

Enter your search terms here



Advanced search

[Home](#) / [Journals](#) / [Managerial Auditing Journal](#) / [Volume 27 Issue 4](#) / Audit committee characteristics and loss reserve error

To read this content please select one of the options below:

Add to cart

32.00€ (excl. tax)
30 days to view and
download

Access through your institution



Access and purchase options ▾

Audit committee characteristics and loss reserve error

[Fang Sun, Xiangjing Wei, Yang Xu](#) ▾[Managerial Auditing Journal](#)

DOWNLOADS

ISSN: 0268-6902

Article publication date: 13 April 2012

International
StandardSerial
[Permissions](#)

Number.)



1593

Related articles

Abstract

Purpose

The purpose of this paper is to investigate two audit committee characteristics – independence and expertise of the audit committee – and the property-liability insurers' financial reporting quality, which is proxied by loss reserve error.

Design/methodology/approach

The authors' hypotheses are tested using multivariate analysis where the loss reserve error is the dependent variable, and audit committee independence, and four types of audit committee financial expertise (accounting, finance, supervisory, and insurance expertise) are the testing variables.

Findings

It is found that accounting, finance, and insurance financial expertise are associated with more accurate loss reserve estimate. In contrast, a supervisory financial expertise and an independence audit committee are not found to be associated with better loss reserve quality.

Research limitations/implications

The sample includes publicly-held property-liability insurers. Although the results from publicly-held insurers could provide a good laboratory for such investigation in all insurers, they might be limited due to different organization structures of public vs private insurers.

We are using cookies to give you the best experience on our website, but you are free to manage these at any time. To continue with our standard settings click "Accept". To find out more and manage your cookies, click "Manage cookies".

Accept

[Manage cookies](#)

even in highly regulated industry, such as property-casualty insurance.

Originality/value

The paper contributes to the extant literature by studying audit committee characteristics in the insurance industry. It also contributes to the extant literature on audit committee effectiveness by decomposing the financial expertise into four types of financial expertise (accounting, finance, supervisory, or insurance expertise) and investigates which (if any) of these four types of expertise really drives the improvement of loss reserve quality.

Keywords

- United States of America
- Audit committees
- Insurance companies
- Financial reporting
- Loss reserve error
- Audit financial expertise
- Audit accounting expertise
- Audit insurance expertise
- Property-liability insurer

Citation

Sun, F., Wei, X. and Xu, Y. (2012), "Audit committee characteristics and loss reserve error", [Managerial Auditing Journal](#), Vol. 27 No. 4, pp. 355-377.
<https://doi.org/10.1108/02686901211217978>

 [Download as .RIS](#)

Publisher: Emerald Group Publishing Limited
Copyright © 2012, Emerald Group Publishing Limited