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**INDEPENDENT REGULATORY REVIEW COMMISSION
COMMONWEALTH OF PENNSYLVANIA
333 MARKET STREET
14TH FLOOR
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(717) 783-5417
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April 14, 2004

Honorable M. Diane Koken, Commissioner
Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

Re: Regulation #11-217 (IRRC #2384)
Insurance Department
Annual Audited Insurers' Financial Report Required

Dear Commissioner Koken:

Enclosed are the Commission's comments for consideration when you prepare the final version of this regulation. These comments are not a formal approval or disapproval of the regulation. However, they specify the regulation review criteria that have not been met.

The comments will be available on our website at www.irrc.state.pa.us. If you would like to discuss them, please contact my office at 783-5417.

Sincerely,

A handwritten signature in black ink, reading "Robert E. Nyce".

Robert E. Nyce
Executive Director
evp
Enclosure

cc: Honorable Nicholas A. Micozzie, Majority Chairman, House Insurance Committee
Honorable Tony DeLuca, Democratic Chairman, House Insurance Committee
Honorable Gibson E. Armstrong, Chairman, Senate Banking and Insurance Committee
Honorable Jack Wagner, Minority Chairman, Senate Banking and Insurance Committee

Comments of the Independent Regulatory Review Commission

on

Insurance Department Regulation No. 11-217

Annual Audited Insurers' Financial Report Required

April 14, 2004

We submit for your consideration the following comments that include references to the criteria in the Regulatory Review Act (71 P.S. § 745.5b) which have not been met. The Insurance Department must respond to these comments when it submits the final-form regulation. The public comment period for this regulation closed on March 15, 2004. If the final-form regulation is not delivered within two years of the close of the public comment period, the regulation will be deemed withdrawn.

Section 147.8. Scope of audit and report of independent certified public accountant. – Clarity.

Subsection (d) states, "The Commissioner may from time to time prescribe that additional auditing procedures be observed by the independent certified public accountant in the audit of the financial statements of insurers under this chapter." The phrase "from time to time" is vague and should be deleted. Also, the final-form regulation should identify under what circumstances additional auditing procedures may be required.

APR-14-2004 WED 08:04 AM

FAX NO.

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Facsimile Cover Sheet**Kristine M. Shomper**
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To: Pete Salvatore OR
Heather Reim
Agency: Insurance Department
Phone: (717) 787-4429
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Date: April 14, 2004
Pages: 3

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INDEPENDENT REGULATORY REVIEW COMMISSION

Comments: We are submitting the Independent Regulatory Review Commission's comments on the Insurance Department's regulation #11-217 (IRRC #2384). Upon receipt, please sign below and return to me immediately at our fax number 783-2664. We have sent the original through interdepartmental mail. You should expect delivery in a few days. Thank you.

Accepted by:

Date:

4/14/04