**Section 925.20 Purpose and Scope**

a) The purpose of this Part is to improve the Director's surveillance of the financial condition of insurers by requiring:

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

2) Communication of Internal Control Related Matters Noted in an Audit; and

3) Management's Report of Internal Control over Financial Reporting.

b) Foreign or alien insurers filing the audited financial reports in another state, pursuant to that state's requirement for filing of audited financial reports, which has been found by the Director to be substantially similar to the requirements of this Part, are exempt from Sections 925.40 through 925.130 if:

1) A copy of the audited financial report, Communication of Internal Control Related Matters Noted in an Audit, and Accountant's Letter of Qualifications that are filed with the other state are filed with the Director of the other state in accordance with the filing dates specified in Sections 925.40, 925.110 and 925.120, respectively (Canadian insurers may submit accountants' reports as filed with the Office of the Superintendent of Financial Institutions, Canada).

2) A copy of any Notification of Adverse Financial Condition Report filed with the other state is filed with the Director within the time specified in Section 925.100.

c) 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 Director of the other state within the time specified.

d) This Part shall not prohibit, preclude or in any way limit the Director from ordering and/or conducting and/or performing examinations of insurers under his or her jurisdiction in the operations, practices, procedures, or other matters, including financial condition and operations of the insurers. Such examinations shall be conducted as currently established and/or performed or to be established and/or performed under the Statutes of the State of Illinois, the Rules of the Illinois Department of Insurance and the practices and procedures of the Illinois Department of Insurance.

(Source: Amended at 39 Ill. Reg. 6485, effective April 24, 2015)