

**Giving Permit to Auditors to Carry Out Auditing of Insurers**

One. General Provisions

- 1.1 The purpose of this regulation is regulate matters related to granting to auditors with state registration and licensed by the Ministry of Finance in accordance with Law on License and Article 26 of the Law on Auditing permit to carry out auditing of insurers in accordance with Article 6.1.3 of the Law on Legal Status of Financial Regulatory Commission, Article 33.2.2 of the Law on Insurance, and Article 20.2.2 on Professional Participants of Insurance, it's extension, suspension, termination, and monitoring compliance with Regulation.
- 1.2 Information about granting permit to auditors of auditing institution from the Financial Regulatory Commission (hereinafter FRC) shall be publicly disclosed.
- 1.3 Insurer means insurance company, insurance broker, insurance loss adjusters.

Two. Requirements For Auditors

2.1 Auditors applying to get a permit to carry out auditing of insurers shall fulfill the following conditions:

- 2.1.1 Having employed by auditing institution with license from the Ministry of Finance, state registration and history of carrying out auditing activities for at least 5 years;
- 2.1.2 Having fulfilled requirements set in Article 17 of the Law on Auditing;
- 2.1.3 Having not violated the prohibitions stated in Article 21 of the Law on Auditing;
- 2.1.4 Being employed by auditing institution for at least 3 years;
- 2.1.5 Having participated in training organized by FRC and having passed the exams;
- 2.1.6 Having satisfactory knowledge about insurance legislation and regulations;
- 2.1.7 Having no record of unethical behavior.

Three. Documents To Be Submitted For Application To Get Permit To Carry Out Auditing Of Insurers.

3.1 Auditors who meet the requirements stated in Article 2.1 of this Regulation shall issue application to carry out auditing of insurers and submit the following documents:

- 3.1.1 Application for permit
- 3.1.2 Official letter supporting application of the auditor from employing auditing institution, and certificate on the auditor's profile
- 3.1.3 The description of the auditor's profile shall be prepared in accordance with Annex 1 of this Regulation /certified copy of the license of CPA issued by the Ministry of Finance and Institute of CPAs, and copy of the citizen ID card shall be attached/.
- 3.1.4 Description of the management of the auditing institution shall be prepared in accordance with the Annex 1 of this Regulation.

- 3.1.5 Charter of the employing auditing institution, internal standards for auditing services, copy of the state registration.
- 3.1.6 Verification documents showing detailed information of the activities of the employing auditing institution for last 5 years.
- 3.1.7 Certificate for participation in the training conducted by the FRC.
- 3.1.8 Payment slip for the fee stated in Article 2.4 of the Annex 2 of the Regulation on Setting Regulatory Services Fees To Be Collected from Licensees approved by FRC Resolution 33.

#### Four. Granting Permit To Auditors, Its Extension, Suspension And Termination

4.1 FRC shall conduct training for auditors to qualify for permit to conduct auditing of insurers upon public announcement, and qualified auditors shall be given certificate.

4.2 FRC shall review the application, discuss on Commission meeting and make a decision whether to grant a permit or not within 45 days since its submission with complete supporting documents.

4.3 FRC working group shall review the application from the auditor and performance of the auditing institution in insurance sector and submit their material for Commission meeting to get the appropriate decision every 3 years.

4.4 FRC can suspend the permit in the following instances:

- 4.4.1 Having violated relevant legislation and set of insurance regulations
- 4.4.2 Having issued intentionally or accidentally wrong audit opinion on financial statements, and having created conditions endangering customer and public interests by breaching auditing principles
- 4.4.3 Having failed to fulfill instructions put forward from FRC consecutively
- 4.4.4 Having violated requirements or failed to fulfill requirements stated in this regulation.
- 4.4.5 Having failed to pay fine in due time
- 4.4.6 Having failed to start activities within 6 months since granting the permit, or having stopped operations
- 4.4.7 Failure to pay annual service fee as stated in 2.4 of Annex 2 of the Regulation on Setting Regulatory Services Fees To Be Collected from Licensees approved by FRC Resolution No33 within 2 months since the due date.
- 4.4.8 Other instances provided in legislation

4.5 Permit for auditors to audit insurers shall be suspended for the following duration:

- 4.5.1 For the term set by the FRC (this shall not exceed 6 months)
- 4.5.2 Until instructions put forward by FRC are accomplished.

4.6 Permit for auditors to audit insurers shall be terminated based on the following:

- 4.6.1 upon request from the auditor who has been granted a permit to audit insurers
- 4.6.2 auditing institution employing the auditor with a permit to audit insurers has been liquidated
- 4.6.3 auditing institution refused to cooperate with FRC
- 4.6.4 forgery of application materials for getting a permit to audit insurers has been proved

- 4.6.5 frequent or serious breach of norms and requirements stated in relevant legislation, regulatory acts and this Regulation.
- 4.6.6 failure to fulfill the instructions during the permit suspension period
- 4.6.7 evidence revealed for disclosing and handover of classified information on insurance companies
- 4.6.8 issuance of false audit opinion
- 4.6.9 failure to fulfill instructions put forward from the FRC frequently
- 4.6.10 termination of the license issued in accordance with the Law on Licensing to the auditing institution employing the auditor with the permit

4.7 FRC shall give official notice to the auditors in every case of refusal to grant a permit along with the justifications.

#### Five. Auditing of Insurers

5.1 Auditing company employing the auditor with permit to audit insurers shall conclude a contract with insurer in accordance with Article 10 of the Law on Auditing and shall exercise other activities apart from auditing as stated in Article 4 of the Law on Auditing.

5.1.1 Examination and verification of financial statement of insurers (additional statements, information related to insurance; income and expenditure statements, cash-flow statements, retained earning statements, notes to financial statements), book-keeping, and other necessary financial documents.

5.1.2 Application of international and national audit standards, and international financial reporting standards in insurance.

5.1.3 Verification of financial documentation, issuing conclusion

5.1.4 Consulting insurers about their financial status

5.1.5 Assistance and advice on implementation and enforcement of international accounting standards within the framework of insurance law and other related legislation, guidelines and regulations.

5.1.6 Management consultancy of insurers and assistance with implementing internal audit/control procedures

5.1.7 Evaluation and issuing opinion on compliance of re-insurance activities with the Requirements of Re-insurance planning approved by the FRC, re-insurance policy of the insurer, contracts, reporting, indemnities from re-insurance, re-insurance premiums, financial status and solvency of the re-insurance company.

5.1.8 Audit opinion on compliance with anti-money laundering and terrorism financing activities.

5.1.9 Audit opinion on insurance indemnity and documentation

5.1.10 Audit opinion on insurer's solvency, investment, financial soundness

5.1.11 Audit opinion on insurer's funding, financing sources, corporate shares, dividend distribution, loan disbursement

5.1.12 Audit opinion on establishment of an insurance reserve fund, and legitimacy of its distribution

5.1.13 Opinion on ratios between contractual liabilities of insurer and its liquidity.

5.2 Auditor shall verify reviewed statements and documents with his personal seal, and submit his audit opinion along with adjustments made to financial statements verified by signature and stamp of the audit company.

5.3 Auditor shall inform immediately about the following opinions made based on insurer's materials:

5.3.1 Insolvency or threat of insolvency of insurers as stated in Article 36 of the Law on Insurance

5.3.2 Criminal offence related with insurance activities or possibility of a crime

5.3.3 Violation of any kind by insurers of Articles 22, 23, 24, 25, 26, 27 of the Law on Insurance

5.3.4 Serious troubles with financial situation of insurer

5.3.5 Violation of the rights of insured persons

5.3.6 Infidelity

5.3.7 Participation in activities prohibited by insurance legislation and regulations.

## Six. Liabilities, Penalties And Dispute Resolution

6.1 FRC shall exercise supervision of compliance to this regulation, carry out inspections and assign penalties for parties violating relevant legislation.

6.2 FRC shall decide on disputes between permit owners, between permit owners and customers about issues lying within it's authority.

6.3 In case auditors and customers do not agree with the decision of the FRC they may apply to Supervisory Board at the FRC.

6.4 If not satisfied with the decision of the Supervisory Board, the applicant may apply to court.

Photo

DESCRIPTION OF AUDITING INSTITUTION'S  
MANAGEMENT AND AUDITOR

A. Position in the auditing institution

1. Auditing institution head
2. Senior auditor
3. Auditor

From these:   specialized in insurance  
                  Others

B. Brief history of auditing institution, CV of auditors

1. Auditing institution
  - Title
  - Date of establishment
  - Location and address
  - Registration number
  - State registration number

2. Auditors

- Surname and name
- Citizenship
- Citizen ID card number
- Register number
- Social status
- Marital status
- Position, current employment
- Address
- Family members and relatives

Brief description: (whether he/she represents any kind of legal persons, its operations, location, files on interaction with insurance companies, whether he/she is a shareholder of insurance company, criminal record with relation to breach of audit and other relevant legislation, whether under investigation by law enforcement agencies) to filled correctly and accurately.

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- Education /including secondary education/:

No.	Graduated school	Enrollment year	Graduation year	Obtained major	Number of diploma and certificate

- Record of employment

No.	Employment	Position	Commencement date	Date of departure
	/title of organizations and position to be stated as valid at time of employment/			

- Home address.....
- Telephone number.....

Applicant

*(signature)*

*(surname and name)*