



**TECHNICAL CIRCULAR 1/2016 (TC 1\_2016)**

**TO: All the Members of the Institute**

**DATE: 7 July 2016**

**SUBJECT: Independent auditor's report on the Quantitative Reporting Templates ("QRTs") of Solvency II for the second and fourth quarter of the financial year**

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Further to the circular issued by the Superintendent of Insurance dated 29 June 2016, the Auditing Standards Committee of the Institute prepared and presents below the illustration of the **independent auditor's report regarding the examination of the relevant extracts from the Quantitative Reporting Templates ("QRT")**, contained in Annex I to Commission Implementing Regulation (EU) No 2015/2450 of 2 December 2015, for the second and fourth quarter of each financial year as listed below:

- S.02.01.02 – Balance sheet  
(Lines R0030 – R0260, R0350 – R0360 and R0380 – R0420)
- S02.01.02 – Balance sheet  
(Lines R0030 – R0260, R0350 – R0360 and R0380 – R0420) for Groups
- S.06.02.01 – List of assets
- S.06.02.04 – List of assets for Groups

The independent auditor's report is based on the **International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information"** issued by the International Auditing and Assurance Standards Board, with the purpose of obtaining reasonable assurance whether:

- the assets existed at the quarter end date, were owned by the Insurance/Reinsurance Undertaking and were valued, in all material respects, in accordance with the Insurance and Reinsurance Services and other Related Issues Law of 2016, the Commission Delegated Regulation (EU) 2015/35 and Solvency II Technical Standards and Guidelines of EIOPA,
- the above forms have been completed, in all material respects, in accordance with the instructions contained in Annex II and III to Commission Implementing Regulation (EU) No 2015/2450 of 2 December 2015.

It is noted that the first independent auditor's report will be provided for the quarter ended 30 June 2016.



## **ILLUSTRATION OF INDEPENDENT'S AUDITORS REPORT**

### **Independent auditor's report to the Board of Directors of [name of Insurance undertaking] for the quarter ended [date] pursuant to article 74(3) of the Insurance and Reinsurance Services and other Related Issues Law of 2016.**

Pursuant to our terms of engagement dated [ ], we have examined the extracts listed below (' the Forms') from the Solvency II Quantitative Reporting Templates ("QRT") contained in Annex I to Commission Implementing Regulation (EU) No 2015/2450 of 2 December 2015 prepared as at (quarter end date) on pages [x to x]:

- S.02.01.02 – Balance sheet  
(Lines R0030 – R0260, R0350 – R0360 and R0380 – R0420)
- S02.01.02 – Balance sheet  
(Lines R0030 – R0260, R0350 – R0360 and R0380 – R0420) for Groups
- S.06.02.01 – List of assets
- S.06.02.04 – List of assets for Groups<sup>(i)</sup>

The Forms are attached to this report and are initialed for identification purposes. The assets included in the Lines listed above, are collectively referred to for the remainder of this report as the 'Assets'.

#### ***Respective responsibilities***

The directors are responsible for preparing the Forms in accordance with the Insurance and Reinsurance Services and other Related Issues Law of 2016, the Commission Delegated Regulation (EU) 2015/35 and Solvency II Technical Standards and Guidelines (collectively "the Framework") and for the information contained therein, and for such internal control as the directors determine is necessary to enable the preparation of the Forms that are free from material misstatement, whether due to fraud or error.

Our responsibility is to express a conclusion whether the Assets existed as of (quarter end date), were owned by (Name of Insurance Undertaking) and were valued, in all material respects, in accordance with the Framework and whether the Forms have been completed, in all material respects, in accordance with the instructions contained in Annex[es]<sup>(i)</sup> II [and III]<sup>(i)</sup> to Commission Implementing Regulation (EU) No 2015/2450 of 2 December 2015 applicable to the Forms.

#### ***Scope of work performed***

We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board. This Standard requires that we plan and perform our work to obtain reasonable assurance whether the Assets existed as of (quarter end date), were owned by (Name of Insurance Undertaking) and were valued, in all material



respects, in accordance with the Framework, and whether the Forms have been completed, in all material respects, in accordance with the instructions contained in Annex[es]<sup>(i)</sup> II [and III]<sup>(i)</sup> to Commission Implementing Regulation (EU) No 2015/2450 of 2 December 2015 applicable to the Forms.

We have applied International Standard on Quality Control 1 and, accordingly maintained a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our procedures included:

- testing that the Assets:
  - existed as of (quarter end date),
  - were owned by (Name of Insurance Undertaking) and
  - were valued in accordance with the Framework, in all material respects;
- testing that the Forms have been completed, in all material respects, in accordance with the instructions contained in Annex[es]<sup>(i)</sup> II [and III]<sup>(i)</sup> to Commission Implementing Regulation (EU) No 2015/2450 of 2 December 2015 applicable to the Forms.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### ***Conclusion<sup>(ii)</sup>***

In our opinion, the Assets existed as of (quarter end date), were owned by (Name of Insurance Undertaking) and were valued, in all material respects, in accordance with the Framework, and the Forms prepared as at (quarter end date) have been completed, in all material respects, in accordance with the instruction contained in Annex[es]<sup>(i)</sup> II [and III]<sup>(i)</sup> to Commission Implementing Regulation (EU) No 2015/2450 of 2 December 2015, applicable to the Forms.

Our report is solely for the purpose as set out above and is not to be used for any other purpose or to be distributed to any other parties without our prior consent in writing. This report relates only to the Assets and the Forms and does not extend to any financial statements or other financial information of the Company.

**[name of audit firm]**  
**Certified Public Accountants and Registered Auditors**

Date



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(i) Include where the scope of the opinion covers group as well as solo returns.

(ii) This report is based on an unqualified conclusion. If the conclusion is to be qualified a 'basis for qualification' paragraph should be included as appropriate explaining the matter of the qualification and the Conclusion must be amended accordingly depending on the qualification.