Glenn Pomeroy
Commissioner of Insurance

DEPARTMENT OF INSURANCE
STATE OF NORTH DAKOTA

BULLETIN 99-1

TO: All Domestic Insurance Companies

FROM: Glenn Pomeroy, Commissioner

DATE: February 3, 1999

SUBJECT: Year 2000 Compliance

SCOPE AND APPLICABILITY

This bulletin applies to all insurance companies, health maintenance organizations, and nonprofit health service corporations domiciled in North Dakota. It governs the elements the North Dakota Insurance Department ("the Department") requires domestic companies to include in the Management's Discussion and Analysis filing due April 1, 1999.

MANAGEMENT'S DISCUSSION AND ANALYSIS REQUIREMENTS

All domestic insurance companies are required to file an annual statement with the Commissioner. N.D. Cent. Code § 26.1-03-07. Likewise, every insurance company doing business in the state is required to prepare the annual statement blank in accordance with the Annual Statement Instructions Handbook published by the National Association of Insurance Commissioners. N.D. Admin. Code § 45-03-15-01. The annual statement instructions require companies to file by April 1, 1999, a Management's Discussion and Analysis ("MD&A") with the Department as a supplemental filing to their 1998 Annual Statement. The instructions related to the MD&A require the filing company to include a discussion and analysis of all material events known to management that would cause reported financial information not to be necessarily indicative of future operating results or of future financial position.

The Year 2000 issue is an event which is material to the future financial position of an insurance company. As such, in the interest of protecting policyholders from any adverse impact Year 2000 issues may have on insurers, the Department is hereby requiring all domestic insurance companies, health maintenance organizations, and nonprofit health service corporations filing an MD&A to include in it an analysis and discussion of the company's Year 2000 issues. Members of an affiliated insurance group that have a single year plan may use the same disclosure in the MD&A. Domestic companies may be guided regarding the types and form of disclosures by the Securities and Exchange Commission's Release Number 33-7558. Section III(A) of the release provides pertinent guidance.

GP/njb

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