

TITLE 50: INSURANCE
CHAPTER I: DEPARTMENT OF INSURANCE
SUBCHAPTER I: PROVISIONS APPLICABLE TO ALL COMPANIES

PART 904
INTERNAL SECURITY STANDARD AND FIDELITY BONDS

Section

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AUTHORITY: Implementing and authorized by Section 401 of the Illinois Insurance Code [215 ILCS 5/401].

SOURCE: Filed October 15, 1971; amended at 2 Ill. Reg. 29, p. 161, effective July 17, 1978; codified at 6 Ill. Reg. 12461; amended at 16 Ill. Reg. 12561, effective July 27, 1992; amended at 17 Ill. Reg. 15584, effective September 14, 1993; amended at 30 Ill. Reg. 337, effective December 29, 2005; amended at 36 Ill. Reg. 18670, effective December 17, 2012; amended at 42 Ill. Reg. 20101, effective October 29, 2018; amended at 43 Ill. Reg. 1388, effective January 11, 2019; amended at 50 Ill. Reg. _____, effective _____.

Section 904.30 Controls on the Disbursement of Checks~~Signature of Checks—Facsimile
Signatures~~

- a) A company shall have policies, procedures and controls in place regarding disbursements of checks. As part of the policies, procedures and controls, the company must:
- 1) Prepare a list by name or job classification of officers and employees with authority to approve the issuance of checks~~of authorized signers by name or job classification~~, with approved limits of authority for each authorized officer or employee~~signer~~; and
 - 2) Set minimum thresholds for which the approval of two authorized officers or employees~~dual signatures~~ are required.

- 43 b) These policies, procedures and controls must be approved by the Board of
 44 Directors of the company and a copy must be kept on file and available for review
 45 by the Department examiners. Verification of compliance with subsection (a) and
 46 this subsection (b) must be documented by the company's outside independent
 47 certified public accountants or the internal audit staff of the company, provided
 48 the staff report directly to an audit committee appointed by the Board. This
 49 compliance review must be performed annually.
 50
- 51 c) Facsimile or electronic signatures of authorized officers or employees or in the
 52 form of the company name or trade name of a group of affiliated companies
 53 (hereinafter "signatures") may be affixed to checks or drafts if that procedure has
 54 been authorized by the Board of Directors and adequate controls over the use of
 55 the signatures have been established.
 56
- 57 d) Control procedures shall be reduced to writing and shall provide for:
 58
- 59 1) written approval of the disbursement of funds by officers or employees
 60 other than authorized officers and employees; ~~those affixing facsimile or~~
 61 ~~electronic signatures, for~~
 62
 - 63 2) supervision and policing of the machines or appliances used for affixing
 64 signatures; ~~and~~
 65
 - 66 3) ~~for~~ the recording of checks and drafts to which the signatures have been
 67 affixed.
 68
- 69 e) Written control procedures shall be kept on file and available for review by
 70 examiners.
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72 (Source: Amended at 50 Ill. Reg. _____, effective _____)