

**WAC 284-07-100 Purpose and scope.** (1) The purpose of WAC 284-07-100 through 284-07-230 is to improve the Washington state insurance commissioner's surveillance of the financial condition of insurers by requiring:

(a) An annual audit of financial statements reporting the financial position and the results of operations of insurers by independent certified public accountants;

(b) *Communications of Internal Control Related Matters Noted in an Audit*; and

(c) Management's report of internal control over financial reporting.

(2) Every insurer, as defined in WAC 284-07-110, is subject to WAC 284-07-100 through 284-07-230. Insurers having direct premiums written of less than one million dollars in any calendar year and less than one thousand policyholders or certificate holders of direct written policies nation-wide at the end of the calendar year are exempt from WAC 284-07-100 through 284-07-230 for the year (unless the commissioner makes a specific finding that compliance is necessary for the commissioner to carry out statutory responsibilities) except that insurers having assumed premiums under either contracts or treaties, or both of reinsurance of one million dollars or more will not be exempt.

(3) Foreign or alien insurers filing the audited financial report in another state, under 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 WAC 284-07-120 through 284-07-210 if:

(a) A copy of the audited financial report, *Communication of Internal Control Related Matters Noted in an Audit*, and the Accountants' Letter of Qualifications that are filed with the other state are filed with the NAIC in accordance with the filing dates specified in WAC 284-07-120, 284-07-190 and 284-07-200, respectively (Canadian insurers may submit accountant's reports as filed with the Office of the Superintendent of Financial Institutions, Canada); and

(b) A copy of any Notification of Adverse Financial Condition Report filed with the other state is filed with the NAIC within the time specified in WAC 284-07-180.

(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) WAC 284-07-100 through 284-07-230 shall not prohibit, preclude, or in any way limit the commissioner from ordering, conducting, or performing examinations of insurers under the rules, regulations, practices, and procedures of the insurance commissioner.

(6) All reports and filings required by WAC 284-07-100 through 284-07-230 must be filed electronically with the NAIC. The filing with the NAIC will be deemed to be a filing with the commissioner. If the NAIC does not collect or accept any of these reports and filings, then the domestic insurer must file the report and other filings electronically with the commissioner. Insurers must electronically transmit the report or filing in PDF or other format as noted on the commissioner's web site. The commissioner has the discretion to allow an insurer to file electronically with the commissioner any reports and filings required by WAC 284-07-100 through 284-07-230. The insurer must demon-

strate that filing with the NAIC will create an undue financial hardship for the insurer. Applications for permission to not file with the NAIC must be received by the commissioner at least ninety days before the report or filing is due.

(7) To comply with statutory or other requirements that reports or filings be signed or verified, insurers and accountants may:

(a) Use a method of electronic signature verification that has been approved by the commissioner; or

(b) Include in the electronic filing an image of the signature in PDF format as noted on the commissioner's web site. This electronically filed document must contain a legally binding signature of the insurer or independent certified public accountant.

[Statutory Authority: RCW 48.02.060, 48.05.250, 48.44.050, 48.46.095, 48.46.200, 48.125.090, 48.05.073, 48.05.383, 48.44.095, and 48.46.080. WSR 14-15-149 (Matter No. R 2013-25), § 284-07-100, filed 7/23/14, effective 8/23/14. Statutory Authority: RCW 48.02.060, 48.44.050, 48.46.200, 48.05.250, 48.44.095, 48.46.080, 48.46.200, and 48.125.090. WSR 09-20-069 (Matter No. R 2009-09), § 284-07-100, filed 10/5/09, effective 11/5/09. Statutory Authority: RCW 48.02.060, 48.44.050, and 48.46.200. WSR 06-16-093 (Matter No. R 2006-06), § 284-07-100, filed 7/31/06, effective 8/31/06; WSR 02-21-120 (Matter No. R 2002-07), § 284-07-100, filed 10/23/02, effective 11/23/02. Statutory Authority: RCW 48.02.060, 48.43.140, 48.44.050 and 48.46.200. WSR 94-04-045 (Order R 94-2), § 284-07-100, filed 1/27/94, effective 2/27/94. Statutory Authority: RCW 48.02.060. WSR 92-19-040 (Order R 92-10), § 284-07-100, filed 9/9/92, effective 10/10/92.]