

Compliance Review

GIRO / CAS Convention 2001

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Compliance Review

- The Actuarial Profession's approach to compliance review
- The Lloyd's perspective
- How can peer review help improve the quality of the product
- What is the proposed process?
- Who should be able to undertake peer review
- What are the responsibilities of a peer reviewer
- Should a peer reviewer be from an independent firm
- The Irish perspective

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How Peer Review assist the Process

- A Second pair of eyes.
- Greater consistency of Standards
- Encourages documentation of the process
- Subjective Judgement becomes more objective
- Broader Range of Experience
- Helps identify what you don't know

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The Actuarial Profession's approach to compliance review

- All Statutory Opinions will require Peer Review
- Lloyd's Opinions & Friendly Societies will require Peer Review
- Overseas Opinions will not initially require Peer Review unless there is an overseas requirement
- The individual Practice Boards are managing the process subject to review by the Professional Affairs Board

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Lloyd's View

- In general Lloyd's agrees with principle
- Any proposals must be fair & practical
 - Treatment of similar organisations
 - Must not discourage managing agents employing in-house actuaries
 - Should not involve large increase in costs
 - Fit in with existing timetable
- Actuaries lining own pockets
- Review of peer reviewer
- Current position on reviews
- In-house peer review
- Auditors actuaries / peer review

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The Proposed Process

- For Consultancies & Audit firms there will be an overall review of their processes.
- This will likely be carried out by Lloyd's
- It will be necessary to ensure that this is a distinct process to the Audit Process
- It is suggested that this should be carried out by someone in an independent organization for In-House Actuaries.
- It is not anticipated that this will be a major addition to costs
- The process is subject to consultation

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Who

- Should the Peer Reviewer be from an independent firm?
- Is the answer different for a large consultancy to in-house actuaries?
- What should be the relationship with the auditor & audit support actuaries?
- The peer reviewer must hold a Practice Certificate

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What are the responsibilities of the Peer Reviewer

- Not to express an independent view of the reserves
- Must be comfortable with material assumptions & methodology or at least it gives similar results
- Not responsible for checking the arithmetic
- Should check results for reasonableness
- Applies to the results as a whole & not the individual parts
- Should review the documentation process
- What else?

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