data science, can offer similar technical skills for pricing work. To the extent that TAS 200 places burdens on actuaries that others are not required to follow (and may be less inclined to follow voluntarily), this seems likely to reduce both the level of actuarial involvement in pricing, and the overall quality. These factors are potentially counter-productive for achieving the objective of the standard to promote high quality technical actuarial work in the pricing field.</p> |
| 7 | What aspects of TAS 200 have caused difficulties? Please explain what those difficulties were and how you were able to overcome them. | <p>The main difficulty with TAS 200 is that its application is unclear - especially in respect of Pricing Frameworks - with considerable room for interpretation over what is proportionate or not.</p> <p>Where a rule exists, GI pricing actuaries by instinct will want to comply with it. But a relatively strict interpretation of the application of the standards would make them difficult to comply with practically for many areas of pricing work - we expand on this in the response to q9 below. Having to rely on a proportionality "get-out" clause to resolve these situations is an uncomfortable position for many pricing actuaries.</p> |
| 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? | n/a (since provisions 12-23 do not relate to pricing frameworks) |

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| 9 | <p>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?</p> | <p>"Technical actuarial work to support pricing frameworks" covers a very wide range of different types of activity, and pricing frameworks may look very different across different types of GI business.</p> <p>For example, personal lines portfolios with large volumes of data may involve some core technical price modelling – such as a GLM analysis applied to a historical claims-exposure dataset – as a fairly static exercise. This seems to be the type of work that the TAS requirements are designed for, and in that respect they seem reasonable. But even here, the increasing use of data science and machine learning approaches may not be compatible with all the provisions. The overall pricing framework may also include, for example, more dynamic market-based elements where some of the provisions would be quite difficult to apply in practice. Moreover, the increasing use of telematics, IoT and other "real time" or highly individualised and risk-specific data take the analysis even further away from the type of traditional static analysis seemingly envisaged by the standard.</p> <p>A contrasting example would be London Market specialty business, where data may be very limited, and the pricing actuaries are generally supporting an underwriter-led decision. The pricing framework may consist of a "technical pricing" model (which may in truth be more based around subjective underwriter inputs than actuarially driven) supplemented by actuarial case pricing. Since this tends to be a collaborative effort, it is difficult to distinguish which parts count as technical actuarial work and which parts do not. There is also pressure to process business efficiently and turnaround times may not allow for full compliance with all aspects of the TAS. Involvement of the actuary in the underwriting decision may be at the option of the underwriter; so on the one hand slower response may make the underwriters less likely to seek the advice of the actuary, and on the other hand the actuary may have to prioritise the benefit of reviewing a higher proportion of cases vs the overhead of complying more fully with the TAS.</p> <p>These are just two among many examples of areas of pricing work where the challenges are quite different. Our view is that it would be very difficult to establish a set of additional</p> |
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| | | <p>requirements that would make sense in all circumstances, and even more difficult to design them in a way that can keep up with the rapidly changing nature of analytics work. If the application of TAS 200 were more specifically limited to the reserved role of providing the actuarial opinion on underwriting policy, this is an area where more specific requirements might be helpful - both to define that role more effectively, and to strengthen the hand of the actuarial function in its ability to execute on it.</p> <p>Otherwise, a more explicit definition of what constitutes "technical actuarial work" in a pricing frameworks context, and/or some carve-outs of particular areas of pricing work where the TAS requirements are difficult to apply in practice, could help to make the TAS more effective, albeit over a more defined scope.</p> |
| 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? | The recent introduction of "price walking" rules by the FCA for UK personal lines does create another area of pricing regulation. Our view is that, again because this is not a reserved role for actuaries, this is not something that should be specifically addressed in a mandatory TAS. However, it may be an area where some form of further guidance would be welcome. |
| 11 | Does TAS 200 currently give sufficient direction on the nature of professional scepticism, what that involves, and how that should be demonstrated? | n/a |
| 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? | n/a |
| 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? | n/a |
| 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? | We don't see any direct implications of IFRS 17 implementation on general insurance pricing frameworks. |
| 15 | To what extent has TAS 300 been effective in supporting high quality technical actuarial work in the pensions sector? | n/a |

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| 16 | What aspects of TAS 300 have caused difficulties? Please explain what those difficulties were and how you were able to overcome them. | n/a |
| 17 | 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? | n/a |
| 18 | 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? | n/a |
| 19 | Are there other areas of pensions-related technical actuarial work where you would welcome further technical actuarial standards? | n/a |
| 20 | To what extent has TAS 400 been effective in supporting high quality technical actuarial work for funeral plans trusts? | n/a |
| 21 | What aspects of TAS 400 have caused difficulties? Please explain what those difficulties were and how you were able to overcome them. | n/a |
| 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? | n/a |
| 23 | Do you think that TAS 400 should create a standard terminology to be used for funeral plan valuation reports? | n/a |
| 24 | What are your views on whether TAS 400 should apply to technical actuarial work for Burial Societies? | n/a |
| 25 | To what extent has ASORP 1 been effective in supporting high quality technical actuarial work in the social security sector? | n/a |
| 26 | What aspects of ASORP 1 have caused difficulties? Please explain what those difficulties were and how you were able to overcome them. | n/a |
| 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? | n/a |
| 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? | n/a |

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| 29 | What changes should be made to the existing sector specific TASs to reflect these developments? | Climate change and ESG issues are important considerations for pricing work, but since we are generally pricing over a short time horizon and these are trends that are relatively slow-moving and are now well-recognised, we cannot identify any specific TAS change that is needed. |
| 30 | 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? | n/a |
| 31 | 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>The line between actuaries and data scientists is increasingly blurred, and general insurance pricing is the area of actuarial work where there is greatest overlap in skill set. Within insurance, as analysable data becomes more available through the value chain, this is expanding the range of areas where actuaries can add insight outside our traditional remits. And since these analytical skills are also highly transferable and not insurance-specific, we are seeing actuaries moving into other industries and adjacent domains.</p> <p>While this may expand the range of work that actuaries do, these are again not reserved roles for actuaries - even less so than for technical pricing where there is at least some precedent. As such, they should not, in our view, be included in the definition of "technical actuarial work", and should not be subject to TAS requirements that may disadvantage actuaries vs people from other backgrounds in being able to do these types of role efficiently or effectively.</p> <p>Expanding the TAS requirements into such fields potentially closes the door, or at least reduces opportunity, for actuarial involvement in these new fields. It also risks driving talent away from the profession. We believe professionalism, fairness, and ethics are ingrained in actuaries, in a way that may be less apparent with others who might engage in this type of work. As such, our profession's involvement in these areas is a positive factor in protecting the public interest and achieving equitable outcomes. It would be a shame if imposing well-intentioned requirements had the counter-productive effect of stifling this positive influence.</p> |