Office of Insurance Regulation

M E M O R A N D U M

DATE: January 12, 2011

TO: **Title Insurers** - Financial Statement Contact Person

FROM: Robin Westcott, Director
Property & Casualty Financial Oversight

SUBJECT: 2011 FILING REQUIREMENTS

This package is designed to assist Title insurers in preparing their filings with the Florida Office of Insurance Regulation (Office). Please be advised that this checklist is provided as a reference document only and is not intended to alter, amend, or replace statutory requirements.

This package has been designed to conform to the format adopted by the NAIC Standard Reporting Formats Working Group. The working group's objective is to move towards uniformity in the states' filing requirements checklists.

Filings shall be made utilizing the 2010 Annual Statement Instructions and Blanks and the 2011 Quarterly Statement Instructions and Blanks adopted by the National Association of Insurance Commissioners (NAIC).

All filings should be made electronically through the Regulatory Electronic Filing System (REFS) via the Industry Portal located at https://iportal.fldfs.com/ifile/default.asp. This checklist has been revised to reflect the electronic requirements.

Notable highlights from this year's package include:

- See the Notes and Instructions section for the proper filing of premium tax returns and checks for payment of filing fees and premium tax payments with the Florida Department of Revenue.

- **All insurers must file electonically with the NAIC. All foreign insurers who are commercially domiciled in Florida must file according to the Domestic Checklist column.** Refer to Note N for the definition of "commercially domiciled".

- For a quick summary of the filing changes, please refer to **Note N – Filings new, discontinued or modified materially since last year; however, please note that all changes are not included in this note.**

- Changes in Actuary now requires a letter from the actuary addressed to the insurer stating whether the actuary agrees with the statements contained in the insurers' letter, and if not, stating the reasons for which he does not agree. The insurer shall provide both of these letters to the Office.

- In addition to the jurat page, the Actuarial Opinion, Risk Based Capital Report and Reinsurance Attestation Supplement are also **required** to be signed, and scanned to an electronic document. All domestic insurers will be required to submit the scanned document as an uploaded document into REFS.

INSTRUCTIONS FOR FILING REQUIREMENTS: QUESTIONS & ANSWERS

1. **The checklist indicates that the deadlines for filing statements are March 1, May 15, August 15, and November 15. Do they have to be received by the Office on March 1, May 15, August 15, and November 15 or postmarked by these dates?**

> The REFS filings must be received by the Office no later than 5:00 PM on the applicable due date. Since the NAIC's electronic filing system requires overnight to process any filings, companies need to file the appropriate documents with the NAIC **at least** 1 business day prior to the Office's filing due date.

2. **If a filing requirement deadline falls on a weekend or holiday when is the filing due?**

> The deadline would be moved to the first business day following the original deadline.

3. **Will companies submitting statements late be fined?**

> **Yes**. Furthermore, failure to timely file statements is grounds for suspension of the company's Certificate of Authority.

4. **May I attach my check for the premium tax payments to my filing?**

> Remit premium tax payments directly to the **Florida Department of Revenue** in accordance with instructions provided in this guide. Since the filing is now electronic, do not provide any premium tax information or documentation with the filing.

5. **May I attach my check for the Annual or Quarterly Statement filing fee to my filing?**

> Remit Annual and Quarterly Statement filing fees directly to the **Florida Department of Revenue** in accordance with instructions provided in this guide. Since the filing is now electronic, do not provide any premium tax information or documentation with the filing.

6. **Do I need to attach a bar code to every filing submitted to the Office?**

> **N/A due to REFS.**

7. **Where do I obtain the NAIC supplementary forms?**

> Obtain these from the same supplier of your NAIC Annual Statement Blank. There are a number of independent companies that provide this service. Please refer to www.naic.org for further information.

8. **I have read the entire package but I still have questions regarding financial filings and/or solvency requirements (vs. rate/form or other). How can I reach the financial analyst in charge of my company?**

> To reach Property & Casualty Financial Oversight directly, dial (850) 413-3148. Support staff will guide you to the individual analyst assigned to your company. The analyst can then give you his/her direct dial number for future reference.

General Instructions For Companies to Use Checklist

Please Note: **This state's instructions for companies to file with the NAIC are included in this Checklist. The NAIC will not be sending their own checklist this year.**

Electronic filing is intended to include filing via the Internet or filing via diskette with the NAIC. Companies that file with the NAIC via the Internet are not required to submit diskettes to the NAIC. Companies are not required to file hard copy filings with the NAIC.

Column (1) (Checklist)

Companies may use the checklist to submit as guidance for filing requirements. Hardcopy checklists are not to be submitted to the Office nor are scanned copies expected to be submitted

Column (2) (Line #)

Line # refers to a standard filing number used for easy reference. This line number may change from year to year.

Column (3) (Required Filings)

Name of item or form to be filed.

The ***Annual Statement Electronic Filing*** includes the annual statement data and all supplements due March 1, per the *Annual Statement Instructions.* This includes all detail investment schedules and other supplements for which the *Annual Statement Instructions* exempt printed detail.

The ***March .PDF Filing*** is the .pdf file for the annual statement, detail for investment schedules and all supplements due March 1.

The ***Supplemental Electronic Filing*** includes all supplements due April 1, per the *Annual Statement Instructions.*

The ***Supplemental .PDF Filing*** is the .pdf file for all supplements due April 1.

The ***Quarterly Electronic Filing*** includes the quarterly statement data.

The ***Quarterly .PDF Filing*** is the .pdf for quarterly statement data.

The ***June .PDF Filing*** is the .pdf file for the Audited Financial Statements and Accountants Letter of Qualifications.

Column (4) (Number of Copies)

Indicates the number of copies that each foreign or domestic company is required to file for each type of form. The Blanks (E) Task Force modified the 1999 *Annual Statement Instructions* to waive paper filings of certain NAIC supplements and certain investment schedule detail,. if such investment schedule data is available to the states via the NAIC database. The checklists reflect this action taken by the Blanks (EX4) Task Force. XXX appears in the "Number of Copies" "Foreign" column for the appropriate schedules and exhibits. **Some states have chosen to waive printed quarterly and annual statements from their foreign insurers and to rely upon the NAIC database for these filings. This waiver could include supplemental annual statement filings. The XXX in this column might signify that the state has waived the paper filing of the annual statement and all supplements.**

The Office will be relying on the financial documents filed with the NAIC for all foreign and domestic insurers. The Jurat Page will be required to be signed, notarized and scanned to an electronic document. The scanned document will be required for all foreign and domestic insurers to provide the Jurat Page as an uploaded document into REFS.

Column (5) (Due Date)

Indicates the date on which the company must file the form with the Office

Column (6) (Form Source)

This column contains one of three words: "NAIC," "State," or "Company," If this column contains "NAIC," the company must obtain the forms from the appropriate vendor. If this column contains "State," the state will provide the forms with the filing instructions (generally, on its web site). If this column contains "Company," the company, or its representative (e.g., its CPA firm), is expected to provide the form based upon the appropriate state instructions or the NAIC *Annual Statement Instructions.*

Column (7) (Applicable Notes)

This column contains references to the Notes to the Instructions that apply to each item listed on the checklist. The company should carefully read these notes before submitting a filing.

TITLE COMPANIES

COMPANY NAME: _____ **NAIC Company Code:** _____

Contact: _____ **Telephone:** _____

REQUIRED FILINGS IN THE STATE OF: **FLORIDA** **Filings Made During the Year: 2011**

(1) Check-List	(2) Line #	(3) REQUIRED FILING FOR FLORIDA	(4) NUMBER OF COPIES* Domestic State	Domestic NAIC	Foreign State	(5) DUE DATE	(6) FORM SOURCE **	(7) APPLICABLE NOTES
		I. NAIC FINANCIAL STATEMENTS						
	1	Annual Statement (8 ½" x 14")	xxx	EO	xxx	3/1	NAIC	A-K
	1.1	Printed Investment Schedule detail (Pages E01-E25)	xxx	EO	xxx	3/1	NAIC	A-K
	2	Quarterly Financial Statement (8 ½" x 14")	xxx	EO	xxx	5/15, 8/15, 11/15	NAIC	A-K
		II. NAIC SUPPLEMENTS						
	11	Actuarial Opinion	REFS	EO	Xxx	3/1	Company	A-K, V
	12	Investment Risk Interrogatories	xxx	EO	xxx	4/1	NAIC	A-K
	13	Management Discussion & Analysis	xxx	EO	xxx	4/1	Company	A-K
	14	Schedule SIS	REFS	N/A	N/A	3/1	NAIC	A-K
	15	Supplemental Compensation Exhibit	REFS	N/A	N/A	3/1	NAIC	A-K
	16	Supplemental Schedule of Business Written By Agency	xxx	EO	N/A	4/1	NAIC	A-K
		III. ELECTRONIC FILING REQUIREMENTS						
	50	Annual Statement Electronic Filing	xxx	1	xxx	3/1	NAIC	DD
	51	March .PDF Filing	xxx	1	xxx	3/1	NAIC	DD
	52	Supplemental Electronic Filing	xxx	1	xxx	4/1	NAIC	DD
	53	Supplemental .PDF Filing	xxx	1	xxx	4/1	NAIC	DD
	54	Quarterly Electronic Filing	xxx	1	xxx	5/15, 8/15, 11/15	NAIC	DD
	55	Quarterly .PDF filing	xxx	1	xxx	5/15, 8/15, 11/15	NAIC	DD
	56	June .PDF Filing	xxx	1	xxx	6/1	NAIC	DD
		IV. AUDIT/INTERNAL CONTROL RELATED REPORTS						
	71	Accountants Letter of Qualifications	REFS	N/A	N/A	6/1	Company	A-K,AA
	72	Audited Financial Statements	xxx	EO	N/A	6/1	Company	A-K,Z
	73	Audited Financial Statements Exemption Affidavit	REFS	N/A	REFS	3/1	Company	A-K, W
	74	Communication of Internal Control Related Matters Noted in Audit	REFS	N/A	REFS	**8/1**	Company	A-K
	75	Independent CPA (change)	REFS	N/A	N/A	**12/3**	Company	A-K, X
	76	Management's Report of Internal Control Over Financial Reporting	REFS	N/A	REFS	8/1	Company	A-K
	77	Notification of Adverse Financial Condition	REFS	N/A	REFS	5 Days	Company	A-K,CC
	78	Report of Significant Deficiencies in Internal Controls	REFS	N/A	REFS	6/1	Company	A-K, BB
	79	Request for Exemption to File	REFS	N/A	REFS	3/1	Company	A-K, W
		V. STATE REQUIRED FILINGS						
	101	Filings Checklist (with Column 1 completed)	N/A	N/A	N/A	N/A	State	A-K, U
	102	State Filing Fees	1	N/A	1	3/1, 4/15, 6/15, 10/15	State/DOR	C
	103	Signed Jurat Page	REFS	N/A	REFS	3/1, 5/15, 8/15, 11/15	State	A-L
	104	Certificate of Compliance	xxx	N/A	REFS	3/1	State	A-K, O
	105	Certificate of Deposit	xxx	N/A	REFS	3/1	State	A-K, P
	106	Premium Tax	1	N/A	1	See Notes	State/DOR	D
	107	Insurance Office Financial Examination Report	xxx	N/A	REFS	When Public Document	State of Dom	A-K, Q
	108	Ofc of Ins Reg Service of Process Consent & Agrmnt	1	N/A	1	Keep Current	State	A-K, R
	109	Reinsurance Summary Statement	REFS	N/A	xxx	See Notes	State	A-K, S
	110	Holding Company Registration Statement	REFS	N/A	xxx	3/1, and Keep Current	State	A-K, T
	111	Certificate of Authority Annual License Tax	1	N/A	1	5/30	State	A-K, EE
	112	Statement of Actuarial Opinion	REFS	N/A	xxx	03/01	Company	A-N, V

*If XXX appears in this column, this state does not require this filing to be submitted directly from the company, if the data is filed electronically with the NAIC. If N/A appears in this column, the filing is required with the domiciliary state. If REFS appears, the filing must be completed using the Regulatory Electronic Filing System. **If Form Source is NAIC, the form should be obtained from the appropriate vendor.

	NOTES AND INSTRUCTIONS (A-K APPLY TO ALL FILINGS)
A	**Required Filings Contact Person:** All Companies: Helen Westberry – E-Mail: Helen.Westberry@floir.com or Phone: (850) 413-5212 David Altimaier – E-Mail: David.Altmaier@floir.com or Phone: (850) 413-3849 Robert Ridenour – E-Mail: Robert.Ridenour@floir.com or Phone: (850) 413-5227 Carolyn Morgan – E-Mail: Carolyn.Morgan@floir.com or Phone: (850) 413-5233 Sandra Dupont – E-Mail: Sandra.Dupont@floir.com or Phone: (850) 413 2404 Jennifer Owings – E-Mail: Jennifer.owings@floir.com or Phone: (850) 413-5213 Please note the Florida Statutes or Florida Administrative Codes listed in these instructions may be accessed at http://www.floir.com.
B	**Mailing Address:** No longer applicable to financial filings. **NOTE:** Financial filings are to be submitted using the Regulatory Electronic Filing System (REFS) located on the Office's Industry Portal at https://iportal.fldfs.com/ifile/default.asp. Please refer to the REFS tutorial and user guide posted on the Office's website at http://www.floir.com/REFS/index.aspx.
C	**Filing Fees**, **Sections 624.424(4) and 624.501(4)(a), Florida Statutes:** The $250 Annual and Quarterly Statement filing fees **should NOT** be submitted to the Office. Fees are to be paid only by insurers who hold a Certificate of Authority. (See Note below.) Annual and Quarterly Statement filing fees should be remitted to the **Florida Department of Revenue (DOR)** with the annual and quarterly premium taxes on Forms DR-908 (annual) and DR-907 (quarterly) in accordance with instructions provided for those forms. To obtain copies of the forms, or for assistance in completing the forms, **insurers should contact the DOR directly** at: In Florida (800) 352-3671 Outside of Florida (850) 488-6400 http://www.myflorida.com/dor/forms/ **NOTE: Surplus Lines** companies, **Risk Retention Groups** and **Accredited Reinsurers** are exempt from this filing of fees. For any questions concerning these entities, please contact contact Steve Szypula at (850) 413-3825 or E-Mail at Steve.Szypula@floir.com..
D	**Premium Tax Payments, Section 624.509, Florida Statutes:** Do **NOT** mail checks for premium taxes to the Office. Payments should be **remitted directly to the DOR** on Forms DR-907 (quarterly) and DR-908 (annual) in accordance with instructions provided for those forms. To obtain copies of the forms or for assistance in completing the forms**, insurers should contact the DOR directly at:** In Florida (800) 352-3671 Outside of Florida (850) 488-6400 **www.myflorida.com/dor/forms/** Mailing address: **Florida Department of Revenue, 5050 West Tennessee Street, Tallahassee, FL 32399-0100** **Any delays in receipt by the Department of Revenue may result in penalties and interest being assessed by the Department of Revenue.**
E	**Delivery Instructions, Rule 69O-137.001(1)(c), Florida Administrative Code:** No longer applicable.
F	**Late Filings, Sections 624.4211 and 624.424(5), Florida Statutes:** Companies will be fined $1000 plus $50 per day for late filings. The company's license may be suspended if filings are not received timely. **Due to the processing time required by the NAIC for all electronically filed financial data, companies should submit their information to the NAIC at least one (1) business day prior to the filing due date.**

G	**Original Signatures:** For both quarterly and annual statement filings, the Jurat Page will be required to be signed, notarized and scanned to an electronic document. **All foreign and domestic insurers will be required to submit the Jurat Page as an uploaded document into REFS.** See Note H below for additional information and guidance.
H	**Signature/Notarization/Certification**: Any required filings must have the original notarized signature of the chief executive office, regardless of title, and at least one of the following executive officers: president, chief financial officer, chief operating officer, corporate secretary, or treasurer. The original documents are required to be submitted as scanned documents via REFS. **Special Instructions for other filings:** OIR-DO-1433 Reinsurance Summary Statement — Must be signed original and notarized OIR-DO-1431 Audited Financial Statements Exemption Affidavit — Must be signed original and notarized OIR-C1-1524 Uniform Consent to Service of Process(see Note "R") — Must be signed original and sealed OIR-DO-516 Holding Company System Registration Statement — Must be signed original, sealed & notarized OIR-A1-1229 Premium Growth Reporting Form — Must be signed original
I	**Amended Filings:** Insurers must file amended items within 10 days of their amendment, along with an explanation of the amendments. If there are signature requirements for the original filing, those requirements should also be followed for any amendment. See the NAIC Annual Statement Instructions for guidance on amended filings. **Amended financial statements are to be submitted only to the NAIC. The Office will be relying on the NAIC to receive these amendments.**
J	**Exceptions from normal filings:** NONE
K	**Bar Codes (State or NAIC)** No longer applicable due to REFS.
L	**Signed Jurat Page Filing for Foreigns:** Refer to Notes G and H above for guidance and information.
M	**NONE Filings:** See NAIC Annual Statement Instructions regarding the filing of NONE or N/A forms.
N	**Filings new, discontinued or modified materially since last year:** • **Section 624.075, Florida Statutes, defines a commercially domiciled insurer** as: **e**very foreign or alien insurer which is authorized to do business in this state and which, during its 3 preceding fiscal years taken together, or during any lesser period of time if it has been licensed to transact its business in this state only for the lesser period of time, has written an average of 25 percent or more direct premiums in this state than it has written in its state of domicile during the same period, and the direct premiums written constitute more than 55 percent of its total direct premiums written everywhere in the United States during its 3 preceding fiscal years taken together, or during any lesser period of time if it has been authorized to transact its business in this state only for the lesser period of time, as reported in its most recent applicable annual or quarterly statements, shall be deemed a "commercially domiciled insurer" within this state. • Foreign insurers who **ARE NOT** commercially domiciled in Florida and electronically file the line items in Section I and II of the Required Filings Checklist with the NAIC, are no longer required to file any of these filings directly with the Office. In lieu of this, a signed Jurat Page with original signatures is to be submitted via REFS at the appointed filing due dates.

	• Foreign insurers who **ARE NOT** commercially domiciled in Florida do not have to file the following line items in Section IV and V of the Required Filings Checklist with the Office unless specifically requested:
	  o Line 51 – Accountants Letter of Qualifications
	  o Line 54 – Independent CPA
	  o Line 110 – Reinsurance Summary Statement
	  o Line 111 – Holding Company Registration Statement
	• Foreign insurers who **ARE COMMERCIALLY DOMICILED IN FLORIDA** must file according to the 'domestic' state column (4) of the Required Filings Checklist.
	• Foreign insurers **do not** have to request approval from Florida in order to file Consolidated Audited Financial Statements.
	
	• In addition to the jurat page, the Actuarial Opinion is also required to be signed, and scanned to an electronic document. All domestic insurers will be required to submit the scanned document as an uploaded document into REFS.

O	**Certificate of Compliance (Electronic Copy ONLY):** Each foreign and commercially domiciled insurer shall file with the Annual Statement a Certificate of Compliance issued by the public official having supervision of insurance in the insurer's state of domicile. It shall certify that the company is duly organized and authorized to transact insurance, as well as the kinds of insurance it is authorized to transact. **The original Certificate of Compliance should be scanned into an electronic document to be provided to the Office via REFS.** **All domestic insurers are exempt from this requirement.**
P	**Certificate of Deposit, Section 624.424(3), Florida Statutes (Electronic Copy ONLY):** Each foreign and commercially domiciled insurer shall file with the Annual Statement a Certificate of Deposit issued by the official having supervision of insurance in the insurer's state of domicile. It shall certify the amount and the composition of the deposit maintained by the insurer in another state. The certificate must be an original and sealed by the insurer's state of domicile. **The original Certificate of Deposit should be scanned into an electronic document to be provided to the Office via REFS.** **All domestic insurers are exempt from this requirement.**
Q	**Insurance Office Examination Reports (Electronic Copy ONLY):** A copy of the examination report issued by the state of domicile is required to be filed with the Office as soon as it is filed as a public document. If hardcopy, this document should be converted to an electronic document. If electronic, please submit a copy of the examination report to the Office using REFS. This note applies to all foreign and commercially domiciled insurers. **All domestic insurers are exempt from this requirement.**
R	**Uniform Consent to Service of Process, Section 624.422(2), Florida Statutes:** All insurers shall keep current with the Department of Financial Services the designation of the name and address of the person to whom process against it, served upon the Chief Financial Officer, is to be forwarded. The insurer may change the designation at any time by submitting a revised form to the Service of Process Section. **Contact Pam Edenfield with any questions at (850) 413-4102 or e-mail her at:** pam.edenfield@myfloridacfo.com**.** Mailing address: **Florida Department of Financial Services, Service of Process Section, 200 E Gaines St, Tallahassee, FL 32399**
S	**Reinsurance Summary Statement, Section 624.610, Florida Statutes:** **Any domestic or commercially domiciled insurer** ceding directly written risks of loss under Section 624.610, Florida Statutes, shall file with the Office one copy of a summary statement containing the information about each treaty required by Section 624.610 (11)(a)1-10, Florida Statutes. It shall be filed within 30 days of receipt of a summary statement or cover note, or in no event no later than 6 months after the effective date of the reinsurance treaty. Either the Chief Executive Officer or the Chief Financial Officer of the insurer shall sign and attest to the summary statement. The form is OIR-D0-1433 located at http://www.floir.com/pc/is_pc_WebExhibits.aspx. **The Reinsurance Summary Statement should be properly completed and provided to the Office using REFS.** In addition to the summary statement, the Office may require the filing of any supporting information relating to the ceding of such risks as deemed necessary.

	If the summary statement prepared by the ceding insurer discloses that the net effect of a reinsurance treaty or treaties (or series of treaties with one or more affiliated reinsurers entered into for the purpose of avoiding the following threshold amount) at any time results in an increase of more than 25 percent to the insurer's surplus as to policyholders, then the insurer shall certify in writing to the Office that the relevant reinsurance treaty or treaties complies with the accounting requirements promulgated by the Office pursuant to Section 624.610, Florida Statutes. The certificate shall also state that a copy of the certificate was sent to the reinsurer under the reinsurance treaty. If such certificate is filed after the summary statement of such reinsurance treaty or treaties, the insurer shall refile the summary statement with the certificate. A copy of the summary statement and the certification shall be mailed or delivered to each reinsurer assuming any part of the risk that is transferred. This subsection does not apply to contracts of facultative reinsurance or any ceding insurer with surplus as to policyholders that exceeds $100 million as of the immediately preceding December 31. Additionally, any ceding insurer otherwise subject to this section with less than $500,000 in direct premiums written in this state during the preceding calendar year or with less than 1,000 policyholders at the end of the preceding calendar year is exempt from the requirements of this subsection. However, any ceding insurer otherwise subject to this section with more than $250,000 in direct premiums written in this state during the preceding calendar quarter is not exempt from the requirement of this subsection.
T	**Insurance Holding Company Registration and Regulation:** **Each domestic or commercially domiciled insurer** holding a Certificate of Authority in this state which is a member of an insurance holding company system shall be subject to regulation with respect to its relationship to such holding company system as provided by rule or statute, except foreign insurers domiciled in states accredited by the NAIC. **Domestic and Commercially Domiciled insurers are required to file** a current Holding Company System Registration Statement, Form OIR-D0-516, with the Annual Statement by March 1 each year. The Holding Company System Registration Statement should be kept current with the info required to be disclosed per Rule 69O-143, Florida Administrative Code, on Form OIR-D0-516 within fifteen days after the end of the month in which it learns of each such change or addition. **Please review Rule 69O-143, Florida Administrative Code, for complete definitions and requirements.** Form OIR-D0-516 is located at http://www.floir.com/pc/is_pc_WebExhibits.aspx. **The Holding Company System Registration Statement should be properly completed and provided to the Office using REFS.** **This does not apply to foreign insurers unless they are commercially domiciled in Florida.**
U	**Filings Checklist Instructions:** No longer applicable to REFS.
V	**Statement of Actuarial Opinion, Section 624.424(1)(b), Florida Statutes:** **The Statement of Actuarial Opinion is to be submitted through REFS as an uploaded document.** **FILING OF OPINION:** There is to be included or attached to Page 1 of the Annual Statement, the statement of a qualified actuary, entitled "Statement of Actuarial Opinion," setting forth his or her opinion relating to loss and loss adjustment expense reserves. **OPINION CONTENT AND FORMAT:** The "Statement of Actuarial Opinion" shall be in the format of the Actuarial Opinion requirements in the NAIC Annual Statement Instructions. However, note the following exceptions and additions: 1. The appointed actuary must send a copy of the most recent actuarial opinion and actuarial report either via mail or in person to the company by April 15 of each year on the items within the scope of the actuarial opinion along with a letter that states that the actuary is available to answer any questions the company or Board of Directors may have concerning the actuarial report or opinion and is available to clarify or explain any conclusions, findings, or recommendations the actuary may have with respect to the actuarial opinion or report at the company's or the Board's request. The company must give a copy of the actuarial opinion and the actuarial report to every Board member by April 15. If the Board or the company so requests, the actuary must make himself available either in person or via conference call at the Board's discretion by July 1 of each year. 2. A qualified actuary is defined solely by section 1A of the NAIC Annual Statement Instruction for Actuarial Opinion. 3. Florida Statutes only allow the discounting of Workers Compensation Tabular Reserves. See Section 625.091, Florida Statutes, and Rule 69O-170.030, Florida Administrative Code. 4. The required submission of the actuarial opinion or opinions signed by the principal actuary or actuaries responsible for the reserve work should be supported by an actuarial report(s), which address the adequacy of all the company's reported loss and

LAE reserves net of reinsurance. "Back-up work papers not contained in the actuarial report(s)" might include more detailed actuarial analysis than is in the report or additional observations from the actuary not in the report.

A. Reserves reported as indicated from underwriting pools and associations may be accepted without further analysis. Companies that are part of an inter-company pooling arrangement must submit opinions and supporting reports on the entire pool. The Statement of Opinion must address the adequacy of direct and assumed and net loss and loss adjustment expense reserves as contained in Schedule P of the Annual Statement.

B. The actuarial reserve report required to support the statement of opinion shall contain an exhibit which displays the minimum recommended total net loss and loss adjustment expense reserves of the actuary, as stated above. The insurer's reported reserves as shown on Page 3 of the applicable statutory annual statement should be no less than the actuary's minimum recommended total net loss and loss adjustment expense reserves exhibited in the actuarial report.

C. The opining actuary should provide an adequate explanation of any material reconciliation differences between the source data used and Schedule P, Parts 3A-3R, Parts 2A-2R minus 4A-4R, 5A-5R, and 6C-6O, 6R. Documentation of the reconciliation should be included in the actuarial report as required by the Actuarial Opinion requirements in the NAIC Annual Statement Instructions.

CHANGE IN ACTUARY: As outlined in Rule 69O-138.043(2)(c)(d), Florida Administrative Code, the company shall give the Office written notice in the event the actuary ceases to be appointed or retained as an appointed actuary or no longer meet the requirements set forth in Rule 69O-138.043(2)(b), Florida Administrative Code. Notice must be prior to or concurrent with the termination of the actuary's appointment or retention, or upon discovery that the actuary no longer meets the requirements set forth in Rule 69O-138.043(2)(b), Florida Administrative Code. If any person appointed or retained as an appointed actuary replaces a previously appointed actuary, the notice shall so state and give the reasons for replacement. The notice shall be submitted to the Office using REFS.

The insurer shall also request, in writing, that the former actuary furnish a letter addressed to the insurer stating whether the actuary agrees with the statements contained in the insurers' letter, and if not, stating the reasons for which he does not agree. The insurer shall provide both of these letters to the Office.

REQUEST FOR EXTENSION: As outlined in Rule 69O-138.043(1)(b), Florida Administrative Code, upon written request by the company, the Office will, for good cause, grant an extension of the date for submission of the statement of actuarial opinion. Good cause includes the occurrence of an event or circumstance beyond the control of the company, which prevents compliance and could not be reasonably remedied or foreseen by the company. **The request for extension shall be submitted to the Office using REFS.**

REQUEST FOR EXEMPTION: In accordance with the NAIC Annual Statement Instructions, an insurer who intends to file for one of the exemptions listed must submit a letter of intent to the Office no later than December 1 of the calendar year for which the exemption is to be claimed. **The request for exemption shall be submitted to the Office using REFS.**

W

Audited Financial Statement Exemption Filings, Rule 69O-137.002, Florida Administrative Code:

Only domestic and commercially domiciled insurers holding a Certificate of Authority are required to file. Entities that do not have a Certificate of Authority, such as accredited reinsurers, eligible surplus lines insurers, or risk retention groups, are requested to file.

AUDITED FINANCIAL STATEMENTS EXEMPTION AFFIDAVIT (BUSINESS WRITTEN EXEMPTION)

Insurers having direct premiums written in this state of less than $1,000,000 in any calendar year AND fewer than 1,000 policyholders or certificate holders of directly written policies nationwide at the end of the calendar year shall be exempt from this filing for that year (unless Office makes a specific finding that compliance is necessary for the Office to carry out statutory responsibilities), except that insurers having assumed premiums pursuant to contracts and/or treaties of reinsurance of $1,000,000 or more will not be so exempt.

Any insurer subject to an exemption must submit by March 1, following the year to which the exemption applies, an affidavit sworn to by a responsible officer of the insurer specifying the amount of direct premiums written in this state and number of policyholders or certificate holders.

The Exemption Affidavit is Form OIR-D0-1431, which is located at http://www.floir.com/pc/is_pc_WebExhibits.aspx.

The Audited Financial Statement Exemption Affidavit shall be submitted to the Office using REFS.

REQUEST FOR EXEMPTION TO FILE (FINANCIAL HARDSHIP EXEMPTION)

Upon written request of any insurer, the Office may grant an exemption from compliance with Rule 69O-137.002, Florida

	Administrative Code. If the Office finds, upon review of this request, that the insurer is under an order of receivership, conservatorship, rehabilitation, or is in another delinquency proceeding by the public insurance supervising official of any state, and/or the insurer has been granted an exemption from filing an annual audited financial report by its state of domicile. An exemption may be granted for one year only. Within ten (10) days from a denial of an insurer's written request for an exempt from this rule, the insurer may request in writing a hearing on its application for an exemption. The hearing shall be held in accordance with Section 120.57, Florida Statutes, and the Office's rules on administrative proceedings. **The Request for Exemption shall be submitted to the Office using REFS.**
X	**Designation of Independent Certified Public Accountant, Rule 69O-137.002, Florida Administrative Code:** <u>ENGAGEMENT LETTER</u> **Each domestic or commercially domiciled insurer** is required to file an annual Audited Financial Report must register with the Office the name and address of the independent Certified Public Accountant or accounting firm retained to conduct the annual audit. Registration must be made in writing by December 31 of the year subject to audit. The insurer shall obtain, and file with the Office, a letter from the accountant stating the following: 1) the accountant is aware of the provisions of the Insurance Code and the Rules and Regulations of the Insurance Office of the state of domicile that relate to accounting and financial matters; 2) the accountant will express his/her opinion on the financial statements in terms of conformity to the statutory accounting practices prescribed or otherwise permitted by the state of domicile; and 3) the accountant will specify exceptions as he/she may believe appropriate. The engagement letter is to be submitted to the Office using REFS. <u>SEVEN YEAR ENGAGEMENT MAXIMUM</u> A partner or other person responsible for rendering a statement may not act in that capacity for more than seven (7) consecutive years. Following any period of service that person shall be disqualified from acting in that or a similar capacity for the same company or its insurance subsidiaries or affiliates for a period of two (2) years. Please refer to Rule 69O-137.002, Florida Administrative Code, for guidance regarding potential relief from this requirement. <u>WRITTEN NOTIFICATION OF CPA DISMISSAL/RESIGNATION</u> If an accountant who was the accountant for the immediately preceding filed Audited Financial Statement is dismissed or resigns, the insurer shall within five (5) business days notify the Office of this event. The insurer shall also furnish the Office with a separate letter within ten (10) business days of the above notification stating whether in the twenty-four (24) months preceding that event there were: 1. any disagreements (resolved or otherwise) with the former accountant on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure; 2. which disagreements, if not resolved to the satisfaction of the former accountant, would have caused him to make reference to the subject matter of the disagreement in connection with his opinion. Disagreements contemplated herein are those that occur at the decision-making level. The insurer shall also request, in writing, that the former accountant furnish a letter addressed to the insurer stating whether the accountant agrees with the statements contained in the insurers' letter, and if not, stating the reasons for which he does not agree. The insurer shall provide both of these letters to the Office. **The notification of dismissal/resignation and associated documents are to be submitted to the Office using REFS.**
Y	**Consolidated or Combined Audited Financial Statements, Rule 69O-137.002, Florida Administrative Code (Electronic Copy ONLY):** For clarification purposes, the Audited Financial Statement is referred to as the Audited Financial Report within the Florida Statutes and Florida Administrative Code. **A domestic or commercially domiciled insurer** may make a written request to the Office for approval to file consolidated or combined Audited Financial Statements in lieu of individual annual Audited Financial Statements. Requests to file on a consolidated basis must be filed (received) by December 31 for the year consolidation is requested. The Office may accept and grant consolidation requests after the end of such calendar year subject to the imposition of an administrative fine pursuant to Section 624.4211(2), Florida Statutes.

However, said request must be received by the Office before March 1.

The request to file on a consolidated basis should be submitted to the Office using REFS.

Approval will only be granted if the insurer is part of a group of insurance companies which utilizes a pooling or one hundred percent reinsurance agreement that affects the solvency and integrity of the insurer's reserves. In addition, applicant insurers must cede all direct and assumed business to the pool.

In such cases, a columnar consolidating or combining worksheet shall be filed with the report, as follows:

A. Amounts shown on the consolidated or combined Audited Financial Report shall be shown on the worksheet.
B. Amounts for each insurer subject to this section shall be stated separately.
C. Non-insurance operations may be shown on the worksheet on a combined or individual basis.
D. Explanations of consolidating and eliminating entries shall be included.
E. Differences between amounts shown in the individual insurer columns of the worksheet and comparable amounts shown on the Annual Statements of the insurers must be reconciled.

A COMPLETE STATEMENT (INCLUDING ITEMS A-E ABOVE) MUST BE FILED FOR EACH DOMESTIC OR COMMERICALLY DOMICILED INSURER IN THE GROUP.

Z

Audited Financial Statement, Rule 69O-137.002, Florida Administrative Code (Electronic Copy ONLY):

The Audited Financial Statement for a **domestic or commercially domiciled insurer** must be filed with the Office on or before June 1 for the preceding year ending December 31. However, the Office may require an insurer to file an Audited Financial Statement earlier than June 1 upon 90 days advance notice to the insurer.

The annual Audited Financial Statement shall report the financial position of the insurer as of the end of the most recent calendar year and the results of its operations, cash flows, and changes in capital and surplus for the year then ended in conformity with statutory accounting practices prescribed, or otherwise permitted, by the state of domicile. The annual Audited Financial Statement shall include the following:

1. Report of Independent Certified Public Accountant.
2. Balance Sheet reporting admitted assets, liabilities, capital and surplus.
3. Statement of Operations.
4. Statement of Cash Flows.
5. Statement of Changes in Capital and Surplus.
6. Notes to Financial Statements. These Notes shall be those required by the appropriate NAIC Annual Statement Instructions and any other notes required by Generally Accepted Accounting Principles and shall also include:
   a. A reconciliation of differences, if any, between the Audited Financial Statement and the Annual Statement filed pursuant to Section 624.424(1), Florida Statutes, with a written description of the nature of these differences.
   b. A summary of ownership and relationships of the insurer and all affiliated companies.
7. The financial statements included in the Audited Financial Statement shall be prepared in a form and using language and groupings substantially the same as the relevant sections of the Annual Statement filed by the insurer. The financial statements shall be comparative, presenting the amounts as of December 31 of the current year and the amounts as of the immediately preceding December 31.

The Office will rely upon the electronic version of the audited financial statement filed with the NAIC. The company will be expected to return to REFS to submit the retrieved document.

AA

Accountant's Letter of Qualifications, Rule 69O-137.002, Florida Administrative Code (Electronic Copy ONLY):

The accountant shall furnish a letter to the insurer for filing with the annual Audited Financial Statement. The letter shall state:

1. That the accountant is independent with respect to the insurer and conforms to the standards of his or her profession.
2. The background and experience in general, and the experience in audits of insurers, of the staff assigned to the engagement and whether each is an independent Certified Public Accountant.
3. That the accountant understands the annual Audited Financial Statement, and his opinion thereon will be filed in compliance with this rule, and that the Office will be relying on this information in the monitoring and regulation of the financial position of insurers.
4. That the accountant consents to the requirements of subsection (13) of Rule 69O-137.002, Florida Administrative Code, "Definition, Availability, and Maintenance of CPA Work papers", and that the accountant consents and agrees to make the work papers as defined in subsection (13) of Rule 69O-137.002, Florida Administrative Code, available for review by the Office.
5. A representation that the accountant is properly licensed by an appropriate state licensing authority.

	6. A representation that the accountant is in compliance with the requirements of subsection (7) of Rule 69O-137.002, Florida Administrative Code, "Qualifications of Independent Certified Public Accountant". **The Accountant's Letter of Qualifications should be submitted to the Office using REFS.**
BB	**Report of Significant Deficiencies in Internal Control, Rule 69O-137.002, Florida Administrative Code (Electronic Copy ONLY):** **Each domestic or commercially domiciled insurer** shall furnish the Office with a written report prepared by the accountant describing significant deficiencies in the insurer's internal control structure noted during the audit. The report on internal control systems of the insurer shall be filed with the annual Audited Financial Statement. The insurer is required to provide a description of remedial actions taken or proposed to correct significant deficiencies, if said actions are not described in the accountant's report. If no deficiencies are reported by the Certified Public Accountant, the company may be exempt from filing a report after providing adequate evidence of this condition. **Each foreign insurer, other than those commercially domiciled, with a reportable condition should file this report.** This report should be filed electronically with the Office using REFS.
CC	**Notification of Adverse Financial Condition, Rule 69O-137.002, Florida Administrative Code (Electronic Copy ONLY):** **All insurers** shall require the independent Certified Public Accountant (accountant) to report, in writing, within five (5) business days to the board of directors or its audit committee any determination by the accountant that the insurer has materially misstated its financial condition as reported to the Office as of the balance sheet date currently under examination, or that the insurer does not meet the minimum capital and surplus requirement as outlined in Florida Statutes. An insurer who has received such a report shall forward a copy to the Office within five (5) business days of receipt and provide the accountant with evidence of the report being furnished to the Office. If the accountant fails to receive the evidence within the required five (5) business days, the accountant shall furnish to the Office a copy of its report within the next five (5) business days. If the accountant, subsequent to the date of the Audited Financial Statement filed pursuant to Rule 69O-137.002 Florida Administrative Code, becomes aware of facts that might have affected his report, the accountant shall report those facts to the Office and the insurer within ten (10) days of discovery. **The Notification of Adverse Financial Condition shall be submitted, with all necessary supporting documentation, to the Office using REFS.**
DD	**Diskette Filing Requirement, Rule 69O-137.001, Florida Administrative Code:** **Annual and Quarterly Statement (individual or combined) filing diskettes ARE NOT to be sent to the Office.** Each insurer shall submit **to the NAIC** the information on the annual and quarterly statements in computer readable form using the diskette medium. Annual and quarterly statements in diskette form shall be sent to: **NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS** 2301 McGee Street, Suite 800 KANSAS CITY, MISSOURI 64108-2604 Phone: (816) 842-3600 Facsimile: (816) 471-7004 **NOTE: NAIC Data Base fees are due to the NAIC with the Annual Statement**
EE	**Certificate of Authority Annual License Tax, Section 624.501, Florida Statutes:** The Certificate of Authority annual license tax (also referred to as a Certificate of Authority renewal fee) must be sent to the following address: **FLORIDA DEPARTMENT OF FINANCIAL SERVICES** RECEIPTS ACCOUNTING SECTION P. O. BOX 6100 TALLAHASSEE, FL 32314-6100 Each insurer is responsible for renewal of its Certificate of Authority. If the insurer does not receive an invoice by April 15, call (850) 413-3146 to request an invoice. **Failure to pay the renewal fee timely may result the assessment of a fine or suspension of the insurer's Certificate of Authority.**