



DEPARTMENT OF  
INSURANCE AND FINANCIAL INSTITUTIONS

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**AUDITED FINANCIAL REPORT  
GUIDELINES FOR EXEMPTIONS**

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You must file an Audited Financial Report (AFR) with us on or before **June 1** as a supplement to your Annual Statement unless you qualify for an exemption.

Review the following types of exemptions that are available and use only the one exemption provision that applies to you:

**AUTOMATIC EXEMPTION**

You qualify for an "automatic" exemption if you have:

- a) less than 1,000 policyholders **OR** certificate holders of direct written policies **nationwide** at the end of the calendar year, **AND**
- b) less than \$1 million direct **ARIZONA** premiums written in the calendar year period, **AND**
- c) less than \$1 million assumed premiums\* pursuant to contracts and/or treaties of reinsurance.

\*If you file the (orange) Health Annual Statement – Use Page 8, Line 12, Column 2.

\*If you file the (blue) Life, Accident and Health Annual Statement – Use Schedule T, Line 96, Column 6.

\*If you file the (yellow) Property and Casualty Annual Statement - Use the sum of Annual Statement Page 8, Line 35, Columns 2 and 3.

**See Page 2** of this form for the notification to send us. **Do not** mail the notification with your Annual Statement.

We may still require you to file an AFR.

**STANDARDIZED ORGANIZATIONAL HARDSHIP EXEMPTION**

A standardized organizational hardship exemption is available if you are licensed in Arizona only and meet all of the criteria described in **Form E-AFR.OHE**.

An affidavit (sample provided in **Form E-AFR.OHE**) must be filed with a letter requesting this exemption no later than **March 31**. **Do not** mail these items with your Annual Statement. Send the application documents to [financialfilings@difi.az.gov](mailto:financialfilings@difi.az.gov).

**OTHER HARDSHIP EXEMPTION**

If you do not qualify for the automatic or standardized organizational hardship exemptions, you may still apply for an exemption by sending us a letter requesting an organizational or financial hardship exemption and an affidavit signed by one of your officers avowing to the facts which create the hardship. We will notify you in writing that your application is granted or denied.

**AUDITED FINANCIAL REPORT  
AUTOMATIC EXEMPTION NOTIFICATION  
FOR ARIZONA DOMESTIC COMPANY ONLY**

DATE: \_\_\_\_\_

COMPANY NAME: \_\_\_\_\_

NAIC#: \_\_\_\_\_ CALENDAR YEAR: \_\_\_\_\_

We are notifying you that we meet the criteria for an automatic exemption from filing an Audited Financial Report. For the calendar year stated above, we had

1. less than 1,000 policyholders **OR** certificate holders of directly written policies **nationwide** at the end of the calendar year,

*Number of policyholders/certificate holders:* \_\_\_\_\_

**AND**

2. less than \$1 million direct **ARIZONA** premiums written in the calendar year period, **AND**
3. less than \$1 million assumed premiums pursuant to contracts and/or treaties of reinsurance.

\_\_\_\_\_  
Signature and Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Email Address

Send this notice before March 31<sup>st</sup> to [financialfilings@difi.az.gov](mailto:financialfilings@difi.az.gov).