

November 23, 1999

TO:  
CEO'S OF ALL DOMESTIC INSURANCE COMPANIES

FROM:  
NAT SHAPO

RE:  
CB #99-8 COOPERATION WITH EXAMINERS

REPLY TO:  
JACK MESSMORE  
(217) 782-6454

I recently attended a meeting involving all of the Department's financial examination staff. It was brought to my attention in very certain terms that our examiners are experiencing more and more frequent delays in receiving the material needed to complete their examinations. It does not appear such delays are due to an inability to provide records, but rather the assignment of a low priority to filling the examiners' requests. This lengthens the time to complete our exams and ultimately will increase the costs for the Department to do its job.

It also appears that this situation is related to the conversion from a daily charge for examinations to the dedicated annual fee funding of financial solvency regulation which occurred in the early 1990s.

Illinois statutes (in 215 ILCS 132.4(b)) require that companies provide to examiners "timely, convenient, and free access . . . to all books, records [etc.] . . . of the company being examined." Refusal to comply may result in the suspension of, or refusal to renew or issue, licenses to do business. The situation at issue seems to be more the delaying of requests than refusing to comply with requests.

The Department has always respected the rights and needs of the industry, but this is a two-way street. I will not tolerate significant delays by companies in providing records to examiners. Department requests for records should be complied with promptly. Hereafter, documented instances of significant delays in providing records to examiners will result in the imposition of fines for further delays, and repetitive instances will result in additional regulatory action. Please help me by cooperating on this important issue which is essential to helping us maintain the continued excellent regulatory environment in Illinois.

Please feel free to contact Jack Messmore at (217) 782-6454 if you have any questions regarding this bulletin. Thank you.

N.S.  
NS:JMM:lab:cooperation