§ 307. Annual statements; audited financial statements. (a) (1) Every insurer and every fraternal benefit society that is authorized to do an insurance business in this state, and every pension fund, retirement system or state fund that is required, by any law of this state, to report to the superintendent or is subject to the superintendent's examination, shall file in the office of the superintendent, annually on or before the first day of March, a statement, to be known as its annual statement, executed in duplicate, verified by the oath of at least two of its principal officers, showing its condition at last year-end or, in the case of a pension fund or retirement system, on such date in the year next preceding as the superintendent may approve. Such statement shall be in such form and shall contain such matters as the superintendent shall prescribe. The superintendent may accept an electronic filing of a foreign insurer's annual statement that does not contain the signatures or verification of the officers provided that the foreign insurer has filed, in its state of domicile, an annual statement verified by the oath of at least two of its principal officers. In such a situation, the officers of the foreign insurer shall be deemed to have given their oath in this state.

(2) The superintendent shall from time to time prescribe the form of such annual statement, which may be a printed document and/or electronic media, and which may be varied as to different types of insurers, corporations, societies, pension funds and retirement systems, as shall seem to him best adapted to elicit a true exhibit of the condition of each such entity, in respect to every matter which he may deem material. For every annual statement form which differs from or is in addition to those adopted from time to time by the national association of insurance commissioners, the superintendent shall cause to be prepared and furnished to every insurer, pension fund or retirement system required by law to report to him, printed forms of the statements and schedules required by him.

(3) The annual statement of an alien insurer may be verified by the oath of the manager or assistant manager thereof within the United States, or by any other official of such insurer authorized by it to sign and verify its annual statements, if such authorization shall be proved by filing with the superintendent such evidence as he may require. The annual statement of an alien insurer, excepting a fraternal

benefit society, shall be a separate statement, to be known as its general form of statement, of the business done within the United States and of the assets held by or for it within the United States for the protection of policyholders and creditors within the United States and of the liabilities incurred against such assets, and shall not contain any statement in regard to its assets and business elsewhere. But the superintendent may require any such alien insurer to give such additional information as to its total business or assets or any portion thereof as he may determine.

(4) Every insurer and every fraternal benefit society which is authorized to do an insurance business in this state, and every pension fund, retirement system or state fund which is required by any law of this state to report to the superintendent, which willfully fails to file an annual statement as required in this section, or willfully fails to reply within thirty days to a written inquiry by the superintendent in connection therewith, shall, in addition to other penalties provided by this chapter, be subject, upon due notice and opportunity to be heard, to a penalty of up to two hundred fifty dollars per day of delay, not to exceed twenty-five thousand dollars in the aggregate, for each such failure.

(b) (1) Every licensed insurer, except an assessment co-operative property/casualty insurance company having direct premiums written in this state of less than two hundred fifty thousand dollars in any calendar year and having less than five hundred policyholders at the end of such calendar year, shall be required to file within five months of the end of such calendar year, an annual financial statement (including an annual financial statement of any subsidiary of the type described in paragraph nine of subsection (a) of section one thousand four hundred four or subparagraph (B) of paragraph four of subsection (a) of section one thousand four hundred seven of this chapter) together with an opinion thereon of an independent certified public accountant on the financial statement of such insurer and any such subsidiary, which statement and opinion shall be available for public inspection at the office of the superintendent and the principal office of the insurer. Each such insurer shall furnish the superintendent with an evaluation by such accountant of the accounting procedures and internal control systems of the insurer that are necessary to the furnishing of the

opinion. Each such insurer shall require the accountant to make available for review by the superintendent the work papers and any communications between the accountant and the insurer relating to the examination of the insurer. Any such work papers and communications made available to the superintendent shall be kept confidential, shall not be subject to subpoena and shall not be made public unless, after notice and opportunity to be heard, the superintendent determines that the interests of policyholders, stockholders or the public will be served by the publication thereof. Each such insurer shall require the accountant to notify the superintendent if the accountant has determined that the insurer has materially misstated its financial condition as reported to the superintendent or that the insurer does not meet minimum capital or surplus to policyholder requirements.

(2) If the insurer is part of a group of insurance companies which utilizes a pooling agreement or one hundred percent reinsurance agreement that affects the solvency and integrity of such insurer's reserves and such insurer cedes all of its direct and assumed business to the pool, then such insurer may file audited consolidated or combined financial statements in lieu of separate annual audited financial statements provided that a consolidating or combining exhibit be filed that clearly reconciles amounts in the audited financial statement to the individual company annual statements. In addition, an insurer may comply by filing statements prepared in accordance with generally accepted accounting principles, provided that appropriate reconciliation is made of the differences between net income and capital and surplus reported on that basis and that reported in the annual statutory statement filed with the superintendent.

(3) In lieu of the requirements of this subsection, the superintendent may accept copies of filings of audited financial statements required by another state where they are found to be substantially similar to the requirements herein. Upon written application of any insurer, extensions of the filing date and exemptions from the filing requirements may be granted by the superintendent, if the superintendent finds, upon review of the application, that compliance would constitute a financial or organizational hardship upon the insurer.