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ORDER NUMBER R 04-05

July 8, 2004

**ORDER GRANTING EXTENSION TO ARECA INSURANCE EXCHANGE
TO FILE A COMPLETE ANNUAL AUDIT REPORT BY JULY 21, 2004**

BACKGROUND

1. By letter dated May 24, 2004 and hand-delivered on May 26, 2004 to the Division of Insurance (the division), ARECA Insurance Exchange (ARECA) requested an extension of 30 days to file its audited financial statements that were due June 1, 2004. AS 21.09.200(a) requires each authorized insurer to annually file with the director "a full and true statement of its financial condition, transactions, and affairs as of the preceding December 31." The required reporting format is the one "most recently approved by the National Association of Insurance Commissioners" (NAIC) annual financial statement blank form and instructions, supplemented for additional information as required by the director."

2. An analysis of ARECA's reasons for requesting the extension led the division to conclude that there was adequate detailed information and sufficient reason to allow a 30-day extension. Subsequently, financial examiner Maxine Froemling of the division verbally notified ARECA that the director had approved an extension until June 30, 2004 for the required filing.

3. On June 30, 2004, ARECA requested a further extension until July 21, 2004 to file its audited financial statements.

FINDINGS

The director finds that:

A. ARECA has provided adequate explanation and reasons for an additional extension of time.

B. AS 21.09.200(e) provides for a penalty of \$100 for each day after the due date an insurer fails to make a required filing under AS 21.09.200(a).


IT IS HEREBY ORDERED

I. ARECA shall have until July 21, 2004 to file its audited financial statements required under AS 21.09.200(a). These statements must be accompanied by an audit opinion from a licensed certified public accountant.

II. If ARECA fails to file its audited financial statements on or before July 21, 2004, ARECA shall pay the division \$100 per day for each day that the financial statements are outstanding from June 2, 2004. If the audited financial statements are not submitted to the division by July 21, 2004, ARECA shall pay a penalty totaling \$5,000 (\$100 per day from June 2 through July 21, 2004) at the Anchorage office of the division by 5:00 p.m. July 23, 2004. Penalties will continue to accrue until ARECA submits its statements.

III. Failure to file its audited financial statements on or before July 21, 2004 will also subject ARECA to suspension or revocation of its certificate of authority under AS 21.09.150(a).

This order takes effect July 8, 2004.



Linda S. Hall
Director