UK Financial Reporting Council

AAE Update – 24 September 2015

Standards

We have reviewed the framework for the Technical Actuarial Standards (TASs) and consulted in November 2014. We have written TAS 100 which is a generic standard to apply to all actuarial work (like ESAP1 or ISAP1). This increases the scope from our current TAS framework which extends only to specified actuarial work. We have also aimed to simplify the current standards and make them more concise.

Feedback was generally positive though respondents did want to have the entire package of changes before any changes were made rather than adopting changes in two phases. Some respondents were concerned at the increase in scope and the perceived impact on the competitive position of actuaries.
We intend to have 3 specific standards, Insurance, Pensions and Funeral plans, which apply to a much narrower range of work. This will apply to areas of high public interest or particularly complex areas where actuarial work is central.

Risk and the Joint Forum on Actuarial Regulation (JFAR)

To help us in our risk based assessment, and to help co-ordination of Actuarial regulation in the UK, the FRC set up the JFAR to co-ordinate the identification of and response to public interest risks where actuarial work is relevant. Through extensive outreach we have sought feedback to 'JFAR: A risk perspective' (October 2014) which outlined public interest risks and asked for stakeholders' perspectives. In July 2015 we published a summary of feedback received and confirmed the JFAR view that regulation is not the only way to mitigate risk and that raising awareness, education and guidance can often be more effective.

As an outcome from this work the JFAR is carrying out 3 reviews to understand particular themes and risks for actuarial work:

a. Group Think – Investigating the risk from actuaries tending to have similar backgrounds and education – and exploring diversity and outside influence. This workstream will also consider the feedback that 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.