

Pre-Examination Planning Survey

Please provide the examination billing information as follows:

Billing contact name and title: _____

Billing address: _____

Billing telephone number: _____

Billing e-mail address: _____

For each section below, provide the requested documentation and the name, title, telephone number and e-mail address of the individual who will be most able to discuss and clarify the information presented.

If a particular section does not apply to your company, give a brief explanation why it does not apply. All responses should be in the form of a separate summary memorandum headed with the corresponding section label. **Where possible, electronic responses are preferred.**

A. OWNERSHIP AND MANAGEMENT INFLUENCES

A1. Concentration of Ownership

Describe the concentration of ownership including approximate number of shareholders, any significant shareholders, whether shares are actively traded, and extent of management's ownership interest.

A2. Board of Directors

Describe the make-up of the Board of Directors, including number of directors, affiliations of outside directors, relationship of each director to the organization, and number of years as a director. Provide biographical summaries for all directors. Include Board members who served at any time during the period under examination.

A3. Audit Committee

Provide the following additional information regarding the Audit Committee:

The names of the members of the Audit Committee that could qualify as a financial expert in that they hold an accounting certification (CPA, CFE, etc.) and/or have previously been employed in a financial oversight role;

The names of the members who are considered independent, in that they are not part of company management and do not have business relationships with the company;

Whether each member of the Audit Committee is a member of the Board;

How often the Audit Committee meets;

Whether the audit committee has an established charter. If so, provide a copy;

Whether minutes of meetings are prepared and retained.

A4. Duties of the Board and its Committees

Excerpt from the articles of incorporation and bylaws a description of the duties assigned and performed by the Board of Directors, its Audit Committee, and any other committees of the Board.

Include a list of all committees and the members of each committee who served during the period covered under the examination warrant.

Provide an inventory of policies promulgated by the Board and its committees, and in effect as of the examination date, for oversight of the insurer, and describe how management reports on compliance with these policies.

Provide evidence of the following Board or Audit Committee activities, if applicable:

Monitoring of professional ethics and independence of issuers of audit reports;

Consulting with external audit firms on accounting and auditing questions;

Supervision of audit work (internal and external);

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Oversight of the hiring, professional development and advancement of personnel;

Acceptance and continuation of audit engagements;

Approval of all auditing services and non-audit services provided by the issuer of audit reports;

Establishment of procedures for the receipt, retention, and treatment of complaints received by the company regarding accounting, internal controls, or auditing matters;

Establishment of procedures for the confidentiality, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

Provide evidence that the Board or Audit Committee receives the report of the appointed actuary. Explain whether the reporting is done directly and in person by the appointed actuary to the Board and/or Audit Committee.

Indicate whether minutes of stockholder, Board of Directors and committee meetings are prepared and retained, and the individual at the company to contact to provide access to such minutes.

A5. Corporate Planning

Provide a copy of the company's long-term strategic plan, indicating how often the plan is reviewed and updated.

Describe the sources and types of information and resources that management uses to stay abreast of changes in the competitive, technological and regulatory environment.

Describe the scope of the established compliance and ethics program and how it integrates with your overall business strategy.

A6. Use of Specialists

List any key consultants whose services were used during the examination period, and note your parameters for deciding which consultants are considered key. **Note:** For the purposes of this section, all actuarial services are considered key. State the specialist's relationship, if any, to the company, and describe the nature of the services provided by each consultant.

A7. Culture

Provide the company's formal mission statement, noting the elements regarding compliance, ethics and values; describe how this is communicated to its employees.

Describe how the board and management set the "tone at the top" and communicate compliance, ethics, value, mission and vision.

Describe how the company determines employees and other stakeholders understand that the organization is serious about its compliance and ethics responsibility.

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B. ORGANIZATION AND PERSONNEL PRACTICES

B1. Organization Structure

If the company is a member of a holding company structure, describe whether the company is organized on a legal entity basis, or whether functional business units cover multiple legal entities.

Provide the name and trading symbol of the parent holding company if your company belongs to a group that files with the SEC.

Provide a corporate structure chart by business unit.

Provide a complete organizational chart for your company showing, at least, all executive and senior divisional staff. Include the names, titles, phone numbers and e-mail addresses of senior divisional management personnel.

In addition, provide specific detailed organizational charts for the company's various functional divisions, show all subdivisions (e.g., for the company's Information Systems Division, show operations, programming, support services, etc.).

List critical management and operating committees and their members.

Describe how the charts reflect the areas of responsibility and lines of reporting and communication within the company, and whether there are formal position descriptions for administrative and financial personnel.

B2. Management

Describe how long key management has been with the company in their current position, and what specific industry experience they have. Indicate whether there has been any significant turnover in management and document the reasons for the turnover.

Disclose whether any officer has been associated with a company that became insolvent, was placed in conservatorship, suffered a revocation of license or was ordered to cease and desist from violations of insurance law or regulations.

B3. Personnel (Whether directly employed or provided through an affiliate)

Provide copies of the company's documented personnel management policies, specifically including the company's hiring, evaluation and termination policies, and how they are communicated to employees.

Indicate whether the recruitment and selection process for new employees in the administrative and financial areas require investigation of background and references.

Indicate whether employees who handle cash, securities and other valuable assets are bonded, and if so list all bonded employees and the amount of coverage and deductible for each employee.

Indicate the names, job titles and relationships of any related persons employed within the company, and specifically indicate if any internal auditors are related to other employees.

Indicate whether rotation of duties is enforced by mandatory vacations.

Indicate whether job performance is periodically evaluated and reviewed with each employee.

Describe any formal training programs for administrative and financial personnel.

B4. Conflict of Interest Policy/Code of Conduct

Provide a copy of the company's formal conflict of interest policy and indicate whether it requires periodic declarations by officers, directors and key employees.

Also, describe the system used to monitor compliance with the conflict of interest policy and/or code of conduct and include the name of the person or unit responsible for oversight.

Provide a copy of the company's Code of Conduct, and indicate who receives it. Also, indicate:

How the company confirms that employees both receive and understand the Code and other policies;

The process for updating policies and procedures;

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Whether any requirements of the policy can be waived or overridden;

Whether employees, agents and other stakeholders can raise issues regarding compliance and ethics-related matters, and if so, describe the process;

The established procedure to address compliance and ethics issues that arise, and describe the procedures for this process and how the company scrutinizes the source of compliance failures;

How the Code provides guidance to take action against violators of the Code, and describe how consistently this has been applied or whether other provisions are in place to address this issue;

The process for determining which issues are escalated to the Board and for informing the Board when issues are resolved;

Whether there are ongoing processes in place to monitor the effectiveness of the compliance and ethics program, and describe same;

Whether the organization engages an external law firm or consultant to audit compliance and ethics program elements; and,

Whether the company is a member of the Insurance Marketplace Standards Association and/or other best practices organizations.

B5. Corporate Governance

Provide a copy of the company's written corporate governance framework, indicating:

Approval and oversight by involved directors;

Implementation and monitoring by executive management;

Identification and fulfillment of sound ethical, strategic and financial objectives;

Reliable business planning and proactive resource allocation;

Firm adherence to sound principles of segregation of authorities;

Independent assessment by internal audit and/or independent certified public accountants;

Objectivity in reporting findings to the Board or an appropriate committee thereof; and,

The name of the individual responsible for reporting to the Board.

B6. Third Party Administrators/Managing General Agents

Provide a listing of any third-party administrators or managing general agents used by the company since the last examination date and indicate for each whether internal audits are performed by the company, whether detail records are reconciled and if so how often. Indicate whether SSAE 16 (formerly SAS 70 Type II) reports are available.

Document, in detail, significant specific arrangements with agents, MGAs or others. Include the date each MGA appointment was made with the Insurance Department.

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C. INTERNAL AUDIT ACTIVITIES

C1. Internal Audit Function

Describe the company's internal audit function, indicating the size and organization of the staff. Provide the name, phone number and e-mail address of the internal audit director.

Describe the normal duties of the company's internal audit function including the extent of financial audits and operational audits.

C2. Audit Scope

Indicate whether the scope of internal audit activities is planned, in advance, with senior management, the Audit Committee and the Board of Directors. If activities are planned with senior management, describe how the internal audit function remains independent.

Indicate whether internal auditors prepare and follow written audit programs that:

- Provide objective, independent reviews and evaluations of insurer activities, internal controls, and management information systems (MIS);

- Help maintain or improve the effectiveness of insurer risk management processes, controls and corporate governance;

- Provide reasonable assurance about the accuracy and timeliness with which transactions are recorded and the accuracy and completeness of financial regulatory reports.

Indicate how scope restrictions are set.

C3. Internal Audit Reports

Describe the line of reporting authority for internal auditors and whether they have direct access to senior management and appropriate executives, the Audit Committee and the Board of Directors.

Indicate how responses to internal audit recommendations are documented and how implementation of internal audit recommendations is monitored.

C4. Staff Qualifications

Describe the prior experience of staff members and the credentials (CPA, CIA, CISA, etc.) of staff members.

Describe any company established continuing education requirements for internal auditors and any company sponsored training programs for internal auditors.

C5. Software Applications

List any software applications being used by Internal Audit for creation and maintenance of audit programs and work papers.

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D. EXTERNAL AUDIT INFORMATION

D1. External Certified Public Accountant

Provide the name of the Certified Public Accounting (CPA) firm(s) that performed the company's annual audits for each of the years since the previous statutory financial examination, including the name(s) of the partner in charge of the audit during each year, and the name, phone number and e-mail address of the partner in charge of the most recent audit. Indicate the total number of years that your current CPA has been on the engagement. Provide a copy of the engagement letter for the most recent audit year.

D2. Type of Audit Performed

Indicate whether the company was audited individually or whether it was included in a consolidated audit. If it was a consolidated audit, describe any scope limitations on the work performed for the company.

D3. GAAP/STAT

For the most recently completed audit year, indicate whether the audit of the company was performed on a GAAP or STAT basis. If the company was audited on a GAAP basis for the most recently completed audit year, provide the STAT/GAAP reconciliation of earnings and retained earnings for the company.

D4. Audit Approach

Provide a description of the audit approach used by the CPA firm in its most recently completed audit year.

D5. Proposed Adjustments

Indicate whether there were any proposed adjusting or reclassifying journal entries for the most recently completed audit year for any company, and if there were such entries, provide copies of the proposed entries and an explanation of each. If there were none, so indicate.

D6. Issues or Concerns

Indicate whether there were any significant audit issues or concerns for the company for the most recently completed audit year, and if there were such issues, provide full details with an explanation for each such issue or concern. If applicable, provide a copy of the Report on Internal Controls and Remedial Action Taken or Proposed. If there were none, so indicate.

D7. Management Letters

Provide any management letters issued or other presentation materials issued to the company's Audit Committee or Board of Directors regarding the company during the period since the previous statutory financial examination of the company. If there were none, so indicate.

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E. PROCESS DOCUMENTATION

E1. Sarbanes-Oxley Compliance

Indicate whether the company is in full compliance with the Sarbanes-Oxley Act of 2002, Section 404: Management Assessment of Internal Controls, or if such compliance is not required, so indicate.

If the company has documented its Sarbanes-Oxley compliance, indicate the name, title, telephone number and e-mail address of the individual(s) responsible for maintaining such documentation.

Section 302, Corporate Responsibility for Financial Reports, of the Sarbanes-Oxley Act requires principal officers to certify annual and quarterly reports. These certifications should provide information regarding the internal control structure, changes to internal controls and possible concerns on material weaknesses or significant deficiencies. If the company is required to comply with Sarbanes-Oxley guidelines, provide copies of the company's Sarbanes-Oxley, Section 302 certifications.

Section 404, Management Assessment of Internal Controls, of the Sarbanes-Oxley Act requires annual reports to include an internal control report identifying management's responsibility for establishing and maintaining an adequate internal control structure, a management assessment on the effectiveness of the internal control structure and an independent auditor attestation and opinion report on the assessment made by management. If the company is required to comply with Section 404 of the Sarbanes-Oxley Act, provide a copy of management assessment as well as the independent auditor report.

Also, indicate the organizational level at which this documentation is prepared, and the extent to which this testing applied to the company.

E2. Other Documentation/Model Audit Rule ("MAR")

If the company is not required to comply with Sarbanes-Oxley, describe how the company's management has documented its internal control structure and procedures for financial reporting, and provide such documentation. Indicate the name, title, telephone number and e-mail address of the individual(s) responsible for maintaining such documentation. This may include documentation for Model Audit Rule compliance.

If formal written documentation of control procedures does not exist, provide a list of the individuals (process owners) who can describe and discuss these informal controls.

E3. Process Walk-Throughs

Provide the names, titles, telephone numbers and e-mail addresses of the primary contacts for each of the following functional areas. (The areas listed below may not exactly reflect your company's functional areas, and may not be all-inclusive. Add functional areas that reflect your company's structure, as appropriate):

Policy Management (including Underwriting, Premium Billing/Collection, Producer Management and Commissions);
Claim Management (including Claims Processing and Actuarial);
Reinsurance;
Treasury (including Investments and Cash Management);
Financial Reporting.

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F. MONITORING PROCEDURES

F1. Budgets

Describe the company's procedures for developing and managing its annual budget and financial plan, how those plans relate to overall corporate goals and objectives, and how budget expectations are communicated to those affected.

Describe how estimates included in financial data and statements are supported by explanation and/or documentation, who performs the estimation process, and whether the person who performs the estimation is knowledgeable and independent.

Describe how the company's financial performance and the status of its financial condition are periodically reviewed and/or compared to the plan, how variances between performance and plan are explained by management and how often these analyses are performed.

Describe how management uses financial and other informational reporting to gauge its accomplishment of plan objectives and to maintain a controlled environment. Indicate whether assessment is made of profitability; business growth; the investment of funds, including liquidity; direct expenses; and capital expenditures.

Indicate whether the company's budgeting procedures cover all subsidiaries and/or departments, and whether budgets and forecasts cover premium income by line of insurance; policy benefits by line of insurance; general expenses; investments (allocation of investable funds, and income and expenses); statutory surplus; federal income taxes; and cash flow.

F2. Operating Analyses

Describe the company's process for reporting and analyzing operating results and key financial data by major lines of business, profit center and/or subsidiary, and indicate the timing/regularity of such reporting. Indicate whether these reports are prepared on a GAAP or STAT basis.

List the principal operating analyses used (e.g., line of business analyses, loss ratios, in-force and reserve amounts, investment yields) and describe the contents and frequency of their preparation. Sample analyses may be attached instead of a schedule. Indicate the areas/persons responsible for preparing and the recipients of these analyses.

F3. Reconciliations

For the following assets, indicate how often they are reconciled to the accounting records and the person performing the reconciliation: bonds; stocks; mortgage loans on real estate; collateral loans; real estate; policy loans; certificates of deposit; cash; and office equipment.

Indicate how often the following detail and control accounts are reconciled and who performs the reconciliation: financial values in the master policy file; suspense accounts; reinsurance assumed balances; investments; collateral and/or policy loans; accrued investment income; office equipment; debt; and equity.

Indicate how often the following are reconciled and who performs the reconciliation: information files or registers for agreement of the information base premium, commission, and cash receipts registers; premium billing and in-force files; reserve valuation and master file.

Indicate whether changes between beginning and ending balances are accounted for concerning: investments; policy reserves; in-force amounts; income tax asset/liability; debt; and, equity.

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G. FINANCIAL REPORTING

G1. Accounting Standards

Indicate whether the same accounting and closing practices are followed at interim dates as at year-end, and whether current year statements are prepared on the same basis (i.e., key accounting principles, actuarial and pricing assumptions) as that used in the prior year.

Indicate whether all general journal entries other than standard entries are required to be authorized by a responsible official not involved with the origination of entries and whether access to accounting and financial records is restricted to authorized personnel.

Indicate the company's procedures to ensure that its financial statements are prepared in accordance with state statutes, with the Statements of Statutory Accounting Principles (SSAPs), and Annual Statement Instructions promulgated by the National Association of Insurance Commissioners.

G2. Financial Statements

Summarize the qualifications of key employees responsible for preparation and issuance of financial statements. Include names, titles, job responsibilities, background and number of years in present position.

Indicate whether financial statements are submitted at regular intervals to operating management, including the Audit Committee and the Board of Directors, whether they are accompanied by analytical comments, and whether they show comparisons with prior periods, budgets or forecasts.

Indicate whether financial information for public distribution (e.g., press releases, filings with regulatory bodies, and policyholders' or shareholders' reports) are reviewed and approved by the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the Chief Actuary, the Audit Committee, and/or the Board of Directors.

G3. Operations

Provide a copy of the company's accounting policies and procedures manual and a current chart of accounts describing the nature of each account. Describe how these policies and procedures are reviewed and updated.

G4. Investment Policy

Provide a copy of the company's investment policy and indicate whether this policy is periodically reviewed and updated.

Indicate whether the company's investment performance is periodically reported upon by management and approved by the Investment Committee and the Board of Directors.

Indicate where the company's securities are kept, and whether they are kept with a non-discretionary custodian, and/or with a discretionary custodian. A discretionary custodian may select the trustee with which the securities will be held, while a non-discretionary custodian must hold the securities with a specified trustee. If with a discretionary custodian, indicate whether there is an approved list of investments.

Provide a copy of any Custodial Agreements and Investment Advisor Agreements to which the company is a party.

Explain how you are addressing the effect of the sub-prime mortgage issue on your investment portfolio. If you have an estimate of the impact on your portfolio, provide it.

If applicable, describe the company's exposure to derivative risk.

G5. Unrecorded Liabilities

Describe the company's procedures for identifying liabilities to ensure that all liabilities are properly recorded.

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H. REINSURANCE

H1. Reinsurance Agreements

Describe the company's requirement for formal review and approval of reinsurance agreements, prior to execution, and indicate whether such approval is obtained from company officers and/or the Board of Directors.

Indicate whether all amendments and changes to reinsurance agreements are supported by written documentation.

Discuss any major changes in terms (e.g., commission, percent participation, limits or retentions) or conditions of contracts with significant management companies, agents or on reinsurance layers that have occurred since the previous examination.

Describe the company's methodology for determining whether all reinsurance agreements transfer insurance (timing and underwriting) risk.

Indicate whether there are any retroactive reinsurance coverages in effect, and if so, identify the specific contracts providing these coverages.

H2. Regulatory Approval

Indicate how regulatory approval (where applicable) of reinsurance agreements is documented, and whether the documentation includes projections of the expected economic results and the accounting for the transactions.

H3. Reporting

Describe how the company identifies and reports on the aging of reinsurance balances due.

Provide a list of reinsurance audits performed by either party during the period since the previous examination.

Identify any reinsurers with whom contract terms or balances are in dispute or arbitration.

Discuss how company management communicates an evaluation of the reinsurance plan's effectiveness to the Board, and indicate whether such reporting is done on a periodic basis.

H4. Assumed Reinsurance

With respect to reinsurance assumed, indicate whether ceding companies are required to submit appropriate periodic reports on the reinsured business, indicate the frequency of these reports, and whether these periodic reports are compared to projections made at the date of the agreement and whether material deviations are investigated.

Describe your company's procedures for periodically reviewing or inspecting ceding company records and changes therein (premiums, terminations, benefits or claims), the timing of such reviews and whether these reviews are performed as of the assumption date and periodically thereafter.

Indicate how the results of reinsurance agreements are monitored to permit timely cancellation of assumed reinsurance, and indicate who reviews and approves the economic viability of these decisions to cancel the treaties.

H5. Ceded Reinsurance

With respect to reinsurance ceded, indicate whether the financial stability of assuming companies is periodically reviewed to ascertain whether such companies are solvent and have the ability to meet liabilities assumed under the reinsurance agreement, and indicate the frequency of these reviews.

Indicate how the results of reinsurance agreements are monitored to permit timely recapture of ceded premium, and indicate who reviews and approves the economic viability of these decisions to recapture or cancel the treaties.

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I. LEGAL AND REGULATORY REQUIREMENTS

11. Regulatory Compliance

Indicate whether current copies of insurance company and/or insurance holding company laws, Internal Revenue Service tax laws and other regulations are maintained by the company and, if so, indicate the individual responsible for maintaining such documentation.

Describe the procedures to assure that management is informed of changes in laws.

Indicate whether each of the following specific areas of company activities are regularly reviewed for compliance with regulatory requirements and if so, describe documentation procedures, indicate who is responsible for ensuring regulatory requirements are met, and indicate the frequency of reviews:

- Capital requirements and dividend restrictions;
- Transactions with employees, directors and officers;
- Permitted ratios of categories of qualified investments to statutory capital and/or surplus;
- Prohibitions or restrictions as to particular kinds of investments;
- Prescribed loan-to-value ratios for mortgage loans and similar credit-type investments;
- Policy form approval;
- Rate and rule filing approval;
- Treatment of policyholders in benefit settlement matters;
- Disposal of real estate acquired by foreclosure;
- Permitted non-insurance activities;
- Foreign operations; and
- Statutory reporting requirements.

State any government restrictions or regulatory requirements that pertain specifically to the company.

12. Regulatory Reviews

Provide a list of any examinations or audits by regulatory or other government agencies, with their current status (completed or in progress). Provide a list of findings for completed examinations/audits.

Discuss any IRS revenue agent reports, deficiency assessments, and developments in IRS examinations in progress.

13. Contingent Liabilities

Disclose any lines of credit; loan restrictions and covenants; encumbrances and compensating balances and indicate whether the company complies with all debt covenants and other agreements. Disclose any material contingent liabilities or commitments.

14. Legal Representatives

Provide the name, title, telephone number and e-mail address for company's corporate counsel.

Provide the name and address for all of the company's external legal advisors.

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J. INFORMATION SYSTEMS

For the questions below, provide the requested documentation and the name, title, telephone number and e-mail address of the individual who will be most able to discuss and clarify the information presented.

If a particular section does not apply to your company, give a brief explanation why it does not apply. All responses should be in the form of a separate summary memorandum headed with the corresponding section label. Where possible, electronic responses are preferred.

J1. Use of Information Technology

If the company does not process its business electronically, provide a narrative description explaining how the company's business is processed. The remainder of this section does not need to be completed.

If the company only processes business electronically on a stand-alone personal computer and does not use networking technology, provide a narrative description explaining how business is processed, including the type of application software being used. The remainder of this section does not need to be completed.

J2. Information Technology Governance

- a. Provide the name, telephone number and e-mail address of the Chief Information Officer (CIO) or equivalent.
- b. Provide specific detailed organizational charts for the company, or affiliates providing IT services, Information Technology Department and its various functional divisions (e.g., operations, programming, support services, etc.). Show the reporting relationship of the Information Technology Department within the organization.
- c. Provide an executive overview of your company's IT strategic plans, including plans for e-commerce.
- d. Provide an executive overview of your IT Steering Committee or other group, that establishes and directs IT policies and strategies, indicating the membership of the group and the frequency of their meetings.

J3. Information Technology Infrastructure

- a. Provide the name, telephone number and e-mail address of the Chief Technology Officer (CTO) or equivalent.
- b. Provide a listing of the locations of all data processing centers used by your company, whether owned by the company or by a third-party administrator that processes data for the company.
- c. Provide a system-wide map or topography, showing all hardware platforms and network connections indicating all internal and external access points. In addition, complete a separate Systems Summary Grid for each platform (See Attachment 1). A completed sample Systems Summary Grid is provided with this survey (See Attachment 2).
- d. Provide a narrative explanation of the application-level interfaces (manual and automated) among the various programs/platforms (e.g., claims system feed into the accounting system).
- e. Provide a list of any business or data processing services/products provided by the company to any other entities, including affiliates, indicating the type of service provided, and a summary of the terms of the agreements (e.g., named parties, effective date, period and services covered). Also, indicate if Service Level Agreements (SLAs) exist for these services.
- f. Provide a list of any business or data processing services performed by any other entities, including affiliates, on behalf of the company, such as third-party administrators (TPAs), managing general agents (MGAs), etc., indicating the type of service provided, and a summary of the terms of the agreements (e.g., named parties, effective date, period and services covered). Also, indicate if SLAs exist for these services.
- g. Describe whether the company is conducting any business through e-channels, indicating the type and volume of business and the date when it was implemented. Note: E-commerce methods of transmission may include voice recognition units (VRUs), the Internet, third-party extranets and wireless and broadband communications media.

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J4. Information Technology Audits, Reviews and Risk Assessments

- a. Provide the name, telephone number and e-mail address for the partner of your company's independent CPA audit team and the internal audit director (or equivalent), if they exist.
- b. Provide a list of any Information Technology audits/reviews performed within the last two years, including e-commerce areas. Include the dates, review subjects and who performed the audits/reviews (e.g., Internal Audit, CPA, SSAE 16 (formerly SAS 70 Type II) reports, Sarbanes-Oxley, State Departments of Insurance, governmental agencies and any other contractor or affiliate who may have performed an audit/review.)
- c. Arrange for a copy of the Information Technology work included in the most recent audit workpapers to be provided from the Company's CPA firm. The workpapers should be provided no later than the response date identified for the Information Technology Planning Questionnaire.
- d. Provide all current assessments of the company's IT risks, whether internally or externally conducted.

J5. Information Systems Security

- a. Provide the name, telephone number and e-mail address for the Chief Security Officer (CSO) or equivalent.
- b. Provide a copy of your Information Technology Security Policy (or policies), including e-commerce. If no formal written policy (or policies) exists, provide a detailed description of the security features in place and functioning at all levels, both physical and logical. Include discussion of:
 - Data confidentiality/content management – discuss how data elements are classified, who determines which individuals/roles have access to data elements, if confidential data encrypted, etc.
 - System and network access controls – discuss how access is controlled (network-level, server-level, application-level, or a combination), which directory services are used for network access, whether authentication servers are used, whether encryption is used across the network, etc. Also, discuss any remote access controls, including VPN technology.
 - Network monitoring – discuss any anti-virus/anti-malware software, intrusion detection systems, and patch management systems used and the strategy for keeping these products current. Also, discuss any process for periodic network/server vulnerability assessments.

J6. System Development/Change Management

- a. Provide the name, telephone number and e-mail address of the System Architect/Chief Software Engineer or equivalent.
- b. Provide an executive overview of the company's system development life cycle (SDLC) and change management methodologies and indicate whether the company uses internal personnel and/or external vendors to develop or change its systems or programs. Include discussion of the process used when purchasing application solutions.
- c. Provide the name, vendor and version number for all change management/system development software, if utilized.

J7. Business Continuity

- a. Provide the name, telephone number and e-mail address of the individual responsible for maintaining, updating and testing the company's business continuity and disaster recovery plans.
- b. Provide a copy of your Information Technology Business Continuity and Information Technology Disaster Recovery Plans, including information on any contracts for alternate sites (i.e., named parties, site location, type of site, effective date and period covered). Also, provide evidence of the last test results for the plans and management's resolutions of any test discrepancies.
- c. Provide a description of your company's data and systems back-up strategy, including your records retention policy.
- d. Provide a copy of the current business impact analysis.

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J8. Significant Systems

- a. If the company uses multiple platforms/systems to process financial transactions, including, premium, claim, reinsurance, and investment transactions, include a reconciliation of amounts processed on each separate system to total dollar amount processed during the prior year. Indicate whether you anticipate any change in processing volumes during the current year.
- b. Identify and discuss other significant critical management reporting/operational systems, such as data warehouses, sales and marketing systems, communication systems, management dashboards and any other management information systems.

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K. ACTUARIAL

K1. Actuarial Support

Provide the names, roles and credentials of key actuarial personnel that support the company's ratemaking and reserving activities, including both internal and external support. Include an organizational chart, if applicable.

Describe how actuaries support each the ratemaking functions and the reserving functions for your organization.

K2. Underwriting/Rating

Describe the process used by management to review rate levels, including the frequency that rate level indications are performed.

Provide your company's rate filing history for the last five years. Information should include rate change percentage by effective date, for each line of business and state, if applicable.

Describe the price monitoring process and/or management reports used to monitor pricing. Provide sample copies of key reports used for monitoring.

Describe how pricing and/or premium level changes are considered in the reserving process.

K3. New Products and Competition

Describe the process for developing new products and indicate which operational areas are involved with the process.

Since the "as of" date of the company's last examination, describe any new products offered by the company and/or expansion of current products into new states/territories.

Describe the process for monitoring competitors' rate and rule filings, including how that information is communicated to senior management.

Identify your major competitors by product and/or line of business and state, if applicable.

K4. Reserving

Describe the company's overall reserving philosophy. If applicable, provide a copy of the company's reserving policy. Explain the Board of Directors' involvement with establishment and monitoring of this policy.

Describe how management arrives at the best estimate of loss and loss adjustment expense ("LAE") reserves carried on the financial statement, including how the Appointed Actuary's reserve estimates are considered by management.

If the company's carried loss and LAE reserves are not based upon the Appointed Actuary's analysis, provide a copy of the analysis supporting the carried loss and LAE reserves reported in the most recent Annual Statement.

Indicate the frequency that reserve analyses are performed for the company and the "as of" date(s) used. Note whether carried IBNR reserves are changed on a quarterly and/or annual basis.

Explain key reports used by management for purposes of monitoring the adequacy of loss and LAE reserves. Include copies of any key reports provided to management.

Describe who presents the Annual Statement of Actuarial Opinion and supporting Report to the Board of Directors.

Explain the company's process for communicating significant changes in legal environment, case reserving, claims handling, and/or underwriting to the company's reserving unit or Appointed Actuary. Provide documentation of communications for such significant changes.

Pre-Examination Planning Survey (Attachment 1)

Systems Summary Grid

For each primary hardware platform, list the application software products used in each of the insurance business cycles.

Hardware Platform (manufacturer/model)						
Operating System*						
Access Control Software**						
Program Management Software						
Database Management Software						
Hardware Location						
Business User Location(s)						
Individual Responsible						
Process/Application	Product Name and Version	Software Source: Developed internally Purchased not modified Purchased customized Outsourced/service center	Developer/Vendor	Application Support: Internal/External (Provider Name)	Date of Initial Implementation	Date of Last Significant Update
Policy Management (including premium transaction processing and policy record management)						
Claim Management (including claim transaction processing and record management, and reserving)						
Financial Reporting (general ledger and accounting)						
Investment and Fund Management (including investment transaction processing and record management)						
Reinsurance Management						
Producer Management (including commissions transaction processing and agent record management)						
Data Warehouse/Data Mart						

NOTE: Make as many copies of this Systems Summary Grid as are necessary to represent every primary hardware platform being used at your company. These hardware platforms may include mainframe, minicomputer and/or network server systems. Additional financially significant applications may be inserted for an individual activity on the same platform.

* e.g. z/OS, z/VM, OS/400, i5/OS, Windows Server 20XX, Open Enterprise Server, Linux, Unix, AIX, Solaris, etc.

** e.g. RACF, ACF2, Top Secret, BSafe, Client Access/400, Active Directory, eDirectory, etc.

Pre-Examination Planning Survey

Systems Summary Grid — Sample

For each primary hardware platform, list the application software products used in each of the insurance business cycles.

Hardware Platform (manufacturer/model)	IBM AS/400 Model 840					
Operating System	OS/400 v4r3					
Access Control Software	OS/400 and Client Access/400					
Program Management Software	Job Scheduler for AS/400					
Database Management Software	DB2 Universal Database for AS/400					
Hardware Location	Company's home office					
Business User Location(s)	Company's home office					
Individual Responsible	John Smith, VP - Underwriting					
Process/Application	Product Name and Version	Software Source: Developed internally Purchased not modified Purchased customized Outsourced/service center	Developer/Vendor	Application Support: Internal / External (Provider Name)	Date of Initial Implementation	Date of Last Significant Update
Policy Management (including premium transaction processing and policy record management)	PMS v6r2	Developed internally	By company, using Cobol, C++	Internal	09/1987	10/1999
Claim Management (including claim transaction processing and record management, and reserving)	Not on this platform					
Financial Reporting (general ledger and accounting)	Not on this platform					
Investment and Fund Management (including investment transaction processing and record management)	Not on this platform					
Reinsurance Management	Not on this platform					
Producer Management (including commissions transaction processing and agent record management)	PMS v6r2	Developed internally		Internal	09/1987	10/1999
Data Warehouse / Data Mart	Oracle Database	Developed internally		Internal	09/1987	10/1999

NOTE: This page is for informational purposes only — it does not have to be returned