



Improving Your Practice Through Peer Review

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- Please be advised that the statements and opinions expressed by any presenter are those of the individual panelists and do not represent the statements or opinions of any Academy Board or committee, or the Actuarial Standards Board or the Actuarial Board for Counseling and Discipline.





Agenda

- Background
- What is Peer Review?
- Benefits of Peer Review
- Considerations in Setting up A Peer Review Program
- Conclusion and Questions





Background

- Over the last few years, the Council on Professionalism has received questions and concerns about peer review and its availability to credentialed actuaries.
- The Committee on Professional Responsibility (COPR) published a discussion paper on Peer Review in 2005 that received little attention.
- As a result, the Council requested that the COPR review that paper and consider updating the same.
- Given the recent letters the Council has received on Peer Review, the Council thought it important to host a webinar on the same subject.
- It is important to keep in mind that Peer Review is not required by the Code, any ASOP or Qualification Standards.





What is Peer Review?

- Peer review is a process where another professional (usually another actuary) reviews a report before it is delivered to the client.
 - The draft report should only be presented for peer review if the author is otherwise ready to issue it.
 - Peer review is not a substitute for the normal checking and validation.
 - The peer reviewer may be inside, or outside, the author's firm.
 - The draft report is not subject to ASOP No. 41 at this point





What is Peer Review?

- In considering Peer Review it is important to understand the definition, process, and timing of peer review, and identifying an appropriate peer reviewer.
- General definition – an evaluation of a professional work product, typically a draft report communicating actuarial findings, conducted by a peer of the responsible actuary.
- Peer reviewer may, or may not, be an actuary.





Peer Review Process and Examples

- Peer review is usually applied to the report when it is close to final
- The report communicates actuarial finding of the responsible actuary to the intended user.
- The peer reviewer reviews the report with a fresh set of eyes
- The peer reviewer acts as a surrogate for the intended user
- Ideally the peer reviewer raises the awkward questions that might otherwise be raised by the intended user or by another actuary hired by the same Principal





Peer Review Process and Examples (cont'd)

- There are many forms of peer review which may include:
 - Evaluating the selection and application of methodologies and assumptions used in the determination of the findings and communications;
 - Considering whether the responsible actuary complied with Code of Conduct, ASOPs, and Qualification Standards;
 - Considering whether the actuarial findings appear to be reasonable and well-supported.





Timing of Peer Review

- Peer review may occur at a range of times during the process of creating a finalizing a work product:
 - Pre-release peer review may occur in steps;
 - A responsible actuary may request that only methods and assumptions or calculations or findings be peer reviewed;
 - Review before final release of work product;
 - Post release peer review (when timing is short)
 - To identify problems (risky) or to improve subsequent actuarial work.
 - To allow the issuing actuary to follow up with the Principal





Identifying Peer Reviewer

- The peer reviewer should:
 - Be uninvolved in the work to produce the report
 - Look to see the forest, rather than the trees
 - Raise any questions of ambiguity
 - Challenge responsible actuary on assumptions and methodology and findings
 - Identify any applicable requirements (Code Precepts, ASOPs, Qualification Standards or applicable law)





Identifying Peer Reviewer

(Cont)

A potential peer reviewer should have the following characteristics:

- Objectivity – a peer reviewer should not be involved in the preparation of the work product
- Independence - Free of financial or other interest in the content of the actuarial findings or communications.
- Qualifications – the peer reviewer should be sufficiently proficient in the issues and areas addressed in the work product to offer competent review.
- Impartiality– the peer reviewer is neither the responsible actuary’s supervisor nor a subordinate.





Benefits of Peer Review

- Peer review is a process that helps actuaries enhance their work product.
- Peer review enhances the credibility of the actuary.
- Peer review should result in problems being identified and resolved before the report is delivered to the client.





Benefits of Peer Review

(cont'd)

- Establishing a peer review program illustrates an actuary's desire to comply with obligations under the Code, the ASOPs and the Qualification Standards.
- Establishing a peer review program may reduce costs for professional liability insurance.
- Learning from a peer reviewer will enhance the quality of the actuary's future services.



Benefits of Peer Review

(cont'd)



- Peer review can assist an actuary to fulfill his or her obligations under the Code of Professional Conduct
 - Annotation 1-1 – “an Actuary shall perform Actuarial Services with skill and care.”
 - Precept 4 - “an Actuary who issues an Actuarial Communication shall take appropriate steps to ensure the Actuarial Communication is clear and appropriate to the circumstances and its intended audience and satisfies applicable standards of practice.”
 - Annotation 8-1 - “The Actuary...should therefore take reasonable steps to present the Actuarial Communications clearly and fairly....”
 - Other Precepts may also be applicable





Considerations in Setting Up Peer Review Program

- There are many factors to consider in establishing a peer review program
- May vary depending on whether the actuary is a consulting firm, a solo practitioner, or works within a corporation.
- Availability of Appropriate Peer Reviewers
 - Need to establish a pool before they are needed.
 - Resolve compensation before the fact.
 - Solo practitioners – may need to establish a reciprocal pool.
- Consider effect of:
 - Emerging area of practice
 - Unique area of practice
- Getting timely peer review
 - Plan ahead and get commitments





Conclusion

- Peer review is uncomfortable – you open yourself up to criticism
- None of us like to feel vulnerable
- Peer review is invaluable – it is so much better to find a problem you had missed while it can still be fixed
- Don't leave home without it!





Questions?

