

December 15,
2000

To: ALL REGULATED INSURANCE ENTITIES DOMICILED IN THE STATE OF ILLINOIS
From: James Hanson, Assistant to the Deputy Director
Re: **(CB #2000-11) NAIC Accounting Practices and Procedures Manual**

Reply to: James Hanson, Assistant to the Deputy Director (217) 782-6284
[E-mail: Jim_Hanson@ins.state.il.us](mailto:Jim_Hanson@ins.state.il.us)

Effective January 1, 2001, the NAIC's Accounting Practices and Procedures Manual will become the reporting standard for statutory financial statements filed with the Illinois Department of Insurance. Beginning with the March 31, 2001, quarterly financial statements and for subsequent financial filings, your company will be required to follow these accounting practices and procedures.

Based on a review of recently submitted financial statements, the Department has determined that if these accounting practices and procedures were currently in place, material adjustments may need to be made to the balance sheet of many regulated entities. The Department does not want any entity doing business in Illinois to be surprised by these new accounting rules.

Certain balance sheet and income statement items are assigned different accounting treatment by the Accounting Practices and Procedures Manual and there are no automatic provisions for "grandfathering" any current practices. Your company should review all transactions and items reported in your financial statement, especially your current asset portfolio and determine the impact of the revised accounting practices and procedures. It is urged that if your company has any questions concerning the applicability of the manual, that you submit those questions in writing to the appropriate contact person indicated below. (to James Hanson for general questions).

Your company is further advised that these and any other accounting practices and procedures adjustments must be made before the filing of the March 31, 2001, statutory basis financial statement.

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