

Actuarial Audit

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Typical Actuarial Audit Client

➤ Type of Company

- Life
- Health
- P&C

➤ Size of Company

➤ Frequency

Benefits of External Actuarial Audit

- Provides a comprehensive report
- Surety of compliance
- A different perspective
- Completely impartial
- External auditors are on your side
- It's always good to have a second opinion
- We may find things that can be corrected before the state exam

Sample Actuarial Audit Report

➤ List of documents reviewed

- Annual Statements
- Actuarial Certifications
- Experience studies
- Seriatim valuation extracts

➤ Actuarial Opinions

- Standard Statutory Actuarial Opinion
- Nonguaranteed Elements Opinion
- RAAIS
- C-3 RBC Opinion
- X-factor Mortality Opinion

Sample Actuarial Audit Report (cont'd)

- Trends of reserves and other key reporting items
- Asset Adequacy Analysis
 - Was Cash Flow Testing or Gross Premium Valuation utilized?
 - Review methods and assumptions for appropriateness
 - Review results
 - Review the report
- Most recent state exam
- Reinsurance

Sample Actuarial Audit Report (cont'd)

- 2017 CSO – do new policy issues comply with most recent regulations?
- Seriatim valuation extracts
- Analysis by lines of business
- Policy calculations

Summary

- It's always good to have a second opinion on the reserves that are being reported
- A different perspective may raise some questions that were not thought of before
- It may make the State Exam go smoother
- If mistakes are found, it's better to find them early
- Frequency of an actuarial audit ranges from every year to every three years