**Section 925.30 Definitions**

"Accountant" or "independent certified public accountant" means an independent certified public accountant or independent accounting firm in good standing with the American Institute of Certified Public Accountants (AICPA) and all states in which the accountant is licensed to practice. For Canadian and British companies, accountant means a Canadian-chartered or British-chartered accountant.

"Affiliate" or "affiliated person" of a specific person or entity means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

"Audit Committee" means a committee (or equivalent body) established by the board of directors of an entity for the purpose of overseeing the accounting and financial reporting processes of an insurer or group of insurers, the internal audit function of an insurer or group of insurers (if applicable), and external audits of financial statements of the insurer or group of insurers. The audit committee of any entity that controls a group of insurers may be deemed to be the audit committee for one or more of these controlled insurers solely for the purposes of this Part at the election of the controlling person. Refer to Section 925.140(f) for exercising this election. If an audit committee is not designated by the insurer, the insurer's entire board of directors shall constitute the audit committee.

"Audited Financial Report" means and includes those items specified in Section 925.50 of this Part.

"Code" means the Illinois Insurance Code [215 ILCS 5].

"Dental Service Plan Act" means 215 ILCS 110.

"Department" means the Illinois Department of Insurance.

"Director" means the Director of the Illinois Department of Insurance.

"Group of Insurers" means those licensed insurers included in the reporting requirements of Article VIII½ of the Code, or a set of insurers as identified by management, for the purpose of assessing the effectiveness of internal control over financial reporting.

"Health Maintenance Organization Act" means 215 ILCS 125.

"Indemnification" means an agreement of indemnity or a release from liability where the intent or effect is to shift or limit in any manner the potential liability of the person or firm for failure to adhere to applicable auditing or professional standards, whether or not resulting in part from known or other misrepresentations made by the insurer or its representatives.

"Independent Board Member" has the same meaning as described in Section 925.140(c).

"Insurer", for purposes of this Part, means a licensed insurer or accredited reinsurer as defined in Sections 2(f), (g) and (h) and 173.1 of the Code or a Health Maintenance Organization as defined in Section 1-2(9) of the Health Maintenance Organization Act, Dental Service Plan as defined in Section 4 of the Dental Service Plan Act, or a Limited Health Service Organization as defined in Section 1002 of the Limited Health Service Organization Act.

"Internal Audit Function" means a function by which a person or persons provide independent, objective and reasonable assurance designed to add value and improve an organization's operations and accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

"Internal Control Over Financial Reporting" means a process effected by an entity's board of directors, management and other personnel designed to provide reasonable assurance regarding the reliability of the financial statements, i.e., those items specified in Section 925.50(b)(2) through (8), and includes those policies and procedures that:

Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets;

Provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements, i.e., those items specified in Section 925.50(b)(2) through (9), and that receipts and expenditures are being made only in accordance with authorizations of management and directors; and

Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements, i.e., those items specified in Section 925.50(b)(2) through (9).

"Limited Health Service Organization Act" means 215 ILCS 130.

"SEC" means the United States Securities and Exchange Commission.

"Section 404" means Section 404 of the Sarbanes-Oxley Act of 2002 (15 USC 7262).

"Section 404 Report" means Management's Report of Internal Control over Financial Reporting as defined by the SEC (17 CFR 240.13a-15(f)) and the related attestation report of the independent certified public accountant as described in Section 925.160.

"SOX Compliant Entity" means an entity that either is required to be compliant with, or voluntarily is compliant with, all of the following provisions of the Sarbanes-Oxley Act of 2002:

the preapproval requirements of 15 USC 78j-l(i);

the audit committee independence requirements of 15 USC 78j-l(m)(3); and

the internal control over financial reporting requirements of 17 CFR 229.308.

(Source: Amended at 43 Ill. Reg. 14121, effective January 1, 2020)