

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	<b><u>NOTES AND INSTRUCTIONS (A-K APPLY TO ALL FILINGS)</u></b>
<b><u>P</u></b>	<b><u>Certificate of Valuation: (§632.628(2), Florida Statutes)</u></b>
	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.
<b><u>R</u></b>	<b><u>Disclosure of Material Transactions:</u></b>
	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 style="text-align: right;"><a href="http://www.floir.com">www.floir.com</a></p>
<b><u>S</u></b>	<b><u>Service of Process Consent and Agreement, §624.422, Florida Statutes:</u></b>
	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.  <i>(Also, refer to Note 'H' of "Filing Instructions").</i>
<b><u>T</u></b>	<b><u>Insurance Department Examination Reports:</u></b>
	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.
<b><u>W</u></b>	<b><u>Filing Checklist Instructions:</u></b>
	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.
<b><u>X</u></b>	<b><u>Actuarial Opinion of Reserves</u></b>
	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. 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> .  <u>Contact Kerry Krantz, FSA, MAAA at (850) 413-5038 regarding actuarial questions.</u>
<b><u>Y</u></b>	<b><u>Audited Financial Reports (ONLY FLORIDA DOMESTICS WILL File Through REFS)</u></b>
	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. <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.  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.

## 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.

Z

### 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	<b><u>NOTES AND INSTRUCTIONS (A-K APPLY TO ALL FILINGS)</u></b>
<b>AA</b>	<b><u>Certificate of Authority Annual License Tax, §624.501 (3), Florida Statutes:</u></b>
	<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>
<b>AB</b>	<b><u>Supplemental Actuarial Filings (FOR QUARTERS 1, 2, 3, 2009)</u></b>
	<p><b><u>THE FOLLOWING ARE REQUIRED TO BE FILED (IF APPLICABLE):</u></b></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>