



ADMINISTRATIVE RULES OF MONTANA



6.6.3502 PURPOSE AND SCOPE

- (1) The purpose of this rule is to improve the surveillance of the financial condition of insurers by the department of insurance
 - (a) an annual audit of financial statements reporting the financial position, and the results of operations of insurers by independent certified public accountants;
 - (b) communication of internal control related matters noted in an audit; and
 - (c) management's report of internal control over financial reporting.
- (2) Except as specifically provided herein, every insurer shall be subject to these rules. Insurers having direct premiums written in this state of less than \$1,000,000 in any calendar year and less than 1,000 policyholders or certificateholders of directly written policies nationwide at the end of such calendar year shall be exempt from these rules for such year (unless the commissioner makes a specific finding that compliance is necessary for the commissioner to carry out statutory responsibilities). Insurers having assumed premiums pursuant to contracts and/or treaties of reinsurance of \$1,000,000 or more will not be exempt.
- (3) Foreign or alien insurers filing the audited financial report in another state, pursuant to that state's requirement for filing of audited financial reports which has been found by the commissioner to be substantially similar to the requirements herein, are exempt from ARM 6.6.3503 through 6.6.3512 if:
 - (a) a copy of the audited financial report, communication of internal control related matters noted in an audit, and the accountant's letter of qualifications which are filed with such other state are filed with the commissioner in accordance with the filing dates specified in ARM 6.6.3503, 6.6.3510, and 6.6.3511, respectively (Canadian insurers may submit accountants' reports as filed with the Office of the Superintendent to Financial Institutions, Canada).
 - (b) a copy of any notification of adverse financial condition report filed with such other state is filed with the commissioner within the time specified in ARM 6.6.3509.
- (4) Foreign or alien insurers required to file Management's Report of Internal Control over Financial Reporting in another state are exempt from filing the report in this state provided the other state has substantially similar reporting requirements, and the report is filed with the commissioner of the other state within the time specified.
- (5) This rule does not prohibit, preclude, or in any way limit the commissioner from ordering and/or conducting and/or performing examinations of insurers under the rules, regulations, practices, and procedures of the department.

of the state of Montana by requiring:

Authorizing statute(s): 33-1-313, 33-2-1517, MCA

Implementing statute(s): 33-2-701, 33-2-1517, 33-4-313, 33-5-413, MCA

History: NEW, 1993 MAR p. 2408, Eff. 10/15/93; AMD, 2010 MAR p. 315, Eff. 2/12/10.