

Comment #12 – 12/28/15 – 2:16 p.m.

Pinnacle Actuarial Resources, Inc. is pleased to have the opportunity to provide the following comments in regards to the Exposure Draft of the proposed revisions of ASOP 21, Responding to or Assisting Auditors or Examiners in Connection with Financial Audits, Financial Reviews, and Financial Examinations.

Response to the specific questions posted

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

The scope limitation is clear and appropriate.

- 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?**

Section 3.5.4 includes some additional detail reflecting changes since 2004.

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

The responsibilities of the reviewing and responding actuary are accurately described.

- 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**

The proposed revision gives appropriate guidance.

Comment on Section 3.5.6 Confidentiality

Precept 9 of the Academy's Code of Professional Conduct is cited but is missing a crucial phrase. This Exposure Draft states that according to Precept 9 "an actuary shall not disclose to another party any confidential information unless authorized to do so or required to do so by law."

What Precept 9 actually says is "... unless authorized to do so **by the Principal** or required to do so by Law."

Our concern is that this Exposure Draft does not make it clear who may give such authorization for the disclosure of confidential information – the entity? Examiner? Auditor? Reviewing Actuary?

The current version of ASOP 21 is much more clear in Section 3.4 on Confidentiality – "Any information received by the reviewing actuary should be considered confidential,

except as to the auditor or examiner, unless otherwise indicated by the entity. The reviewing actuary should take appropriate steps to preserve the confidentiality of such information.”

We would suggest the current language be maintained unless the ASB intends to be less clear by design in who can authorize the disclosure of confidential information.

The comments above are the collected comments of the consultants employed or affiliated with Pinnacle Actuarial Resources, Inc. If you have any questions regarding the above, please contact Laura Maxwell at lmaxwell@pinnacleactuaries.com.

Laura A. Maxwell, FCAS, MAAA | Consulting Actuary
SAS® Certified Predictive Modeler The Power to Know®
Pinnacle Actuarial Resources, Inc.