



Illinois Department of Insurance

PAT QUINN
Governor

Michael T. McRaith
Director

May 28, 2010

Via Hand Delivery

The Honorable Pat Quinn
Governor
State of Illinois
100 W. Randolph Street, 16th Floor
Chicago, Illinois 60601

Re: ***International Monetary Fund – 2010 Financial Sector Assessment Program;
Illinois Department of Insurance.***

Dear Governor Quinn:

As one component of the International Monetary Fund's ("IMF") evaluation and comparison of international financial regulatory schemes, the IMF initiated the Financial Sector Assessment Program ("FSAP") which, for this cycle, began in 2009 and continues through 2010. The FSAP reviews all areas subject to functional regulatory oversight, including exchange-traded securities, derivatives, banks and insurance.

The IMF's FSAP review is premised upon accepted international standards that are developed on a specific subject matter through the collective and collaborative action of international experts. The FSAP measures a jurisdiction's compliance with industry-specific international standards and assigns a grade from "observed" to "not observed." For the insurance sector, these standards are known as the Insurance Core Principles ("ICPs") and are developed through the International Association of Insurance Supervisors ("IAIS"), a consortium established in the 1990s by the National Association of Insurance Commissioners ("NAIC"), the European Union, Japan, and other major economies.

Pursuant to the federal McCarran-Ferguson Act (15 U.S.C. §1011), the states, not the federal government, regulate all aspects of the business of insurance. The IMF determined that four states would be evaluated for the purpose of measuring compliance by the United States with insurance sector ICPs: New York, Illinois, Iowa and West Virginia.

I am pleased to report that the Illinois Department of Insurance demonstrated a level of excellence, professionalism and national cooperation recognized and rated highly by the IMF. As a group, all four states demonstrated the strength of the state-based system of insurance regulation. The IMF noted that "strong regulation contributed to the overall resilience of the insurance sector" throughout the financial crisis, and that many attributes of our state-based regulation are world-leading. In terms of compliance with the twenty-eight insurance sector ICPs, the states "observe" or "largely observe" twenty-five, a success rate unparalleled internationally.

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The purpose of this letter is to inform you that the tremendous professionals of the Department of Insurance are pleased to serve and represent the people and businesses of Illinois. The credit for our successful efforts belongs with Jack Messmore, Etta Mae Credi, Bob Wagner, Bill McAndrew, and other smart, dedicated and hard-working supervisors and staff.

For your reference, a copy of the IMF's "Detailed Assessment of Observance, May 2010," is sent herewith. Please do not hesitate to contact me if you have any comments or questions.

Thank you for your continuing support for the Department, its people and mission.

Very truly yours,



Michael T. McRaith
Director

MTM:srb

cc: The Honorable John J. Cullerton (enclosure upon request)
The Honorable Michael J. Madigan (enclosure upon request)
The Honorable Christine Radogno (enclosure upon request)
The Honorable Tom Cross (enclosure upon request)
The Honorable William R. Haine (enclosure upon request)
The Honorable Bill Brady (enclosure upon request)
The Honorable Monique D. Davis (enclosure upon request)
The Honorable Jim Watson (enclosure upon request)
The Honorable Frank J. Mautino (enclosure upon request)
The Honorable JoAnn D. Osmond (enclosure upon request)