

Top Audit and Actuarial Firms

Auditors and actuaries are facing looming issues such as new regulations and professional standards.

by *Best's Review* Staff

New regulation and professional standards continue to reshape insurance reporting globally. Martyn van Wensveen, Asia-Pacific IFRS implementation leader, EY, said new standards under incoming IFRS 17 are based around a new concept for profitability, termed contract service margins.

"It's, first and foremost, important to understand that it will be the balance sheet that will be impacted on transition day, which is going to be 1st January, 2021. It's predicted that there will be quite some shifts in there. The opening balance sheet under the new standard will be quite difficult," van Wensveen said. "The problem is that there you have to restate that whole balance

sheet on the basis of as if you had applied the standard already for historic data all the way back. Clearly, that's going to be a challenge."

"Then there's the ongoing concern, which is what's going to happen to my P&L going forward, where this new concept of contract service margins or CSM is being introduced. We will not be looking anymore at the premiums we have been writing and the gross written premiums that you will have received, but coming up, there's this new profit concept called CSM. I think it will take quite a bit of time for companies to get used to that new concept. We all need to learn to speak that new language."

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Statements and Opinions

The lists below focus on independent accountants who audit an insurer's annual financial statements and on third-party actuaries who provide an annual statutory actuarial opinion regarding an insurer's policy and claim reserves.

These lists of auditor and actuarial firms include only insurance companies with statements that listed auditors or external actuaries. The insurer population includes U.S. and Canadian companies that file with A.M. Best. Unlike the annual statutory audit, for which

the insurer must use an independent certified public accountant, the actuarial opinion may be provided by an internal actuary, which is an actuary directly associated with the insurer. The data are derived from individuals or firms in the context of providing an annual audit or actuarial opinion. Many of the individuals or firms listed in the tables are likely to have additional insurance clients for which they perform a variety of services, but such services are not reflected in this survey's data. The primary task of audit firms working with insurance

By the Dozen: Top Auditors and Actuaries in Each Insurance Sector

All lists are based on 2016 loss reserves included in U.S. insurance statement filings as received by A.M. Best. Each alphabetized list includes the top 12 companies in each sector based on aggregate client reserves for the year.

Top Auditors - Property/Casualty

Baker Tilly Virchow Krause
BDO
Crowe Horwath
Deloitte
Dixon Hughes Goodman
EisnerAmper
Ernst & Young
Johnson Lambert
KPMG
PricewaterhouseCoopers
RSM
WeiserMazars

Top Actuaries - Property/Casualty

Beneficial Consultants
Deloitte
Ernst & Young
Huggins Actuarial Services
KPMG
Merlinos & Associates
Milliman
Pinnacle Actuarial Resources
PricewaterhouseCoopers
Regnier Consulting Group
TMNA Services
Willis Towers Watson

Top Auditors - Life

BDO
BKD
Deloitte
Ernst & Young
Hosack, Specht, Muetzel & Wood
JKL Rosenberger
Johnson Lambert
KPMG
PricewaterhouseCoopers
RSM
Seward & Monde
Stroh Ballweg

Source: A.M. Best data

Top Actuaries - Life

Milliman
Actuarial Resources Corp.
Allen Bailey & Associates
Bruce & Bruce
Ernst & Young
Griffith, Ballard and Company
Guggenheim Insurance Services
KPMG
Lewis & Ellis
Martin Uhl Actuarial Consulting
Miller & Newberg
PricewaterhouseCoopers

Top Auditors - Health

Accuity
Baker Tilly Virchow Krause
BKD
CliftonLarsonAllen
Deloitte
Eide Bailly
Ernst & Young
Grant Thornton
KPMG
Plante & Moran
PricewaterhouseCoopers
RSM

Top Actuaries - Health

Actuarial & Health Care Solutions
Deloitte
Ernst & Young
KPMG
Lake Consulting
Lewis & Ellis
Lumeris
Milliman
Oliver Wyman
Optum
PricewaterhouseCoopers
Wakely Consulting Group

companies is to certify the audits of financial statements. That means they must understand statutory-based financial accounting. They also stay abreast of developments among regulatory bodies, particularly the National Association of Insurance Commissioners in the United States, to ensure compliance with current standards. Many auditors are part of larger financial consulting firms that provide guidance on risk management, profitability, capital allocation, product development and other insurance-specific topics. The scope of services provided for insurance organizations by internal and external actuaries continues to expand. In addition to serving as appointed actuaries for purposes of defining liability reserves, actuaries have taken active roles in assessing solvency, performing corporate planning, developing enterprise risk management systems, measuring solvency, valuing portfolios and assets, determining embedded and other forms of value, completing financial reporting, determining pricing and profits and developing loss evaluations. Lists of most active auditing and actuarial firms are based on the loss reserves held by their client insurance companies. Again, as described in the methodology, not all insurers

are included, and not all client relationships between insurance companies and their auditing and actuarial firms have been reflected.

For property/casualty insurers—Loss reserves are the total of loss and loss adjustment expense reserves.

For health insurers—Loss reserves are the sum of:

- Claims unpaid, less reinsurance ceded.
- Accrued medical incentive pool and bonus amounts.
- Unpaid claims adjustment expense.
- Aggregate health policy reserves.
- Property/casualty unearned premium reserves.

• Aggregate health claim reserves.

For life insurers—Loss reserves are the sum of:

- Aggregate reserves for life and for accident and health.
- Liabilities for deposit type contracts.
- Life policy and contract claims.

For example, some companies designated as health carriers report property/casualty loss reserves in addition to health reserves; those companies are also included in the count for the P/C sector, in addition to being included in the client count for the health sector. BR



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— John Klein, CFO, PrimeWest Health

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