

§6611. Annual report; actuarial report

1. Filing required. Annually within 4 months of the end of the fiscal year or within such extension of time as the superintendent for good cause may grant, every arrangement shall file a report with the superintendent, verified by the oath of the chair of the board of trustees. The report must summarize the business activities of the trust for the immediately preceding year and must contain a financial statement of the arrangement, including its balance sheet and a statement of operations for the preceding year certified by an independent certified public accountant. The report must also include an analysis of the adequacy of reserves and contributions or premiums charged based on a review of past and projected claims and expenses.

[PL 1993, c. 688, §1 (NEW).]

1-A. Accountant's letter or qualification. The annual financial statement of the arrangement must include a letter of qualification from the certifying accountant stating:

A. That the accountant is independent with respect to the arrangement and conforms to the standards of the accountant's profession as contained in the code of professional ethics and pronouncements of the American Institute of Certified Public Accountants and the rules of professional conduct of the appropriate state Board of Accountancy or similar code; [PL 1995, c. 618, §13 (NEW).]

B. The background and experience in general and the experience in audits or arrangements of the staff assigned to the engagement and whether each is an independent certified public accountant. This requirement may not be construed as prohibiting the accountant from utilizing staff as the accountant considers appropriate where that is consistent with the standards prescribed by generally accepted auditing standards; [PL 1995, c. 618, §13 (NEW).]

C. That the accountant understands the annual audited financial report and the accountant's opinion will be filed in compliance with this requirement and that the accountant knows the superintendent will be relying on this information in the monitoring and regulation of the financial position of the arrangement; [PL 1995, c. 618, §13 (NEW).]

D. That the accountant consents and agrees to make available for review by the superintendent or the superintendent's designee or appointed agent, the accountant's workpapers relating to the arrangement. For purposes of this paragraph, workpapers are the records kept by the accountant of the procedures followed, the tests performed, the information obtained and the conclusions reached pertinent to the accountant's examination of the financial statements of the arrangement. Workpapers may include audit planning documents, work programs, analyses, memoranda, letters of confirmation and representation, abstracts of arrangement documents and schedules or commentaries prepared or obtained by the accounts in the course of the accountant's examination; and [PL 1995, c. 618, §13 (NEW).]

E. A representation that the accountant is properly licensed by an appropriate state licensing authority and that the accountant is a member in good standing in the American Institute of Certified Public Accountants. [PL 1995, c. 618, §13 (NEW).]

[PL 1995, c. 618, §13 (NEW).]

2. Actuarial report. At least once every 2 years each arrangement must have a report prepared by an actuary who is an associate or fellow of the Society of Actuaries and the American Academy of Actuaries as to the actuarial soundness of the arrangement. After an arrangement has filed 2 actuarial reports pursuant to this subsection, an arrangement may request that the superintendent grant a waiver of the filing requirement to the arrangement. If required, the report must be filed with the superintendent. The report must consist of at least the following:

A. An assessment of the adequacy of contribution rates in meeting the level of benefits provided and changes, if any, needed in the contribution rates to achieve or preserve a level of funding

adequate to enable payment of the benefit amounts provided under the arrangement, which must include a valuation of present assets, valued in accordance with insurance accounting precepts, and prospective assets and liabilities of the plan and the extent of unfunded accrued liabilities; [PL 1993, c. 688, §1 (NEW).]

B. A plan and schedule to amortize any unfunded liabilities and a description of actions taken to reduce unfunded liabilities; [PL 1993, c. 688, §1 (NEW).]

C. A description and explanation of actuarial assumptions; [PL 1993, c. 688, §1 (NEW).]

D. A comparative review illustrating the level of funds available to the arrangement from rates, investment income and other sources realized over the period covered by the report indicating the assumptions used; [PL 1993, c. 688, §1 (NEW).]

E. A certification by the actuary that the report is complete and accurate and that in the actuary's opinion the techniques and assumptions used are reasonable, make good and sufficient provision to meet the obligations of the arrangement and meet the requirements and intent of this chapter; and [PL 1993, c. 688, §1 (NEW).]

F. Other factors or statements as may be reasonably required by the superintendent in order to determine the actuarial soundness of the plan. [PL 1993, c. 688, §1 (NEW).]

[PL 2001, c. 570, §3 (AMD).]

SECTION HISTORY

PL 1993, c. 688, §1 (NEW). PL 1995, c. 618, §13 (AMD). PL 2001, c. 570, §3 (AMD).

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