

## DEPARTMENT OF INSURANCE

300 CAPITOL MALL, Suite 1300  
SACRAMENTO, CA 95814

January 22, 1999

Dear Producer:

As Deputy Commissioner of the Enforcement Branch it is my duty to protect the insurance consumers of California. The California Department of Insurance (Department) requires that all brokers, agents, and other producers are taking the appropriate steps to prepare for the Year 2000. As a licensee with the Department, you are responsible for being Year 2000 compliant.

Therefore, enclosed is the Department's questionnaire for you to **complete and return** by February 12, 1999. Please return the completed and signed questionnaire to:

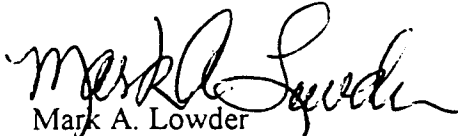
Keith Kuzmich  
Chief, Internal Audits Bureau  
California Department of Insurance; Y2K Survey  
300 Capitol Mall, Suite 1300  
Sacramento, CA 95814

Failure to complete and return the questionnaire will result in further action by this Department and may jeopardize your license to do business in California under Insurance Code Sections 1668 and 1738 et. seq., among other enforcement provisions of the Code.

If you have any questions concerning this issue, please contact our Consumer Hotline. If calling from area codes 213, 310, and 818, dial (213) 897-8921. For all others, dial (800) 927-HELP. The Telecommunications Device for the Deaf (TDD) telephone number is (800) 482-4833.

Thank you in advance for your cooperation and prompt response.

Sincerely,



Mark A. Lowder  
Deputy Commissioner  
Enforcement Branch

**CALIFORNIA DEPARTMENT OF INSURANCE**  
**300 Capitol Mall, Suite 1300 Sacramento, CA 95814**

**Year 2000 Compliance Questionnaire**

CA LICENSE # \_\_\_\_\_ LICENSEE NAME \_\_\_\_\_

Year 2000 refers to the problem that automated systems may encounter on January 1, 2000. Computer systems using a two-digit year may incorrectly register the year 2000 as "00." This may adversely affect numerous computer calculations and transactions that are date sensitive.

The definition of Year 2000 compliance has been heavily debated. For purposes of this survey, Year 2000 compliance means 20th and 21st century data values will be processed correctly and data-dependent calculations will produce accurate results.

**Instructions:** Complete one survey. Answer all questions in this survey to the best of your ability. Indicate a response for each question by filling out the blank or checking a response. For assistance regarding this questionnaire contact the Department of Insurance at (213) 346-6969 and ask for the Y2K assistance line.

**General**

1. What percent of your total premium is derived in California?
2. How many policies did you write in 1998?
3. Provide a percentage breakdown of business in all lines written (e.g. 50% PL Auto and 50% Commercial General Liability).
4. How many insurance companies do you write with?  
Attach a list of those companies and their managing general agents.
5. How many offices do you operate in California? List all licenses held by your organization and all office locations within the state of CA.
6. Are your information processing (hardware and software) and telecommunications systems capable and ready to handle Year 2000 processing?  
 Yes       No

**Planning and Budgeting for Year 2000 Compliance**

7. Has your organization developed a written plan for your Year 2000 efforts and are you tracking progress against that plan, and replanning the remaining work as necessary? (Check all that apply)
 

<input type="checkbox"/> Developed a written plan <input type="checkbox"/> Replanning as necessary <input type="checkbox"/> Do not intend to address the issue	<input type="checkbox"/> Tracking progress against plan <input type="checkbox"/> Have not developed a plan yet
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15. Does your Year 2000 project take into account that the year 2000 is a leap year?  
 Yes                       No
16. Have you tested your systems for activities which cross the year 2000 boundary?  
 Yes                       No
17. If question 16 is answered yes, then what did the tests show?  
 All systems produced accurate results  
 Most systems produced accurate results  
 A few systems produced accurate results  
 No systems produced accurate results
18. If the answer to question 16 is no, are you planning to test for activities which cross the year 2000 boundary?  
 Yes                       No
19. When testing for Year 2000 compliance, what portion of testing occurs, or will occur, in a computer environment that is configured and operated as though it were after 12/31/1999? (i.e. on a machine that has a date at or beyond the year 2000).  
 All               Some               None at all

If you answered *None at all*, what are your plans for verifying that your systems will work beyond 12/31/99?

20. If you plan to remediate your application software, which of the following compliance activities are in progress or have been conducted?

<u>Phase</u>	<u>Not Started</u>	<u>In Progress</u>	<u>Complete</u>
Plan preparation/identify problem	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Plan execution/remediation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Testing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Maintaining Year 2000 compliance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

21. Which of the following core platforms does your company operate? (check all that apply)

- IBM Mainframe computers  
 Non-IBM Mainframe computers  
 Mid-range computers (such as Sequent, DEC Alpha's, AS/400, SunSparc ...)  
 Client Server environment  
 Personal computers (PC's)  
 None of the above (please describe \_\_\_\_\_)

22. Are your primary operating systems Year 2000 compliant?  
 Yes             No
23. Do you have access to the source code to all of your application system software?  
 Yes             No
24. If question 23 is answered no, then what alternatives have you taken?  
 Working with the software vendor/developer to remediate the problem  
 Have already or are in the process of upgrading to a newer version that is already Year 2000 compliant  
 Have already converted or are in the process of converting to different software that is already Year 2000 compliant
25. Does your plan assess the impact on tape/archive management systems where dates such as 9/9/99 or 31/12/99 could have been used to indicate that the data should not be deleted?  
 Yes             No             Don't Know
26. Are your telephone systems Year 2000 compliant?  
 Yes             No             Don't Know

If you answered *No* or *Don't Know*, is there a task on your project plan to determine and correct this?

- Yes             No

27. Does your Year 2000 plan consider the impact of data sensitive embedded chips and the effect that failures in the chips can have on operations (i.e. elevators, security systems, heating ventilation air-conditioning systems, etc.)?  
 Yes             No

If you answered *No*, why is this serious planning consideration being ignored?

### **Business Partners**

28. Does the Year 2000 plan consider Year 2000 compliance of business partners (e.g., Finance Companies, Service Providers, Insurers) you transact with?  
 Yes             No
29. Do contracts with the insurers and MGAs, if applicable, emphasize that business partners are to be Year 2000 compliant?  
 All             Some             None

30. What is the status of Year 2000 compliance for the following business partners? Do you conduct electronic data transfers with any of the following? Have or will you test partners for compliance?

<b>Business Partner</b>	<b>N/A</b>	<b>How many of these partners are compliant?</b>	<b>Electronic Data Transfers</b>	<b>Testing for Compliance</b>
Finance Companies		<input type="checkbox"/> All <input type="checkbox"/> Some <input type="checkbox"/> None <input type="checkbox"/> Don't Know	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Service Providers		<input type="checkbox"/> All <input type="checkbox"/> Some <input type="checkbox"/> None <input type="checkbox"/> Don't Know	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Information Systems		<input type="checkbox"/> All <input type="checkbox"/> Some <input type="checkbox"/> None <input type="checkbox"/> Don't Know	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Insurers		<input type="checkbox"/> All <input type="checkbox"/> Some <input type="checkbox"/> None <input type="checkbox"/> Don't Know	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
MGAs		<input type="checkbox"/> All <input type="checkbox"/> Some <input type="checkbox"/> None <input type="checkbox"/> Don't Know	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Telecommunications		<input type="checkbox"/> All <input type="checkbox"/> Some <input type="checkbox"/> None <input type="checkbox"/> Don't Know	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

Additional Year 2000 Questions  
For Surplus Lines Brokers

Do you maintain any of the following business records on automated systems? If so, please specify which years are so maintained for each category.

(check all that apply)

Years

- Records required to be maintained by the Insurance Code Section 1768 or the CCR?
- Records of diligent search per CIC 1763, 1763.2
- Records pertaining to placements under CIC 1763.5
- Evidence of placement under CIC 1764
- Records pertaining to signed disclosures required by Section 1764.1
- Records pertaining to prerequisites of placement of insurance described in Sections 1764.2, 1764.3, and 1764.4
- Due diligence performed in regards to any insurer used or contemplated for use in California
- Records of any premiums received or disbursed in a fiduciary capacity
- Records of any California premium taxes collected, held or remitted

**Questionnaire responses prepared by:**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

E-mail address: \_\_\_\_\_

**Year 2000 Project Manager:**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

**Management Representation**

I affirm that the representations made in this questionnaire are true, correct, and accurate to the best of my knowledge and belief.

Corporate Officer Signature: \_\_\_\_\_

Name/Title (Please Print): \_\_\_\_\_

Date: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Note: Please make a copy of the completed questionnaire for your own records.

Return the original completed and signed questionnaire to:

Keith Kuzmich  
Chief, Internal Audits Bureau  
California Department of Insurance; Y2K Survey  
300 Capitol Mall, Suite 1300  
Sacramento, CA 95814