

**TWELFTH SCHEDULE**  
**Regulation 36**  
**AUDITOR'S CERTIFICATE FOR BROKERS, CORPORATE AGENTS**

We have examined the books of \_\_\_\_\_  
(*broker, agent - delete where appropriate*)

for the period ended \_\_\_\_\_ (hereinafter referred to as the said date)  
and enclosed herewith is a copy of the audited accounts as at the said date.

We report and certify that, to the best of our knowledge and belief -

(a) the books have been kept properly;

(b) it is not the practice of the broker or agent, as the case may be, to debit clients with premiums without correspondingly crediting underwriters and insurance companies therewith;

(c) monies received from underwriters and insurance companies for claims and returns have been duly paid to, or settled in account with clients;

(d) at the said date -

(i) the total net realizable value of the broker's or agent's, permissible assets exceeded its net indebtedness to insurance creditors;

(ii) the total realizable value of the broker's or agent's, current assets exceeded its current liabilities;

(iii) the total net realisable value of the broker's or agent's assets exceeded its total liabilities by an amount not less than that specified in Regulation 35 (for capital and bonding of brokers/agents);

(iv) the errors and omissions and fidelity insurance policies conform to the requirements specified in Regulation 35 (for capital and bonding of brokers/agents).

(e) during the course of our audit we met with nothing to lead us to believe that the statements in paragraph (d) above would not be true if made in respect of any day in the period ended on the said date;

(f) that the funds received by \_\_\_\_\_  
(*name of broker or agent*)

from clients for onward transmission as premiums to insurers have been maintained at all times during the financial year separately from other funds of the said broker or agent as the case may be, and have not been hypothecated or utilised in any way directly or indirectly, other than for limited investments in short term deposits with commercial banks or for other investments approved in writing by the Commission.

\_\_\_\_\_  
*Signature of Auditor*

\_\_\_\_\_  
*Date*

## NOTES FOR THE AUDITOR -

The auditor shall act in conformity with the following and shall be guided accordingly -

1. No firm of accountants who keeps the books of a broker or of an agent, as the case may be, may conduct the audit of those accounts or issue the audited certificates required herein.
2. Where the auditor may not in every case be able to complete the required report and the certification he should submit a qualified report in a separate statement indicating as fully as possible his findings concerning the financial affairs of the broker or agent as the case may be, and the extent to which there are deficiencies in meeting the financial requirements.
3. Where the broker, or agent, as the case may be, is a subsidiary of another company or forms part of a larger association or group, the audited accounts of its ultimate holding company, or that larger association of group must also be submitted to the Commission.
4. If the end of a broker's or agent's, as the case may be, financial period is more than twelve months after the end of the previous period (or in the case of its first financial period, more than twelve months after it commenced business) audited accounts as required above are to be submitted to the Commission for a period ending not more than twelve months after the end of the previous financial year or the date it commenced business, as the case may be, unless the prior agreement of the Commission is obtained. Such audited accounts shall be submitted within ninety (90) days of the date to which the accounts are made up.
5. In determining the total net realisable value of the broker's or agent's assets, no account shall be taken of intangible assets such as goodwill or deferred expenses and no account shall be taken of premiums paid on insurance policies on the life of any director or senior officer or other employee or any cash surrender values relating to such policies or, any related party transaction unless specifically allowed in the legislation. In regard to furniture fixtures and equipment and motor vehicles, account shall only be taken of 50% of their value after depreciation.
6. National Housing Trust contributions shall be expenses and an appropriate note shall be made in the annual accounts indicating the contribution for the year of account and the accumulated contributions to the end of the year of account.

In this Schedule -

"current assets" shall not include -

- (a) any unquoted investment other than permissible assets;
- (b) any investment in, or loan to, any related company or partnership;
- (c) any other amount due from any related company or partnership other than balances which are permissible assets or current debts arising from normal insurance broking or agency activities, as the case may be, or any current debts which the auditor is satisfied can and will be received in cash within three months of the date when the debt becomes due and is not in substance a continuance of a previous debt or likely to be replaced by a debt which is, in substance, a continuance of the debt;

"current liabilities" includes all liabilities other than long-term liabilities. Contingent liabilities and capital expenditure authorized but not provided for shall be taken into account and, where appropriate, reasonable provision included therefor;

"long-term liabilities" means debentures and loans for an initial term of more than three years;

"net indebtedness to insurance creditors" means the difference between the aggregate of the amounts due to insurers and clients, and the aggregate of the amounts due from clients and insurers, after making proper provision for bad and doubtful debts and any allowances or other amounts properly deductible therefrom. Amounts due to insurers and clients and amounts due from clients and insurers shall only include debts arising from normal insurance activities of the broker, or from normal insurance activities of the agent, as the case may be;

"permissible assets" means assets which are readily realisable and fall into any of the following categories -

(a) monies or deposits or current accounts with any commercial bank licensed under the Banking Act including certificates of deposit from those banks or from any other bank approved by the Commission for the purpose;

(b) Treasury Bills issued by the Government of Jamaica or by a government specified in a notice published in the *Gazette* by the Commission or securities acceptable by the Commission as short-term and issued by a government specified in a notice published in the *Gazette* by the Commission;

(c) loans to and deposits with any local authority in Jamaica or in any country specified in a notice published in the *Gazette* by the Commission and deposits with any institution specified in a notice published in the *Gazette* by the Commission;

(d) fixed interest marketable securities which will mature for repayment within five years from the relevant date and are issued or guaranteed by the Government of Jamaica or any other Government or are issued in Jamaica or in any country by any public authority, or Government-owned organization or the International Bank of Reconstruction and Development, being securities that are physically located in Jamaica and are negotiable therein or in a country acceptable to the Commission;

(e) debts arising within twenty-one days, and settled within twenty-one days after the date to which the audited accounts are made up and arising from the sale redemption, conversion or realization of any asset set out in paragraph (d);

(f) deposits with a building society specified by the Commission in a notice published in the *Gazette*,

and no asset shall be regarded as readily realisable unless it is unencumbered, and can, within a period of not more than one month, be readily and easily converted into, or sold or realised for cash;

"related company" means in relation to any broker, or agent, any company which is the broker's or agent's fellow subsidiary or holding company or ultimate holding company; or a subsidiary (directly or indirectly) of any such holding company or ultimate holding company or of the broker, or agent, as the case may be; or an associated company of any group of companies of which the broker, or agent is a member and includes a related person, that is to say, where there are common directorates or common proprietorship connected back to individuals or the spouse or children of such individuals;

"related partnership" is a partnership which would fall into the definition of related company if such a partnership was a body corporate.