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# Guideline

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**Subject:** **Appointed Actuary: Legal Requirements, Qualifications and Peer Review**

**Category:** **Sound Business and Financial Practices**

**No:** E-15      **Date:** August 2003  
**Revised:** November 2006  
**Revised:** September 2012

## Introduction

This Guideline describes the role of the Appointed Actuary in federally regulated insurance companies<sup>1</sup> and sets out some of OSFI's expectations with respect to that role. The Guideline is divided into three parts. The first part summarizes the major responsibilities of the actuary as described in the *Insurance Companies Act* (ICA) and the related Guidelines and Memoranda published by OSFI<sup>2</sup>. The second part deals with the actuary's qualifications required to carry out the Appointed Actuary's role, and the third part sets out OSFI's expectations with respect to peer review of the Appointed Actuary's work and reports.

Other OSFI Guidelines and Memoranda<sup>3</sup> contain additional information related to the responsibilities of the Appointed Actuary. Particularly important in this regard is the annual Memorandum to the Appointed Actuary. OSFI issues separate versions of the Memorandum to actuaries of life insurance companies and to actuaries of property and casualty insurance companies.

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<sup>1</sup> In this Guideline, federally regulated insurance companies means Canadian insurance companies, including fraternal benefit societies and provincial companies (as that term is defined in subsection 2(1) of the *Insurance Companies Act*) and Canadian branches of foreign insurance companies, including foreign fraternal benefit societies.

<sup>2</sup> The legislative summary in this Guideline is not intended to be a substitute for provisions of the ICA. The reader is advised to refer to the provisions of the ICA and not to rely on the interpretation of those provisions contained in this Guideline.

<sup>3</sup> e.g., *Memorandum to the Appointed Actuary on the Report on the Valuation of Life Insurance Policy Liabilities*, *Memorandum for the Actuary's Report on Property and Casualty Insurance Business*, Guideline A: *Life Insurance Capital Adequacy Test*, Guideline E-12: *Inter-Segment Notes for Life Insurance Companies*, Guideline D-9: *Sources of Earnings Disclosure (Life insurance companies)*.



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## Section 1: Legal Requirements of the Appointed Actuary

This part summarizes a number of sections in the ICA (the applicable sections of the ICA are shown in brackets) that relate to the appointment and role of the Appointed Actuary, as well as key provisions of related Guidelines and Memoranda published by OSFI. It also sets out the Superintendent's expectations regarding the annual reporting of companies' expected future financial condition. The ICA refers to the *actuary of the company*. In this Guideline, in keeping with common usage in the insurance industry, this person is referred to as the *Appointed Actuary* (AA).

### ***a. Appointment of an Actuary***

Each company<sup>4</sup> must appoint an actuary of the company (49(1), 165(2)(i), 623(1), 660(1)(a)) and notify the Superintendent, in writing, of the appointment (357, 623(2)). The AA must be a Fellow of the Canadian Institute of Actuaries (FCIA) (2(1)).

The chief executive officer or the chief operating officer (or a person performing like functions) of a Canadian company or society or of a provincial company, or the chief agent of a foreign company, may not be appointed as AA unless authorized in writing by the Superintendent (359.1(1), 624.1(1)). In the case of a Canadian or provincial company, the chief financial officer or a person performing like functions may not be appointed as AA unless the audit committee of the company has provided a written statement to the Superintendent and the appointment is authorized by the Superintendent (359.2).

The directors of a company or, in case of a foreign company, the company itself, may revoke the appointment of the AA. If this happens, the company must notify the Superintendent, in writing, of the revocation (360, 625). An AA who resigns or whose appointment is revoked shall submit to the Superintendent and to the directors of a Canadian or provincial company or to the chief agent of a foreign company a written statement that includes the circumstances and reasons for the resignation or why, in the actuary's opinion, the appointment was revoked (363, 627(1)).

Where an AA resigns or their appointment is revoked, no person shall accept an appointment or consent to be appointed as AA before requesting and receiving from the previous company actuary the written statement that was submitted to the directors or the chief agent and to the Superintendent (364(1), 627(2)). An appointment may be accepted if no reply is received within fifteen days after a request was made (364(2), 627(3)).

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<sup>4</sup> When unmodified, the term "company" refers to Canadian insurance companies, provincial companies (as that term is defined in subsection 2(1) of the *Insurance Companies Act*), fraternal benefit societies and Canadian branches of foreign insurance companies and foreign fraternal benefit societies.

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## ***b. Role and Duties of the Appointed Actuary***

The AA is required to value the actuarial and other policy liabilities as at the end of a financial year, and any other matters specified by the Superintendent. The AA's valuation is required to be in accordance with accepted actuarial practice, with such changes and any additional directions that may be made by the Superintendent (365, 629). The AA's report in the annual financial statement must opine that the policy liabilities are valued in accordance with accepted actuarial practice (367). It is expected that the valuation includes the selection of appropriate assumptions and methods, where each separate assumption is expected to be appropriate. It should be noted that the Superintendent may appoint an actuary to value certain liabilities or other matters if the Superintendent is of the opinion that it is necessary (365.1(1), 629.1(1)).

The liabilities shown in the annual return are required to include as a reserve the value of the actuarial and other policy liabilities (667(1)). The AA is required to make, and the company to file with its annual return, the Appointed Actuary's Report (AAR) on the policy liabilities and on any other matters the Superintendent may specify in a form determined by the Superintendent (667(2)). OSFI's annual Memorandum to the Appointed Actuary contains up-to-date instructions on the form and content of this report. Also, the AA shall, not less than twenty-one days before the date of the annual meeting of a Canadian or provincial company, make a report on the valuation of the liabilities to the shareholders and policyholders. The AA shall state whether, in the AA's opinion, the annual statement presents fairly the results of the valuation (367).

The AA is also required in each financial year to meet with and report to the directors or the chief agent on the company's financial position. When directed by the Superintendent, the AA must also report on the company's expected future financial condition (368, 630). A report on the company's expected future financial condition is normally prepared as described in the Canadian Institute of Actuaries (CIA) standard of practice on Dynamic Capital Adequacy Testing (DCAT).

The Superintendent expects that a report on the company's expected future financial condition will be prepared annually in compliance with the CIA standards. The DCAT report should be presented to the directors of the company, or where the directors so choose, with an appropriate subcommittee of the board (e.g. audit committee, risk committee, etc.). A DCAT report shall be based on the prior year end financial position or a more recent position. If the DCAT report is presented to the board of directors in the second half of the financial year, then it shall include material changes in experience and in financial position up to the period of 90 days before the date of presentation. It is expected that the projection period for studies of life companies will be for at least five years and for P&C companies will be for at least three years. A copy of the report will be filed with OSFI within thirty days of presentation to the company's directors, but no later than the end of the calendar year.

In addition to the DCAT, the AA is required to report, in writing, to the chief executive officer and the chief financial officer or to the chief agent of the company any matters that, in the AA's opinion, have material adverse effects on the financial condition of the company and that require

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rectification. The AA must supply a copy of this report to the board of directors. Where, in the opinion of the AA, suitable action is not being taken to rectify these matters, the AA shall send a copy of the report to the Superintendent and advise the directors or the chief agent of the company that this has been done (369, 631).

When a company maintains a participating account (456), the directors of a company must establish a policy for determining the dividends and bonuses to be paid to the participating policyholders and a policy respecting the management of each of the participating accounts (165(2)(e)) and (165(2)(e.1)). The AA is required to report to the directors in writing on the fairness to participating policyholders of any policy established or amended under 165(2)(e) and 165(2)(e.1) and report at least once a year on its continuing fairness (165(3.1) and 165(3.2)).

The AA is required to report, in writing, to the directors on the fairness to participating policyholders of a proposed dividend, bonus or other benefit and whether it is in accordance with the dividend or bonus policy. The directors must consider the actuary's report before declaring the dividend, bonus or other benefit on participating policies (464(2)).

The AA is required to provide the company with a written opinion on whether the method selected for allocating investment income or losses and expenses to the participating account is fair and equitable to the participating policyholders (457, 458). The company must file a copy of the AA's written opinion with the Superintendent (459), together with a description of the allocation method.

Each year, the AA must report, in writing, to the directors on the fairness and equitableness of the allocation method used by the company (460). The AA is also required to report on whether payment to shareholders or a transfer to an account from which payments can be made to shareholders from the profits of the participating account would materially affect the company's ability to comply with its dividend or bonus policy or to maintain the level of dividends paid to participating policyholders (461(c)).

The directors of a company must establish criteria for changes made by the company to the premium or charge for insurance, amount of insurance or surrender value in respect of its adjustable policies (165(2)(e.2)). The AA is required to report to the directors in writing on the fairness to adjustable policyholders of the criteria established or amended under 165(2)(e.2)) and report at least once during each financial year on their continuing fairness (165(3.3)).

The AA is required to report, annually and in writing, to the directors on whether the changes the company made in respect of its adjustable policies during the preceding 12 months are in accordance with the criteria established under paragraph 165(2)(e.2) and are fair to the adjustable policyholders (464.1(1)).

Additional requirements and guidance concerning participating accounts can be found in the *Policyholders Disclosure Regulations* and OSFI's Guideline E-16 *Participating Account Management and Disclosure to Participating and Adjustable Policyholders*.

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For insurance companies, OSFI's guideline: *Life Insurance Capital Adequacy Test* (LICAT) sets out requirements for the test of capital adequacy. The LICAT and Life Insurance Margin Adequacy Test (LIMAT) returns require the AA's confirmation that the instructions pertaining both to the LICAT guideline and to the annual return have been followed. OSFI also expects an opinion signed by the AA and a memorandum, both covering the areas where the calculation required discretion or where significant technical calculations, methodologies and judgements were applied.

## **Section 2: Qualifications Required**

As previously noted, the AA is required to be an FCIA. The AA is, therefore, subject to the CIA's Rules of Professional Conduct. Rule 1 requires the AA to act honestly and to perform professional services with integrity, competence, skill and care. Rule 2 requires a CIA member to perform professional services only when the member is qualified to do so and meets applicable qualification standards. Professional services performed by a CIA member must, under Rule 3, meet applicable standards of practice.

The Superintendent may disqualify or remove a senior officer if the Superintendent is of the opinion that the senior officer is not suitable to hold the position (678.1(4) and 678.2(1)).

In assessing the suitability of an AA, the Superintendent expects that the AA has each of the following qualifications:

1. has appropriate Canadian practical experience, which is defined as Work in Canada<sup>5</sup> for at least three of the last six years, of which at least one year was performing valuation of Canadian actuarial liabilities of an insurance company;
2. has experience with the CIA's Standards of Practice and relevant insurance legislation and regulation;
3. is up to date with respect to the CIA's Continuing Professional Development requirement;
4. has not been the subject of an adverse finding by a CIA Disciplinary Tribunal. Where there has been such a finding, the Superintendent may nevertheless conclude that the AA is a suitable person if the circumstances of the case and other information support such a conclusion.

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<sup>5</sup> "Work in Canada" is as defined in the CIA standards.

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## Section 3: Peer Review of the Work of the Actuary

### ***a. Background***

OSFI believes that regular peer review of certain work performed by the AA is of significant benefit both to OSFI and to a company's stakeholders by contributing to the safety and soundness of insurance companies, as described in the general objectives below. In addition, regular peer review is also of benefit to the AA by providing a source of independent advice and a means of consulting with other knowledgeable actuaries. Consequently, OSFI expects that all federally regulated insurance companies will appoint peer reviewers to implement peer review processes consistent with the OSFI criteria described below. The peer review should be conducted in accordance with accepted actuarial practice as specified in the CIA's *Standards of Practice*, in particular with section 1530 of these standards and any related educational notes.

### ***b. General Objectives***

In requiring peer review of the work of the AA, OSFI has the following objectives:

- assist OSFI in its assessment of the insurer's safety and soundness: The AA has the responsibility for the valuation of policy liabilities in the financial statements and future financial condition reporting. Actuarial peer review is one tool OSFI uses in its assessment of the safety and soundness of insurers.
- be of benefit to the AA by providing (i) a source of independent consultation advice, and (ii) an additional source of professional education: This aids in narrowing the range of practice by AA's and improving the quality of their work. OSFI recognizes that this is not the only source of professional development for the AA.
- maintain and strengthen confidence in the work of the AA by the public, by insurance company management and directors and by supervisory authorities.

It is OSFI's intention to periodically meet with the peer reviewer to discuss the report and the findings of a review. It is also OSFI's intention to periodically meet with the AA to discuss the value being obtained by the peer review process.

### ***c. Work to be Reviewed***

In order to assist in achieving OSFI's objective to assess insurers' safety and soundness, the reviewer is expected to:

1. ascertain that the work of the AA for the valuation of policy liabilities and ceded reinsurance assets is in compliance with accepted actuarial practice, as established by the Actuarial Standards Board and the CIA, and is consistent with any objectives or requirements established by OSFI in Regulations, Guidelines or the Memorandum to the AA (Note that the peer review work is not intended to duplicate the work of the external auditor. See Section 3d below.);



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2. review the appropriateness and extent of internal and external material changes affecting the valuation of policy liabilities and ceded reinsurance assets. The reviewer should assess the risk of material misstatement or omissions arising from each change, as opposed to just the net effect of off-setting changes.
  3. review the adequacy of procedures, systems and the work of others relied on by the AA, to the extent that these are not reviewed by the external auditor. This includes checks on data integrity and checks on procedures and methodologies used to validate the valuation calculations and results;
  4. discuss with the AA the appropriateness of each of the assumptions used and the methods employed in the valuation of actuarial policy liabilities and ascertain that the assumptions are at the appropriate point in the range of accepted actuarial practice, given the circumstances of the company;
  5. determine whether the Appointed Actuary's Report (AAR) sufficiently describes the valuation assumptions and valuation methodology employed by the AA;
  6. for life insurance companies' LICAT/LIMAT returns, and for P&C companies' MCT/BAAT returns, review the work of the AA in the areas that require actuarial assumptions and calculations and ensure the work is consistent with the report, if any, accompanying these filings;
  7. review and discuss with the AA the methodology, assumptions and scenarios used for future financial condition reporting as required by the Superintendent in Section 1 of this Guideline, usually based on Dynamic Capital Adequacy Testing (DCAT); and
  8. produce a written report(s) documenting the findings of the peer review.

The AA and management of the company should co-operate fully with the peer reviewer when the review is being carried out. Best efforts should be used to provide the reviewer with access to any required documents and to provide any additional explanations that may be relevant to the peer review.

Examples of material changes referenced in point 2 above include, but are not limited to:

- changes in key actuarial valuation assumptions or unusual adverse or favourable loss development;
- changes in methodology used in the valuation;
- changes in company operations or circumstances (e.g. acquisitions, investment policy, etc.);
- use of a revised valuation model (e.g. the review should cover general methodology, but does not need to be a full software audit or a recalculation.);
- material events that would suggest that valuation assumptions or methods may need to be modified (e.g. fundamental economic changes, changes in corporate legal structure, taxation law changes, material new line of business, etc.). For such events, a review should also be included of the valuation assumptions and methods for material blocks of business that are subject to high sensitivity, but where no changes have been made.



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#### ***d. Materiality Considerations***

The materiality level used for a company's financial statements is set by the external auditor based on the size of the company as a whole. For the purpose of peer review, both the reviewer and the AA should follow the description of materiality as contained in the CIA standards of practice. This requires materiality to be set from the point of view of the prime user of the work. As such, OSFI expects the materiality level for peer review to be appropriate at the line of business level at which the assumptions are set.

Materiality is a matter of professional judgement in the particular circumstances. While auditors may determine quantitative materiality for audit purposes at the total company level, materiality for the purposes of peer review cannot be determined solely by means of the application of a numeric threshold. General quantitative guidelines are not a substitute for the AA's and peer reviewer's professional judgement.

Materiality should become more rigorous as the company approaches any internal capital targets or regulatory capital thresholds.

#### ***e. Peer Review and External Audit***

The Canadian Institute of Chartered Accountants (CICA) and the Canadian Institute of Actuaries (CIA) have issued a paper entitled *Guide: Audits of Financial Statements That Contain Amounts That Have Been Determined Using Actuarial Calculations* (the CICA Guide). This paper provides guidance to external auditors for applying the requirements of the Canadian Auditing Standards (CASs). These standards state that the overall objective of the auditor is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement.

However, OSFI's objective and scope for peer review is to assess the safety and soundness of insurers by reviewing the AA's work for the financial statements at a more granular level. It is OSFI's view that each of the assumptions used should be independently reasonable, in accord with accepted actuarial standards, and that the methodology should be appropriate for each valuation model. OSFI expects the peer reviewer to express an opinion on the appropriateness of the policy liabilities at this more granular level and to provide feedback to the AA on the various aspects of their work. Therefore, since the objective of an external audit differs from the objective of a peer review, the audit work done to satisfy the audit requirements may not be sufficient to fully address the peer review requirements under this Guideline.

It is not OSFI's intention that the requirements for the peer review work duplicate the work of the external auditor, including any actuary assisting the auditor. The peer reviewer is not required to perform any detailed recalculations, as long as the reviewer determines that the controls and procedures used by the AA are adequate to identify potential errors in the valuation results. The peer reviewer is also not required to verify data or controls.

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Where the auditor's actuarial specialist on the engagement team is not an FCIA, the peer reviewer should take extra care to verify that all CIA standards are met by the AA.

#### ***f. Contents of Peer Review Reports***

OSFI expects the peer reviewer to prepare a report documenting the findings of the reviews.

In the case of a Canadian or provincial insurance company, the peer reviewer's written report, or a summary of it, is expected to be submitted to the audit committee of the company's board of directors at the meeting subsequent to the completion of the report. In the case of a Canadian branch of a foreign insurance company, the report is to be submitted to the Chief Agent. In both cases, the full report and any summary report are to be submitted to OSFI.

The full peer review written report should include the following:

- a description of the work done by the reviewer (both the specifics of the work and its extent);
- the timing during the year when the work was carried out;
- the materiality level used for the review;
- the reviewer's statement of opinion with respect to the AA's compliance with accepted actuarial practice and any objectives or requirements established by OSFI in Regulations, Guidelines or Memoranda to the AA;
- the reviewer's observations with respect to changes made in methodology and assumptions;
- the reviewer's acknowledgement that no additional material changes should have been made;
- a list of any recommendations for further review or work by the AA in the coming year; and
- a brief description of the relationship with the AA to support the specific objectives of providing consultation aid, professional education and improving the quality of the AA's work.

#### ***g. Peer Review Cycle***

Each item of the AA's work described in subsection 3(c) above dealing with the financial statements should be reviewed and reported on at least once every three years, either all at once or in phases over a three-year cycle.

However, OSFI expects material changes (see subsection 3.c.2), if any, affecting the valuation of policy liabilities or ceded reinsurance assets to be reviewed and reported on annually. If there are no material changes, and the reviewer is in agreement that this is appropriate, the reviewer should still prepare and file a brief report to that effect.

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A full review of the financial condition reporting (subsection 3.c.7) is expected to be prepared every three years. A limited annual review is only required to address the appropriateness of the scenarios employed. The peer reviewer is expected to prepare reports documenting the findings of both the full 3-year review and the limited annual review.

#### ***h. Timing of the Peer Review Work and Reports***

Due to the separate timing during the year of the AA's work for a company's financial statements and for financial condition reporting, there can be more than one report.

With regard to the financial statement related work (items c.1, c.2, c.3, c.4 and c.6 above), OSFI encourages the peer review to be pre-release (i.e. carried out prior to the release of the AA reporting on the statement related work).

The review of the AAR (item c.5 above) can be post-release.

The review of the future financial condition reports is also encouraged to be pre-release, but may be post-release depending on the circumstances of the company.

To qualify as a pre-release peer review, the reviewer must prepare the report and sign his/her opinion on, or shortly before, the date the AA reports on any work. For example, the filing of the Life-1, Life-2, P&C-1 or P&C-2 statements with OSFI is deemed to be AA reporting. For a pre-release peer review of work subject to external audit, the peer review report should be submitted to the audit committee or to the Chief Agent on, or shortly before, the date the AA reports on any work.

The complete peer review reports, and any summaries, are expected to be submitted to OSFI on a confidential basis. Copies of pre-release reports, both the full peer review report, and any summary, for financial statement work should be forwarded to OSFI based on the same deadlines that apply to filings of the Life-1, Life-2, P&C-1 or P&C-2 reports. For post-release reviews, the reviewer's report should be submitted to OSFI no later than thirty days after release of the AA's report on the work reviewed, and for future financial condition reports, no later than December 31.

If a member or employee of the insurer's external audit firm peer reviews work by the AA that is subject to audit, OSFI expects that such a peer review will be completed prior to the issuance of the audit opinion.

#### ***i. Selecting a Reviewer***

OSFI expects each company to hire a single peer reviewer for the company as a whole. If there are affiliate or subsidiary companies within one group, a single peer reviewer should be responsible for assessment of the entire group of companies, including the preparation of the peer review reports and opinions. The reviewer may, however, engage other sub-reviewers to take advantage of particular competencies.

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A peer reviewer is expected to meet the same qualification standards as are outlined in Section 2 of this Guideline with respect to the AA, including the Superintendent's minimum requirements for suitability.

It is good practice for the audit committee of the company's board of directors, or the chief agent in the case of a foreign company, to be advised of the terms of the peer review and the selection of the reviewer before the review is undertaken.

OSFI expects a reviewer to have sufficient experience with respect to the type of work to be reviewed. The reviewer's prior experience should include exposure to two or more unrelated insurance companies in order that the reviewer be familiar with the range of practices and assumptions used by actuaries in Canada. Knowledge of industry best practices is needed to ensure the review process appropriately fulfils its educational and consultative objectives.

OSFI expects a company to notify it in writing forthwith after hiring the peer reviewer, and to provide the reasons for any change in reviewer.

It is essential to the integrity of the peer review process that a reviewer be, and be seen to be, objective. The reviewer should, therefore, have no relationship with the insurer or with the AA that would in any way impair objectivity. The reviewer is expected to follow the *CIA Standards of Practice* as well as any additional OSFI requirements. In practice, without limiting the generality of the foregoing, OSFI believes that the following criteria should be applied in determining the objectivity of a reviewer:

- A reviewer may not be an employee of the company or any affiliated companies, and may not have been employed by the company or served as AA of the company during the three years prior to the date of the work being reviewed;
- A reviewer must not be a shareholder of, or have a direct financial investment (other than as a policyholder, depositor, beneficiary or insured) in the company;
- A reviewer may have an indirect interest (e.g. through a diversified mutual fund investment) in the company;
- If a member of a consulting firm is the AA, another member of the same firm may not be the peer reviewer;
- If a member of a consulting firm is involved in any actuarial work related to the financial statements or financial condition reporting for the company, another member of the same firm may be the peer reviewer only if he/she is not involved in this work for the company. In this context, "actuarial work" includes deciding on methodology, selecting assumptions and producing results.
- It is acceptable, and in fact expected, that the AA will be in contact with the peer reviewer during the course of the year to discuss the potential acceptability of changes in methodologies and assumptions that the AA is considering. However, the reviewer

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should only provide advice with respect to these changes as part of the peer review work. This is similar to the interaction of a company with its external auditor.

- A peer reviewer may be an actuary working in the company's external audit firm, but companies are encouraged to not use as a peer reviewer an actuarial specialist who is a member of the audit team for the company.

OSFI regards an actuary working for the external audit firm to be sufficiently independent to be a peer reviewer. Using an actuary from the external audit firm can accommodate smaller and simpler companies. Notwithstanding this, OSFI expects large and complex companies to engage a peer reviewer who is not a member of its external audit firm. While OSFI recognizes that external audit firms are independent, it is of the view that a separate independent actuarial peer review is desirable since it will give additional perspective to large and complex companies.

However, as noted in subsection 3(h), if an actuary in the external audit firm's actuary is used for peer review, the peer review of any work that is subject to audit should be completed prior to the issuance of the audit opinion. In addition, this peer review work should be performed under a stand-alone engagement that is separate from the audit engagement.

Note that the criteria for objectivity for peer review purposes are not as restrictive as those found in OSFI's Guideline E-14, *Role of the Independent Actuary* (i.e., rules required for amalgamations of companies or buying/selling of blocks of business). In the latter case, the Independent Actuary represents, in the transaction, policyholders who rely on the Independent Actuary. In the case of peer review, OSFI, policyholders, management and shareholders continue to depend on the AA.

#### ***j. Changing a Reviewer***

To enhance the peer reviewer's objectivity and increase the educational value of the review process, a regular change or rotation of reviewers is expected. This allows the AA to obtain different perspectives. Therefore, OSFI expects that a reviewer will be changed at least once every two cycles (i.e., every six years). However, the company has the option of making more frequent changes.

If a peer reviewer is a member of a consulting or audit firm, another member of the same firm may be acceptable as a new peer reviewer. In this case, a previous reviewer may be reappointed to this role after a period of at least one cycle (i.e., at least three years).

When a company changes its peer reviewer, it should notify OSFI in writing forthwith stating the reasons for the change.

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