



**ISLE OF MAN
FINANCIAL SERVICES AUTHORITY**

Lught-Reill Shirveishyn Argidoil Ellan Vannin

**Guidance Notes in relation to Auditor's
Reports of insurers to be provided to the
Isle of Man Financial Services Authority
under the requirements of the
Insurance Regulations 2021**

**Published by the Isle of Man Financial Services
Authority under section 34 of the Insurance Act 2008
on 28 March 2023**

STATUS OF GUIDANCE

The Isle of Man Financial Services Authority ("the Authority") issues guidance for various purposes including to illustrate best practice, to assist regulated entities (in this case authorised insurers and permit holders, as applicable, and their auditors) to comply with legislation and to provide examples or illustrations. Guidance is, by its nature, not law, however it is persuasive. Where a person follows guidance this would tend to indicate compliance with the legislative provisions, and vice versa.

Contents

1. Introduction	3
2. Scope of Reporting.....	3
3. Framework and level of assurance to be applied	3

1. Introduction

This guidance is published by the Isle of Man Financial Services Authority (“the Authority”) under section 34 of the Insurance Act 2008, and is relevant to all authorised insurers and their auditors appointed under section 15 of the Act.

This guidance sets out the level of independent assurance expected by the Authority under–

- regulation 17(5)(c)¹; or
- in relation to an insurer that is a protected cell company, 17(5)(b)(ii)²,

(Auditor’s Report), as applicable to the insurer in question under the the Insurance Regulations 2021 (“the Regulations”).

2. Scope of Reporting

The current required form of Auditor’s Report (as applicable) can be found using the following links:

- in respect of regulation 17(5)(c): see form titled “Auditor’s Report” located on the Authority’s website.
- in respect of regulation 17(5)(b)(ii): see form titled “Auditor’s Report PCC version” located on the Authority’s website.

This form (as applicable) is to be used in respect of long-term insurers and non long-term insurers, as the case may be.

Paragraph (1) of the Auditor’s Report requires assurance in relation to certain elements of the regulatory returns of the insurer in question, as specified in footnote 2 of that Report.

Paragraph (2) of the Auditor’s Report requires assurance in relation to certain certifications given by the directors of the insurer in question, as specified in paragraph (2) of that Report.

3. Framework and level of assurance to be applied

In pursuing its regulatory objectives the Authority considers it important to provide guidance to auditors of insurers on the level of assurance it considers acceptable in order to reduce the risk of material misstatement of information reported to the Authority to a level that is appropriate.

¹ As modified by the Authority in respect of class 12 (the detail of that modification is set out under paragraph 4.11 of the Guidance Notes and Information Concerning Various Regulations and the CGC).

² As inserted into regulation 17(5) by paragraph 5(1) of Schedule 5 to the Insurance Regulations 2021, and as modified by the Authority in respect of class 12 (the detail of that modification is set out under paragraph 4.11 of the Guidance Notes and Information Concerning Various Regulations and the CGC).

the Insurance Regulations 2021, the Insurance (Long-Term Business Valuation and Solvency) Regulations 2021, the Insurance (Non Long-Term Business Valuation and Solvency) Regulations 2021, the Insurance (Special Purpose Vehicles) Regulations 2015 Where appropriate to the accounting standards adopted by the insurer in question in accordance with regulation 6 of the Regulations, the current version of the—

- International Standard on Assurance Engagements (UK) 3000 published by the Financial Reporting Council (FRC); or
- International Standard on Assurance Engagements 3000 (Revised) issued by the International Auditing and Assurance Standards Board (IAASB),

Assurance Engagements Other Than Audits Or Reviews Of Historical Financial Information (the “ISAE 3000s”), or any successor of those standards (as applicable), provide a recognised framework that the Authority considers appropriate to be used for the Auditor’s Report.

The relevant ISAE 3000 provides for both “reasonable assurance” and “limited assurance” reporting.

In accordance with the framework set out under the relevant ISAE 3000, the Authority expects the assurance provided under—

- Paragraph (1) of the Auditor’s Report to be at the level of a “reasonable assurance” in the form set out in that paragraph; and
- Paragraph (2) of the Auditor’s Report to be at the level of a “limited assurance” in the form set out in that paragraph.

In the Auditor’s Report a text box is provided in which any additional matters relevant to the above-mentioned assurances may be included, as indicated in the text in square brackets included within the box.

All work necessary to providing the above-mentioned assurances should be planned and carried out in a manner that is consistent with the relevant ISAE 3000.