



Summary

Report Number: [2011-181](#)

Report Title: **Office of Insurance Regulation – Property and Casualty Insurers Financial Analyses Process and Information Technology Controls - Operational Audit**

Release Date: **04/29/2011**

This operational audit of the Office of Insurance Regulation (OIR) focused on the Property and Casualty (P&C) rate filings review process and certain processes used to monitor the financial condition and solvency of domestic and foreign P&C insurers. The audit also included a follow-up on the findings included in report Nos. 2007-086, 2009-032, and 2009-036. Our audit disclosed the following areas in which corrective actions are necessary.

P&C FINANCIAL ANALYSES AND REGULATORY ACTIVITIES

Finding No. 1: OIR had not sought an independent evaluation of, or requested an independent service auditor's report related to, the controls designed and established by the National Association of Insurance Commissioners (NAIC) for the database that maintains the insurer financial information used by OIR in its financial analyses processes.

Finding No. 2: OIR did not always finalize its review of "file and use" rate filings within 90 days.

Finding No. 3: OIR policies and procedures should be enhanced to require that the reasoning and judgments supporting rate filing decisions be sufficiently documented.

Finding No. 4: Contrary to OIR policy, OIR employees did not always sign annual Conflict of Interest forms.

INFORMATION TECHNOLOGY ACCESS CONTROLS

Finding No. 5: Certain Form and Rate Electronic Document Management System (FREDMS) access controls relating to the management of access privileges were deficient.

Finding No. 6: Although OIR staff had taken some action to correct the findings noted in report No. 2009-032 related to Financial Analysis and Monitoring Electronic Document Management System (FAME) access controls, certain access control deficiencies continue to exist.

Finding No. 7: As similarly noted in report No. 2009-036, OIR staff were unable to provide documentation to demonstrate that a periodic review of user access rights for the Applications Coordination Document Management System (AppCoord) had been conducted.

Management's response is included in the audit report as Exhibit A.