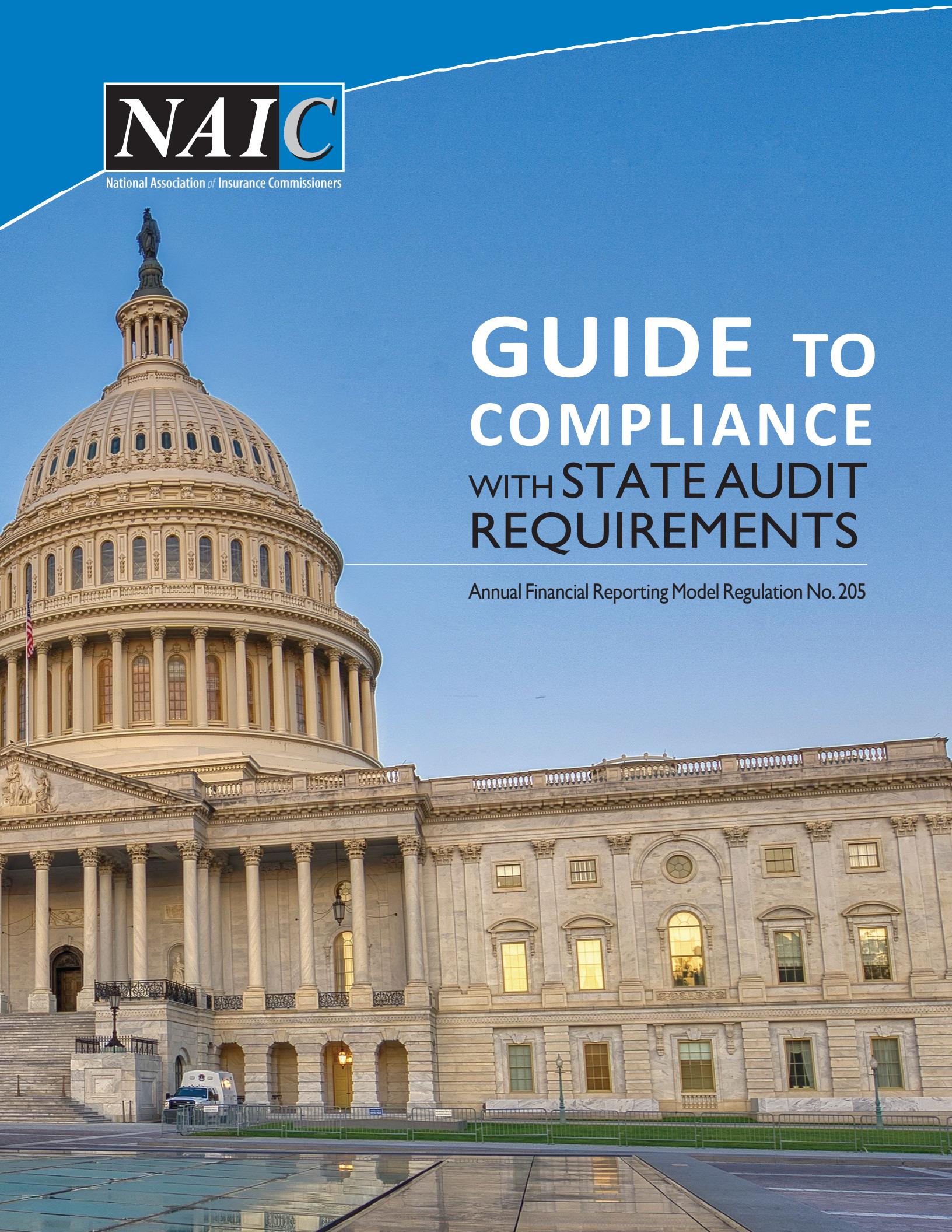




National Association *of* Insurance Commissioners

A photograph of the United States Capitol building's dome and surrounding architecture under a clear blue sky. The dome is brightly lit, and the building's classical columns and windows are visible.

# GUIDE TO COMPLIANCE WITH STATE AUDIT REQUIREMENTS

Annual Financial Reporting Model Regulation No. 205



National Association of Insurance Commissioners

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# **NAIC Guide to Compliance with State Audit Requirements**

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**2021  
(last updated 1/9/2024)**

## STATE AUDIT REQUIREMENTS

The NAIC has prepared this publication to assist insurers, certified public accountants, and other interested parties in complying with various state filing requirements for annual audited financial reports. These filing requirements generally provide for, among other things, specific information concerning the filing and content of audited financial reports and other related letters and reports with the state insurance department. All of the guidelines in this area have recently been significantly changed and this publication has been created to summarize these new requirements.

On June 11, 2006, the NAIC membership voted to approve amendments to the Annual Financial Reporting Model Regulation (#205), commonly known as the Model Audit Rule. The purpose of this regulation is to improve a state's surveillance of the financial condition of insurers by requiring an independent annual audit of the financial statements by Certified Public Accountants. Significant elements of this regulation are required as an accreditation standard and have been since the creation of the standards. The amendments adopted in 2006 were the result of nearly three years of continued research and discussion by financial regulators, members of industry, public accountants and representatives from trade associations. The revisions deal with primarily three areas: auditor independence, corporate governance and internal control over financial reporting. In 2014, the NAIC membership continued to refine effective financial surveillance and voted to approve a new provision relating to the establishment and maintenance of an internal audit function.

The critical new requirements associated with the 2006 and 2014 revisions have now been adopted by virtually all member states. Citations for each state's statute or regulation containing the relevant provisions have been provided within the publication. The publication summarizes requirements placed on insurers and their external auditors by the Model Audit Rule and compares and contrasts the requirements included within the NAIC Model to those ultimately adopted by each NAIC member state.

The summaries contained herein are not intended to be all-inclusive and should not be relied on solely in determining state-specific requirements. Where a question exists with respect to any requirement, the state's statute or regulation should be reviewed and, where necessary, the state insurance department should be contacted. Every effort has been made to ensure the contents of this publication are complete and factually correct, but the NAIC makes no warranty as to the completeness or correctness of the information provided. All responsibility for compliance with individual state insurance codes rests solely with the insurance company and its independent auditor.

## STATE AUDIT REQUIREMENTS

<b>ALABAMA</b>	<b>ALA. ADMIN. CODE R. 482-1-141.01 to 482-1-141.20</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All licensed insurers.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	<p>Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.</p> <p>An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.</p>
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	<p>Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.</p> <p>Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.</p> <p>Audit committees are charged with specific oversight responsibilities.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums Between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.</p>

## STATE AUDIT REQUIREMENTS

<b>ALABAMA</b>	<b>ALA. ADMIN. CODE R. 482-1-141.01 to 482-1-141.20</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>ALABAMA</b>	<b>ALA. ADMIN. CODE R. 482-1-141.01 to 482-1-141.20</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

**STATE AUDIT REQUIREMENTS**

<b>ALASKA</b>	<b>ALASKA ADMIN. CODE TIT. 3 §§ 21.700 to 21.799</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All authorized insurers.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Allowed for insurers having direct premiums of < \$1,000,000 and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>ALASKA</b>	<b>ALASKA ADMIN. CODE TIT. 3 §§ 21.700 to 21.799</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non- audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators. See also § 21.36.060
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>ALASKA</b>	<b>ALASKA ADMIN. CODE TIT. 3 §§ 21.700 to 21.79</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	No provision	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule. See also § 21.09.200	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule. See also § 21.09.200	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule, except specifies 30 days prior to issuance of statutory audit report.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

**STATE AUDIT REQUIREMENTS**

<b>ARIZONA</b>	<b>§ 20-698 – Does not provide comprehensive language but rather requires compliance with NAIC model audit rule.</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
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<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

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<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>ARKANSAS</b>	<b>Ins. Reg. 25</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	<p>Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.</p> <p>An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.</p>
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	<p>Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.</p> <p>Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.</p> <p>Audit committees are charged with specific oversight responsibilities.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.</p>

## STATE AUDIT REQUIREMENTS

<b>ARKANSAS</b>	<b>Ins. Reg. 25</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
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<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
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<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>CALIFORNIA</b>	<b>10 CA ADC §§ 2309.2 to 2309.20</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All insurers doing business in California subject to ICS 900.2 requirements.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>CALIFORNIA</b>	<b>10 CA ADC §§ 2309.2 to 2309.20</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC (CA has adopted the NAIC model language.)	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>CALIFORNIA</b>	<b>10 CA ADC §§ 2309.2 to 2309.20</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Department policy to require current letter.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>COLORADO</b>	<b>Ins. Reg. 3-1-4</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	<p>Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.</p> <p>An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.</p>
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	<p>Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.</p> <p>Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.</p> <p>Audit committees are charged with specific oversight responsibilities.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.</p>

## STATE AUDIT REQUIREMENTS

<b>COLORADO</b>	<b>Ins. Reg. 3-1-4</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>COLORADO</b>	<b>Ins. Reg. 3-1-4</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>CONNECTICUT</b>	<b>CT ADC § 38a.54</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All licensed insurers.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	<p>Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.</p> <p>An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.</p>
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	<p>Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.</p> <p>Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.</p> <p>Audit committees are charged with specific oversight responsibilities.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.</p>

## STATE AUDIT REQUIREMENTS

<b>CONNECTICUT</b>	<b>CT ADC § 38a.54</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>CONNECTICUT</b>	<b>CT ADC § 38a.54</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Department policy to require current letter.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>DELAWARE</b>	<b>18 DE ADC § 301</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All licensed insurers.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	<p>Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.</p> <p>An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.</p>
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	<p>Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.</p> <p>Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.</p> <p>Audit committees are charged with specific oversight responsibilities.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.</p>

## STATE AUDIT REQUIREMENTS

<b>DELAWARE</b>	<b>18 DE ADC § 301</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>DELAWARE</b>	<b>18 DE ADC § 301</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

**STATE AUDIT REQUIREMENTS**

<b>DISTRICT OF COLUMBIA</b>	<b>DC Code §§ 31-301 to 31-314</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All licensed or authorized insurers.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule except no reference to Management's Report.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>DISTRICT OF COLUMBIA</b>	<b>DC Code §§ 31-301 to 31-314</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>DISTRICT OF COLUMBIA</b>	<b>DC Code §§ 31-301 to 31-314</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Department policy to require current letter.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

**STATE AUDIT REQUIREMENTS**

<b>FLORIDA</b>	<b>69O-137.002</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule except Management's report of Internal Control over Financial Reporting is not mentioned.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule except 7-year rotation period with 2- year cool-down.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule except specifies no less than seven years.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>FLORIDA</b>	<b>69O-137.002</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule except no provision for relief.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>FLORIDA</b>	<b>69O-137.002</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	No provision.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Department policy to require current letter.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule except no requirement to file with states or NAIC.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	None	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	None	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	None	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>GEORGIA</b>	<b>GA ADC § 120-2-60</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All licensed insurers.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule except no reference to Management's Report.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>GEORGIA</b>	<b>GA ADC § 120-2-60</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>GEORGIA</b>	<b>GA ADC § 120-2-60</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

**STATE AUDIT REQUIREMENTS**

<b>HAWAII</b>	<b>Hawaii Revised Statutes § 431:3-302.5 and Hawaii Administrative Rules § 16- 185</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All domestic insurers.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Exemption based on financial or organizational hardship.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>HAWAII</b>	<b>Hawaii Revised Statutes § 431:3-302.5 and Hawaii Administrative Rules § 16- 185</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>HAWAII</b>	<b>Hawaii Revised Statutes § 431:3-302.5 and Hawaii Administrative Rules § 16- 185</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>IDAHO</b>	<b>ID ADC 18.07.04.000 to 18.07.04.026</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All licensed insurers.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>IDAHO</b>	<b>ID ADC 18.07.04.000 to 18.07.04.026</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>IDAHO</b>	<b>ID ADC 18.07.04.000 to 18.07.04.026</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>ILLINOIS</b>	<b>50 Ill. Adm. Code 925.20 to Exhibit A</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All licensed insurers.	All licensed or authorized insurers.
<b>Size Exemptions</b>	No size exemption specified	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>ILLINOIS</b>	<b>50 Ill. Adm. Code 925.20 to Exhibit A</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>ILLINOIS</b>	<b>50 Ill. Adm. Code 925.20 to Exhibit A</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule. Insurer shall also notify Director within 30 days of engaging new auditor.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>INDIANA</b>	<b>760 IAC 1-78-1 to 1-78-18</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule except that the partner rotation has a 7-year limitation with a 2-year cool-down period.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>INDIANA</b>	<b>760 IAC 1-78-1 to 1-78-18</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>INDIANA</b>	<b>760 IAC 1-78-1 to 1-78-18</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>IOWA</b>	<b>IAC 191-98.1(505) to 191-98.20(505); IAC 191-5.25</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	<p>Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.</p> <p>An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.</p>
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	<p>Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.</p> <p>Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.</p> <p>Audit committees are charged with specific oversight responsibilities.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.</p>

## STATE AUDIT REQUIREMENTS

<b>IOWA</b>	<b>IAC 191-98.1(505) to 191-98.20(505); IAC 191-5.25</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>IOWA</b>	<b>IAC 191-98.1(505) to 191-98.20(505); IAC 191-5.25</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>KANSAS</b>	<b>KAN. ADMIN. REG. § 40-1-37</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	Every insurer defined in Section 3 of “Policy and Procedure Requiring Annual audited Financial Reports” November 30, 2016	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management’s Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>KANSAS</b>	<b>KAN. ADMIN. REG. § 40-1-37</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>KANSAS</b>	<b>KAN. ADMIN. REG. § 40-1-37</b>	<b>FILING DEADLINES)</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	The CPA need only file once prior to the first audit, however, a change in auditors would necessitate a new awareness letter – per Department ruling.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>KENTUCKY</b>	<b>806 KY. ADMIN. REGS. 3:170; KY. REV. STAT. ANN. 304.3-180</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All authorized insurers.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

KENTUCKY	806 KY. ADMIN. REGS. 3:170; KY. REV. STAT. ANN. 304.3-180	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Does not include exemption.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>KENTUCKY</b>	<b>806 KY. ADMIN. REGS. 3:170; KY. REV. STAT. ANN. 304.3-180</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>LOUISIANA</b>	<b>La. Admin. Code tit. 37 § 13701 to 13739</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	<p>Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.</p> <p>An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.</p>
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	<p>Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.</p> <p>Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.</p> <p>Audit committees are charged with specific oversight responsibilities.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.</p>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.

**STATE AUDIT REQUIREMENTS**

<b>LOUISIANA</b>	<b>La. Admin. Code tit. 37 § 13701 to 13739</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>LOUISIANA</b>	<b>La. Admin. Code tit. 37 § 13701 to 13739</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

**STATE AUDIT REQUIREMENTS**

<b>MAINE</b>	<b>02-031 CMR Ch. 235, § 1 to 19; 24-A M.R.S.A. § 221-A</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All licensed insurers, HMOs, and nonprofit health plans.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Nationwide written premium plus reinsurance assumed less than \$1,000,000, provided that outstanding loss reserves are less than \$1,000,000.  Assessment fire insurers.	Allowed for insurers having direct premiums of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption</b>	Substantially similar to NAIC Model Audit Rule but must file if requested by Superintendent.	Allowed if audited reports required by the domiciliary state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Retained for a minimum of six years. Extended to seven years if Report of Examination is still outstanding after six years.	Retained until Report of Examination covering period is issued, but no longer than seven years.

## STATE AUDIT REQUIREMENTS

<b>MAINE</b>	<b>02-031 CMR Ch. 235, § 1 to 19; 24-A M.R.S.A. § 221-A</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	<p>Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.</p> <p>Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.</p> <p>Audit committees are charged with specific oversight responsibilities.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.</p>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.

**STATE AUDIT REQUIREMENTS**

<b>MAINE</b>	<b>02-031 CMR Ch. 235, § 1 to 19; 24-A M.R.S.A. § 221-A</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>MAINE</b>	<b>02-031 CMR Ch. 235, § 1 to 19; 24-A M.R.S.A. § 221-A</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days' advance notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	At same time as designation of auditor.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	June 1.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Filing with NAIC, same as in Model Audit Rule. Additional filing with other states, only if required by their law.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	When required, report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>MARYLAND</b>	<b>COMAR 31.05.11.01 to 31.05.11.17</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>MARYLAND</b>	<b>COMAR 31.05.11.01 to 31.05.11.17</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>MARYLAND</b>	<b>COMAR 31.05.11.01 to 31.05.11.17</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.

## STATE AUDIT REQUIREMENTS

<b>MASSACHUSETTS</b>	<b>211 CMR 26.01 to 26.20</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.
<b>Applicability</b>	All insurers	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.

## STATE AUDIT REQUIREMENTS

<b>MASSACHUSETTS</b>	<b>211 CMR 26.01 to 26.20</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule	<p>Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.</p> <p>Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.</p> <p>Audit committees are charged with specific oversight responsibilities.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.</p>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.

## STATE AUDIT REQUIREMENTS

<b>MASSACHUSETTS</b>	<b>211 CMR 26.01 to 26.20</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>MASSACHUSETTS</b>	<b>211 CMR 26.01 to 26.20</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Due date not specified.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

**STATE AUDIT REQUIREMENTS**

<b>MICHIGAN</b>	<b>MCL 500.1001 to 500.1033</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All authorized insurers.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Insurers having direct premiums written in Michigan of < \$1,000,000 in any year and < 1,000 policyholders in the State of Michigan. In addition, see § 500.1003 for further size exemption.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule except that the submission of a Qualification Letter is not addressed.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Retained for a period of not less than five years after period reported on.	Retained until Report of Examination covering period is issued, but no longer than seven years.

## STATE AUDIT REQUIREMENTS

<b>MICHIGAN</b>	<b>MCL 500.1001 to 500.1033</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	<p>Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.</p> <p>Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.</p> <p>Audit committees are charged with specific oversight responsibilities.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.</p>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.

**STATE AUDIT REQUIREMENTS**

<b>MICHIGAN</b>	<b>MCL 500.1001 to 500.1033</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>MICHIGAN</b>	<b>MCL 500.1001 to 500.1033</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>MINNESOTA</b>	<b>M.S.A. § 60A.1291</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All insurers doing business in the State of Minnesota.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>MINNESOTA</b>	<b>M.S.A. § 60A.1291</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>MINNESOTA</b>	<b>M.S.A. § 60A.1291</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

**STATE AUDIT REQUIREMENTS**

<b>MISSISSIPPI</b>	<b>Miss. Code Ann. §§ 83-5-101 to 83-5-125</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Commissioner may grant exemption from compliance, if the commissioner finds, upon review of the application that compliance would constitute a financial or organizational hardship upon the insurer.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.

## STATE AUDIT REQUIREMENTS

<b>MISSISSIPPI</b>	<b>Miss. Code Ann. §§ 83-5-101 to 83-5-125</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	<p>Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.</p> <p>Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.</p> <p>Audit committees are charged with specific oversight responsibilities.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.</p>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule except no provision for petitioning for relief from this provision	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.

**STATE AUDIT REQUIREMENTS**

<b>MISSISSIPPI</b>	<b>Miss. Code Ann. §§ 83-5-101 to 83-5-125</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>MISSISSIPPI</b>	<b>Miss. Code Ann. §§ 83-5-101 to 83-5-125</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule except no NAIC reference.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule except no NAIC reference.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>MISSOURI</b>	<b>V.A.M.S. 375.1025 to 375.1062</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All certified or authorized insurers.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule, except that the submission of a CPA Qualification Letter is not addressed.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>MISSOURI</b>	<b>V.A.M.S. 375.1025 to 375.1062</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>MISSOURI</b>	<b>V.A.M.S. 375.1025 to 375.1062</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>MONTANA</b>	<b>ARM 6.6.3501 to 6.6.3521</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All licensed or authorized insurers.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	<p>Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.</p> <p>An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.</p>
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	<p>Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.</p> <p>Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.</p> <p>Audit committees are charged with specific oversight responsibilities.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.</p>

## STATE AUDIT REQUIREMENTS

MONTANA	ARM 6.6.3501 to 6.6.3521	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	<p>Same as NAIC Model Audit Rule.</p>	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>MONTANA</b>	<b>ARM 6.6.3501 to 6.6.3521</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>NEBRASKA</b>	<b>210 Neb. Admin. Code §§ 56-001 to 56-019</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All licensed insurers.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	<p>Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.</p> <p>An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.</p>
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	<p>Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.</p> <p>Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.</p> <p>Audit committees are charged with specific oversight responsibilities.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.</p>

## STATE AUDIT REQUIREMENTS

<b>NEBRASKA</b>	<b>210 Neb. Admin. Code §§ 56-001 to 56-019</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>NEBRASKA</b>	<b>210 Neb. Admin. Code §§ 56-001 to 56-019</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>NEVADA</b>	<b>Nev. Admin. Code §§ 680A.172 to 680A.211</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All authorized insurers.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Allowed for insurers having direct premiums of < \$1,000,000 and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>NEVADA</b>	<b>Nev. Admin. Code §§ 680A.172 to 680A.211</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>NEVADA</b>	<b>Nev. Admin. Code §§ 680A.172 to 680A.211</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Department policy to require current letter.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

**STATE AUDIT REQUIREMENTS**

<b>NEW HAMPSHIRE</b>	<b>N.H. ADMIN. R. INS. §§ 4501.01 to 4501.17</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All authorized insurers.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

**STATE AUDIT REQUIREMENTS**

<b>NEW HAMPSHIRE</b>	<b>N.H. ADMIN. R. INS. §§ 4501.01 to 4501.17</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>NEW HAMPSHIRE</b>	<b>N.H. ADMIN. R. INS. §§ 4501.01 to 4501.17</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>NEW JERSEY</b>	<b>N.J. Admin. Code §§ 11:2-26.1 to 11:2-26.21</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All licensed insurers.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Allowed if audited reports are deemed substantially similar and audit report is filed with Commissioner along with other required reports.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	The insurer shall require that accountant retain until Report of Examination covering period of audit is issued, but no longer than 7 years.	Retained until Report of Examination covering period is issued, but no longer than seven years.

## STATE AUDIT REQUIREMENTS

<b>NEW JERSEY</b>	<b>N.J. Admin. Code §§ 11:2-26.1 to 11:2-26.21</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Audit Committee Requirements</b>	<p>Some provisions same as NAIC Model Audit Rule. However, New Jersey rule does not contain similar premium thresholds.</p> <p>Audit committee requirements do not apply to a domestic insurer if the person controlling the insurer is an entity having a BOD and committees that substantially meet the requirements. The board of directors shall establish one or more committees, including an audit committee comprised solely of directors who are not officers, employees of the insurer or any related entity, or under common control or owners of a controlling interest of any such entity.</p>	<p>Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.</p> <p>Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.</p> <p>Audit committees are charged with specific oversight responsibilities.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.</p>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule. Not recognized if key person participated in the audit of the insurer during the one yr. period preceding the due date of the current statutory opinion.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.

## STATE AUDIT REQUIREMENTS

<b>NEW JERSEY</b>	<b>N.J. Admin. Code §§ 11:2-26.1 to 11:2-26.21</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule. Standards are specifically listed.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>NEW JERSEY</b>	<b>N.J. Admin. Code §§ 11:2-26.1 to 11:2-26.21</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule except upon notice of not being qualified as an independent CPA, the insurer may within 20 days request review.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule. The BOD shall establish a committee of entirely independent members.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>NEW MEXICO</b>	<b>N.M. CODE R. §§ 13.2.5.2 to 13.5.2.27</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All authorized insurers.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Partner limited to five consecutive years after which he/she cannot act in that capacity for two years.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>NEW MEXICO</b>	<b>N.M. CODE R. §§ 13.2.5.2 to 13.5.2.27</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	No specific provision.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>NEW MEXICO</b>	<b>N.M. CODE R. §§ 13.2.5.2 to 13.5.2.27</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	No report should be issued if the accountant does not identify unremediated material weaknesses. 13.2.5.21	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

**STATE AUDIT REQUIREMENTS**

<b>NEW YORK</b>	<b>N.Y. COMP. CODES R. &amp; REGS. tit. 11 §§ 89.0 to 89.16</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	Insurers, fraternal benefit societies and managed care organizations.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	For six calendar years from the date of the audit report or until the filing of the report on examination covering the period of the audit, whichever is longer.	Retained until Report of Examination covering period is issued, but no longer than seven years.

## STATE AUDIT REQUIREMENTS

<b>NEW YORK</b>	<b>N.Y. COMP. CODES R. &amp; REGS. tit. 11 §§ 89.0 to 89.16</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule. Does not apply to a domestic life insurer subject to Insurance Law 1202(b)(2); a foreign or alien insurer not entered into this state through a U.S. branch; or a company that is a SOX compliant entity or a wholly- owned subsidiary of a SOX compliant entity.	<p>Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.</p> <p>Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.</p> <p>Audit committees are charged with specific oversight responsibilities.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.</p>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.

**STATE AUDIT REQUIREMENTS**

<b>NEW YORK</b>	<b>N.Y. COMP. CODES R. &amp; REGS. tit. 11 §§ 89.0 to 89.16</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Management's Report of Internal Controls over Financial Reporting</b>	Contains provisions similar to the as NAIC Model Audit Rule. Does not contain provision regarding RBC level.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>NEW YORK</b>	<b>N.Y. COMP. CODES R. &amp; REGS. tit. 11 §§ 89.0 to 89.16</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Audited financial reports shall be filed on or before May 31; on or before April 1 for MCOs. <i>See N.Y. COMP. CODES R. &amp; REGS. tit. 11 § 89.2 for locations to submit filings.</i>	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	March 1, 2010 and updated information within 60 days of any change thereafter.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	No provision.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Department policy to require current letter.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Shall submit report to the superintendent as part of filing of the annual audited financial report.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Shall be required to report, in writing, to the superintendent, the board of directors and the company's audit committee within 5 days.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.

## STATE AUDIT REQUIREMENTS

<b>NEW YORK</b>	<b>N.Y. COMP. CODES R. &amp; REGS. tit. 11 §§ 89.0 to 89.16</b>	<b>FILING DEADLINES</b>
<b>Audit Committee Election</b>	Shall give notice of the election of its audit committee within 30 days of the effective date of this provision (provisions apply beginning with the reporting period ending December 31, 2010) and within 30 days of any change in membership of the audit committee.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Shall be filed with the audited financial report.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

**STATE AUDIT REQUIREMENTS**

<b>NORTH CAROLINA</b>	<b>N.C. GEN. STAT. §§ 58-10-185 to 58-10-265</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>NORTH CAROLINA</b>	<b>N.C. GEN. STAT. §§ 58-10-185 to 58-10-265</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>NORTH CAROLINA</b>	<b>N.C. GEN. STAT. §§ 58-10-185 to 58-10-265</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

**STATE AUDIT REQUIREMENTS**

<b>NORTH DAKOTA</b>	<b>N.D. Admin. Code Chapter 45-03- 20</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All licensed insurers other than those licensed exclusively in North Dakota.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>NORTH DAKOTA</b>	<b>N.D. Admin. Code Chapter 45-03- 20</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>NORTH DAKOTA</b>	<b>N.D. Admin. Code Chapter 45-03- 20</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Department policy to require current letter.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>OHIO</b>	<b>OH ADC 3901-1-50</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	<p>Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.</p> <p>An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.</p>
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	<p>Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.</p> <p>Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.</p> <p>Audit committees are charged with specific oversight responsibilities.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.</p> <p>Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.</p>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.

## STATE AUDIT REQUIREMENTS

<b>OHIO</b>	<b>OH ADC 3901-1-50</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>OHIO</b>	<b>OH ADC 3901-1-50</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>OKLAHOMA</b>	<b>tit. 36 §§ 311A.1-311A.20</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>OKLAHOMA</b>	<b>tit. 36 §§ 311A.1-311A.20</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule except contains a waiver.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>OKLAHOMA</b>	<b>tit. 36 §§ 311A.1-311A.20</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Department policy to require current letter.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

**STATE AUDIT REQUIREMENTS**

<b>OREGON</b>	<b>OR. ADMIN. R. 836-011-0100 to 836-011-0235</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>OREGON</b>	<b>OR. ADMIN. R. 836-011-0100 to 836-011-0235</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>OREGON</b>	<b>OR. ADMIN. R. 836-011-0100 to 836-011-0235</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

**STATE AUDIT REQUIREMENTS**

<b>PENNSYLVANIA</b>	<b>31 PA CODE 147.1 to 147.15</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All licensed insurers.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule except that domestic insurers must have total admitted assets of less than \$10,000,000. 147.13.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Foreign insurers exempt on basis of substantially similar requirements. 147.13	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule; except that requires retention for at least 7 years after period reported on in audit report.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

PENNSYLVANIA	31 PA CODE 147.1 to 147.15	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule; with the exception of broader scope for prohibited actuarial advisory services.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>PENNSYLVANIA</b>	<b>31 PA CODE 147.1 to 147.15</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule. No language requiring communication of deficiencies to be reported even if no deficiencies noted.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule. Except that it states no later than April 1 of the year filed.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

**STATE AUDIT REQUIREMENTS**

<b>PUERTO RICO</b>	<b>RULE 14-A</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All authorized insurers.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Insurers having premiums less than \$100,000 in any year or less than 1,000 policyholders.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	No provision.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	No provision.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Not less than 5 years after period covered in report.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	No provision.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>PUERTO RICO</b>	<b>RULE 14-A</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	No provision.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	No provision.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	No provision.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	No provision.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	No provision.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>PUERTO RICO</b>	<b>RULE 14-A</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Shall file on or before June 30.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Within 30 days.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Shall be filed with annual audited report.	June 1.
<b>Awareness Letter</b>	No provision.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	No provision.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Insurer shall notify Commissioner within 5 days; no requirement for CPA.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	No provision.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	No provision.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	No provision.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	No provision.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	No provision.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>RHODE ISLAND</b>	<b>230-RICR- 20-45-7.1 to 230-RICR- 20-45-7.20</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

**STATE AUDIT REQUIREMENTS**

<b>RHODE ISLAND</b>	<b>230-RICR- 20-45-7.1 to 230-RICR- 20-45-7.20</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>RHODE ISLAND</b>	<b>230-RICR- 20-45-7.1 to 230-RICR- 20-45-7.20</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

**STATE AUDIT REQUIREMENTS**

<b>SOUTH CAROLINA</b>	<b>Regulation 69-70</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	Same as NAIC Model Audit Rule.	All licensed or authorized insurers. S.C. Code Ann. Regs. 69 -70 (2009).
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.

**STATE AUDIT REQUIREMENTS**

<b>SOUTH CAROLINA</b>	<b>Regulation 69-70</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>SOUTH CAROLINA</b>	<b>Regulation 69-70</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>SOUTH DAKOTA</b>	<b>S.D. Codified Laws § 58-43-1 to 58-43-26</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.  Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.  Same as NAIC Model Audit Rule.  Same as NAIC Model Audit Rule.  Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>SOUTH DAKOTA</b>	<b>S.D. Codified Laws § 58-43-1 to 58-43-26</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>SOUTH DAKOTA</b>	<b>S.D. Codified Laws § 58-43-1 to 58-43-26</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

**STATE AUDIT REQUIREMENTS**

<b>TENNESSEE</b>	<b>Reg. ch. 0780-01-65-.01 to 0780-01-65-.20</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

TENNESSEE	Reg. ch. 0780-01-65-.01 to 0780-01-65-.20	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non- audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>TENNESSEE</b>	<b>Reg. ch. 0780-01-65-.01 to 0780-01-65-.20</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>TEXAS</b>	<b>28 Tex. Admin. Code § 7.88 (2010)</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All authorized insurers.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule, except no 1,000 policyholders reference.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>TEXAS</b>	<b>28 Tex. Admin. Code § 7.88 (2010)</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>TEXAS</b>	<b>28 Tex. Admin. Code § 7.88 (2010)</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	June 1 for multi-state insurers and June 30 for Texas-only writers.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	No provision	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Not later than Dec. 31 (filed with Designation of Auditor letter).	Required annually pursuant to TX INS § 401.014
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Separately maintained at TX INS § 401.017; shall notify Commissioner within 10 days of notification.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Separately maintained at TX INS § 401.015.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>UTAH</b>	<b>Utah Admin. Code R. 590-254-1 to 590-254-21</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All authorized insurers.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Allowed for insurers having direct premiums of < \$1,000,000 and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>UTAH</b>	<b>Utah Admin. Code R. 590-254-1 to 590-254-21</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	No provision.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>UTAH</b>	<b>Utah Admin. Code R. 590-254-1 to 590-254-21</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>VERMONT</b>	<b>VT ADC 4-3-52:1 to 4-3-52:21</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>VERMONT</b>	<b>VT ADC 4-3-52:1 to 4-3-52:21</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>VERMONT</b>	<b>VT ADC 4-3-52:1 to 4-3-52:21</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>VIRGINIA</b>	<b>14 Va. Admin. Code § 5-270-10 to 14 Va. Admin. Code § 5-270-180</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All licensed insurers.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Insurers having direct premiums written of < \$1,000,000 and < 1,000 policyholders unless reinsurance assumed premiums exceed \$1,000,000.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule, except Section 13A is not included.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>VIRGINIA</b>	<b>14 Va. Admin. Code § 5-270-10 to 14 Va. Admin. Code § 5-270-180</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>VIRGINIA</b>	<b>14 Va. Admin. Code § 5-270-10 to 14 Va. Admin. Code § 5-270-180</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Domestic insurers — June 1; Foreign and alien insurers — June 30.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Filed with audit report.	June 1.
<b>Awareness Letter</b>	Within 60 days after becoming subject to the state's audit requirement.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

**STATE AUDIT REQUIREMENTS**

<b>WASHINGTON</b>	<b>Wash. Admin. Code § 284-07-100 to Wash. Admin. Code § 284-07-240</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>WASHINGTON</b>	<b>Wash. Admin. Code § 284-07-100 to Wash. Admin. Code § 284-07-240</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request an exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>WASHINGTON</b>	<b>Wash. Admin. Code § 284-07-100 to Wash. Admin. Code § 284-07-240</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

**STATE AUDIT REQUIREMENTS**

<b>WEST VIRGINIA</b>	<b>W. Va. Code §§ 33-33-1 to 33-33-16</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

**STATE AUDIT REQUIREMENTS**

<b>WEST VIRGINIA</b>	<b>W. Va. Code §§ 33-33-1 to 33-33-16</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Regulation Except uses \$1,000,000 instead of \$100,000,000 threshold.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>WEST VIRGINIA</b>	<b>W. Va. Code §§ 33-33-1 to 33-33-16</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>WISCONSIN</b>	<b>Wis. Admin. Code Ins. § 50.01 to Wis. Admin. Code Ins. § 50.19</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule, except no requirement that foreign insurer has filed Management's Report of Internal Control over Financial Reporting in time specified.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, and Notification of Adverse Condition, are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule, except for definition of workpapers.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Same as NAIC Model Audit Rule.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>WISCONSIN</b>	<b>Wis. Admin. Code Ins. § 50.01 to Wis. Admin. Code Ins. § 50.19</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	<p>Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.</p> <p>If an insurer does not exceed the premium threshold, the commissioner may still require the filing of this report if the insurer is in any RBC level event or meets any one or more of the standards of an insurer deemed to be in hazardous financial condition.</p> <p>An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.</p> <p>The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.</p> <p>Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.</p>

## STATE AUDIT REQUIREMENTS

<b>WISCONSIN</b>	<b>Wis. Admin. Code Ins. § 50.01 to Wis. Admin. Code Ins. § 50.19</b>	<b>FILING DEADLINES</b>
<b>Audit Report</b>	Same as NAIC Model Audit Rule.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
<b>Qualification Letter</b>	Same as NAIC Model Audit Rule.	June 1.
<b>Awareness Letter</b>	Same as NAIC Model Audit Rule.	Due date not specified.
<b>Communication of Internal Control Related Matters Noted in an Audit</b>	Same as NAIC Model Audit Rule.	Prepared by the accountant and filed within 60 days after filing of audited financial statements; if no unremediated material weaknesses are noted, the communication should still be filed and so state. If unremediated material weaknesses are noted, the insurer is also required to provide a description of remedial actions to be taken with the filing.
<b>Adverse Condition</b>	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
<b>Change in Auditor</b>	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
<b>Application for Relief from Partner Rotation Requirements</b>	Same as NAIC Model Audit Rule.	The application for relief from partner rotation requirements must be made at least 30 days before the end of the calendar year. If approval is granted, the insurer shall file with its annual statement filing the approval for relief with the states that it is licensed or doing business in and the NAIC.
<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
<b>Audit Committee Election</b>	Same as NAIC Model Audit Rule.	Notification of the election shall be made prior to the issuance of the statutory audit report and the election shall remain in effect until rescinded.
<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.

## STATE AUDIT REQUIREMENTS

<b>WYOMING</b>	<b>Wyo. Stat. Ann. § 26-3-301 to Wyo. Stat. Ann. § 26-3-318</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Applicability</b>	All insurers as defined in W.S. 26-1- 102(a)(xvi).	All licensed or authorized insurers.
<b>Size Exemptions</b>	Same as NAIC Model Audit Rule.	Allowed for insurers having direct premiums in domestic state of < \$1,000,000 in any calendar year and < 1,000 policyholders nationwide, unless reinsurance premiums assumed exceed \$1,000,000.
<b>Exemption from Filing in Other States</b>	Same as NAIC Model Audit Rule.	Allowed if audited reports required by the domestic state are deemed substantially similar and Audited financial reports, Communication of Internal Control Related Matters Noted in an Audit, Qualification Letter, Notification of Adverse Condition, and Management's Report of Internal Control over Financial Reporting are filed within the time specified.
<b>Partner Rotation</b>	Same as NAIC Model Audit Rule.	Partner limited to five consecutive years after which he/she cannot act in that capacity for five years.  An insurer may make application to the commissioner for relief from the rotation requirement on the basis on unusual circumstances.
<b>Workpaper Requirements</b>	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
<b>Audit Committee Requirements</b>	Audit committees for insurers with prior calendar year direct written and assumed premiums of \$500 million or less shall have a majority of its members qualify as independent.	Every insurer required to file an annual Audited financial report shall designate a group of individuals as constituting its Audit committee.  Ultimate controlling person shall provide written notice describing the basis for electing to designate a parent audit committee to serve in that function for the insurer.  Audit committees are charged with specific oversight responsibilities.  Audit committees for insurers with prior calendar year direct written and assumed premiums between \$300 million and \$500 million shall have a minimum of 50% of its members qualify as independent.  Audit committees for insurers with prior calendar year direct written and assumed premiums greater than \$500 million shall have a minimum of 75% of its members qualify as independent.

## STATE AUDIT REQUIREMENTS

<b>WYOMING</b>	<b>Wyo. Stat. Ann. § 26-3-301 to Wyo. Stat. Ann. § 26-3-318</b>	<b>ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)</b>
<b>Internal Audit Function Requirements</b>	Same as NAIC Model Audit Rule.	An internal audit function is established with standards for independence and reporting. Holding companies may meet this requirement at the ultimate controlling parent level, intermediate holding company level or individual legal entity level. Exemption for insurers with annual premium under \$500,000,000 or, if insurance group, annual premium under \$1,000,000,000.
<b>Prohibited Services</b>	Same as NAIC Model Audit Rule.	The commissioner shall not accept Audited financial reports from an accountant who provides prohibited non-audit services. Insurers having direct written and assumed premiums of less than \$100,000,000 in any calendar year may request and exemption from this requirement.
<b>Cooling-Off Period</b>	Same as NAIC Model Audit Rule.	The commissioner shall not recognize a CPA as qualified to perform an audit if the insurer employs a person in a key financial position that was previously employed by the CPA firm and acted as a partner or senior manager involved in the insurer's preceding audit. An insurer may make an application to the commissioner for relief from the requirement on the basis of unusual circumstances.
<b>Conduct of Insurer in Preparing Required Reports</b>	Same as NAIC Model Audit Rule.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
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<b>Designation of Auditor</b>	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
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<b>Approval of Relief from Cooling-Off Requirements</b>	Same as NAIC Model Audit Rule.	The insurer shall file with its annual statement filing the approval for relief with all states it is licensed or doing business in and the NAIC.
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<b>Management's Report of Internal Controls over Financial Reporting</b>	Same as NAIC Model Audit Rule.	Report shall be as of the December 31 immediately preceding and filed with the commissioner along with the Communication of Internal Control Related Matters Noted in an Audit.



National Association *of* Insurance Commissioners

The National Association of Insurance Commissioners (NAIC) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the U.S.

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