

# **UK Financial Reporting Council**

## **AAE Update – 10 March 2016**

### **Standards**

Following our update at the last meeting, we are now working on the second phase of the review of the Framework - the consultation on the specific TASs. As a reminder, we consulted on the Framework and TAS 100 in November 2014 where the new TAS 100 replaces the current generic TASs (like ESAP 1 or ISAP 1). We will replace the current specific TASs with newly drafted specific standards: Insurance, Pensions and Funeral plans. The areas of technical actuarial work covered in these specific TASs have been determined through a risk assessment process where we identified those areas of work with a high public interest. The scope of the revised specific TASs will be narrower and focussed.

We are finalising our consultation package for the specific TASs and we expect to publish the consultation in May. We will also be publishing a feedback statement and final revised draft of TAS 100 alongside it. We are aiming to publish the final specific TASs by the end of 2016.

On an international note, we have responded to the AAE consultation on ESAP3 and the proposed code of Ethics. We are preparing responses to the IAA consultation on ISAP1A and ISAP5.

### **Risk and the Joint Forum on Actuarial Regulation (JFAR)**

As we explained at the last update meeting, the FRC set up the JFAR to co-ordinate the identification of and response to public interest risks where actuarial work is relevant to help us in our risk based assessment, and to help the co-ordination of actuarial regulation in the UK.

Over the last 6 months, work has progressed on the three reviews identified by the JFAR where further investigation was deemed important to understand themes and risks for actuarial work:

- a) Group Think – The risk from actuaries having similar backgrounds, and exploring diversity and outside influence. This work also considered whether regulation can cause group think.
- b) General Insurance Reserving – Current pressures from the highly competitive market coupled with economic conditions
- c) Defined Benefits (DB) to Defined Contribution (DC) pension scheme transfers – Risks related to possible changes in behaviours following greater pensions freedoms in the UK.

The IFoA has completed its research on Group Think and is preparing its report for publication. The FRC has completed its research on the extent of transfers from DB to DC schemes and expects to publish by the end of March. The review of general insurance reserving by the FRC is well underway and we expect to publish in the summer.

We are preparing for the first annual review of the risk perspective and we expect to identify another three areas for detailed research over the 2016/2017 year.

### **Oversight of the IFoA**

As set out in our draft plan for 2016/2017, we will consult on whether independent oversight of the actuarial profession remains necessary and appropriate. We will take account of the response to our updated standards and other developments - such as significant regulatory change in insurance and pensions and the introduction of independent standards since the current regulatory arrangements were established in 2006.

**Ann Muldoon, Director Actuarial Policy**  
**4<sup>th</sup> March 2016**