

Comment #6 – 11/3/15 – 11:04 a.m.

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*The opinions contained in this document are my own and do not necessarily represent the opinions of Modern Woodmen of America or its employees.*

**1. Is the scope limitation to financial audits, financial reviews, and financial examinations clear and appropriate?**

Yes, the scope seems clear.

However, I have a concern with the proposed definition of “auditor.” The proposed definition is “the external firm or professional...etc.” The word “external” is new to the ASOP definition. It should be carefully considered whether adding this word somehow changes an actuary’s responsibilities to an internal auditor. Removing the word “external” might be a simple solution here.

**2. Does the proposed revision appropriately reflect the changes in financial audits, financial reviews, and financial examinations that have occurred since the current version of ASOP No. 21 was adopted in September 2004?**

No comment.

**3. Does the proposed revision accurately describe the responsibilities of the reviewing actuary and the responding actuary?**

CONFIDENTIALITY

The ASOP’s proposed language appears to soften the confidentiality statement from the prior version of the ASOP. In the current ASOP 21, the confidentiality statement includes:

*“**Any** information received by the reviewing actuary should be considered confidential, except as to the auditor or examiner, unless otherwise indicated by the entity.”* [emphasis mine]

The proposed language is similar, but misses the nuance that describes how information becomes confidential:

*“an actuary shall not disclose to another party any confidential information unless authorized to do so...etc.”*

Clearly, both statements indicate that the actuary should not share confidential information, but the proposed wording is now silent on how information becomes confidential. I would like to see the prior ASOP wording regarding “any information...should be considered confidential” be reinstated in the confidentiality section of this proposed ASOP.

#### RESPONDING ACTUARY

In section 3.4 of the proposed ASOP, the sentence:

*“The responding actuary should be appropriately responsive to \_\_\_\_\_ requests from the auditor...”*

The sentence above is from the proposed ASOP. The blank indicates the spot where the word “reasonable” was removed from the current wording of the ASOP. I believe it is in the profession’s interest to retain the word “reasonable” in the above sentence.

- 4. Does the proposed revision give appropriate guidance to both the reviewing actuary and the responding actuary involved in a financial audit, financial review, or financial examination?**

#### SECTION 3.5.4 of the proposed ASOP

“The responding actuary should be prepared to discuss... e. the models used”

This is new to the ASOP. I understand the necessity of the willingness to discuss. What are the “rules of engagement” for the responding actuary and reviewing actuary?

It often happens that two different actuaries employing valid methods could arrive at separate answers and separate conclusions. What are the bounds for the two parties in a case such as this?

#### SECTION 3.6 through 4.1: Documentation

I have found the additional guidelines here for documentation helpful - especially for the responding actuary.