



## OFFICE OF INSURANCE REGULATION

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May 12, 2015

Ms. Christina B. Smith  
Director  
Division of Accounting and Auditing  
200 E. Gaines Street  
Tallahassee, Florida 32399-0353

Dear Ms. Smith,

Please allow this to serve as the response of the Office of Insurance Regulation to your letter of May 7, 2015, to Commissioner McCarty regarding the results of the recent audit. I have reviewed your letter and shared it with our senior management team. In your letter, you identified two findings as a result of the audit which are addressed as follows:

### Liability Insurance Coverage:

The audit indicated that the Office needs to make certain that before a contract is executed or work has begun, we have documented that the contractor has obtained the requisite liability insurance coverage and that the policy effective date indicates that coverage will be in-force during the period of time in which work is to be performed under the contract. In response to this finding, our office did provide proof of insurance coverage for the exam contracts cited prior to the close of the audit. In addition, we will take corrective action by providing training to our staff who are assigned to handle contracts and payments, and require them to confirm the insurance coverage at the beginning of the contract. Our office will do a periodic check on this or ask our OIR Inspector General to do so.

### Cost analysis:

The FIU agreement for the public hurricane model was executed years ago, and we did not maintain documentation of a cost analysis being done prior to its execution. OIR will take corrective action to perform a cost analysis on all future agreements, including the FIU agreement as it renews this summer.

Thank you for the professionalism and courtesy extended by your team during the audit process.

Sincerely,

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