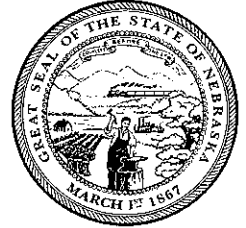


STATE OF NEBRASKA


DEPARTMENT OF INSURANCE

Ann M. Frohman
Director



Dave Heineman
Governor

INTEROFFICE MEMORANDUM

TO: FINANCIAL EXAMINATION DIVISION
FROM: ANN M. FROHMAN, DIRECTOR 
SUBJECT: REPORTING OF MATERIAL ADVERSE FINDINGS
DATE: 7/23/2010

Accreditation guidelines require that all material adverse findings be promptly presented to the Director or an appropriate designee for determination and implementation of appropriate regulatory action.

A material adverse finding is defined as a finding made by a Department with respect to an event, trend, transaction or series of transactions, fluctuation, agreement, arrangement, operating results, or violation of law, which either has or reasonably could have a significant negative impact on a company's financial position.

Material adverse findings should be reported to individuals who are capable of taking appropriate regulatory action. For example, if as a result of the material adverse finding the company need only be contacted to get further information on the finding, reporting to your immediate supervisor would be considered adequate. However, if as a result of the material adverse finding the company needs to be placed in liquidation, contact at the highest levels of the Department is expected.

Financial analysis files and/or examination work papers should contain evidence that material findings were promptly presented to the Director or the appropriate designee.

amf/jlm