

**Sec. 38a-693-2. Description**

- (a) The SDMS will be comprised of six elements:
  - (1) Systems Descriptions and Procedural Control Checklists.
  - (2) Statistical Sampling Procedures (Detail Data Verification).
  - (3) Reasonability Test Procedures (Detail Data Verification).
  - (4) Reconciliation of Statistical Data to Financial Statement.
  - (5) Annual Self-Review and Certification by the insurer or statistical agent.
  - (6) Periodic Review by the Insurance Department.
- (b) The SDMS utilizes a self-monitoring approach. Each company and statistical agent is required to carry out its own monitoring activities with due diligence.
- (c) Certain of the SDMS elements involve similar costs, regardless of the size of the company adopting them. The SDMS manuals will specify compliance criteria which will reduce the requirements, for small companies and small systems in large companies, where the data do not have a significant impact on the aggregate statistical reporting.

(Effective September 25, 1992)