

26 July 2019

To: **Members of the Hong Kong Institute of CPAs**  
**All other interested parties**

## **INVITATION TO COMMENT ON EXPOSURE DRAFT PRACTICE NOTES**

### **ED Practice Note 620.2 (Revised) *Communication between auditors and the Insurance Authority***

### **ED Practice Note 810.1 (Revised) *Licensed Insurance Broker Companies – Compliance with the Insurance (Financial and Other Requirements for Licensed Insurance Broker Companies) Rules***

### **ED Practice Note 810.2 (Revised) *The Duties of the Auditor of an Insurer authorized under the Insurance Ordinance***

**Comments to be received by 29 August 2019**

The Hong Kong Institute of Certified Public Accountants' (Institute) Auditing and Assurance Standards Committee is seeking comments on the ED which has been posted on the Institute's website at:

<https://www.hkicpa.org.hk/en/Standards-and-regulation/Standards/Open-for-comment-documents/Auditing-and-Assurance>

Enacted in July 2015, the Insurance Companies Ordinance (Amendment) Ordinance 2015 ("Amendment Ordinance") provides for, among other things, the establishment of the Insurance Authority ("IA") to take over the regulation of insurance broker companies. This change and the corresponding provisions of the Insurance Ordinance ("Ordinance") will take effect on 23 September 2019 (the "new regulatory regime").

In April 2019, the IA issued the Consultation Conclusions on Draft Insurance (Financial and Other Requirements for Licensed Insurance Broker Companies) Rules ("Rules") under section 129 of the Ordinance to provide guidance to licensed insurance broker companies under the new regulatory regime. The Rules will replace the Guideline on Minimum Requirements for Insurance Brokers ("Minimum Requirements") which will cease to be effective on 23 September 2019.

The Rules can be found in the following link:

[https://www.ia.org.hk/en/infocenter/files/final\\_Broker\\_Rules\\_Conclusions\\_Eng.pdf](https://www.ia.org.hk/en/infocenter/files/final_Broker_Rules_Conclusions_Eng.pdf)

Practice Notes 620.2, 810.1 (Revised) and 810.2 (Revised) are revised to incorporate changes arising from the Amendment Ordinance and Rules relating to the licensed insurance broker companies. Other than changes to the section numbers of the Ordinance, please also note the following:

1. In Practice Note 620.2 (Revised), extant paragraph 52 is relocated as paragraph 54 and revised to reflect IA's expectation on communication by auditors on compliance matters of the authorized insurer or licensed insurance broker company.
2. Practice Note 810.1 (Revised) is renamed "Licensed Insurance Broker Companies – Compliance with the Insurance (Financial and Other Requirements for Licensed Insurance Broker Companies) Rules".



3. In Practice Note 810.1 (Revised),
- extant references to the Minimum Requirements are replaced by those of the Rules;
  - recommended audit procedures and examples of assurance reports in the Appendices are updated for reporting under the Rules; and
  - key revisions to the requirements as a result of the Amendment Ordinance and Rules are double underlined in respective parts of the PN for ease of reference.

To align with the effective date of the Amendment Ordinance, the revised PNs will be effective on 23 September 2019.

In order for readers to identify all the proposed changes, marked-up versions of the exposure drafts are provided. A clean version of ED Practice Note 810.1 (Revised) is also accompanied.

Comments on the proposed changes should be supported by specific reasoning and should be submitted in written form. To allow your comments on the exposure drafts to be considered, comments are requested by the due date shown above.

Comments may be sent by mail, fax or e-mail to:

Standard Setting Department  
Hong Kong Institute of Certified Public Accountants  
37/F., Wu Chung House  
213 Queen's Road East  
Hong Kong

Fax number (+852) 2865 6776  
E-mail: [commentletters@hki CPA.org.hk](mailto:commentletters@hki CPA.org.hk)

Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.

29 July 2019  
Exposure Draft

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Response Due Date  
29 August 2019

*Invitation to Comment  
on Exposure Draft Practice Notes*

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Hong Kong Institute of  
**Certified Public Accountants**  
香港會計師公會

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The Exposure Drafts can also be found on the Institute's website at:

<https://www.hkicpa.org.hk/en/Standards-and-regulation/Standards/Open-for-comment-documents/Auditing-and-Assurance>



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