

“Registered”
by the Ministry of Justice of the
Republic of Armenia
on March 24, 2011
State registration number 05011150

THE CENTRAL BANK OF ARMENIA
BOARD RESOLUTION
Number 40-N
March 1, 2011

**ON APPROVAL OF REGULATION 3/11 ON “THE CRITERIA, DEFINED FOR THE PERSON,
PROVIDING THE AUDIT SERVICES OF THE FINANCIAL AND ECONOMIC ACTIVITY OF INSURANCE
COMPANIES”¹**

Pursuant to part 1 of Article 37 of the Law of the Republic of Armenia “On insurance and insurance activities”, Article 16 of the Law of the Republic of Armenia “On legal acts”,

In conformity with the provisions of point “e” of Article 20 of the Law of the Republic of Armenia “On the Central Bank of the Republic of Armenia”, the Board of the Central Bank of the Republic of Armenia

d e c i d e s:

1. To approve Regulation 3/11 on “The criteria, defined for the person, providing the audit services of the financial and economic activity of insurance companies”, in accordance with the Appendix (attached).
2. Within 3 months after coming into force of this Resolution, the insurance companies should adopt the legal acts, enacted upon the entry into force of this Resolution, and within 15 working days after their adoption should submit them to the Central Bank of the Republic of Armenia.
3. This Resolution applies to the audit of the financial and economic activity of insurance companies of 2011 and hereafter.
4. This Resolution shall come into force on the tenth day after its official publication.

**Chairman of the Central Bank
of the Republic of Armenia**

Arthur Javadyan

March 4, 2011
Yerevan

¹ This Regulation includes the amendments and supplements and all other changes endorsed under the following Resolution of the Board of the Central Bank:
No. 164-N, dated 25.06.13

Appendix

Approved by the Resolution of the Board of
the Central Bank of the Republic of Armenia
No. 40-N as of March 1, 2011

REGULATION 3/11

THE CRITERIA, DEFINED FOR THE PERSON, PROVIDING THE AUDIT SERVICES OF THE FINANCIAL AND ECONOMIC ACTIVITY OF INSURANCE COMPANIES

CHAPTER 1 GENERAL PROVISIONS

1. This Regulation establishes the criteria, defined for the person, providing the audit services of financial and economic activity of insurance companies and branches of foreign insurance companies (hereinafter, insurance companies), operating within the territory of the Republic of Armenia.

2. The insurance companies, by their internal legal acts, define the procedures, detailing the criteria towards the election of the person, providing the audit services of their financial and economic activity, defined by Chapter 2 of this Regulation, and ensuring their practical application, the methodology of application of the criteria, the scope of audit, as well as other provisions, ensuring the fulfillment of the requirements of this Regulation. Insurance companies may define other criteria, not contradicting the criteria, defined in Chapter 2 of this Regulation.

3. For the meaning of this procedure, the concepts, used in this Regulation, have the following meanings:

- 1) “financial organization” – bank, insurance company, investment company, investment fund manager, credit organization,
- 2) “responsible auditor of the audit company” – the employee who signs the auditor opinion of the audit company,
- 3) “audit group” – a group of employees of the audit company, who are directly involved in conducting of audit of financial and economic activity of the insurance company.

CHAPTER 2 THE CRITERIA FOR THE ELECTION OF AUDIT COMPANIES

4. The insurance company elects the audit company, which meets the following minimum criteria:

- 1) At least 5 years of experience of conducting the audit of an insurance company or a bank. Moreover, this criterion does not apply to internationally recognized

audit companies (the companies, being the full member of one of the best 10 audit groups, included in the list, published on one of the following webpages: <http://www.accountancyage.com/static/top50-this-year>, <http://accountants.entrepreneur.com/>, <http://www.vault.com/wps/portal/usa/rankings/landing?rankingId=177®ionId=0>),

2) The responsible auditor of the audit company should have at least 3 years of work experience in auditing of financial organization and experience in auditing in at least 5 insurance companies or banks and shall have a document (certificate), confirming the fact that at least half of the stages of international accounting and (or) audit qualification (for example, ACCA, CPA, CISA) is completed,

3) At least half of the employees of the audit group should have at least 3 years of work experience in audit company and a document (certificate), confirming the fact that at least half of the stages of international accounting and (or) audit qualification (for example, ACCA, CPA, CISA) is completed, or should have a qualification of auditor, given by the Armenian Association of Accountants and Auditors or an authorized body of the Government of the Republic of Armenia,

4) An actuary with respective knowledge and respective qualification, involved in the audit group of the audit company, who should have at least 2 years of work experience in the actuarial area. Moreover, the qualification certificate, provided by the Central Bank of the Republic of Armenia, or the respective document, provided by the foreign organization and confirming the actuarial qualification (for example, CERA, FIA, FIAA, SAO, CAS), is considered to be a document, confirming the respective qualification of the actuary.

5) By the contract, signed with the insurance company, the audit company agrees to take part in trilateral meeting between the insurance company, the audit company and the Central Bank for discussion of the results of the external audit with the invitation of the Central Bank.

(Point 4 was edited by Decision No. 164-N, dated 25.06.13)

5. The same responsible auditor cannot conduct the audit of the financial and economic activity of the same insurance company, if he/she has continually conducted the audit of the financial and economic activity of that insurance company during the 3 financial years, preceding the given financial year.

(Appendix was edited by Decision No. 164-N, dated 25.06.13)