**Section 3113.50 Minimum Record Requirements**

a) Licensees shall maintain books and records which reflect all insurance transactions, specifically in regard to premiums and other monies received and deposited into the PFTA and lawfully withdrawn from the PFTA. The preparation, journalizing and posting of such books and records must be performed no less than every 30 days.

b) Failure to maintain on a timely basis the minimum books and records pursuant to this Part shall be deemed evidence of untrustworthiness, incompetence and financial irresponsibility. For the purpose of this subsection timely means not less than every 30 days.

c) All books and records for a calendar or fiscal year shall be maintained for at least 7 years thereafter.

d) Licensees shall maintain a cash receipts register of all monies received. The minimum detail required in the register shall be:

1) Date monies received and date deposited. If the licensee records the date of deposit of each cash receipt elsewhere in his books and records the date of deposit is not required in the cash receipts register.

2) Amount received – If the amount received does not agree with the amount billed, the licensee shall prepare a written record of the application of the amount received.

3) Name of insured, licensee or insurer making the payment.

4) Policy number or other description of the receipt. The description shall be in such detail as to permit the Department's examiner to identify the source document substantiating the receipt.

e) Licensees shall maintain a cash disbursement register of all disbursements. The minimum detail required in the register shall be:

1) Date disbursed or endorsed to insurer(s), other licensee(s), insureds or transferred to another account; and

2) Check number; and

3) Amount disbursed – If the amount disbursed does not agree with the amount billed, the licensee shall prepare a written record as to which policies, insureds and amounts the disbursement is to apply. The written record shall be sent with the disbursement and a copy maintained by the licensee; and

4) Name of insurer, licensee, insured or other account pursuant to Section 3113.40(g) to whom the payment or transfer was made; and

5) Policy number or other description of the disbursement. The description shall be in such detail to identify the source document substantiating the purpose of the disbursement; and

6) If the disbursement is a commission payment to the licensee or another licensee, the disbursement shall be supported by a written record of the following:

A) Name of insured;

B) Policy number;

C) Gross premium;

D) Commission rate;

E) Net commission (Equals the amount of the PFTA check);

F) Check number to which the written record applies.

7) Commissions may be withdrawan only on premiums deposited into the PFTA. The relationship between premium deposited and the commission withdrawal for that premium deposit must be documented in writing.

8) If the disbursement is for other non-premium monies previously deposited into the PFTA, the disbursement description shall reflect the matching non-premium deposit which the withdrawal represents.

f) All PFTA journal entries for receipts and disbursements shall be supported by evidential matter as provided in Sections 3113.50(d) and 3113.50(e). The evidential matter must be referenced in the journal entry so that it may be traced for verification.

g) Licensees shall prepare and maintain monthly financial institution account reconciliations of the PFTA.

h) Licensees shall maintain positive running balances in the PFTA. The positive balance shall be reflected in the check stubs or disbursement register after each deposit or disbursement entry.

(Source: Amended at 14 Ill. Reg. 2088, effective January 19, 1990)