

## Peer Review

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Monday 5 June 2006

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### Peer Review – Introduction to GN 48

- New Guidance Note (December 2004)
- Main focus – review of advice by 3<sup>rd</sup> party
- Recommended Practice
  - 2 years from December 2004
- Practice Standard
  - From 1 January 2007
  - But effectively from renewal date in 2006 of your Scheme Actuary Certificate



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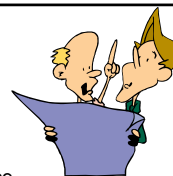
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### Profession's Objectives

- Public entitled to good advice
- Public need to be reassured
- Re-enforce existing good practice
- Maintain and strengthen confidence in actuarial advice
- Achieve high quality advice
- Aware review procedures already carried out
- Profession's support & Morris Review



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## How it applies to you



- All members – all practice areas - not yet
- Only pension practice area
- All pension actuaries – not yet
- Scheme Actuaries – Scheme Actuary work
- Reviewer – Actuary
- PCS, 2.6 - Must be competent
- Reviewer confidential, unless agreed otherwise

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## What Advice?



- What? – all written advice
- Verbal advice – confirmed in writing
- Only Practice Standard GNs
- Except GN29 – behaviours
- And PCS – particularly 3.4-3.7
- Caught by Disciplinary Scheme

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## Review Principles - General



- Type 1/ Type 2
  - Pre issue (generally)/Post issue
  - Peer Review/Audit Review
- Peer preferable – before client acts
- Range of peer reviewers
- Evidence of peer review retained
- Review termination before conclusion

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## Review Principles - General

- Actuary must provide Reviewer with information necessary for the review
- Reviewer may request information
  - But no right to receive it
- Reviewer may terminate if insufficient data
- No restriction-use same firm or different firm



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## Review Principles - General

- 2.0 - Resolve disagreements
  - Senior actuary
  - Scheme Actuary not required to disclose action
- Legal relationship between Scheme Actuary and Reviewer
  - Herbert Smith letter on website
- Action on discovering breach PCS 4.4



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## Review Principles – Type 2

- Type 2 (audit) review – after event
- Period - up to six months - single period
- Last advice no earlier than one month
- Audit reviewer appointed - individual or group
- No restriction - same firm, terms to be agreed
- List of advice - GN, client, date of advice



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## Review Principles – Type 2

- Audit reviewer determines sample
- Completion statement within three months
- Two weeks to report from statement date
- Scheme Actuary writes to accept or dispute - one month from statement date
- Review terminated - re-appoint one month

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## Review Principles - General

- One question – is it compliant?
- Identify if any material issues
  - Inaccurate
  - Inconsistent
- Clear and unambiguous



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## Review Principles - General

- Not checking for accuracy – already checked
- Not checking completeness – but must be clear
- Not review of process or filing
- Not editorial or stylistic – but must be clear
- However nothing to stop this approach
- Accurate, consistent and clear

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## Confirmation



- Self regulation
- Attestation by Scheme Actuary
- Renewal at date of practising certificate
- Problem – contact the PAB
- Introduced as Practice Standard from 1/1/07
  - Attestation is for previous 12 mths
  - So in practice it's in place now for many

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## What Next ?



- All areas of pensions work with a practice standard?
- All pension advice / all pension actuaries?
- Other (non-pension) practice areas
  - Life assurance, General insurance etc.?

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## What Next 2?

- Review is based on GNs
  - BAS will change practice standards
  - So revisions may be needed
- Has our move been driven by a wish to do this or pressure due to “scandals”
  - What is the next scandal?
  - Will Peer review prevent /mitigate it?

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## Questions and Discussion



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