

INSURANCE  
DEPARTMENT OF BANKING AND INSURANCE  
OFFICE OF SOLVENCY REGULATION

Annual Audited Financial Reports  
Qualifications of Independent Certified Public Accountants

Adopted Amendments: N.J.A.C. 11:2-26.3 and 26.6

Proposed: April 7, 2008 at 40 N.J.R. 1741(a).

Adopted: June 24, 2008 by Steven M. Goldman, Commissioner, Department of Banking and Insurance.

Filed: June 25, 2008 as R. 2008 d. 204, without change.

Authority: N.J.S.A. 17:1-8.1, 17:1-15e and 17:23-20 et seq.

Effective Date: July 21, 2008.

Expiration Date: September 21, 2010.

Summary of Public Comments and Agency Responses:

The Department of Banking and Insurance (Department) timely received written comments from the American Council of Life Insurers and MDAdvantage Insurance Company of New Jersey.

COMMENT: The commenters supported the amendments. One commenter stated that the revised definition under N.J.A.C. 11:2-26.3 would help provide an appropriate balance of responsibility in financial statement preparation. Another commenter commended the Department for adopting certain provisions of the NAIC Model Annual Audited Financial Reporting Rule regarding the prohibition of the use of indemnification provisions for independent certified public accountants providing certain reports. The commenter also encouraged the Department to continue with its plan to promulgate the full NAIC Model rule by

sometime in 2009 as this would allow for the uniform application and implementation of this NAIC Model rule in all states.

RESPONSE: The Department appreciates the support of its proposal. The Department is continuing to review the recent changes to the NAIC Model Annual Audited Financial Reporting Rule, which most likely will be required for a State insurance department to maintain accreditation by the NAIC beginning in 2010. The Department hopes to propose amendments to the rules to reflect the most recent NAIC Model in the near future.

#### Federal Standards Statement

A Federal standards analysis is not required because the adopted amendments are not subject to any Federal requirements or standards.

Full text of the adoption follows:

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