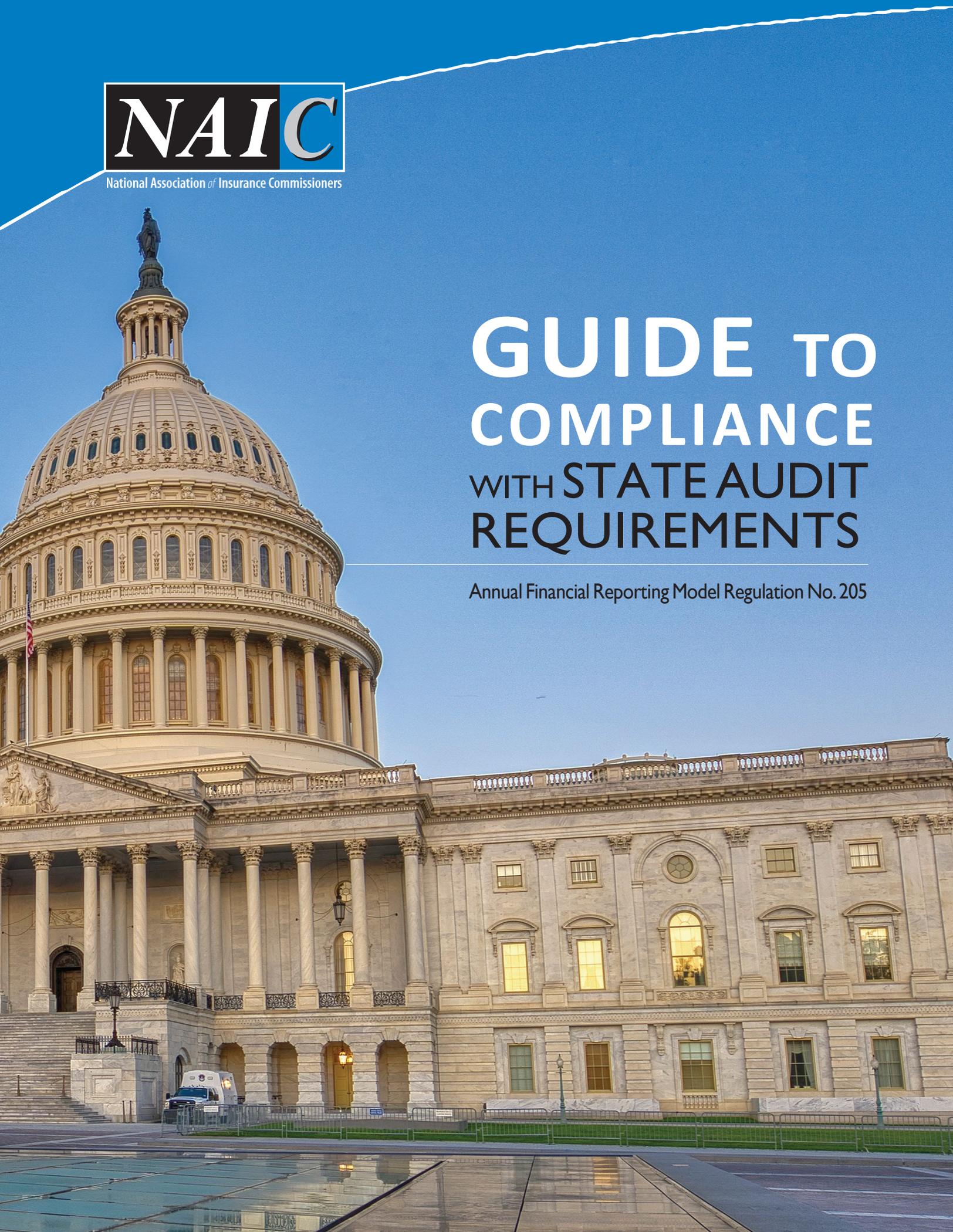


The logo for the National Association of Insurance Commissioners (NAIC) is displayed in a white serif font within a black rectangular box. The letters 'NAIC' are large and bold, with the 'C' being slightly larger than the others.

National Association of Insurance Commissioners

A large, detailed photograph of the United States Capitol building in Washington, D.C. The image shows the iconic dome on the left, the neoclassical facade with columns, and the wings of the building extending to the right. The sky is a clear, bright blue. The foreground shows a paved plaza with some greenery and a white van parked near the entrance.

GUIDE TO COMPLIANCE WITH STATE AUDIT REQUIREMENTS

Annual Financial Reporting Model Regulation No. 205



The NAIC is the authoritative source for insurance industry information. Our expert solutions support the efforts of regulators, insurers and researchers by providing detailed and comprehensive insurance information. The NAIC offers a wide range of publications in the following categories:

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NAIC Guide to Compliance with State Audit Requirements

**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

ALABAMA	ALA. ADMIN. CODE R. 482-1-141.01 to 482-1-141.20	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All licensed insurers.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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.
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

ALABAMA	ALA. ADMIN. CODE R. 482-1-141.01 to 482-1-141.20	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

ALABAMA	ALA. ADMIN. CODE R. 482-1-141.01 to 482-1-141.20	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

ALASKA	ALASKA ADMIN. CODE TIT. 3 §§ 21.700 to 21.799	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All authorized insurers.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

ALASKA	ALASKA ADMIN. CODE TIT. 3 §§ 21.700 to 21.799	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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
Management's Report of Internal Controls over Financial Reporting	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

ALASKA	ALASKA ADMIN. CODE TIT. 3 §§ 21.700 to 21.79	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	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.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

ARIZONA	§ 20-698 – Does not provide comprehensive language but rather requires compliance with NAIC model audit rule.	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

ARIZONA	§ 20-698 – Does not provide comprehensive language but rather requires compliance with NAIC model audit rule.	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

ARIZONA	§ 20-698 – Does not provide comprehensive language but rather requires compliance with NAIC model audit rule.	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

ARKANSAS	Ins. Reg. 25	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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.
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

ARKANSAS	Ins. Reg. 25	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

ARKANSAS	Ins. Reg. 25	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

CALIFORNIA	10 CA ADC §§ 2309.2 to 2309.20	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All insurers doing business in California subject to ICS 900.2 requirements.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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.
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

CALIFORNIA	10 CA ADC §§ 2309.2 to 2309.20	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

CALIFORNIA	10 CA ADC §§ 2309.2 to 2309.20	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Department policy to require current letter.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

COLORADO	Ins. Reg. 3-1-4	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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.
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

COLORADO	Ins. Reg. 3-1-4	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

COLORADO	Ins. Reg. 3-1-4	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

CONNECTICUT	CT ADC § 38a.54	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All licensed insurers.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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.
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

CONNECTICUT	CT ADC § 38a.54	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

CONNECTICUT	CT ADC § 38a.54	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Department policy to require current letter.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

DELAWARE	18 DE ADC § 301	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All licensed insurers.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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.
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

DELAWARE	18 DE ADC § 301	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

DELAWARE	18 DE ADC § 301	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

DISTRICT OF COLUMBIA	DC Code §§ 31-301 to 31-314	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All licensed or authorized insurers.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

DISTRICT OF COLUMBIA	DC Code §§ 31-301 to 31-314	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

DISTRICT OF COLUMBIA	DC Code §§ 31-301 to 31-314	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Department policy to require current letter.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

FLORIDA	690-137.002	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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.
Workpaper Requirements	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.
Audit Committee Requirements	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

FLORIDA	690-137.002	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

FLORIDA	690-137.002	FILING DEADLINES
Audit Report	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.
Designation of Auditor	No provision.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Department policy to require current letter.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

GEORGIA	GA ADC § 120-2-60	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All licensed insurers.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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.
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

GEORGIA	GA ADC § 120-2-60	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

GEORGIA	GA ADC § 120-2-60	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

HAWAII	Hawaii Revised Statutes § 431:3-302.5 and Hawaii Administrative Rules § 16- 185	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All domestic insurers.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

HAWAII	Hawaii Revised Statutes § 431:3-302.5 and Hawaii Administrative Rules § 16- 185	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

HAWAII	Hawaii Revised Statutes § 431:3-302.5 and Hawaii Administrative Rules § 16- 185	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

IDAHO	ID ADC 18.07.04.000 to 18.07.04.026	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All licensed insurers.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

IDAHO	ID ADC 18.07.04.000 to 18.07.04.026	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

IDAHO	ID ADC 18.07.04.000 to 18.07.04.026	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

ILLINOIS	50 Ill. Adm. Code 925.20 to Exhibit A	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All licensed insurers.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

ILLINOIS	50 Ill. Adm. Code 925.20 to Exhibit A	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

ILLINOIS	50 Ill. Adm. Code 925.20 to Exhibit A	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	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.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

INDIANA	760 IAC 1-78-1 to 1-78-18	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	Same as NAIC Model Audit Rule except that the partner rotation has a 7-year limitation with a 2-year cool-down period.	<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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

INDIANA	760 IAC 1-78-1 to 1-78-18	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

INDIANA	760 IAC 1-78-1 to 1-78-18	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

IOWA	IAC 191-98.1(505) to 191-98.20(505); IAC 191-5.25	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

IOWA	IAC 191-98.1(505) to 191-98.20(505); IAC 191-5.25	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

IOWA	IAC 191-98.1(505) to 191-98.20(505); IAC 191-5.25	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

KANSAS	KAN. ADMIN. REG. § 40-1-37	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	Every insurer defined in Section 3 of "Policy and Procedure Requiring Annual audited Financial Reports" November 30, 2016	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

KANSAS	KAN. ADMIN. REG. § 40-1-37	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

KANSAS	KAN. ADMIN. REG. § 40-1-37	FILING DEADLINES)
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	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.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

KENTUCKY	806 KY. ADMIN. REGS. 3:170; KY. REV. STAT. ANN. 304.3-180	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All authorized insurers.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

KENTUCKY	806 KY. ADMIN. REGS. 3:170; KY. REV. STAT. ANN. 304.3-180	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

KENTUCKY	806 KY. ADMIN. REGS. 3:170; KY. REV. STAT. ANN. 304.3-180	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

LOUISIANA	La. Admin. Code tit. 37 § 13701 to 13739	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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>
Internal Audit Function Requirements	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

LOUISIANA	La. Admin. Code tit. 37 § 13701 to 13739	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

LOUISIANA	La. Admin. Code tit. 37 § 13701 to 13739	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

MAINE	02-031 CMR Ch. 235, § 1 to 19; 24-A M.R.S.A. § 221-A	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All licensed insurers, HMOs, and nonprofit health plans.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption	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.
Partner Rotation	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.
Workpaper Requirements	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

MAINE	02-031 CMR Ch. 235, § 1 to 19; 24-A M.R.S.A. § 221-A	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Audit Committee Requirements	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>
Internal Audit Function Requirements	Same as NAIC Model Audit Rule.	<p>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.</p>
Prohibited Services	Same as NAIC Model Audit Rule.	<p>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.</p>
Cooling-Off Period	Same as NAIC Model Audit Rule.	<p>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.</p>
Conduct of Insurer in Preparing Required Reports	Same as NAIC Model Audit Rule.	<p>Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.</p>

STATE AUDIT REQUIREMENTS

MAINE	02-031 CMR Ch. 235, § 1 to 19; 24-A M.R.S.A. § 221-A	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
<p>Management's Report of Internal Controls over Financial Reporting</p>	<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

MAINE	02-031 CMR Ch. 235, § 1 to 19; 24-A M.R.S.A. § 221-A	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	At same time as designation of auditor.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

MARYLAND	COMAR 31.05.11.01 to 31.05.11.17	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

MARYLAND	COMAR 31.05.11.01 to 31.05.11.17	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

MARYLAND	COMAR 31.05.11.01 to 31.05.11.17	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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

MASSACHUSETTS	211 CMR 26.01 to 26.20	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Management's Report of Internal Controls over Financial Reporting	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.
Applicability	All insurers	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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.
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.

STATE AUDIT REQUIREMENTS

MASSACHUSETTS	211 CMR 26.01 to 26.20	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Audit Committee Requirements	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>
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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

MASSACHUSETTS	211 CMR 26.01 to 26.20	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
<p>Management's Report of Internal Controls over Financial Reporting</p>	<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

MASSACHUSETTS	211 CMR 26.01 to 26.20	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Due date not specified.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

MICHIGAN	MCL 500.1001 to 500.1033	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All authorized insurers.	All licensed or authorized insurers.
Size Exemptions	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, <i>see</i> § 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.
Exemption from Filing in Other States	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.
Partner Rotation	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.
Workpaper Requirements	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

MICHIGAN	MCL 500.1001 to 500.1033	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Audit Committee Requirements	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>
Internal Audit Function Requirements	Same as NAIC Model Audit Rule.	<p>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.</p>
Prohibited Services	Same as NAIC Model Audit Rule.	<p>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.</p>
Cooling-Off Period	Same as NAIC Model Audit Rule.	<p>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.</p>
Conduct of Insurer in Preparing Required Reports	Same as NAIC Model Audit Rule.	<p>Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.</p>

STATE AUDIT REQUIREMENTS

MICHIGAN	MCL 500.1001 to 500.1033	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
<p>Management's Report of Internal Controls over Financial Reporting</p>	<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

MICHIGAN	MCL 500.1001 to 500.1033	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

MINNESOTA	M.S.A. § 60A.1291	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All insurers doing business in the State of Minnesota.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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.
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

MINNESOTA	M.S.A. § 60A.1291	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

MINNESOTA	M.S.A. § 60A.1291	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

MISSISSIPPI	Miss. Code Ann. §§ 83-5-101 to 83-5-125	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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.
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.

STATE AUDIT REQUIREMENTS

MISSISSIPPI	Miss. Code Ann. §§ 83-5-101 to 83-5-125	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Audit Committee Requirements	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>
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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

MISSISSIPPI	Miss. Code Ann. §§ 83-5-101 to 83-5-125	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
<p>Management's Report of Internal Controls over Financial Reporting</p>	<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

MISSISSIPPI	Miss. Code Ann. §§ 83-5-101 to 83-5-125	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

MISSOURI	V.A.M.S. 375.1025 to 375.1062	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All certified or authorized insurers.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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.
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

MISSOURI	V.A.M.S. 375.1025 to 375.1062	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

MISSOURI	V.A.M.S. 375.1025 to 375.1062	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

MONTANA	ARM 6.6.3501 to 6.6.3521	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All licensed or authorized insurers.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	Same as NAIC Model Audit Rule.	Every insurer with direct written and assumed premiums of \$500 million or more shall prepare a report.
	Same as NAIC Model Audit Rule.	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.
	Same as NAIC Model Audit Rule.	An insurer may file its or its parent's Sarbanes-Oxley Act Section 404 report along with an addendum to fulfill the filing requirement.
	Same as NAIC Model Audit Rule.	The report shall include an assertion as to the effectiveness of internal controls over statutory financial reporting along with other significant elements.
	Same as NAIC Model Audit Rule.	Management shall document and make available for review during the financial condition examination the basis upon which its assertion is made.

STATE AUDIT REQUIREMENTS

MONTANA	ARM 6.6.3501 to 6.6.3521	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

NEBRASKA	210 Neb. Admin. Code §§ 56-001 to 56-019	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All licensed insurers.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

NEBRASKA	210 Neb. Admin. Code §§ 56-001 to 56-019	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

NEBRASKA	210 Neb. Admin. Code §§ 56-001 to 56-019	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

NEVADA	Nev. Admin. Code §§ 680A.172 to 680A.211	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All authorized insurers.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

NEVADA	Nev. Admin. Code §§ 680A.172 to 680A.211	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

NEVADA	Nev. Admin. Code §§ 680A.172 to 680A.211	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Department policy to require current letter.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

NEW HAMPSHIRE	N.H. ADMIN. R. INS. §§ 4501.01 to 4501.17	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All authorized insurers.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

NEW HAMPSHIRE	N.H. ADMIN. R. INS. §§ 4501.01 to 4501.17	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

NEW HAMPSHIRE	N.H. ADMIN. R. INS. §§ 4501.01 to 4501.17	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

NEW JERSEY	N.J. Admin. Code §§ 11:2-26.1 to 11:2-26.21	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All licensed insurers.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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.
Workpaper Requirements	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

NEW JERSEY	N.J. Admin. Code §§ 11:2-26.1 to 11:2-26.21	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Audit Committee Requirements	<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>
Internal Audit Function Requirements	Same as NAIC Model Audit Rule.	<p>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.</p>
Prohibited Services	Same as NAIC Model Audit Rule.	<p>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.</p>
Cooling-Off Period	<p>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.</p>	<p>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.</p>

STATE AUDIT REQUIREMENTS

NEW JERSEY	N.J. Admin. Code §§ 11:2-26.1 to 11:2-26.21	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

NEW JERSEY	N.J. Admin. Code §§ 11:2-26.1 to 11:2-26.21	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

NEW MEXICO	N.M. CODE R. §§ 13.2.5.2 to 13.5.2.27	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All authorized insurers.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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.
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

NEW MEXICO	N.M. CODE R. §§ 13.2.5.2 to 13.5.2.27	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	No specific provision.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
Management's Report of Internal Controls over Financial Reporting	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

NEW MEXICO	N.M. CODE R. §§ 13.2.5.2 to 13.5.2.27	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

NEW YORK	N.Y. COMP. CODES R. & REGS. tit. 11 §§ 89.0 to 89.16	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	Insurers, fraternal benefit societies and managed care organizations.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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.
Workpaper Requirements	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

NEW YORK	N.Y. COMP. CODES R. & REGS. tit. 11 §§ 89.0 to 89.16	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Audit Committee Requirements	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>
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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

NEW YORK	N.Y. COMP. CODES R. & REGS. tit. 11 §§ 89.0 to 89.16	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
<p>Management's Report of Internal Controls over Financial Reporting</p>	<p>Contains provisions similar to the as NAIC Model Audit Rule. Does not contain provision regarding RBC level.</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

NEW YORK	N.Y. COMP. CODES R. & REGS. tit. 11 §§ 89.0 to 89.16	FILING DEADLINES
Audit Report	Audited financial reports shall be filed on or before May 31; on or before April 1 for MCOs. <i>See</i> N.Y. COMP. CODES R. & REGS. tit. 11 § 89.2 for locations to submit filings.	June 1. The commissioner may require an insurer to file an Audited financial report earlier than June 1 with 90 days advanced notice.
Designation of Auditor	March 1, 2010 and updated information within 60 days of any change thereafter.	Within 60 days after becoming subject to regulation.
Qualification Letter	No provision.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Department policy to require current letter.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	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.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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

NEW YORK	N.Y. COMP. CODES R. & REGS. tit. 11 §§ 89.0 to 89.16	FILING DEADLINES
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

NORTH CAROLINA	N.C. GEN. STAT. §§ 58-10-185 to 58-10-265	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

NORTH CAROLINA	N.C. GEN. STAT. §§ 58-10-185 to 58-10-265	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

NORTH CAROLINA	N.C. GEN. STAT. §§ 58-10-185 to 58-10-265	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

NORTH DAKOTA	N.D. Admin. Code Chapter 45-03- 20	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All licensed insurers other than those licensed exclusively in North Dakota.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

NORTH DAKOTA	N.D. Admin. Code Chapter 45-03- 20	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

NORTH DAKOTA	N.D. Admin. Code Chapter 45-03- 20	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Department policy to require current letter.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

OHIO	OH ADC 3901-1-50	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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.
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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.
Internal Audit Function Requirements	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

OHIO	OH ADC 3901-1-50	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

OHIO	OH ADC 3901-1-50	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

OKLAHOMA	tit. 36 §§ 311A.1-311A.20	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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.
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

OKLAHOMA	tit. 36 §§ 311A.1-311A.20	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

OKLAHOMA	tit. 36 §§ 311A.1-311A.20	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Department policy to require current letter.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

OREGON	OR. ADMIN. R. 836-011-0100 to 836-011-0235	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

OREGON	OR. ADMIN. R. 836-011-0100 to 836-011-0235	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

OREGON	OR. ADMIN. R. 836-011-0100 to 836-011-0235	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

PENNSYLVANIA	31 PA CODE 147.1 to 147.15	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All licensed insurers.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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.
Workpaper Requirements	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.
Audit Committee Requirements	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)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

PENNSYLVANIA	31 PA CODE 147.1 to 147.15	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

PUERTO RICO	RULE 14-A	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All authorized insurers.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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.
Workpaper Requirements	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.
Audit Committee Requirements	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

PUERTO RICO	RULE 14-A	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	No provision.	Directors and officers of insurers are required to meet minimum standards in providing information to their auditors and regulators.
Management's Report of Internal Controls over Financial Reporting	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

PUERTO RICO	RULE 14-A	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Within 30 days.	Within 60 days after becoming subject to regulation.
Qualification Letter	Shall be filed with annual audited report.	June 1.
Awareness Letter	No provision.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	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.
Change in Auditor	No provision.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

RHODE ISLAND	230-RICR- 20-45-7.1 to 230-RICR- 20-45-7.20	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

RHODE ISLAND	230-RICR- 20-45-7.1 to 230-RICR- 20-45-7.20	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

RHODE ISLAND	230-RICR- 20-45-7.1 to 230-RICR- 20-45-7.20	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

SOUTH CAROLINA	Regulation 69-70	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	Same as NAIC Model Audit Rule.	All licensed or authorized insurers. S.C. Code Ann. Regs. 69 -70 (2009).
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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>
Internal Audit Function Requirements	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

SOUTH CAROLINA	Regulation 69-70	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

SOUTH CAROLINA	Regulation 69-70	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

SOUTH DAKOTA	S.D. Codified Laws § 58-43-1 to 58-43-26	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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.
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

SOUTH DAKOTA	S.D. Codified Laws § 58-43-1 to 58-43-26	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

SOUTH DAKOTA	S.D. Codified Laws § 58-43-1 to 58-43-26	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

TENNESSEE	Reg. ch. 0780-01-65-.01 to 0780-01-65-.20	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

TENNESSEE	Reg. ch. 0780-01-65-.01 to 0780-01-65-.20	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

TENNESSEE	Reg. ch. 0780-01-65-.01 to 0780-01-65-.20	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

TEXAS	28 Tex. Admin. Code § 7.88 (2010)	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All authorized insurers.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

TEXAS	28 Tex. Admin. Code § 7.88 (2010)	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

TEXAS	28 Tex. Admin. Code § 7.88 (2010)	FILING DEADLINES
Audit Report	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.
Designation of Auditor	No provision	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Not later than Dec. 31 (filed with Designation of Auditor letter).	Required annually pursuant to TX INS § 401.014
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	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.
Change in Auditor	Separately maintained at TX INS § 401.015.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

UTAH	Utah Admin. Code R. 590-254-1 to 590-254-21	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All authorized insurers.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

UTAH	Utah Admin. Code R. 590-254-1 to 590-254-21	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

UTAH	Utah Admin. Code R. 590-254-1 to 590-254-21	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

VERMONT	VT ADC 4-3-52:1 to 4-3-52:21	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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.
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

VERMONT	VT ADC 4-3-52:1 to 4-3-52:21	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

VERMONT	VT ADC 4-3-52:1 to 4-3-52:21	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

VIRGINIA	14 Va. Admin. Code § 5-270-10 to 14 Va. Admin. Code § 5-270-180	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All licensed insurers.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	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.
Audit Committee Requirements	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

VIRGINIA	14 Va. Admin. Code § 5-270-10 to 14 Va. Admin. Code § 5-270-180	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

VIRGINIA	14 Va. Admin. Code § 5-270-10 to 14 Va. Admin. Code § 5-270-180	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Filed with audit report.	June 1.
Awareness Letter	Within 60 days after becoming subject to the state's audit requirement.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

WASHINGTON	Wash. Admin. Code § 284-07-100 to Wash. Admin. Code § 284-07-240	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

WASHINGTON	Wash. Admin. Code § 284-07-100 to Wash. Admin. Code § 284-07-240	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

WASHINGTON	Wash. Admin. Code § 284-07-100 to Wash. Admin. Code § 284-07-240	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

WEST VIRGINIA	W. Va. Code §§ 33-33-1 to 33-33-16	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	Same as NAIC Model Audi 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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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

WEST VIRGINIA	W. Va. Code §§ 33-33-1 to 33-33-16	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

WEST VIRGINIA	W. Va. Code §§ 33-33-1 to 33-33-16	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

WISCONSIN	Wis. Admin. Code Ins. § 50.01 to Wis. Admin. Code Ins. § 50.19	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	Same as NAIC Model Audit Rule.	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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.
Workpaper Requirements	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.
Audit Committee Requirements	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

WISCONSIN	Wis. Admin. Code Ins. § 50.01 to Wis. Admin. Code Ins. § 50.19	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Internal Audit Function Requirements	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.
Prohibited Services	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.
Cooling-Off Period	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.
Conduct of Insurer in Preparing Required Reports	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.
Management's Report of Internal Controls over Financial Reporting	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

WISCONSIN	Wis. Admin. Code Ins. § 50.01 to Wis. Admin. Code Ins. § 50.19	FILING DEADLINES
Audit Report	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.
Designation of Auditor	Same as NAIC Model Audit Rule.	Within 60 days after becoming subject to regulation.
Qualification Letter	Same as NAIC Model Audit Rule.	June 1.
Awareness Letter	Same as NAIC Model Audit Rule.	Due date not specified.
Communication of Internal Control Related Matters Noted in an Audit	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.
Adverse Condition	Same as NAIC Model Audit Rule.	CPA must notify insurer within five business days; insurer shall notify Commissioner within five business days of notification.
Change in Auditor	Same as NAIC Model Audit Rule.	Insurer must notify Commissioner within five business days of dismissal or resignation of auditor.
Application for Relief from Partner Rotation Requirements	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.
Approval of Relief from Cooling-Off Requirements	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.
Audit Committee Election	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.
Management's Report of Internal Controls over Financial Reporting	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

WYOMING	Wyo. Stat. Ann. § 26-3-301 to Wyo. Stat. Ann. § 26-3-318	ANNUAL FINANCIAL REPORTING MODEL REGULATION (#205)
Applicability	All insurers as defined in W.S. 26-1- 102(a)(xvi).	All licensed or authorized insurers.
Size Exemptions	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.
Exemption from Filing in Other States	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.
Partner Rotation	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>
Workpaper Requirements	Same as NAIC Model Audit Rule.	Retained until Report of Examination covering period is issued, but no longer than seven years.
Audit Committee Requirements	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.	<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>

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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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