SOCIETY OF ACTUARIES

Article from:

Actuary of the Future

May 2010 –Issue 28

Introduction to Actuarial Auditing

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WHAT IS ACTUARIAL AUDITING? Actuarial-related risks have always been a focus within a company's risk management framework. Actuarial auditing is essential to the success of a company's operations through the effective management of actuarial risks and the proper control of key business processes.

WHAT DO ACTUARIAL AUDITORS DO?

Actuarial auditors work with many different areas of a company. They develop knowledge of actuarial operations as well as company policies and standards to understand the risks managed by the business units. They assess the key risks qualitatively and quantitatively and evaluate these risks by developing risk management objectives and actuarial audit tests. They assess and test the adequacy of controls through review of actuarial liabilities in financial statements and recalculations on a sample basis. Actuarial auditors communicate with business unit management and closely monitor the progress.

HOW DOES ACTUARIAL AUDITING ADD VALUE?

Actuarial auditing is a risk management exercise and not a search for errors. In addition to supporting external auditors and statutory regulatory agencies, actuarial auditors provide supplemental internal analytics and test work, make recommendations, identify areas where processes may be enhanced, reassure that controls are in place to help business units meet objectives, and provide insights from comparisons within the company or to other companies. ☆

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