

United Arab Emirates
Ministry of Economy
Office of the Minister

Ministerial Resolution No. (111) of 2022 on Conditions of Insurance Against Professional Errors

The Minister of Economy,

After perusal of:

- Federal Law No. (1) of 1972 on the Competencies of Ministries and Powers of Ministers, and its amendments;
- Federal Law No. (12) of 2014 on the Regulation of the Auditing Profession and the Implementing Regulation thereof;
- Cabinet Resolution No. (68) of 2020) on the Organizational Structure of the Ministry of Economy;
- Cabinet Resolution No. (48) of 2022 on the Implementing Regulation of Federal Law No. (12) of 2014 on the Regulation of the Auditing Profession; and
- Based on the proposal of the Undersecretary,

Has resolved:

Article (1)

Definitions

In applying the provisions hereof, the following terms and expressions shall have the meanings assigned against each of them, unless the context requires otherwise.

Ministry	: The Ministry of Economy
Insurance Policy	: An insurance policy against professional errors issued by an insurer licensed in the State for auditors registered in the Auditors' registers.
Insurance Coverage	: The risks set out in the Insurance Policy and insured under the indemnity stated therein.
Annual Statement	: A statement submitted annually as of the date of registration by the auditor, showing the value of the revenues related to the activity of auditing accounts and the work related thereto, and which are included in the audited financial statements of the establishment at the end of the previous fiscal year.
Law	: Federal Law No. 12 of 2014 on the Regulation of the Auditing Profession

Implementing Regulation : Cabinet Resolution No. 48 of 2022 on the Implementing Regulation of Federal Law No. 12 of 2014 on the Regulation of the Auditing Profession

Article (2)

Insurance Policy Coverage

1. The auditor whose application was accepted to be registered in the Auditors' Registers shall provide an Insurance Policy.
2. The Insurance Policy shall be issued in the name of the auditor, by the juristic person, which the natural auditor works at.
3. Upon renewal of registration for the natural auditor who practice the profession, the auditor shall provide a letter issued by the office, company, or the foreign company`s branch proving that he works at such office, company or branch and still in office.
4. The Insurance Coverage shall cover the civil liability for professional errors, damages arising from practicing the profession, unintended mistakes, undeliberate omissions, including the liability arising from the auditors working at offices, companies, and foreign company`s branches, without mentioning their personal names.
5. The limit of Insurance Coverage provided for the first time to the newly registered local companies or branches of foreign companies shall be an amount of AED 1,000,000 per annum.
6. The limit of Insurance Coverage provided for the first time to the newly registered local offices (Sole Establishment) shall be an amount of AED 500,000 per annum.
7. At the end of the second year of registration, the conditions specified herein regarding Insurance Coverage are followed. However, Insurance Coverage shall be modified for the third year of the registration period if the value of the revenues shown in the Annual Statement submitted at the end of the second year exceeds the limits of Insurance Coverage of the Insurance Policy presented at the beginning of the registration according to the percentages specified herein.
8. According to the Annual Statement mentioned herein, the registered auditor in the Juristic Auditor Register shall comply with the Insurance Coverage according to the following schedule:

Total Annual Fees for Auditing Services (AED)	Percentage of Insurance Coverage Compared to the Annual Fees	Coverage Period
Up to 20,000,000	100%	One year
More than 20,000,000	120%	

9. In the event that the limits of the Insurance Coverage are lower than the assigned percentage of the total annual fees hereinabove, then the juristic auditor registration renewal shall not be accepted.
10. In the event of submitting a request for registration renewal for a period more than one year, the Insurance Coverage limits shall be equivalent to the value of revenues shown in the Annual Statement attached to the renewal documents. Further, in case an increase occur in the revenues shown in the Annual Statement for the next year, and such

increase is more than the Insurance Coverage of the Insurance Policy, the limits of the Insurance Coverage for the next year shall be modified.

11. For the intended purposes of the hereinabove provisions of this Article, the auditor registered in the Juristic Auditor Registers shall provide the Ministry with a copy of its Annual Statement.
12. Subject to the previous provision hereof, the mentioned Annual Statement shall be confidential according to the professional requirements and standards approved in this regard.

Article (3)

Insurance Coverage Validity Period

1. The auditor shall keep the insurance policy valid for the duration of the registration.
2. The auditor shall maintain the validity of the Insurance against Professional Errors Policy with the same previous Insurance Coverage for a period of five (5) years (the period of keeping records and documents stipulated by law) in any of the following cases:
 - a. Withdrawal of any of the auditors registered in the register of natural auditors practicing the profession who are working at the office, the company or branch of the foreign company.
 - b. The merger, dissolution or cessation of the company's business.
 - c. Suspension or cancellation of the registration of the company.
3. The obligations set out in the previous paragraph do not apply to an auditor who never had any clients.

Article (4)

General Provisions

1. Upon registration renewal, the auditor registered in the Auditors' Records for natural persons practicing the profession shall submit the Insurance Policy of the office, company, or branch of the foreign company through which he is practicing the profession, provided that such Insurance Policy is valid at the time of registration renewal.
2. The auditor registered in the Auditors' Register of juristic persons practicing the profession shall submit an Insurance Policy valid for the period of renewal of the required registration, to be attached to the documents of the registration renewal application.
3. No registration renewal application shall be accepted unless a valid Insurance Policy is attached therewith. The date of completion of the registration renewal application documents stipulated in the Implementing Regulation of the Law shall be the date of renewal application submission.

4. The registration of the auditor registered in the Auditor's Register of juristic persons practicing the profession shall be suspended if the renewed Insurance Policy is not submitted within thirty (30) days from the date of registration expiry.
5. The registration of all auditors registered in the Auditors' Register of natural persons practicing the profession working at an auditor registered in the register of juristic persons practicing the profession whose registration has been suspended shall be suspended.
6. In the event of providing any false information or incorrect data in the Annual Statement submitted by the auditor, all partners of the auditor registered in the Auditor's Register of juristic persons practicing the profession or representatives of the foreign company's branches shall be referred to the Disciplinary Board referred to in the Law, after conducting the necessary investigation by Auditing Department. Further, they shall be referred to the competent Public Prosecution, without prejudice to the legal responsibility of any other persons, or for any acts specified in other applicable laws.

Article (5)

Any provision in contrary to, or in conflict with the provisions hereof shall be repealed.

Article (6)

This Resolution shall be published in the Official Gazette and shall be come into force as of the date of its publication.

#Signed#

Abdulla bin Touq Al Marri

Minister of Economy

#Seal of Ministry of Economy#

Date: 13/09/2022