

**NOTES AND INSTRUCTIONS (A-N APPLY TO ALL FILINGS)**

A

**Required Filings Contact Person:**

All Companies: Helen Westberry – E-Mail: [Helen.Westberry@flair.com](mailto:Helen.Westberry@flair.com) or Phone: (850) 413-5212  
Donte Mickens – E-Mail: [Donte.Mickens@flair.com](mailto:Donte.Mickens@flair.com) or Phone: (850) 413-5025  
Vegic Sheppard – E-Mail: [Vegic.Sheppard@flair.com](mailto:Vegic.Sheppard@flair.com) or Phone: (850) 413-5238  
Robert Ridenour – E-Mail: [Robert.Ridenour@flair.com](mailto:Robert.Ridenour@flair.com) or Phone: (850) 413-5227  
Carolyn Morgan – E-Mail: [Carolyn.Morgan@flair.com](mailto:Carolyn.Morgan@flair.com) or Phone: (850) 413-5233

Please note the Florida Statutes or Florida Administrative Codes listed in these instructions may be accessed at <http://www.flair.com> and select those references in the left-hand column on the website.

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No longer applicable to financial filings.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://portal.flds.com/ifile/default.asp>. Please refer to the REFS tutorial and user guide posted on the Office’s website at <http://www.flair.com/REFS/index.htm>.

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) 488-6800      <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 Steve Szypula at (850) 413-3825 or E-Mail at [Steve.Szypula@flds.com](mailto:Steve.Szypula@flds.com).

D

**Premium Tax Payments:**

**Certificate of Authority** companies should reference 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) 488-6800      [www.myflorida.com/dor/forms/](http://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.**

**Surplus Lines** companies should reference Section 626.932, Florida Statutes. These insurers should contact the Florida Surplus Lines Service Office at (850) 224-7676 with any questions concerning the Surplus Lines tax or visit their website at <http://www.fslso.com/faq/index.asp?lvl=4&ID=78>.

**Risk Retention Groups** should reference Section 627.944(3), Florida Statutes. Risk Retention Groups should submit premium taxes to the Office using the form found on the Office’s website at [http://www.flair.com/pc/is\\_pc\\_webexhibits.htm](http://www.flair.com/pc/is_pc_webexhibits.htm).

**Purchasing Groups** required to pay premium taxes pursuant to Rule 69P-5.005, Florida Administrative Code, should use the same form as Risk Retention Groups, which can be found on the Office’s website at [http://www.flair.com/pc/is\\_pc\\_webexhibits.htm](http://www.flair.com/pc/is_pc_webexhibits.htm).

**Independently Procured Coverages (IPC)** should reference Section 626.938, Florida Statutes. IPC should submit premium taxes to the Florida Surplus Lines Service Office using the online submission process found on the Florida Surplus Lines Service Office website at [http://www.fslso.com/pc/risk\\_retention.asp](http://www.fslso.com/pc/risk_retention.asp). For additional information, call the Florida Surplus Lines Service Office at (850) 224-7676.

E	<p><b>Delivery Instructions, Rule 69O-137.001(1)(c), Florida Administrative Code:</b></p> <p>No longer applicable.</p>															
F	<p><b>Late Filings, Sections 624.4211 and 624.424(5), Florida Statutes:</b></p> <p>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.</p> <p>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.</p>															
G	<p><b>Original Signatures:</b></p> <p>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.</p> <p>The Actuarial Opinion, Risk Based Capital Report and Reinsurance Attestation Supplement are also required to be signed, notarized, and scanned to an electronic document. All domestic insurers will be required to submit the scanned document as an uploaded document into REFS.</p> <p>See Note H below for additional information and guidance.</p>															
H	<p><b>Signature/Notarization/Certification:</b></p> <p>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.</p> <p style="text-align: center;"><b>Special Instructions for other filings:</b></p> <table border="0" style="width: 100%;"> <tr> <td style="width: 33%;">OIR-DO-1433</td> <td style="width: 33%;">Reinsurance Summary Statement</td> <td style="width: 33%;">Must be signed original and notarized</td> </tr> <tr> <td>OIR-DO-1431</td> <td>Audited Financial Statements Exemption Affidavit</td> <td>Must be signed original and notarized</td> </tr> <tr> <td>OIR-C1-1524</td> <td>Uniform Consent to Service of Process(see Note “S”)</td> <td>Must be signed original and sealed</td> </tr> <tr> <td>OIR-DO-516</td> <td>Holding Company System Registration Statement</td> <td>Must be signed original, sealed &amp; notarized</td> </tr> <tr> <td>OIR-A1-1229</td> <td>Premium Growth Reporting Form</td> <td>Must be signed original</td> </tr> </table>	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 “S”)	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
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I	<p><b>Amended Filings:</b></p> <p>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.</p> <p>Amended financial statements are to be submitted only to the NAIC. The Office will be relying on the NAIC to receive these amendments.</p>															
J	<p><b>Exceptions from Normal Filings:</b></p> <p>NONE</p>															
K	<p><b>Bar Codes (State or NAIC)</b></p> <p>No longer applicable due to REFS.</p> <p><b>Forms required only by the State of Florida (not NAIC) do not require bar codes.</b></p>															
L	<p><b>Signed Jurat Page Filing for Foreigns:</b></p> <p>Refer to Notes G and H above for guidance and information.</p>															
M	<p><b>NONE Filings:</b></p> <p>See NAIC Annual Statement Instructions regarding the filing of NONE or N/A forms.</p>															

N	<p><b>Filings new, discontinued or modified materially since last year:</b></p> <ul style="list-style-type: none"> <li>• <b>Section 624.075, Florida Statutes, defines a commercially domiciled insurer</b> as: every <u>foreign or alien</u> 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.</li> <li>• Foreign insurers who <b>ARE NOT</b> commercially domiciled in Florida <u>and</u> 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.</li> <li>• Foreign insurers who <b>ARE NOT</b> 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: <ul style="list-style-type: none"> <li>○ Line 51 – Accountants Letter of Qualifications</li> <li>○ Line 54 – Independent CPA</li> <li>○ Line 110 – Reinsurance Summary Statement</li> <li>○ Line 111 – Holding Company Registration Statement</li> </ul> </li> <li>• Foreign insurers who <b>ARE COMMERCIALY DOMICILED IN FLORIDA</b> must file according to the ‘domestic’ state column (4) of the Required Filings Checklist.</li> <li>• Foreign insurers <b>do not</b> have to request approval from Florida in order to file Consolidated Audited Financial Statements.</li> <li>• Domestic insurers <b>should not</b> file Line 12 – Combined Insurance Expense Exhibit.</li> <li>• Domestic insurers <b>should not</b> file Line 11 – Actuarial Opinion Summary. This document will be requested on an as needed basis during the Financial Analysis or Examination process.</li> <li>• The Actuarial Opinion, Risk Based Capital Report and Reinsurance Attestation Supplement are 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.</li> </ul>
O	<p><b>Certificate of Compliance (Electronic Copy ONLY):</b></p> <p>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.</p> <p>The original Certificate of Compliance should be scanned into an electronic document to be provided to the Office via REFS.</p> <p><b>All domestic insurers are exempt from this requirement.</b></p>
P	<p><b>Certificate of Deposit, Section 624.424(3), Florida Statutes (Electronic Copy ONLY):</b></p> <p>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.</p> <p>The original Certificate of Deposit should be scanned into an electronic document to be provided to the Office via REFS.</p> <p><b>All domestic insurers are exempt from this requirement.</b></p>
Q	<p><b>Disaster Response Contact and PIP Contact Information:</b></p> <p>This information includes the names, email address, numbers, and other information for a contact person the OIR will need in the event of a catastrophe. For those insurers writing automobile insurance, the form also captures the name and address of the person to whom notice of intent to initiate litigation should be sent, pursuant to Section 627.736(11), Florida Statutes.</p> <p>The OIR has designed a website to allow companies to update the disaster response contact information electronically; <b>the form should no longer be submitted in hardcopy.</b> Companies are now responsible for maintaining current information with the OIR.</p> <p>The information is to be submitted to the Office at <a href="https://iportal.fldfs.com/iframe/default.asp">https://iportal.fldfs.com/iframe/default.asp</a> and click on the update contact information category. The individual designated by the company to update the information will need a security code to access the contact information update page. If the company needs to the security code or has any questions, contact Janice Flournory at <a href="mailto:Janice.Flournory@fldfs.com">Janice.Flournory@fldfs.com</a>.</p>

	<p><b>This requirement applies to all insurers, foreign and domestic.</b></p>
R	<p><b>Insurance Office Examination Reports (Electronic Copy Only):</b></p> <p>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.</p> <p><b>All domestic insurers are exempt from this requirement.</b></p>
S	<p><b>Uniform Consent to Service of Process, Section 624.422(2), Florida Statutes:</b></p> <p>All insurers shall 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 submitting a revised form to the Service of Process Section. <b>Contact Pam Edenfield with any questions at (850) 413-4102 or e-mail her at: <a href="mailto:pam.edenfield@fldfs.com">pam.edenfield@fldfs.com</a>.</b></p> <p>Mailing address: <b>Florida Office of Insurance Regulation, Service of Process Section, 200 E Gaines St, Tallahassee, FL 32399</b></p>
T	<p><b>Reinsurance Summary Statement, Section 624.610, Florida Statutes:</b></p> <p><b>Any domestic or commercially domiciled insurer</b> 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.</p> <p>The form is OIR-D0-1433 located at <a href="http://www.fldfs.com/companies/pc/is_pc_webexhibits.htm">http://www.fldfs.com/companies/pc/is_pc_webexhibits.htm</a>.</p> <p>The Reinsurance Summary Statement should be properly completed and provided to the Office using REFS.</p> <p>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.</p> <p>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.</p> <p>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.</p>
U	<p><b>Insurance Holding Company Registration and Regulation:</b></p> <p><b>Each domestic or commercially domiciled insurer</b> 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. <b>Domestic and Commercially Domiciled insurers are required to file</b> 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 690-143, 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. <b>Please review Rule 690-143, Florida Administrative Code, for complete definitions and requirements.</b></p> <p>Form OIR-D0-516 is located at <a href="http://www.fldfs.com/companies/pc/is_pc_webexhibits.htm">http://www.fldfs.com/companies/pc/is_pc_webexhibits.htm</a>.</p> <p>The Holding Company System Registration Statement should be properly completed and provided to the Office using REFS.</p>

**This does not apply to foreign insurers unless they are commercially domiciled in Florida.**

V

**Filings Checklist Instructions:**

No longer applicable to REFS.

W

**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 and must be signed by the actuary.**

**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. Section 2C of the Actuarial Opinion requirements in the NAIC Annual Statement Instructions is not an acceptable definition of a qualified actuary according to Rule 69O-170.031, Florida Administrative Code. A qualified actuary is defined solely by sections 2A and 2B of the NAIC Annual Statement Instruction.
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.

**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.

X

**Audited Financial Statement Exemption Filings, Rule 690-137.002, 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.fldfs.com/companies/pc/is\\_pc\\_webexhibits.htm](http://www.fldfs.com/companies/pc/is_pc_webexhibits.htm).

The Request for Exemption 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 690-137.002, 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.

Y

**Designation of Independent Certified Public Accountant, Rule 690-137.002, Florida Administrative Code:**

ENGAGEMENT LETTER

**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.

SEVEN YEAR ENGAGEMENT MAXIMUM

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 690-137.002, Florida Administrative Code, for guidance regarding potential relief from this requirement.

The engagement letter is to be submitted to the Office using REFS.

WRITTEN NOTIFICATION OF CPA DISMISSAL/RESIGNATION

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.

Z

**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.**

AA

**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.

**BB Accountant's Letter of Qualifications, Rule 690-137.002, 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 690-137.002, 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 690-137.002, 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 690-137.002, Florida Administrative Code, "Qualifications of Independent Certified Public Accountant".

The Accountant's Letter of Qualifications should be submitted to the Office using REFS.

**CC Report of Significant Deficiencies in Internal Control, Rule 690-137.002, 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.

**DD Notification of Adverse Financial Condition, Rule 690-137.002, 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 690-137.002 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.

**EE Diskette Filing Requirement, Rule 690-137.001, 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**

**FF 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) 413-2143 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.**

**GG Premium Growth Report, Section 624.4243, Florida Statutes:**

Each property and casualty insurer holding a Certificate of Authority in the state of Florida shall for its first three years of operations:

- 1) Report to the Office the direct and assumed written premiums of the insurer from all states and territories for each month. The amounts should be submitted no later than the last day of the month that follows the month being reported.
- 2) Calculate its premium growth as outlined in number 3 below. This calculation is not required to be filed with the Office during the first 24 months of operations.
- 3) After the first 24 months, if the amount of the premium growth exceeds 33 percent, the insurer shall, within 30 days after the end of the 12-month period ending on the last day of the previous month, file with Office the premium growth reporting form. In response to a report under this section, the Office may require the insurer to submit an explanation of the insurer's pattern of premium growth and a corrective action plan if needed.

Instructions for the Form OIR-A1-1229, which is located at [http://www.fldfs.com/companies/pc/is\\_pc\\_webexhibits.htm](http://www.fldfs.com/companies/pc/is_pc_webexhibits.htm), are as follows:

- a) Complete Part (1a) column 1 by reporting the most recent month's direct and assumed premiums written and total this column.
- b) Complete each column to the right with the prior month's direct and assumed premiums written until the 11 months prior column is completed and total these columns.
- c) Complete Part (1b) starting with the 12 month prior column and complete each column to the right until the 23 months prior column is completed and total these columns.
- d) Sum all rows in Parts (1a) and (1b) using the left most column.
- e) Subtract the Totals of Part (1b) from the total of Part (1a) and enter amount in Part (1c).
- f) Divide Part (1c) by Part (1b) and enter amount on Part (1d).

For the calculations required by this form, direct and written premiums shall be calculated in the same manner as for the preparation of the insurer's Annual Statement filed pursuant to Section 624.424, Florida Statutes.

The Premium Growth Report must be submitted electronically to the Office using REFS.

**HH Quarterly Supplemental Report, Section, 624.424(10), Florida Statutes, and Rule 690-137.009, Florida Administrative Code:**

Pursuant to Section 624.424(10), Florida Statutes, all companies holding a Certificate of Authority and authorized to write personal lines residential and commercial residential lines of insurance in Florida are required to submit reports containing information, pursuant to Section 624.424(10), Florida Statutes, called Quarterly Supplemental Reports (QSR), to the Office.

The Office has designed a web-based reporting system (QUASR) that companies can use to submit the quarterly policy data reports. QUASR requires Internet Explorer 5.5 or higher and is available on the Office website at <https://portal.fldfs.com>. This system allows insurers to create, edit, and save QSRs, as well as submit the data to the Office via the Internet. QUASR is designed to automatically format the files for analysis and ensures that certain business rules are enforced at the time of data entry or import by the insurer.

For more information on QUASR, visit our website at <http://www.floir.com/>, call the Business Development and Market Research Unit within the Office at (850) 413-3147, or write to:

Office of Insurance Regulation  
Office of the Deputy Commissioner, Room 121  
200 East Gaines Street  
Tallahassee, Florida 32399-0329

Eligible Surplus Lines Carriers should contact the Florida Surplus Lines Service Office at (800) 562-4496 ext. 308, regarding the submission of required documentation on any personal or commercial residential coverage written in Florida.

**II Special Disability Trust Fund Disclosure, Section 625.091, Florida Statutes:**

Each insurer holding a Certificate of Authority and authorized to write Workers Compensation shall separately identify anticipated recoveries from the Special Disability Trust Fund on **all** financial statements filed with the Office. **Please note there is no approved form for this reporting requirement.**

Annual and Quarterly Statements Disclosure

Each insurer shall disclose in, or as an attachment to, the Notes of the Annual and Quarterly Statements pursuant to Section 624.424, Florida Statutes, any credit in loss reserves taken for anticipated recoveries from the Special Disability Trust Fund. That disclosure shall include (**If answers are none or N/A, please indicate.**):

- a. The amount of credit taken by the insurer in the determination of its loss reserves for the prior calendar year and the current reporting period on a year-to-date basis.
- b. The amount of payments received by the insurer from the Special Disability Trust Fund during the prior calendar year and the year-to-date recoveries for the current year.
- c. The amount the insurer was assessed by the Special Disability Trust Fund during the prior calendar year and during the current calendar year.

If an attachment, please provide the documentation to the Office using REFS.

**JJ Disclosure of Material Transactions, Section 624.4435, Florida Statutes and Standards, Rule 690-143.047, Florida Administrative Code:**

Section 624.4435, Florida Statutes, requires that each **domestic or commercially domiciled insurer** shall file a report with the Office disclosing a material acquisition of assets, a material disposition of assets, or a material nonrenewal, cancellation, or revision of a ceded reinsurance agreement, unless the material acquisition or disposition of assets or the material nonrenewal, 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 Statutes or a rule adopted there under. A copy of the report and each exhibit or other attachment must be filed by the insurer with the NAIC. 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 Section 624.4435, Florida Statutes, for additional information.

In addition, insurers should refer to Rule 690-143.047, Florida Administrative Code, when entering into transactions with affiliates in order to determine if a filing is required to be made with the Office.

The disclosures and notices are to be submitted to the Office using REFS.

**KK Agents' Balances Certification, Section 625.012(5), Florida Statutes:**

This Certification is required of all insurers.

**Please note, there is no approved form for this reporting requirement.** The following information is to be included in, or as an attachment to, the **NOTES** to the Annual and Quarterly Statements (**If answers are none or N/A, please indicate.**):

1. Agents' Balances or Uncollected Premiums as reported on Page 2, Line 13.1

2. Amount of Agents' Balances or Uncollected Premiums from Page 2, Line 13.1 that is due from "controlled" or "controlling" persons, and
3. \*Amount reported in #2 above and secured by a: Trust Fund, Letter of Credit, and Financial Guaranty Bond as required by Section 625.012, Florida Statutes.

\*If a copy of the applicable trust fund, letter of credit, or financial guaranty bond (required to collateralize agents' balances due from controlled or controlling persons pursuant to Section 625.012, Florida Statutes) has not been previously filed with the Office, please attach the applicable documents to this form.

All premiums, excluding commissions payable thereon, due from a controlled or controlling person, shall not be allowed as an asset to the extent that they are not placed in a trust account, covered by a letter of credit, or secured by a financial guaranty bond. In addition, if a financial evaluation of the controlled or controlling person indicates they are unlikely to have the ability to pay such premiums, those premiums shall not be admitted.

According to the above referenced statute, "Controlled or Controlling Persons" means:

1. Any person owning, directly or indirectly, 25 percent or more of the voting securities of the insurer.
2. Any person that is, directly or indirectly, owned or controlled by a controlling person.
3. Any person that, individually or in combination with other such person, owes to the insurer an amount that exceeds 50 percent of the insurer's total premiums in course of collection as stated on the insurer's financial statement.

If an attachment, please provide the documentation to the Office using REFS.

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**Annual Rate Filing, Section 627.0645, Florida Statutes, & Rule 690-170.007, Florida Administrative Code:**

Each rating organization filing rates for, and each insurer holding a Certificate of Authority writing, any line of property or casualty insurance except: (a) Workers' compensation and employer's liability insurance; or (b) Commercial property and casualty insurance that includes a combination of one or more property lines of insurance e.g. fire and allied lines and one or more casualty lines of insurance, e.g. general liability, burglary and theft" must make an Annual Base Rate Filing for each such line of business with the Office no later than 12 months after the effective date of its previous Base Rate Filing. In the alternative, an insurer may certify its rate as being actuarially sound and not inadequate as defined in Section 627.062, Florida Statutes. As with all filings, Annual Base Rate Filings and Annual Rate Certification Filings shall be submitted electronically to the Office through our Internet Filing System found at <http://iportal.fldfs.com/>.

Note: With regard to Commercial Multiple Line/Commercial Multiple Peril insurance, only business that is written on an indivisible premium basis is subject to this requirement.