



Actuaries & Consultants

**Morris Review of the Actuarial Profession
Interim Assessment December 2004**

**Response from
Lane Clark & Peacock LLP**

Lane Clark & Peacock LLP
30 Old Burlington Street
London
W1S 3NN
www.lcp.uk.com

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Lane Clark & Peacock LLP

Lane Clark & Peacock LLP (“LCP”) is a consulting firm providing actuarial advice to its clients.

The majority of our clients are in the pensions area - including trustees and employers - where we advise on benefit, contribution and investment issues. The balance of our clients are in the general insurance area; we do not advise on life insurance. The majority of our client advice relates to the UK. This response reflects where the majority of our advice is addressed, which is UK occupational pensions.

We generally support the response to the Interim Assessment from the Association of Consulting Actuaries. However, we wish to make some additional observations.

Increasing competition - investment advice

In our view, actuarial advice on the funding for occupational pension schemes needs to be linked with high level investment strategy advice. By this, we mean advice on where to set the overall risk / reward balance.

Once that balance is set and a consistent contribution requirement is agreed, then advice on how to structure the investments so as to deliver that balance does not need to be linked in with the actuarial advice.

Advising the trustees and / or the employer

It is important that both trustees and the employer are made aware of the potential for a single actuary (and a firm of actuaries) to have a conflict of interest when advising both parties.

It is also important that trustees themselves are made aware of the potential for them to have a personal conflict of interest, particularly where they have a senior role with the employer.

We see practical difficulties in imposing either of Options 1 or 2. For example, whereas the Scheme Actuary appointment is personal, the formal appointment to advise the employer is normally with the firm. It is not clear what external procedure can be used to enforce the individual Scheme Actuary not to be part of the team advising the employer.

Our preference is that the appointment should include a procedure, not only for the notification of a real conflict if one arises, but also for the process for resolving such a conflict.