

REQUIRED FILINGS

DUE IN
2009

From
Fraternal Societies



**OFFICE OF INSURANCE REGULATION
LIFE & HEALTH FINANCIAL OVERSIGHT**

January 1, 2009

MEMORANDUM

TO: All authorized Life and Health Fraternal Societies

FROM: Al Willis, Director
Life & Health Financial Oversight

DATE: January 2, 2009

SUBJECT: Filing Requirements for Financial Reporting Due in 2008 Pursuant to Chapter 632, Florida Statutes

The instructions included in this package apply to FOREIGN or FLORIDA DOMICILED FRATERNAL SOCIETIES licensed in the State of Florida.

The Florida Office of Insurance Regulation ("OIR") no longer accepts papercopy filings of financial statements and related documents. Enclosed are instructions for filings due during 2009. All filings will continue to be made utilizing the Annual and Quarterly Statement Instructions and Blanks adopted by the National Association of Insurance Commissioners ("NAIC"). The instructions herein are provided for the purpose of reference only and should not be interpreted as any alteration, amendment, or replacement of statutory requirements.

These amended instructions have been prepared using the standardized checklist format recommended by the NAIC, and have been adapted to include the filings now required through the **REGULATORY ELECTRONIC FILING SYSTEM ("REFS")** in addition to the filings required with the NAIC.

PLEASE NOTE: It is recommended that prior to filing utilizing REFS, to first access the REFS User Guide and Tutorial on OIR's website. See the links below.

[OIR WEBSITE - www.floir.com](http://www.floir.com)

[REFS User Guide and Tutorial](#)

Important Highlights:

The terms 'Filing', 'Filings', 'File', etc., within these instructions mean the electronic filings made through the NAIC and REFS and should not be construed at anytime to mean papercopy filing.

A properly executed Jurat Page still is **REQUIRED** to be timely filed as instructed herein. The difference is it will no longer be filed in papercopy. The filing of the Jurat Page will now be accomplished by printing your Company's Jurat Page, acquiring the appropriate signatures and notary attestations and uploading the executed Jurat Page in pdf format into REFS.

Notable highlights include:

All filings must be timely filed either with the NAIC or with REFS on or before the designated deadline pursuant to Florida Statutes. Late filing fines will be imposed for all filings not meeting these filing requirements.

Premium tax returns and checks for payment of filing fees and premium tax payments **SHOULD NEVER** be submitted to OIR. See Instructions 'C' and 'D' herein for information on these filings with the Florida Department of Revenue.

All **Florida domestics** must now file their financial statements and supplemental forms with the NAIC and REFS pursuant to the respective filing requirements. **Please do not file paper copies with the OIR.**

We hope that this and the enclosed instructions assists in your management of required filings.

Questions may be referred to:

Office of Insurance Regulation
Life & Health Financial Oversight
Telephone Number: (850) 413-3153

(Also, refer to Instruction 'A' of "Filing Instructions").

General Instructions For Fraternal Societies 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 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.

Companies may use the checklist to submit to a state, if the state requests it.

ATTENTION FOREIGN FRATERNAL SOCIETIES:

The Following Documents Are Required To Be Filed Electronically In REFS By All Foreign Companies Pursuant To The Respective Instructions Provided Herein:

- | | |
|--|--|
| 1. A Original Signed and Notarized Jurat Page | 7. Certificate of Valuation |
| 2. Notification of Adverse Financial Condition | 8. Audited Financial Statement Exemption Affidavit (if Applicable). |
| 3. Certificate of Compliance | 9. Florida Service of Process Consent and Agreement (when applicable). |
| 4. Certificate of Deposit | 10. Insurance Department Financial Exams (When Public). |
| 5. Regulatory Asset Adequacy Issues Summary | |
| 6. Report on Deficiencies in internal control (ONLY IF THERE ARE SIGNIFICANT DEFICIENCIES). | |

Column (1) (Checklist)

Companies may use the checklist to submit to a state, if the state requests it. Companies should copy the checklist and place an "x" in this column when mailing information to the state.

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 annual statement data, detail for investment schedules and supplements due March 1.

GENERAL INSTRUCTIONS - CONTINUED

The **Separate Accounts Electronic Filing** includes the separate accounts annual statement and investment schedule detail.

The **Separate Accounts .PDF Filing** is the .pdf file for the separate accounts annual statement and all investment schedule detail.

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

The **Supplement .PDF Filing** is the .pdf file for all supplemental schedules and exhibits 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.

Column (4) (Number of Copies)

Indicates the number of copies that each foreign or domestic fraternal society 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. The 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.

Column (5) (Due Date)

Indicates the date on which the fraternal society must file the form.

(Also, refer to **Instruction 'E'** and **Instruction 'F'** of "**Filing Instructions**") and (refer to '**FAQs - QUESTIONS & ANSWERS**', #1).

Column (6) (Form Source)

This column contains one of three words: "NAIC," "State," or "Company," If this column contains "NAIC," the fraternal society 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 a website). If this column contains "Company," the fraternal society, 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 fraternal society should carefully read these notes before submitting a filing.

2009 FILING REQUIREMENTS INSTRUCTIONS: QUESTIONS & ANSWERS

1. The instructions indicate that the deadlines for filing all required quarterly/annual financial statements are March 1, May 15, August 15, and November 15. Do they have to be received by the Office of Insurance regulation ("OIR") on March 1, May 15, August 15, and November 15 or postmarked by these dates?

Answer:

OIR will no longer receive financial statements and related filings via papercopy. The applicable financial statement filings must be physically filed through the NAIC on or before the applicable date specified, i.e. March 1, May 15, August 15, etc., in accordance with the instructions for filing herein. A Jurat page signed by at least two (2) Executive Officers must be available through REFS on or before the aforementioned specified dates.

(Also, refer to Instruction 'B' of "Filing Instructions").

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

Answer:

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

3. Will companies submitting filings late be fined?

Answer:

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

(Also, refer to Instruction 'F' of "Filing Instructions").

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

Answer:

No. Companies must continue to remit premium tax payments directly to the Florida Department of Revenue.

(Also, refer to Instruction 'D' of "Filing Instructions").

5. May I attach my check for the annual/quarterly filing fee to my filing?

Answer:

No. Companies must continue to remit annual/quarterly filing fees directly to the Florida Department of Revenue in accordance with instructions provided in this guide.

(Also, refer to Instruction 'C' of "Filing Instructions").

6. My company has received information from the NAIC regarding its project for electronic filing of certain schedules. Does the Office of Insurance Regulation require hardcopy filing of these schedules?

Answer:

No. Please closely review the instructions herein. Florida no longer requires the papercopy filing of financial statements for foreign fraternal societies.

7. Does the Office of Insurance Regulation require foreign fraternal to file of Risk Based Capital reports?

Answer:

No. Only Florida domestic fraternal are required to file Risk Based Capital reports.

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 Examiner in charge of my company?

Answer:

Companies are assigned to Financial Examiners according to certain factors and the assignments rotate periodically. The Office's automated telephone system is designed to assist you in reaching the individual you need. To reach Life & Health Financial Oversight directly, dial (850) 413-3153. An Operator or Secretary will guide you to the individual Financial Examiner assigned to your company.

FRATERNAL SOCIETIES

COMPANY NAME: _____ NAIC Company Code: _____

Required Filings in the State of FLORIDA Filings Made During the Year 2009

(1) Checklist	(2) Line #	(3) REQUIRED FILINGS FOR FLORIDA	(4) NUMBER COPIES			(5) DUE DATE	(6) FORM SOURCE***	
			Domestic		Foreign State*			
			State	NAIC				
I. NAIC FINANCIAL STATEMENTS								NOTE REFERENCES
	1	Annual Statement (8 1/2"x14") with printed Investment Schedule detail (Pages E01 - E25).	REFS	EO	XXX	1-Mar	NAIC	A, B, C, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, W, X, Z
	2	Signed/Notarized Jurat Page	REFS	EO	REFS	3/1, 5/15, 8/15, 11/15	NAIC	A, B, C, E, F, G, H, J, M
	3	Quarterly Financial Statement (8 1/2" x 14")	REFS	EO	XXX	5/15, 8/15, 11/15	NAIC	A, B, C, E, F, G, H, I, J, K, L, M, N, W
	4	Separate Accounts Annual Statement (8 1/2"x14")	REFS	EO	XXX	1-Mar	NAIC	A, B, E, F, G, H, K
II. NAIC SUPPLEMENTS								
	10	Accident & Health Policy Experience Exhibit	XXX	EO	XXX	1-Apr	NAIC	A, B, E, F, K, N
	11	Actuarial Certification Related Annuity Non-forfeiture Compliance	XXX	EO	XXX	1-Mar	Company	A, B, E, G, J, M, N
	12	Actuarial Opinion on X-Factors	XXX	EO	XXX	1-Mar	Company	A, B, E, G, J, M, N
	13	Actuarial Opinion on Separate Accounts Funding	XXX	EO	XXX	1-Mar	Company	A, B, E, G, J, M, N
	14	Actuarial Opinion on Synthetic Guaranteed Investment Contracts	XXX	EO	XXX	1-Mar	Company	A, B, E, G, J, M, N
	15	Interest Sensitive Life Insurance Products Report	XXX	EO	XXX	1-Apr	NAIC	A, B, E, F, K, N
	16	Investment Risk Interrogatories	XXX	EO	XXX	1-Apr	NAIC	A, B, E, F, I, K, L, N
	17	Long Term Care Experience Reporting Forms	XXX	EO	XXX	1-Apr	NAIC	A, B, E, F, I, K, L, N
	18	Management Discussion & Analysis	REFS	EO	XXX	1-Apr	Company	A, B, E, F, I, K, L, N
	19	Medicare Supplement Insurance Experience Exhibit	XXX	EO	XXX	1-Mar	NAIC	A, B, E, F, I, K, L, N
	20	Medicare Part D Coverage Supplement	REFS	EO	XXX	3/1, 5/15, 8/15, 11/15	NAIC	A, B, E, F, I, K, L, N
	21	Reasonableness of Assumptions Certification	REFS	EO	XXX	5/15, 8/15, 11/15	Company	AB
	22	Reasonableness & Consistency of Assumptions Certification	REFS	EO	XXX	5/15, 8/15, 11/15	Company	AB
	23	Reasonableness of Assumptions Certification for Implied Guaranteed Rate Method	REFS	EO	XXX	5/15, 8/15, 11/15	Company	AB
	24	Reasonableness & Consistency of Assumptions Certif. (Updated average market value)	REFS	EO	XXX	5/15, 8/15, 11/15	Company	AB
	25	Reasonableness & Consistency of Assumptions Certification (Updated Market Value)	REFS	EO	XXX	5/15, 8/15, 11/15	Company	AB
	26	Risk-Based Capital Report	REFS	EO	XXX	1-Mar	NAIC	A, B, E, F, I, K, N, Z
	27	RBC Certification Required Under C-3 Phase I	REFS	N/A	XXX	1-Mar	NAIC	A, B, E, F, K
	28	RBC Certification Required Under C-3 Phase II	REFS	N/A	XXX	1-Mar	NAIC	A, B, E, F, K
	29	Statement of Actuarial Opinion (Based on Asset Adequacy Analysis)*	REFS	EO	XXX	1-Mar	Company	A, B, E, F, I, K, Q, X
	30	Statement on non-guaranteed elements - Exhibit 5 Int. #3	XXX	EO	XXX	1-Mar	Company	A, B, E, F, K
	31	Statement on participating/non-participating policies – Exhibit 5 Int. 1.1	XXX	EO	XXX	1-Mar	Company	A, B, E, F, K
	32	Supplemental Compensation Exhibit	REFS	N/A	N/A	1-Mar	NAIC	A, B, E, F, K, N
	33	Trusteed Surplus Statement	REFS	EO	XXX	3/1, 5/15, 8/15, 11/15	NAIC	A, B, E, F, K, N
III. ELECTRONIC FILING REQUIREMENTS								
	34	Annual Statement Electronic Filing	XXX	EO	XXX	1-Mar	NAIC	N
	35	March .PDF Filing	XXX	EO	XXX	1-Mar	NAIC	N
	36	Separate Accounts Electronic Filing	XXX	EO	XXX	1-Mar	NAIC	N
	37	Separate Accounts .PDF Filing	XXX	EO	XXX	1-Mar	NAIC	N
	38	Supplemental Electronic Filing	XXX	EO	XXX	1-Apr	NAIC	N
	39	Supplemental .PDF Filing	XXX	EO	XXX	1-Apr	NAIC	N
	40	Quarterly Electronic Filing	XXX	EO	XXX	5/15, 8/15, 11/15	NAIC	N
	41	Quarterly .PDF Filing	XXX	EO	XXX	5/15, 8/15, 11/15	NAIC	N
	42	June .PDF Filing	XXX	EO	XXX	1-Jun	NAIC	N
IV. AUDITED FINANCIAL STATEMENTS								
	51	Accountants Letter of Qualifications	REFS	N/A	XXX	1-Jun	Company	A, B, F, K, Y
	52	Audited Financial Statements	REFS	EO	XXX	1-Jun	Company	A, B, F, K, Y
	53	Audited Financial Statements Exemption Affidavit (if Applicable)	REFS	N/A	REFS	1-Mar	Company	A, B, F, K, Y
	54	Designation of Independent CPA/Awareness Letter	REFS	N/A	XXX	12/31/08	Company	A, B, F, K, Y
	55	Notification of Adverse Financial Condition	REFS	N/A	REFS	5 Days	Company	A, B, F, K, Y
	56	Report of Significant Deficiencies in Internal Controls (SEE BELOW)**	REFS	N/A	REFS**	1-Jun	Company	A, B, F, K, Y
	57	Request For Exemption to File	REFS	N/A	REFS	N/A	Company	A, B, F, K, Y
V. STATE REQUIRED FILINGS								
	101	Certificate of Compliance	XXX	XXX	REFS	1-Mar	State	A, B, E, F, K, O
	102	Certificate of Deposit	XXX	XXX	REFS	1-Mar	State	A, B, E, F, K, P
	103	Certificate of Valuation	XXX	XXX	REFS	1-Mar	State	A, B, E, F, K, Q
	104	Filings Checklist (with Column 1 completed)	REFS	XXX	XXX	1-Mar	State	W
	105	Regulatory Asset Adequacy Issues Summary*	REFS	XXX	REFS	15-Mar	Company	A, B, E, G, J, M, N, X
	106	Statement of Actuarial Opinion (Based on Asset Adequacy Analysis)*	REFS	EO	XXX	1-Mar	Company	A, B, E, G, J, M, N, X
	107	Signed/Notarized Jurat Page	REFS	XXX	REFS	3/1, 5/15, 8/15, 11/15	Company	A, B, C, E, F, G, H, J, M
	108	Florida Premium tax	1	XXX	1	FL Dept. of Revenue	FL Dept. of Revenue	D
	109	State Filing Fees	1	XXX	1	3/1, 5/15, 8/15, 11/15	FL Dept. of Revenue	C
	110	Florida Service of Process Consent and Agreement	1	XXX	1	Keep Current	State	A, B, E, F, K, S
	111	Insurance Department Financial Exams	N/A	XXX	REFS	When Public	State	A, B, E, F, K, T
	112	Holding Company Registration Statement	REFS	XXX	XXX	Keep Current	Company	A, B, E, F, H, V
	113	Disclosure of Material Transactions	REFS	N/A	XXX	As Required	State	A, B, E, F, K, R
	114	Certificate of Authority Annual License Tax	1	XXX	1	30-May	State	A, F, K, AA

*If XXX appears in this column, this state does not require this filing if a copy is filed with the state of domicile and if the data is filed electronically with the NAIC. **Should be submitted through REFS only if there are significant deficiencies/reportable conditions in internal control.

Instruction

NOTES AND INSTRUCTIONS (A-K APPLY TO ALL FILINGS)

A

Required filings contact person:

Life & Health Fraternal Entities

Managed Care Entities

*These Instructions **do not** apply to Life & Health Blank and Health Blank only filers. For Life & Health Blank and Health Blank only filers:*

***NOTE:** These instructions **do not** apply to Managed Care Entities, including; HMOs; DMPO's; PLHSOs; or PHCs)*

[\[See - Health and Life & Health Instructions\]](#)

[\[See - Required Filings for Managed Care Entities\]](#)

Life & Health Financial Oversight
Office of Insurance Regulation (Office)
(850) 413-3153

Ms. Marie Bachman
Financial Examiner/Analyst Supervisor
Life & Health Financial Oversight
Office of Insurance Regulation (Office)
(850) 413-3154
E-Mail Address: Marie.Bachman@fldfs.com

B

Mailing/Delivery Addresses :

(Also, refer to Note 'E' of "Filing Instructions")

VIA MAIL:

Office of Insurance Regulation
Attn: Life & Health Financial Oversight
200 East Gaines Street
Tallahassee, FL 32399-0327

VIA HAND DELIVERY:

Office of Insurance Regulation
Attn: Life & Health Financial Oversight
200 East Gaines Street
Third Floor, Room 319, Larson Bldg.
(850) 413-3153

VIA COURIER:

Office of Insurance Regulation
Attn: Life & Health Financial Oversight
200 East Gaines Street
Tallahassee, FL 32399-0327

C

Filing Fees, \$632.629 and \$624.501, Florida Statutes :

The \$250 Annual Statement Filing Fee should NOT be attached to the financial statements and should NOT be submitted to the Office of Insurance Regulation (Office).

Annual Statement Filing Fees should be remitted to the Florida Department of Revenue with the premium taxes on Form DR-908 (annual) [Form DR-907 is for quarterly statements filings] in accordance with instructions provided for those forms. To obtain copies of, or for assistance in completing, the forms, insurers should contact the Florida Department of Revenue directly:

IN FLORIDA: (800) 352-3671

OUTSIDE FLORIDA: (850) 488-6800

Or visit their website by clicking on the link below:

<http://www.myflorida.com/dor/>

D

Florida Premium Tax Report and Remittance, \$624.509, Florida Statutes :

Do **NOT** mail checks for premium taxes the financial statements. Payments should be remitted directly to the Florida Department of Revenue 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 Florida Department of Revenue directly at:

IN FLORIDA: 1 - (800) 352-3671

OUTSIDE OF FLORIDA: 1 - (850) 488-6800

Or visit their website by clicking on the link below:

<http://www.myflorida.com/dor/>

**** PLEASE NOTE:** Any delays in receipt by the Department of Revenue may result in penalties and interest being assessed by the Department of Revenue.

Mailing Address for Premium Tax Payments:
Florida Department of Revenue
5050 West Tennessee Street
Tallahassee, Florida 32399-0100

E

Delivery Instructions :

All Quarterly and Annual Financial Statements and related documents must be electronically filed with the NAIC no later than the indicated statutory due date. If the due date falls on a weekend or a holiday, then the deadline is extended to the next business day. The Jurat page and additional required filings should be filed with Florida through REFS on or before the statutory filing date for quarterly or annual financial statement filings. There are four (4) separate statutory filing dates for annual financial statement filings : March 1, March 15, April 1, June 1. Late filings may be subject to administrative penalties.

Instruction	<u>NOTES AND INSTRUCTIONS (A-K APPLY TO ALL FILINGS)</u>
P	<u>Certificate of Valuation: (§632.628(2), Florida Statutes)</u>
	Each foreign insurer shall file a Certificate of Valuation, issued by the public official having supervision of insurance in the insurer's state of domicile, with the Annual Statement. The certificate must be an original, and certified by the insurer's state of domicile.
R	<u>Disclosure of Material Transactions:</u>
	<p>Florida Statute 624.448 requires that each domestic insurer shall file a report with the Office of Insurance Regulation disclosing a material acquisition of assets, a material disposition of assets, or a material non-renewal, cancellation, or revision of a ceded reinsurance agreement, unless the material acquisition or disposition of assets of the material non-renewal, cancellation, or revision of a ceded reinsurance agreement has been submitted to the Office for review, approval, or informational purposes under another section of the Florida Insurance Code or adopted rule. <u>A copy of the report and each exhibit or other attachment must also be filed by the insurer with the National Association of Insurance Commissioners.</u> The report required in this section is due within 15 days after the end of the calendar month in which the transaction occurs. Insurers should refer to Florida Statute 624.448 for complete detail of the filing requirements. Florida Statutes and Rules can be accessed on the internet at the following address:</p> <p style="text-align: right;">www.floir.com</p>
S	<u>Service of Process Consent and Agreement, §624.422, Florida Statutes:</u>
	<p>Each Insurer is required to keep current with the Office the designation of the name and address of the person to whom process against it, served upon the Commissioner of Insurance Regulation, is to be forwarded. The insurer may change the designation at any time by making a new filing. If there is a need to make a new filing, please telephone Pam Edenfield at (850) 413-4102 for current instructions.</p> <p><i>(Also, refer to Note 'H' of "Filing Instructions").</i></p>
I	<u>Insurance Department Examination Reports:</u>
	A copy of the domicile state's examination reports, both Financial and Market Conduct, are required to be filed with this Office or sent electronically as soon as they are filed by the company's home state. If you have not already done so, please forward a copy of your most recent examination report.
W	<u>Filing Checklist Instructions:</u>
	Florida Domiciled Companies and Alien Companies using Florida as their Port of Entry must attach a Filings Checklist to each filing submitted to the Office. Fill in the company name, federal employer identification number, and the NAIC company code. Check off the items being submitted and file with the Jurat page through <u>REFS</u> . A Filings Checklist is optional for foreign companies.
X	<u>Actuarial Opinion of Reserves</u>
	<p>A statement of opinion by the insurer's appointed actuary on the adequacy of the reserves and related actuarial items based upon an asset adequacy analysis in accordance with Rule 690-138.046 of the Florida Administrative Code is required. If an opinion filed with the insurer's state of domicile is not consistent with the requirements of rule 690-138, Florida Administrative Code, then a copy of the opinion required by the Florida rule shall be submitted no later than March 15.</p> <p>In accordance with Section 625.121(3), Florida Statutes, the appointed actuary shall prepare a <u>Regulatory Asset Adequacy Issues Summary</u>, the contents of which are specified in subsection 690-138.047(3) of the Florida Administrative Code. The Regulatory Asset Adequacy Issues Summary shall be submitted through <u>REFS</u> no later than <u>March 15</u>.</p> <p>Contact Kerry Krantz, FSA, MAAA at (850) 413-5038 regarding actuarial questions.</p>
Y	<u>Audited Financial Reports (ONLY FLORIDA DOMESTICS WILL File Through REFS)</u>
	<p>Only authorized insurers holding a Certificate of Authority are required to file. Entities that do not have a Certificate of Authority, such as accredited reinsurers, are requested to file with the Office so that the Office can carry out statutory duties. The Audited Financial Report must be filed with this 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 Report earlier than June 1 upon 90 days advance notice to the insurer.</p> <p><u>EXEMPTION</u>; Pursuant to §624.424(8)(b), Florida Statutes, any authorized insurer "having direct premiums written in this state of less than \$1 million in any calendar year and fewer than 1,000 policyholders or certificateholders of directly written policies nationwide at the end of such calendar year is exempt" from filing an annual audited financial statement for that year pursuant to certain stipulations. <u>Please review this statute carefully.</u> An insurer seeking such exemption must file an affidavit pursuant to the stipulations noted therein on or prior to March 1 following the year to which the exemption applies.</p> <p>The Annual Audited Financial Report 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 Department of the state of domicile.</p>

NOTES AND INSTRUCTIONS (A-K APPLY TO ALL FILINGS)

The Annual Audited Financial Report (FILE THROUGH REFS) 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. 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 Report and the Annual Statement filed pursuant to §624.424, 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.
6. The financial statements included in the Audited Financial Report shall be prepared in a form and using language and groupings substantially the same as the relevant sections of the Annual Statement of the insurer filed with the Office.
7. Statement of changes in capital and surplus; and
8. The financial statements included in the Audited Financial Report shall be prepared in a form and using language and groupings substantially the same as the relevant sections of the Annual Statement of the insurer filed with the Office. 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.
9. The requirements for filing by an accredited reinsurer are found in §624.610(3)(b)1(d), Florida Statutes.

WHAT ARE THE FILING DEADLINES?

1. Designation of Independent C.P.A. –must be filed by December 31 (Domestic Companies Only).
2. Request to file on a consolidated basis must be filed by December 31, for the year the exemption is requested. The Office may accept and grant exemption applications after the end of such calendar year subject to the imposition of an administrative fine provided such application is received by the Office prior to March 1, immediately subsequent to the end of the calendar year for which such exception is being requested. (Refer to the consolidated or combine Audits Section of these instructions for further details.)
3. The audited financial report should be filed with the Office on or before June 1 for the preceding year ending December 31.

SEVEN YEAR ENGAGEMENT MAXIMUM:

A partner or other person responsible for rendering a report 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 690-137.002(7)(C), Florida Administrative Code for guidance regarding potential relief from this requirement

DESIGNATION OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT (DOMESTIC COMPANIES ONLY--(FILE THROUGH REFS))

Each DOMESTIC insurer required to file an annual audited financial report must, by December 31 of the year subject to audit, register with the Commissioner, Office of Insurance Regulation in writing the name and address of the independent certified public accountant or accounting firm (generally referred to as the "Accountant") retained to conduct the annual audit. In addition, the insurer shall obtain a letter from the accountant, and file a copy with the Commissioner, Office of Insurance Regulation stating the following:

- 1) the accountant is aware of the provisions of the Insurance Code and the Rules and Regulations of the Insurance Department 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 that Department; and
- 3) the accountant will specify exceptions as he/she may believe appropriate.

ACCOUNTANT'S LETTER OF QUALIFICATIONS, RULE 690-137.002, FLORIDA ADMINISTRATIVE CODE (DOMESTIC COMPANIES ONLY--FILE THROUGH REFS)

The accountant shall furnish a Letter of Qualification to the insurer for filing with the Audited Financial Report. 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 Report, and his/her 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 Rule 690-137.002(13), Florida Administrative Code - "Definition, Availability, and Maintenance of CPA Work Papers", and that the accountant consents and agrees to make the work papers available for review by the Office as defined in Rule 690-137.002(13), Florida Administrative Code.
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 Rule 690-137.002(7), Florida Administrative Code - "Qualifications of Independent Certified Public Accountant".

NOTES AND INSTRUCTIONS (A-K APPLY TO ALL FILINGS)

REPORT OF SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROLS (FILE THROUGH REFS. (1) FLORIDA DOMICILED OR COMMERCIALY DOMICILED COMPANIES ARE REQUIRED TO FILE A REPORT ON INTERNAL CONTROLS. (2) FOREIGN COMPANIES ARE REQUIRED TO FILE THE REPORT THROUGH REFS ONLY IF THERE ARE SIGNIFICANT DEFICIENCIES/REPORTABLE CONDITIONS)

In addition to the annual audited financial report, each insurer shall furnish the Commissioner, Office of Insurance Regulation with a written report prepared by the accountant describing significant deficiencies in the insurer's internal control structure noted by the accountant during the audit. 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. The report on internal controls systems of the insurer shall be filed with the annual audited financial report. If there are no material deficiencies in Internal Controls a letter must be filed attesting to same. (See §624.424, Florida Statutes and 690-137.002 (11) Florida Administrative Code).

NOTIFICATION OF ADVERSE FINANCIAL CONDITION (FILE THROUGH REFS)

An insurer who has received a report from the independent certified public accountant that the insurer has materially misstated its financial condition as reported to the Commissioner, Office of Insurance Regulation as of the balance sheet date currently under examination or that the insurer does not meet the minimum capital and surplus requirements of Florida Statutes as of that date, shall forward a copy of the report to the Office within five (5) business days of receipt of such report and shall provide the independent certified public accountant making the report with evidence of the report being furnished to the Office. If the independent certified public accountant fails to receive such evidence within the required five (5) business day period, the independent certified public accountant shall furnish to the Office a copy of its report within the next five business days (Rule 690-137.002 (10), Florida Administrative Code).

If the accountant, subsequent to the date of the Audited Financial Report filed, becomes aware of facts which might have affected the report, the accountant shall report such facts to the Office and the insurer within ten calendar days of discovery.

WRITTEN NOTIFICATION OF CPA DISMISSAL/RESIGNATION (FILE THROUGH REFS)

If an accountant who was the accountant for the immediately preceding filed Audited Financial Report 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; and
2. which disagreements, if not resolved to the satisfaction of the former accountant, would have caused him/her to make reference to the subject matter of the disagreement in connection with his/her opinion.
3. 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/she does not agree. The insurer shall provide both of these letters to the Office (Rule 690-137.002 (6)(c)(d), Florida Administrative Code).

CONSOLIDATED OR COMBINED AUDITED FINANCIAL STATEMENTS (FILE THROUGH REFS). An insurer may make written application to the Commissioner, Office of Insurance Regulation for approval to file audited consolidated or combined financial statements in lieu of separate annual audited financial statements 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 and such insurer cedes all of its 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. Non-insurance operations may be shown on the worksheet on a combined or individual basis.
- C. Explanations of consolidating and eliminating entries shall be included.
- D. A reconciliation shall be included of any differences between the amounts shown in the individual insurer columns of the worksheet and comparable amounts shown on the Annual Statements of the insurers.
- E. Application for approval to consolidate is required each year. Application to file on a consolidated or combined audit basis must be received by December 31 for the year the exemption is requested. Applications received after the end of the calendar year but prior to March 1 may be considered but subject to an administrative fine for late filing.

A COMPLETE REPORT (INCLUDING A-E) MUST BE FILED FOR EACH INSURER IN THE GROUP OPERATING IN THE These comments are intended as an aid to you in completing your filing requirements. Reference and review of §624.424, Florida Statutes and Rule 690-137.002, Florida Administrative Code, should be made for the full requirements.

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Risk Based Capital Report:

All Florida domestic insurers are required to file the Risk Based Capital Report through REFS. Foreign and alien insurers are not required to file the report with Florida.

Instruction	<u>NOTES AND INSTRUCTIONS (A-K APPLY TO ALL FILINGS)</u>
AA	<u>Certificate of Authority Annual License Tax, §624.501 (3), Florida Statutes:</u>
	<p>The certificate of authority annual license tax (also referred to as a certificate of authority renewal fee) must be sent to the following address:</p> <p>FLORIDA DEPARTMENT OF FINANCIAL SERVICES RECEIPTS ACCOUNTING SECTION P. O. BOX 6100 TALLAHASSEE, FL 32314-6100</p> <p>Each insurer is responsible for renewal of its certificate of authority. If the insurer does not receive an invoice by April 15, call (850) 413-2143 to request an invoice. Failure to pay the fee on time could result in revocation of the insurer's certificate of authority or a fine.</p>
AB	<u>Supplemental Actuarial Filings (FOR QUARTERS 1, 2, 3, 2009)</u>
	<p><u>THE FOLLOWING ARE REQUIRED TO BE FILED (IF APPLICABLE):</u></p> <p>The Reasonableness of Assumptions Certification required by Actuarial Guideline XXXV shall be filed with the state of domicile and electronically with the NAIC. The Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXV shall be filed with the state of domicile and electronically with the NAIC. The Reasonableness of Assumptions Certification for Implied Guaranteed Rate Method required by Actuarial Guideline XXXVI shall be filed with the state of domicile and electronically with the NAIC. The Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Average Market Value) shall be filed with the state of domicile and electronically with the NAIC. The Reasonableness and Consistency of Assumptions Certification required by Actuarial Guideline XXXVI (Updated Market Value) be filed with the state of domicile and electronically with the NAIC.</p>