

The Impact of Audit Committee's Characteristics on External Auditor's Opinion in the Jordanian Insurance companies

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ABSTRACT

The audit committee has a vital role influencing the external auditor's opinion in the insurance companies listed on Amman Stock Exchange (ASE). The sample is nine out of twenty four insurance companies. The main objective of the study is to explore and analyze the audit committee characteristics (independence of audit committee member, size, financial experience, number of meetings, and ownership of stocks, age and remuneration of audit committee member). The study employs content analyses of company's annual reports of these companies for the period 2011-2015 and Analyzed by using logistic regression. Moreover, various descriptive statistical analyses; correlation coefficient and stepwise regression have been conducted by SPSS. The study concludes that financial expertise of audit committee members, the stock ownership, remuneration, age and size of audit committee members found to have a significant impact on auditor's opinion, whilst , number of meetings and independency found to have no statistical significance on auditor's opinion. One of the recommendations is to estimate the remuneration on basis of qualification and experience in finance and accounting. Other studies could enlarge its scope in the Jordanian market to include other sectors such as banks,

industrial companies and hotels by entering additional variables such as the Audit Committee's written charter; and to assist the stakeholders in putting greater emphasis on audit committee.

Keywords: Audit committee, Auditor's opinion, and Insurance companies.