

STATE OF WASHINGTON
Office of Insurance Commissioner
REQUEST FOR PROPOSALS (RFP)
S202311

Project Title

Compliance and Financial Analysis

Questions Due April 10, 2023, 11:59 PM PST
Proposal Due May 4, 2023, 11:59 PM PST

Emailed proposals will be accepted. Faxed proposals will not.

Estimated time period for contract

July 1, 2023 – June 30, 2024. OIC reserves the right to extend the contract for up to one additional 1-year periods, at the sole discretion of OIC.

Vendor eligibility

This procurement is open to those vendors that satisfy the minimum qualifications stated herein and that are available for work in Washington State.

Contents of the request for proposals

1. Introduction
2. General Information for Vendors
3. Proposal Contents
4. Evaluation and Award
5. Exhibits
 - a. Certifications and Assurances
 - b. Contract with General Terms and Conditions

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1 Introduction

1.1 Purpose and background

The Office of Insurance Commissioner (OIC) is initiating this Request for Proposals (RFP) to solicit responses from individuals or vendors interested in providing as-needed compliance and financial analysis reviews of insurer applications for admission to do business in Washington state, authorized insurer corporate changes, and other related services.

Contractors will be required to engage in one or both of the following services.

- UCAA Expansion Application Review
- UCAA Corporate Amendments Application Review

Services are described in detail in section 1.2 below.

The OIC intends to award one or more convenience contracts to provide the services described in this RFP on an as-needed basis only to address regulatory needs and backlog work. **OIC does not guarantee a minimum or maximum engagement for any contract awarded as a result of this RFP.**

OIC will select one of the awarded convenience contracts, at its discretion, to engage when services are required for a specific project. Each project will require an additional statement of work under the convenience contract addressing the project scope, compensation, and period of performance.

1.2 Objectives and scope of work

Contractors selected as a result of this RFP will be responsible for one or more of the services identified below.

- UCAA Expansion Application Review
- UCAA Corporate Amendments Application Review

Vendor's must clearly state which service or services are being proposed. In addition, proposals must only cover the services identified, no other proposed services will be accepted.

Contractors must provide services that comply with standards established by OIC, the National Association of Insurance Commissioners ("NAIC"), and the applicable professional organizations in their respective fields of work.

To help vendors understand such standards and requirements, the following documents are attached to this RFP for reference and review:

- NAIC UCAA Instructions (64 pages)
- NAIC 2023 Company Licensing Best Practices Handbook (103 pages)

- OIC's current Company Licensing & Compliance Unit Licensing Procedures Manual (84 pages)

1.2.1 Financial analysis and compliance services

- A. General financial analysis – Review and recommend appropriate OIC action based upon the results of a general financial analysis of an applicant entity's pro forma, in compliance with Chapters 48.05.070 RCW, 48.05.340 RCW, and 48.43.310 RCW. Such analysis is to include, but not be limited to, a review of an entity's pro forma, financial statements, business plan/narrative, and other records; specifically evaluating assets, liabilities, surplus, RBC adequacy, liquidity, operations, reinsurance, management, etc.
- B. Corporate records review – Review Articles of Incorporation, bylaws, and other corporate records of regulated entities. Additionally, recommend appropriate OIC action on changes in Articles of Incorporation, bylaws, and other corporate records.
- C. Review of company special filings – Review and recommend appropriate OIC action on various requests requiring approval by the Commissioner. Such requests include, but are not limited to, the addition/deletion of lines of business, name change, redomestications, change of statutory address, merger of two or more foreign insurers, proposed/completed change of control, amended articles of incorporation, amended bylaws, amended consent to service of process.
- D. Any Other Financial Analysis and Compliance Services Needed – Review and recommend appropriate OIC action on any other regulated entity filings or issues that may arise.

1.2.2 Resource availability

Individual assignments contemplated by this RFP will vary in terms of project definition and resources required and includes work conducted on very short notice that may be outside of the geographic boundaries of the state of Washington. Accordingly, Contractor must have at their disposal significant resources, human and otherwise, to successfully participate in assignments contemplated by this RFP. Contractor must:

- A. Be capable of assigning professional resources to engagements on a national scale,
- B. Be capable of staffing assignments of varying size and complexity, within two weeks of OIC notice,
- C. Possess sufficient professional human resources to complete assignments within the agreed upon parameters, and
- D. Possess research resources capable of rendering professionally sound analysis of complex technical issues.

OIC reserves the exclusive right to select the specific discipline of a professional Vendor to be used on subject assignments. OIC further reserves the right to approve assigned staff for all work performed under the terms of this contract.

1.2.3 Acceptance of work

In the event acceptance criteria for any work or deliverables is not described in contract documents or statements of work hereunder, OIC shall have the obligation to notify Contractor, in writing ten (10) calendar days following completion of such work or deliverable described in

the Contract that it is not acceptable. The notice shall specify in reasonable detail the reason(s) it is unacceptable. Acceptance by OIC shall not be unreasonably withheld; but may be conditioned or delayed as required for reasonable review, or evaluation, as applicable of the work or deliverable. Final acceptance is expressly conditioned upon completion of all applicable assessment procedures. Should the work or deliverables fail to meet any requirements, acceptance criteria or otherwise fail to conform to the contract, OIC may exercise any and all rights hereunder, including, for deliverables, such rights provided by the Uniform Commercial Code as adopted under Chapter 62A RCW in the state of Washington.

1.3 Minimum qualifications

CONTRACTOR minimum qualifications include:

- Licensed to do business in the State of Washington or provide a commitment that it will become licensed in Washington within thirty (30) calendar days of being selected as the apparent successful contractor.
- Demonstrate knowledge of, and prior experience in, the areas of work for which the proposal is being submitted. Vendor must have previously held five (5) years of responsibilities substantially the same as, or very similar to, the Scope of Work in Section 1.2 of this RFP.
- List of prior state departments of insurance references.
- Insurance Designations, such as CPA, CFE, CPCU, FLMI, CIE, AIE, etc.
- Agree to the Certifications and Assurances set forth in Exhibit A.
- Submit proposals as specified on Section 3, Proposal Contents, of this RFP.

1.4 Period of performance

The period of performance of any contract resulting from this RFP is tentatively scheduled to begin on or about July 1, 2023, and to end on June 30, 2024. OIC, at its sole discretion, may extend the contract once for a period of one (1) year.

If this Contract is not renewed at the end of the period of performance, or if services must be canceled prior to expiration, for any reason, OIC may engage Contractor(s) for three additional (3) months of reasonable transition assistance, to allow for services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such services to OIC or its designees. OIC shall pay Contractor(s) for any resources utilized in performing such transition assistance at the most current rates provided by the Contract for performance of the services.

1.5 Contracting with current or former state employees

Specific restrictions apply to contracting with current or former state employees pursuant to chapter 42.52 of the Revised Code of Washington. Vendors should familiarize themselves with the requirements prior to submitting a proposal that includes current or former state employees.

1.6 Definitions

Definitions for the purposes of this RFP include:

OIC – The Office of Insurance Commissioner is the agency of the state of Washington that is issuing this RFP.

Apparent Successful Contractor – The individual or company selected as the entity to perform the anticipated services, subject to completion of contract negotiations and execution of a written contract.

Contractor – Individual or company whose proposal has been accepted by the OIC and is awarded a fully executed, written contract.

Convenience contract – As defined by RCW 39.26.070 “a contract for specific goods or services, or both, that is solicited and established in accordance with procurement laws and rules for use by a specific agency or a specified group of agencies as needed from time to time.”

Proposal – A formal offer submitted in response to this solicitation.

UCAA - Uniform Certificate of Authority Application.

UCAA Expansion Application - The type of UCAA application (including all attachments) that an existing insurer uses to apply for licensure in one or more additional Uniform States.

UCAA Corporate Amendments Application - The type of UCAA application (including all attachments) that an existing insurer uses for requesting amendments to its Certificate of Authority.

Vendor – Individual, company, or firm that submits a proposal in order to attain a contract with the OIC.

Request for Proposals (RFP) – Formal procurement document in which a service or need is identified but no specific method to achieve it has been chosen. The purpose of an RFP is to permit the contractor community to suggest various approaches to meet the need at a given price.

1.7 ADA

The OIC complies with the Americans with Disabilities Act (ADA). Vendors may contact the RFP Coordinator to receive this Request for Proposals in Braille or on tape.

2 General information for vendors

2.1 RFP coordinator

All communications concerning this RFP must be directed to:

Miranda Matson-Jewett
Office of Insurance Commissioner
5000 Capitol Blvd
Tumwater, WA 98501
360/725.9604
Contracting@oic.wa.gov

Any other communication will be considered unofficial and non-binding on the OIC. Vendors are to rely on written statements issued by the RFP Coordinator. Communication directed to parties other than the RFP Coordinator may result in disqualification of the vendor.

2.2 Estimated schedule of procurement activities

Issue Request for Proposals	March 27, 2023
Question & answer period	March 27 – April 10, 2023
Issue Q&A addendum to RFP	April 17, 2023
Pre-proposal conference	April 24, 2023, 3:00 pm
Issue final addendum to RFP	April 25, 2023
Proposals due	May 4, 2023, 11:59 pm
Evaluate proposals	May 4 – May 17, 2023
Announce 'Apparent Successful Contractor'	May 18, 2023
Hold debriefing conferences (if requested)	May 18-25, 2023.
Begin contract negotiations	May 17, 2023

The OIC reserves the right to revise the above schedule.

2.3 Pre-proposal conference

A pre-proposal conference is scheduled to be held on April 24, 2023, at 3:00 PM Pacific Standard/Daylight Time as long as at least one Vendor expresses interest. The pre-proposal conference will be held virtually using Zoom. The pre-proposal conference is not required but is recommended.

For security purposes, Vendors must contact the RFP coordinator listed above via email for Zoom meeting credentials. To receive the credentials, the email must include the name of the Vendor, the Vendor's federal tax ID number, and a list of planned attendees. The following information must be provided for each planned attendee:

- Full name

- Email address

OIC will be bound only to OIC's written answers to questions. Questions arising at the pre-proposal conference or in subsequent communication with the RFP Coordinator will be documented and answered in written form. A copy of the questions and answers will be posted in WEBS and on OIC's website.

2.4 Submission of proposals

The OIC will ONLY accept electronic submissions of the Proposal.

Note: If your attachment exceeds 30 MB, please contact the RFP coordinator for an alternate means of electronic submittal.

ELECTRONIC PROPOSALS:

The proposal must be received by the RFP Coordinator no later than 11:59pm Pacific Time on May 4, 2023.

Proposals are to be submitted electronically and should be sent as attachments in an email to Miranda Matson-Jewett, the RFP Coordinator, at the email address listed in Section 2.1. Attachments to email should be in Microsoft Word, Excel, or PDF. Zipped files can be received by the OIC and can be used for submission of proposals. The cover submittal letter and the Certifications and Assurances form must have a signature of the individual within the organization authorized to bind the vendor to the offer. The signature may be signed in ink and scanned, or it may be an Electronic Signature, defined as an electronic identifier, created by a computer, attached to, affixed to, or logically associated with an electronic record. The OIC does not assume responsibility for problems with vendor's email. If the OIC's email is not working, appropriate allowances will be made.

Proposals may not be transmitted using facsimile transmission.

Vendors should allow sufficient time to ensure timely receipt of the proposal by the RFP Coordinator. Late proposals will not be accepted and will be automatically disqualified from further consideration, unless the OIC's email is found to be at fault. All proposals and any accompanying documentation become the property of the OIC and will not be returned.

2.5 Proprietary information/public disclosure

Proposals submitted in response to this competitive procurement shall become the property of the OIC. All proposals received shall remain confidential until the apparent successful contractor, if any, resulting from this RFP is announced by the OIC; thereafter, the proposals shall be deemed public records as defined in Chapter 42.56 of the Revised Code of Washington (RCW).

Any information in the proposal that the vendor desires to claim as proprietary and exempt from disclosure under the provisions of Chapter 42.56 RCW must be clearly designated. The information must be clearly identified and the particular exemption from disclosure upon which

the vendor is making the claim must be cited. Each page containing the information claimed to be exempt from disclosure must be clearly identified by the words "Proprietary Information" printed on the lower right-hand corner of the page. Marking the entire proposal exempt from disclosure or as Proprietary Information will not be honored.

If a public records request is made for the information that the vendor has marked as "Proprietary Information," the OIC will notify the vendor of the request and of the date that the records will be released to the requester unless the vendor obtains a court order enjoining that disclosure. If the vendor fails to obtain the court order enjoining disclosure, the OIC will release the requested information on the date specified. If a vendor obtains a court order from a court of competent jurisdiction enjoining disclosure pursuant to Chapter 42.56 RCW, the OIC shall maintain the confidentiality of the vendor's information per the court order.

A charge will be made for copying and shipping, as outlined in chapter 42.56 RCW. No fee shall be charged for inspection of contract files, but twenty-four (24) hours' notice to the RFP Coordinator is required. All requests for information should be directed to the RFP Coordinator.

2.6 Revisions to the RFP

If it becomes necessary to revise any part of this RFP, addenda will be published in WEBS and on www.insurance.wa.gov. For this purpose, the published questions and answers and any other pertinent information will be provided as an addendum to the RFP and will be placed on the website and in WEBS.

If you downloaded this RFP from the OIC's website as listed above, you are responsible for checking the website to ensure you receive any amendments or questions and answers. Vendors are encouraged to download solicitations using [WEBS](#) to ensure notification of amendments.

The OIC reserves the right to cancel or to reissue the RFP, in whole or in part, before execution of a contract.

2.7 Minority, women-owned, and veteran-owned business participation

In accordance with chapter 39.19 RCW, the state of Washington encourages participation by vendors certified by the Office of Minority and Women's Business Enterprises (OMWBE). In accordance with Executive Order 13-01, the state of Washington encourages participation by vendors certified by the the Department of Veterans Affairs (DVA) in all of its contracts. Participation must be on a direct basis in response to this solicitation. The OIC will not give preference in the evaluation of proposals or require a minimum level of participation as a condition for receiving an award, and proposals will not be rejected or considered non-responsive on that basis.

The established annual procurement inclusion goals are:

- 10% Minority Owned Business certified by OMWBE
- 6%, Women Owned Business certified by by OMWBE
- 5% Veteran Owned Business certified by DVA

- 5% Washington Small Businesses self-identified in the Washington Electronic Business Solution

For information on certification, vendors may contact OMWBE at 360/753-9693 or <http://www.omwbe.wa.gov>, or DVA at 360/725-2200 <https://dva.wa.gov/>.

2.8 Acceptance period

Vendors must provide 60 days from the due date for receipt of proposals for the OIC to accept the proposal.

2.9 Responsiveness

All proposals will be reviewed by the RFP Coordinator to determine compliance with administrative requirements and instructions specified in this RFP. The vendor is specifically notified that failure to comply with any part of the RFP may result in rejection of the proposal as non-responsive.

The OIC also reserves the right at its sole discretion to waive minor administrative irregularities.

2.10 Complaint Procedure

This purpose of this procedure is to provide an avenue to submit issues or concerns that are not resolved during the Q&A process. This procedure is available to vendors who submitted a Question during the Question & Answer period. Complaints must be submitted no later than five business days before the bid response deadline.

Vendors submitting a complaint about this procurement must follow the procedures described below. Complaints that do not follow these procedures will not be considered.

All complaints must be in writing and signed by the protesting party or an authorized Agent. The complaint must clearly state the grounds for the complaint with specific facts and include a proposed remedy. All protests must be addressed to the RFP Coordinator.

Only complaints concerning the following subjects will be considered:

- The solicitation unnecessarily restricts competition.
- The solicitation evaluation or scoring process is unfair or flawed; or
- The solicitation requirements are inadequate or insufficient to prepare a response.

Complaints not based on the above subjects will not be considered and will be returned unanswered.

Upon receipt of a complaint, a review will be held by the OIC. The OIC procurement coordinator or a delegate will consider the record and all available facts and issue a decision within three business days of receipt of the complaint. If additional time is required, the complaining party will be notified of the delay. This process does not include an appeal process.

Responses to considered complaints will be in writing. Additionally, considered complaints, responses and remedies must be posted in WEBS.

Complaints may not be raised again during the protest period.

2.11 Most favorable terms

The OIC reserves the right to make an award without further discussion of the proposal submitted. Therefore, the first proposal should be submitted on the most favorable terms that the vendor can propose. The OIC does reserve the right to contact a vendor for clarification of its proposal.

The vendor should be prepared to accept this RFP for incorporation into a contract resulting from this RFP. Contract negotiations may incorporate some or all of the vendor's proposal. The proposal will become a part of the official procurement file on this matter without obligation to the OIC.

2.12 Contract and general terms & conditions

The apparent successful contractor is expected to enter into a contract, which is substantially the same as the sample contract and its general terms and conditions attached as Exhibit B. A vendor may not submit its own standard contract terms and conditions in response to this solicitation. The vendor may submit exceptions as allowed in the Certifications and Assurances section, Exhibit A to this solicitation. The OIC will review requested exceptions and accept or reject them at its sole discretion.

2.13 Costs to propose

The OIC will not be liable for any costs incurred by the vendor in preparation of a proposal submitted in response to this RFP, in conduct of a presentation, or any other activities related to responding to this RFP.

2.14 No obligation to contract

This RFP does not obligate the state of Washington or the OIC to contract for services specified herein.

2.15 Rejection of proposals

The OIC reserves the right at its sole discretion to reject any and all proposals received without penalty and not to issue a contract as a result of this RFP.

2.16 Commitment of funds

The Chief Deputy of the OIC or their delegate are the only individuals who may legally commit the OIC to the expenditures of funds for a contract resulting from this RFP. No cost chargeable to the proposed contract may be incurred before receipt of a fully executed contract.

2.17 Electronic payment

The state of Washington prefers to use electronic payment in its transactions. The successful contractor, if not already registered as a statewide vendor, will be provided a form to complete with the contract to authorize this payment method.

2.18 Insurance coverage

The contractor must furnish the OIC with a certificate of insurance executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth below.

The contractor must, at contractor's own expense, obtain and keep in force insurance coverage during the term of the contract. The contractor must furnish evidence in the form of a Certificate of Insurance that insurance coverage is provided, and a copy must be forwarded to the OIC within fifteen (15) days of the contract effective date.

Liability Insurance

- **Commercial General Liability Insurance:** Contractor must maintain commercial general liability (CGL) insurance and, if necessary, commercial umbrella insurance, with a limit of at least \$1,000,000 per each occurrence. If CGL insurance contains aggregate limits, the general aggregate limit must be at least twice the "each occurrence" limit. CGL insurance must have products-completed operations aggregate limit of at least two times the "each occurrence" limit. CGL insurance must be written on ISO occurrence from CG 00 01 (or a substitute form providing equivalent coverage). All insurance must cover liability assumed under an insured contract (including the tort liability of another assumed in a business contract) and contain separation of insureds (cross liability) condition. Additionally, the contractor is responsible for ensuring that any subcontractors provide adequate insurance coverage for the activities arising out of subcontracts.
- **Business Auto Policy:** As applicable, the contractor must maintain business auto liability and, if necessary, commercial umbrella liability insurance with a limit not less than \$1,000,000 per accident. Such insurance must cover liability arising out of "Any Auto." Business auto coverage must be written on ISO form CA 00 01, 1990 or later edition, or substitute liability form providing equivalent coverage.

Employers Liability ("Stop Gap") Insurance

The contractor must buy employers liability insurance and, if necessary, commercial umbrella liability insurance with limits of at least \$1,000,000 each accident for bodily injury by accident or \$1,000,000 each employee for bodily injury by disease.

Additional Provisions

Above insurance policy must include the following provisions:

- **Additional Insured.** The OIC, its elected and appointed officials, agents and employees must be named as an additional insured on all general liability, excess and umbrella insurance policies. All insurance provided in compliance with this contract must be primary as to any other insurance or self-insurance programs afforded to or maintained by the state.

- Cancellation. The OIC must be provided written notice before cancellation or non-renewal of any insurance required by this RFP in accordance with these specifications. Insurers subject to 48.18 RCW: The insurer must give the state 45 days advance notice of cancellation or non-renewal. If cancellation is due to non-payment of premium, the state must be given 10 days advance notice of cancellation. Insurers subject to 48.15 RCW (Surplus lines): The state must be given 20 days advance notice of cancellation. If cancellation is due to non-payment of premium, the state must be given 10 days advance notice of cancellation.
- Identification. The insurance policy must reference the state's contract number and the OIC name.
- Insurance Carrier Rating. All insurance and bonds should be issued by companies admitted doing business within the state of Washington and have a rating of A-, Class VII or better in the most recently published edition of Best's Reports. Any exception must be reviewed and approved by the OIC or the risk manager for the state of Washington before the contract is accepted or work may begin. If an insurer is not admitted, all insurance policies and procedures for issuing the insurance policies must comply with chapters 48.15 RCW and 284-15 WAC.
- Excess Coverage. By requiring insurance, the state does not represent that coverage and limits will be adequate to protect contractor, and the insurance coverage and limits do not limit contractor's liability under the indemnities and reimbursements granted to the state in this contract.

Workers' Compensation Coverage

The contractor must at all times comply with all applicable workers' compensation, occupational disease, and occupational health and safety laws, statutes, and regulations to the full extent applicable. The state will not be held responsive in any way for claims filed by the contractor or their employees for services performed under the terms of this contract.

3 Proposal contents

Proposal sections that exceed the page limits, when listed, will have the additional pages removed and only the allowed page limit listed will be provided to the scoring team for consideration.

ELECTRONIC PROPOSALS:

Proposals must be written in English, submitted electronically to the RFP Coordinator, and contain the items listed below:

- A. Letter of Submittal, including signed Certifications and Assurances (Exhibit A to this RFP).
- B. Technical Proposal.
- C. Management Proposal.
- D. Experience / Related Information; and
- E. Cost Proposal.

Proposals should provide information in the same order as presented in this document with the same headings. This will not only be helpful to the evaluators of the proposal but should assist the Vendor in preparing a thorough response. OIC reserves the right to reject incomplete proposals.

Items marked "mandatory" must be included as part of the proposal for the proposal to be considered responsive; however, these items are not scored. Items marked "scored" are those that are awarded points as part of the evaluation conducted by the evaluation team.

3.1 Letter of submittal (Mandatory)

The Letter of Submittal and the attached Certifications and Assurances form (Exhibit A to this RFP) must be signed and dated by a person authorized to legally bind the vendor to a contractual relationship, e.g., the President or Executive Director if a corporation, the managing partner if a partnership, or the proprietor if a sole proprietorship. Along with introductory remarks, the Letter of Submittal is to include by attachment the following information about the vendor.

- A. Name, address, principal place of business, telephone number, and email address of legal entity or individual with whom contract would be written.
- B. Name, address, and telephone number of each principal officer (President, Vice President, Treasurer, Chairperson of the Board of Directors, etc.)
- C. Legal status of the vendor (sole proprietorship, partnership, corporation, etc.) and the year the entity was organized to do business as the entity now substantially exists.
- D. Washington Uniform Business Identification (UBI) number issued by the state of Washington Department of Revenue. If the vendor does not have a UBI number, the vendor must state that it will become licensed in Washington within thirty (30) calendar days of being selected as the apparent successful contractor.
- E. Location of the facility from which the vendor would operate.
- F. Identify any state employees or former state employees employed or on the vendor's governing board as of the date of the proposal. Include their position and responsibilities within the vendor's organization. If following a review of this

information, it is determined by the OIC that a conflict of interest exists, the vendor may be disqualified from further consideration for the award of a contract.

3.2 Technical proposal (Scored)

The Technical Proposal must contain a comprehensive description of services including the following elements:

- A. Project Approach/Methodology – In no more than **two (2) pages**, Include a complete description of the Vendor’s proposed approach and methodology for the project. This section should convey Vendor’s understanding of the proposed project.
- B. Work Plan – In no more than **four (4) pages**, include all project requirements and the proposed tasks, services, activities, etc. necessary to accomplish the scope of this project as defined in Section 1.2, Objectives and Scope of Work. This section of the technical proposal must contain sufficient detail to convey to members of the evaluation team the Vendor’s knowledge of the subjects and skills necessary to successfully complete the project. Include any required involvement of OIC staff. The Vendor may also present any creative approaches that might be appropriate and may provide any pertinent supporting documentation.
- C. Project Schedule - Include a project schedule indicating when the elements of the work, as described in Section 1.2, will be completed. Project schedule must ensure that any deliverables requested are met.
- D. Outcomes and Performance Measurement – Describe the impacts/outcomes the Vendor proposes to achieve as a result of the delivery of these services including how these outcomes would be monitored, measured and reported to the OIC.
- E. Risks – The Vendor must identify potential risks that are considered significant to the success of the project. Include how the Consultant would propose to effectively monitor and manage these risks, including reporting of risks to the OIC’s contract manager.
- F. Deliverables – Fully describe deliverables to be submitted under the proposed contract. Deliverables must support the requirements set forth in Section 1.2, Objectives and Scope of Work.

3.3 Management proposal (Scored)

The Management Proposal must contain a comprehensive description of services including the following elements:

- A. Project Management (Scored)
 1. Project Team Structure/Internal Controls
 - a. In no more than **fifteen (15) pages**, provide a description of the proposed project team structure and internal controls to be used during the course of the project, including any subcontractors. Provide an organizational chart of your organization, indicating lines of authority for personnel involved in performance of this potential contract and relationships of this staff to other programs or functions of the organization. This chart must also show lines of authority to the next senior level of management. Include who within the organization will have prime responsibility and final authority for the work. *The organizational chart does not count toward the page limit.*

2. Staff Qualifications/Experience

- a. In no more than **ten (10) pages**, identify project manager and other staff, including subcontractors, who will be assigned to the potential contract, indicating the responsibilities and qualifications of such personnel, and include the amount of time each will be assigned to the project.
- b. Provide a resume' (no more than **two (2) pages**) for each named staff, which include information on the individual's particular skills related to this project, education, experience, significant accomplishments and any other pertinent information. The Vendor must commit that staff identified in its proposal will actually perform the assigned work. Any staff substitution must have the prior approval of the OIC.

B. Experience of the Vendor (Scored) (no more than **ten (10) pages**)

Describe the following:

- How the Vendor meets the minimum qualifications listed in Section 1.3.
- Services provided by the Vendor that indicate the Vendor's ability to provide the services described in this RFP.
- The Vendor's recent experience (within the last five (5) years) working on similar projects.
- The Vendor's experience providing services to other state insurance departments. Include the following:
 - State for which services were provided.
 - State contact person's name, telephone number, and email address

The Vendor must grant permission to OIC to contact each state regarding services provided. The OIC, at its sole discretion, may evaluate this information as part of experience scoring.

C. Related Information (Mandatory)

1. If the Vendor contracted with the state of Washington during the past 24 months, indicate the name of the agency, the contract number and project description and/or other information available to identify the contract.
2. If a member of the Vendor's staff was an employee of the state of Washington during the past 24 months, or is currently a Washington State employee, identify the individual by name, the agency previously or currently employed by, job title or position held and separation date.
3. If the Vendor has had a contract terminated for default in the last five years, describe such incident. Termination for default is defined as notice to stop performance due to the Vendor's non-performance or poor performance and the issue of performance was either (a) not litigated due to inaction on the part of the Vendor, or (b) litigated and such litigation determined that the Vendor was in default.
4. Submit full details of the terms for default including the other party's name, address, and phone number. Present the Vendor's position on the matter. The OIC will

evaluate the facts and may, at its sole discretion, reject the proposal on the grounds of the past experience. If no such termination for default has been experienced by the Vendor in the past five years, so indicate.

D. References (Mandatory)

List names, addresses, telephone numbers, and email addresses of three (3) business references for the Vendor and three (3) business references for the lead staff person for whom work has been accomplished and briefly describes the type of service provided. Do not include current OIC staff as references.

As a part of the reference list, the vendor and the lead staff person must grant permission to the OIC to contact the references and others who may have pertinent information regarding the Vendor's and the lead staff person's qualifications and experience to perform the services required by this RFP. The OIC may evaluate references at the OIC's discretion.

E. Vendor certification (if applicable)

Include proof of:

1. Certification issued by the Washington State Office of Minority and Women's Business Enterprises if certified minority-owned vendor and/or women-owned vendor(s) will be participating on this project.
2. Certification issued by the Washington Department of Veteran's Affairs if certified veteran-owned vendor(s) will be participating on this project.

3.4 Cost Proposal (Scored)

The evaluation process is designed to award this procurement not necessarily to the vendor of least cost, but rather to the vendor whose proposal best meets the requirements of this RFP. However, Vendors are encouraged to submit proposals which are consistent with state government efforts to conserve state resources.

A. Identification of Costs (Scored)

Identify all hourly rates for services anticipated under the proposed contract. The hourly rates are to represent fully weighted costs, as contract compensation will **only** provide hourly payment in fifteen (15) minute increments.

Clearly separate the hourly rates of project staff and the hourly rates of any administrative staff. No travel requirements are expected; therefore, no travel costs should be proposed.

Vendors are required to collect and pay Washington State taxes as applicable.

B. The evaluation process is designed to award this procurement not necessarily to the vendor of least cost, but rather to the vendor whose proposal best meets the

requirements of this RFP. Vendors are encouraged, however, to submit proposals which are consistent with state government efforts to conserve state resources.

Costs for subcontractors are to be broken out separately. Please note if any subcontractors are certified by the Office of Minority and Women's Business Enterprises.

C. Computation

The score for the cost proposal will be computed separately for project staff and administrative staff. The score for each by dividing the lowest average hourly rate received by the Vendor's average hourly rate. Then the resultant number will be multiplied by the maximum possible points for the cost section. The two scores will then be added together for one final cost score.

4 Evaluation and contract award

4.1 Evaluation procedure

Responsive proposals will be evaluated strictly in accordance with the requirements stated in this solicitation and any addenda issued. The evaluation of proposals shall be accomplished by an evaluation team to be designated by the OIC, which will determine the ranking of the proposals.

OIC, at its sole discretion, may also elect to select the top-scoring vendors as finalists for an oral presentation.

The RFP Coordinator may contact the vendor for clarification of any portion of the vendor's proposal.

4.2 Evaluation weighting and scoring

The following weighting and points will be assigned to the proposal for evaluation purposes:

Technical Proposal - 45%	45 points
Management Proposal – 35%	35 points
Cost Proposal – 20%	20 points
TOTAL – 100%	100 points

4.3 Oral presentations may be required

Oral presentations, if considered necessary by OIC, may be utilized in selecting the winning proposal. OIC, at its sole discretion, may elect to select the top-scoring vendor(s) from the written evaluation for an oral presentation and contact the top-scoring vendor(s) to schedule a date, time and location for an oral presentation. Commitments made by the vendor at the oral interview, if any, will be considered binding.

If required, oral presentations are anticipated to be scheduled for a period of up to two hours.

The oral presentation shall determine the apparent successful contractor(s).

4.4 Notification to vendors

The OIC will notify the apparent successful contractor of their selection via email upon completion of the evaluation process. Vendors whose proposals were not selected for further negotiation or award will be notified separately by email.

4.5 Debriefing of unsuccessful vendors

Any vendor who has submitted a proposal and been notified that they were not selected for contract award may request a debriefing. The request for a debriefing conference must be received by the RFP Coordinator within three (3) business days after the Unsuccessful Notification is emailed to the vendor. Debriefing requests must be received by the RFP

Coordinator no later than 4:30 PM, local time, in Tumwater, Washington on the third business day following the transmittal of the Unsuccessful Notification. The debriefing must be held within three (3) business days of the request.

Discussion at the debriefing conference will be limited to the following:

- Evaluation and scoring of the vendor's proposal;
- Critique of the proposal based on the evaluation;
- Review of vendor's final score in comparison with other final scores without identifying the other proposers.

Comparisons between proposals or evaluations of the other proposals will not be allowed. Debriefing conferences may be conducted in person or on the telephone and will be scheduled for a maximum of one hour.

4.6 Protest procedure

Protests may be made only by vendors who submitted a response to this RFP and who have participated in a debriefing conference. Upon completing the debriefing conference, the vendor is allowed three (3) business days to file a protest of the acquisition with the RFP Coordinator. Protests must be received by the RFP Coordinator no later than 4:30 PM, local time, in Tumwater, Washington on the third business day following the debriefing. Protests may be submitted by e-mail, but must then be followed by the document with an original signature.

Vendors protesting this procurement shall follow the procedures described below. Protests that do not follow these procedures shall not be considered. This protest procedure constitutes the sole administrative remedy available to vendors under this procurement.

All protests must be in writing, via email, addressed to the RFP Coordinator, and signed by the protesting party or an authorized Agent. The protest must state the RFP number, the grounds for the protest with specific facts and complete statements of the action(s) being protested. A description of the relief or corrective action being requested should also be included.

Only protests stipulating an issue of fact concerning the following subjects shall be considered:

- A matter of bias, discrimination or conflict of interest on the part of an evaluator;
- Errors in computing the score;
- Non-compliance with procedures described in the RFP or OIC policy.

Protests not based on procedural matters will not be considered. Protests will be rejected as without merit if they address issues such as: 1) an evaluator's professional judgment on the quality of a proposal, or 2) OIC'S assessment of its own and/or other agencies needs or requirements.

Upon receipt of a protest, a protest review will be held by the OIC. The Chief Deputy Insurance Commissioner of OIC (Chief Deputy) or an employee delegated by the Chief Deputy who was not involved in the procurement will consider the record and all available facts and issue a

decision within five (5) business days of receipt of the protest. If additional time is required, the protesting party will be notified of the delay.

In the event a protest may affect the interest of another vendor that also submitted a proposal, such vendor will be given an opportunity to submit its views and any relevant information on the protest to the RFP Coordinator.

The final determination of the protest shall:

- Find the protest lacking in merit and uphold the OIC's action; or
- Find only technical or harmless errors in the OIC's acquisition process and determine the OIC to be in substantial compliance and reject the protest; or
- Find merit in the protest and provide the OIC options which may include:
 - Correct the errors and re-evaluate all proposals, and/or
 - Reissue the solicitation document and begin a new process, or
 - Make other findings and determine other courses of action as appropriate.

If the OIC determines that the protest is without merit, the OIC will enter a contract with the apparent successful contractor. If the protest is determined to have merit, one of the alternatives noted in the preceding paragraph will be taken.

5 RFP EXHIBITS

Exhibit A Certifications and Assurances

Exhibit B Contract Format including General Terms and Conditions (GT&Cs)

6 RFP Attachments for Reference

Attachment 1 NAIC UCAA Instructions

Attachment 2 NAIC 2023 Company Licensing Best Practices Handbook

Attachment 3 OIC's current Company Licensing & Compliance Unit Licensing Procedures Manual

CERTIFICATIONS AND ASSURANCES

1. I/we make the following certifications and assurances as a required element of the proposal to which it is attached, understanding that the truthfulness of the facts affirmed here and the continuing compliance with these requirements are conditions precedent to the award or continuation of the related contract(s):
2. I/we declare that all answers and statements made in the proposal are true and correct.
3. The prices and/or cost data have been determined independently, without consultation, communication, or agreement with others for the purpose of restricting competition. However, I/we may freely join with other persons or organizations for the purpose of presenting a single proposal.
4. The attached proposal is a firm offer for a period of 60 days following receipt, and it may be accepted by the OIC without further negotiation (except where obviously required by lack of certainty in key terms) at any time within the 60-day period.
5. In preparing this proposal, I/we have not been assisted by any current or former employee of the state of Washington whose duties relate (or did relate) to this proposal or prospective contract, and who was assisting in other than his or her official, public capacity. (Any exceptions to these assurances are described in full detail on a separate page and attached to this document.)
6. I/we understand that the OIC will not reimburse me/us for any costs incurred in the preparation of this proposal. All proposals become the property of the OIC, and I/we claim no proprietary right to the ideas, writings, items, or samples, unless so stated in this proposal.
7. Unless otherwise required by law, the prices and/or cost data that have been submitted have not been knowingly disclosed by the Vendor and will not knowingly be disclosed by him/her prior to opening, directly or indirectly to any other Vendor or to any competitor.
8. I/we agree that submission of the attached proposal constitutes acceptance of the solicitation contents and the attached sample contract and general terms and conditions. If there are any exceptions to these terms, I/we have described those exceptions in detail on a page attached to this document.
9. No attempt has been made or will be made by the Vendor to induce any other person or vendor to submit or not to submit a proposal for the purpose of restricting competition.
10. I/we grant the OIC the right to contact references and others, who may have pertinent information regarding the Vendor's prior experience and ability to perform the services contemplated in this procurement.

Signature of Vendor

Title

Date

Contract for Services
Between the
State of Washington
Office of Insurance Commissioner
And
[Contractor Name]

This Contract is made and entered into by and between the state of Washington, Office of Insurance Commissioner, hereinafter referred to as the "AGENCY", and the below named firm, hereinafter referred to as "CONTRACTOR."

[Contractor Name]
Street
City, State ZIP

Federal TIN:

Purpose

The purpose of this contract is to [describe, in detail, the purpose of this contract].

Scope of Work

- A. Exhibit A, attached hereto and incorporated by reference, contains the General Terms and Conditions governing work to be performed under this contract, the nature of the working relationship between the AGENCY and the CONTRACTOR, and specific obligations of both parties.
- B. The CONTRACTOR must provide services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

Option 1: Identify all tasks, work elements and objectives of the contract, and timetables by which major parts of the work are to be completed. The scope of work may be included within the text of the contract or attached as a separate exhibit as shown in Option 2 below.

Option 2: As included in the AGENCY'S Request for Proposals No. _____, attached as Exhibit B, and the CONTRACTOR'S proposal dated _____, attached as Exhibit C.

- C. The CONTRACTOR will produce the following written reports or other written documents (deliverables) by the dates indicated below.

All written reports and other deliverables required under this contract must be delivered to the AGENCY Contract Manager.

Period of performance

The period of performance under this contract will be from [date], or date of execution, whichever is later, through [date].

The AGENCY reserves the right to extend the contract for up to [number] additional [number] year periods, at the sole discretion of the AGENCY.

Compensation

Example - not valid for signature

Total compensation payable to CONTRACTOR for satisfactory performance of the work under this contract must not exceed [dollar amount]dollars. CONTRACTOR'S compensation for services rendered must be based on the following rates or in accordance with the following terms:

Expenses

CONTRACTOR will receive reimbursement for travel and other expenses as identified below or as authorized in advance by the AGENCY as reimbursable. The maximum amount to be paid to the CONTRACTOR for authorized expenses must not exceed \$ [redacted], which amount is included in the contract total above.

Such expenses may include airfare (economy or coach class only), other transportation expenses, and lodging and subsistence necessary during periods of required travel. CONTRACTOR will receive compensation for travel expenses at current state travel reimbursement rates and in accordance with state travel rules.

Billing procedures and payment

AGENCY will pay CONTRACTOR upon acceptance of services provided and receipt of properly completed invoices, which must be submitted to the billing address below not more often than monthly.

Electronic invoices sent to contracting@oic.wa.gov are preferred.

Mailing address
Office of Insurance Commissioner
Attn: Contracting
PO Box 40255
Olympia, WA 98504-0255

With the exception of mileage, an itemized receipt must accompany any single expense greater than \$50.00 in order to receive reimbursement.

Payment is considered timely if made by the AGENCY within thirty (30) calendar days after receipt of properly completed invoices. Payment, or in the case of Electronic Funds Transfer, notice of payment will be sent to the address designated by the CONTRACTOR in association with the statewide payee information on file with DES. It is the responsibility of the CONTRACTOR to ensure their statewide payee information is accurate. If the CONTRACTOR does not have a payee number, the CONTRACTOR will be required to obtain one before payment will be made.

The AGENCY may, in its sole discretion, terminate the contract or withhold payments claimed by the CONTRACTOR for services rendered if the CONTRACTOR fails to satisfactorily comply with any term or condition of this contract.

No payments in advance or in anticipation of services or supplies to be provided under this contract will be made by the AGENCY.

NOTE: Optional Provision - the AGENCY shall withhold 10 percent from each payment until acceptance by the AGENCY of the final report (or completion of the project, etc.).

Contract management

The Contract Manager for each of the parties is the contact person for all communications and billings regarding the performance of this contract.

CONTRACTOR Contract Manager

[name]
[company name]
[street]
{City State ZIP
[phone]
[email]

AGENCY Contract Manager

[OIC Contract manager]
Office of Insurance Commissioner
PO Box 40255
Olympia, WA 98504-0255
[phone]
[Email]@oic.wa.gov

From time to time, CONTRACTOR or AGENCY contacts may change. Any change to the CONTRACTOR or AGENCY representative listed above shall be provided to the other party by email notification. The party in receipt of the change notice will confirm receipt of the notice by email notification to the party initiating the change.

Data classification, sharing and security

CONTRACTOR acknowledges that some of the material and information that may come into its possession or knowledge in connection with this contract or its performance may consist of Public Information, Sensitive Information, Confidential Information, and/or Confidential Information Requiring Special Handling as defined below.

Public Information: information that can be or currently is released to the public. It does not need protection from unauthorized disclosure, but does need integrity and availability protection controls.

Sensitive Information: information that may not be specifically protected from disclosure by law, but is for official use only. Sensitive information is generally not released to the public unless specifically requested.

Confidential Information: information that is specifically protected from disclosure by law. Confidential Information includes: personal information about individuals, such as financial account information, regardless of how that information is obtained; information concerning employee personnel records; information regarding IT infrastructure and security of computer and telecommunications systems.

Confidential Information Requiring Special Handling: information that is specifically protected from disclosure by law and for which especially strict handling requirements are dictated, such as by statutes, regulations, or agreements; or serious consequences could arise from unauthorized disclosure, such as threats to health and safety, or legal sanctions.

Information received under this contract may be *(insert the appropriate categories of information here)*.

CONTRACTOR agrees to protect all material and information, other than Public Information, obtained under this contract as Confidential Information, unless notified by the AGENCY in writing to treat the material or information with lessened or heightened protections.

CONTRACTOR will not make use of material and information for any purpose other than the performance of this contract. CONTRACTOR will release information obtained under this contract, other than Public Information, only to authorized employees, agents, or subcontractors, requiring such information for the purposes of carrying out this contract, and only after such persons have signed the nondisclosure agreement provided to the CONTRACTOR by the AGENCY.

Example - not valid for signature

CONTRACTOR will not release, divulge, publish, transfer, sell, disclose, or otherwise make the material and information known to any other party, person or entity except as provided in this contract.

CONTRACTOR agrees to implement physical, electronic, and managerial safeguards to prevent unauthorized access, use, disclosure, modification or loss to material and information collected, used, or acquired in connection with this Contract. All Confidential Information, and information treated as Confidential Information, stored by the CONTRACTOR will be encrypted using industry standard algorithms or cryptographic modules validated by the National Institute of Standards and Technology (NIST).

Confidential Information transmitted by the CONTRACTOR to the AGENCY or to any employee, agent, or subcontractor under this agreement must be made using a method that ensures:

1. All manipulations or transmissions of data during the exchange are secure.
2. If intercepted during transmission the data cannot be deciphered.
3. When necessary, confirmation is received when the intended recipient receives the data.
4. Encryption methods use industry standard algorithms, or cryptographic modules validated by the National Institute of Standards and Technology (NIST).

CONTRACTOR's records are subject to inspection, review or audit in accordance with the Records maintenance section of Exhibit A, General Terms and Conditions. Any breach of this provision may result in termination of the Contract.

AGENCY reserves the right to monitor, audit, or investigate the use of material or information collected, used, or acquired by CONTRACTOR through this contract.

Immediately upon expiration or termination of this Contract, CONTRACTOR must return all material and information to AGENCY, destroy the individual identifiers associated with the records or record information, and notify this agency to this effect in writing and take whatever other steps AGENCY requires of CONTRACTOR to protect AGENCY's material and information.

Prior to disclosure of any information received under this contract, CONTRACTOR must collect completed Notice of Nondisclosure forms for each employee, agent, or subcontractor that will have access to material and information for this contract. CONTRACTOR shall ensure that Notice of Nondisclosure forms are available for inspection upon AGENCY request.

AGENCY Policy Acknowledgement

CONTRACTOR staff will adhere to applicable AGENCY policies, as identified by AGENCY, while on-site and/or while working with AGENCY staff. Applicable policies and an acknowledgement form will be provided for CONTRACTOR review and acknowledgment; completed forms must be provided to AGENCY prior to work commencing on this contract.

Insurance

The CONTRACTOR must provide insurance coverage as set out in this section. The intent of the required insurance is to protect the state should there be any claims, suits, actions, costs, damages or expenses arising from any negligent or intentional act or omission of the CONTRACTOR or subcontractor, or agents of either, while performing under the terms of this contract.

The CONTRACTOR must provide insurance coverage, which must be maintained in full force and effect during the term of this contract, as follows:

Example - not valid for signature

1. Commercial General Liability Insurance Policy. Provide a Commercial General Liability Insurance Policy, including contractual liability, in adequate quantity to protect against legal liability arising out of contract activity but no less than \$1,000,000 per occurrence.

Additionally, the CONTRACTOR is responsible for ensuring that any subcontractors provide adequate insurance coverage for the activities arising out of subcontracts.

2. Automobile Liability. In the event that services delivered pursuant to this contract involve the use of vehicles, either owned or unowned by the CONTRACTOR, automobile liability insurance must be required. The minimum limit for automobile liability is:

\$1,000,000 per occurrence, using a Combined Single Limit for bodily injury and property damage.

3. The insurance required must be issued by an insurance company/ies authorized to do business within the state of Washington, and must name the state of Washington, its agents and employees as additional insureds under the insurance policy/ies.

All policies must be primary to any other valid and collectable insurance. CONTRACTOR must instruct the insurers to give AGENCY thirty (30) calendar days advance notice of any insurance cancellation.

CONTRACTOR must submit to AGENCY within fifteen (15) calendar days of the contract effective date, a certificate of insurance that outlines the coverage and limits defined in the Insurance section. CONTRACTOR must submit renewal certificates as appropriate during the term of the contract.

Assurances

AGENCY and the CONTRACTOR agree that all activity pursuant to this contract will be in accordance with all the applicable current federal, state and local laws, rules, and regulations.

Order of precedence

Each of the exhibits listed below is by this reference hereby incorporated into this contract. In the event of an inconsistency in this contract, the inconsistency must be resolved by giving precedence in the following order:

1. Applicable federal and state of Washington statutes and regulations;
2. Special terms and conditions as contained in this basic contract instrument;
3. Exhibit A – General Terms and Conditions;
4. Exhibit B – Request for Proposals Number;
5. Exhibit C – Contractor’s proposal dated; and
6. Any other provision, term or material incorporated herein by reference or otherwise incorporated.

Entire agreement

This contract, including referenced exhibits, represents all the terms and conditions agreed upon by the parties. No other statements or representations, written or oral, will be deemed a part hereof.

Conformance

If any provision of this contract violates any statute or rule of law of the state of Washington, it is considered modified to conform to that statute or rule of law.

Approval

This contract is subject to the written approval of the AGENCY'S authorized representative and must not be binding until so approved. The contract may be altered, amended, or waived only by a written amendment executed by both parties.

THIS CONTRACT, consisting of (xx) pages and (xx) attachments, is executed by the persons signing below, who warrant they have the authority to execute the contract.

[Contractor Name]

Office of Insurance Commissioner

Signature

Signature

Name (Please Print)

Name

Title

Deputy Commissioner
Title

Date

Date

Example - not valid for signature

General Terms and Conditions

Definitions

As used throughout this contract, the following terms shall have the meaning set forth below:

- A. "AGENCY" shall mean the Office of Insurance Commissioner of the State of Washington, any division, section, office, unit or other entity of the AGENCY, or any of the officers or other officials lawfully representing that AGENCY.
- B. "AGENT" shall mean the Commissioner, and/or the delegate authorized in writing to act on the Commissioner's behalf.
- C. "CONTRACTOR" shall mean that firm, provider, organization, individual or other entity performing service(s) under this contract, and shall include all employees of the CONTRACTOR.
- D. "SUBCONTRACTOR" shall mean one not in the employment of the CONTRACTOR, who is performing all or part of those services under this contract under a separate contract with the CONTRACTOR. The terms "SUBCONTRACTOR" and "SUBCONTRACTORS" means SUBCONTRACTOR(s) in any tier.

Access to data

The CONTRACTOR shall provide access to data generated under this contract to AGENCY, the Joint Legislative Audit and Review Committee, and the State Auditor at no additional cost. This includes access to all information that supports the findings, conclusions, and recommendations of the CONTRACTOR'S reports, including computer models and methodology for those models.

Advance payments prohibited

No payments in advance of or in anticipation of goods or services to be provided under this contract shall be made by the AGENCY.

Amendments

This contract may be amended by mutual agreement of the parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.

Americans with Disabilities Act (ADA) OF 1990, Public Law 101-336, also referred to as the "ADA" 28 CFR Part 35

The CONTRACTOR must comply with the ADA, which provides comprehensive civil rights protection to individuals with disabilities in the areas of employment, public accommodations, state and local government services, and telecommunications.

Assignment

Neither this contract, nor any claim arising under this contract, shall be transferred or assigned by the CONTRACTOR without prior written consent of the AGENCY.

Attorneys' fees

In the event of litigation or other action brought to enforce contract terms, each party agrees to bear its own attorney fees and costs.

Confidentiality/safeguarding of information

The CONTRACTOR shall not use or disclose any information concerning the AGENCY, or information that may be classified as confidential, for any purpose not directly connected with the administration of this contract, except with prior written consent of the AGENCY, or as may be required by law.

Conflict of interest

Notwithstanding any determination by the Executive Ethics Board or other tribunal, the AGENCY may, in its sole discretion, by written notice to the CONTRACTOR terminate this contract if it is found after due notice and examination by the AGENT that there is a violation of the Ethics in Public Service Act, Chapter 42.52 RCW; or any similar statute involving the CONTRACTOR in the procurement of, or performance under this contract.

In the event this contract is terminated as provided above, the AGENCY shall be entitled to pursue the same remedies against the CONTRACTOR as it could pursue in the event of a breach of the contract by the CONTRACTOR. The rights and remedies of the AGENCY provided for in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law. The existence of facts upon which the AGENT makes any determination under this clause shall be an issue and may be reviewed as provided in the "Disputes" clause of this contract.

Copyright provisions

Unless otherwise provided, all materials produced under this contract shall be considered "works for hire" as defined by the U.S. Copyright Act and shall be owned by the AGENCY. The AGENCY shall be considered the author of such materials. In the event the materials are not considered "works for hire" under the U.S. Copyright laws, CONTRACTOR hereby irrevocably assigns all right, title, and interest in materials, including all intellectual property rights, to the AGENCY effective from the moment of creation of such materials.

Materials means all items in any format and includes, but is not limited to, data, reports, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer programs, films, tapes, and/or sound reproductions. Ownership includes the right to copyright, patent, register and the ability to transfer these rights.

For materials that are delivered under the contract, but that incorporate pre-existing materials not produced under the contract, CONTRACTOR hereby grants to the AGENCY a nonexclusive, royalty-free, irrevocable license (with rights to sublicense others) in such materials to translate, reproduce, distribute, prepare derivative works, publicly perform, and publicly display. The CONTRACTOR warrants and represents that CONTRACTOR has all rights and permissions, including intellectual property rights, moral rights and rights of publicity, necessary to grant such a license to the AGENCY.

The CONTRACTOR shall exert all reasonable effort to advise the AGENCY, at the time of delivery of materials furnished under this contract, of all known or potential invasions of privacy contained therein and of any portion of such document that was not produced in the performance of this contract.

The AGENCY shall receive prompt written notice of each notice or claim of infringement received by the CONTRACTOR with respect to any data delivered under this contract. The AGENCY shall have the right to modify or remove any restrictive markings placed upon the data by the CONTRACTOR.

Covenant against contingent fees

The CONTRACTOR warrants that no person or selling agent has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, excepting bona fide employees or bona fide established agents maintained by the CONTRACTOR for securing business.

The AGENCY shall have the right, in the event of breach of this clause by the CONTRACTOR, to annul this contract without liability or, in its discretion, to deduct from the contract price or consideration or recover by other means the full amount of such commission, percentage, brokerage or contingent fee.

Disallowed costs

The CONTRACTOR is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its SUBCONTRACTORS.

Disputes

Except as otherwise provided in this contract, when a dispute arises between the parties and it cannot be resolved by direct negotiation, either party may request a dispute hearing with AGENT.

1. The request for a dispute hearing must:
 - Be in writing;
 - State the disputed issue(s);
 - State the relative positions of the parties;
 - State the CONTRACTOR'S name, address, and contract number; and
 - Be mailed to the AGENT and the other party's (respondent's) contract manager within 3 working calendar days after the parties agree that they cannot resolve the dispute.
2. The respondent shall send a written answer to the requester's statement to both the agent and the requester within 5 working calendar days.
3. The AGENT shall review the written statements and reply in writing to both parties within 10 working days. The AGENT may extend this period if necessary by notifying the parties.
4. The parties agree that this dispute process shall precede any action in a judicial or quasi-judicial tribunal.

Nothing in this contract shall be construed to limit the parties' choice of a mutually acceptable alternate dispute resolution method in addition to the dispute resolution procedure outlined above.

Duplicate payment

The AGENCY shall not pay the CONTRACTOR, if the CONTRACTOR has charged or will charge the State of Washington or any other party under any other contract or agreement, for the same services or expenses.

Governing law

This contract shall be construed and interpreted in accordance with the laws of the State of Washington, and the venue of any action brought hereunder shall be in the Superior Court for Thurston County.

Indemnification

To the fullest extent permitted by law, CONTRACTOR shall indemnify, defend, and hold harmless State, agencies of State and all officials, agents and employees of State, from and against all claims for injuries or death arising out of or resulting from the performance of the contract. "Claim," as used in this contract, means any financial loss, claim, suit, action, damage, or expense, including but not limited to attorney's fees, attributable for bodily injury, sickness, disease, or death, or injury to or destruction of tangible property including loss of use resulting therefrom.

CONTRACTOR'S obligations to indemnify, defend, and hold harmless includes any claim by CONTRACTORS' agents, employees, representatives, or any SUBCONTRACTOR or its employees.

CONTRACTOR expressly agrees to indemnify, defend, and hold harmless the State for any claim arising out of or incident to CONTRACTOR'S or any SUBCONTRACTOR'S performance or failure to perform the contract. CONTRACTOR'S obligation to indemnify, defend, and hold harmless the State shall not be eliminated or reduced by any actual or alleged concurrent negligence of State or its agents, agencies, employees and officials.

CONTRACTOR waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend and hold harmless State and its agencies, officials, agents or employees.

Independent capacity of the contractor

The parties intend that an independent CONTRACTOR relationship will be created by this contract. The CONTRACTOR and his or her employees or agents performing under this contract are not employees or agents of the AGENCY. The CONTRACTOR will not hold himself/herself out as or claim to be an officer or employee of the AGENCY or of the State of Washington by reason hereof, nor will the CONTRACTOR make any claim of right, privilege or benefit that would accrue to such employee under law. Conduct and control of the work will be solely with the CONTRACTOR.

Industrial insurance coverage

The CONTRACTOR shall comply with the provisions of Title 51 RCW, Industrial Insurance. If the CONTRACTOR fails to provide industrial insurance coverage or fails to pay premiums or penalties on behalf of its employees, as may be required by law, AGENCY may collect from the CONTRACTOR the full amount payable to the Industrial Insurance accident fund. The AGENCY may deduct the amount owed by the CONTRACTOR to the accident fund from the amount payable to the CONTRACTOR by the AGENCY under this contract, and transmit the deducted amount to the Department of Labor and Industries, (L&I) Division of Insurance Services. This provision does not waive any of L&I's rights to collect from the CONTRACTOR.

Licensing, accreditation and registration

The CONTRACTOR shall comply with all applicable local, state, and federal licensing, accreditation and registration requirements/standards, necessary for the performance of this contract.

Limitation of authority

Only the AGENT or AGENT'S delegate by writing (delegation to be made prior to action) shall have the express, implied, or apparent authority to alter, amend, modify, or waive any clause or condition of this contract. Furthermore, any alteration, amendment, modification, or waiver or any clause or condition of this contract is not effective or binding unless made in writing and signed by the AGENT.

Noncompliance with nondiscrimination laws

In the event of the CONTRACTOR'S non-compliance or refusal to comply with any nondiscrimination law, regulation, or policy, this contract may be rescinded, canceled or terminated in whole or in part, and the CONTRACTOR may be declared ineligible for further contracts with the AGENCY. The CONTRACTOR shall, however, be given a reasonable time in which to cure this noncompliance. Any dispute may be resolved in accordance with the "Disputes" procedure set forth herein.

Nondiscrimination

During the performance of this contract, the CONTRACTOR shall comply with all federal and state nondiscrimination laws, regulations and policies.

Privacy

Personal information including, but not limited to, "Protected Health Information," collected, used, or acquired in connection with this contract shall be protected against unauthorized use, disclosure, modification or loss. CONTRACTOR shall ensure its directors, officers, employees, SUBCONTRACTORS or agents use personal information solely for the purposes of accomplishing the services set forth herein. CONTRACTOR and its SUBCONTRACTORS agree not to release, divulge, publish, transfer, sell or otherwise make known to unauthorized persons personal information without the express written consent of the agency or as otherwise required by law.

Any breach of this provision may result in termination of the contract and the demand for return of all personal information. The CONTRACTOR agrees to indemnify and hold harmless the AGENCY for any damages related to the CONTRACTOR'S unauthorized use of personal information.

Publicity

The CONTRACTOR agrees to submit to the AGENCY all advertising and publicity matters relating to this contract wherein the AGENCY'S name is mentioned or language used from which the connection of the AGENCY'S name may, in the AGENCY'S judgment, be inferred or implied. The CONTRACTOR agrees not to publish or use such advertising and publicity matters without the prior written consent of the AGENCY.

Records maintenance

The CONTRACTOR shall maintain books, records, documents, data and other evidence relating to this contract and performance of the services described herein, including but not limited to accounting procedures and practices that sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this contract.

CONTRACTOR shall retain such records for a period of six years following the date of final payment. At no additional cost, these records, including materials generated under the contract, shall be subject at all reasonable times to inspection, review or audit by the AGENCY, personnel duly authorized by the AGENCY, the Office of the State Auditor, and federal and state officials so authorized by law, regulation or agreement.

If any litigation, claim or audit is started before the expiration of the six (6) year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved.

Registration with department of revenue

The CONTRACTOR shall complete registration with the Washington State Department of Revenue and be responsible for payment of all taxes due on payments made under this contract.

Right of inspection

The CONTRACTOR shall provide right of access to its facilities to the AGENCY, or any of its officers, or to any other authorized agent or official of the state of Washington or the federal government, at all reasonable times, in order to monitor and evaluate performance, compliance, and/or quality assurance under this contract.

Savings

In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this contract and prior to normal completion, the AGENCY may terminate the contract under the "Termination for Convenience" clause, without the ten-day notice requirement, subject to renegotiation at the AGENCY'S discretion under those new funding limitations and conditions.

Severability

The provisions of this contract are intended to be severable. If any term or provision is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of the contract.

Site security

While on AGENCY premises, CONTRACTOR, its agents, employees, or SUBCONTRACTORS shall conform in all respects with physical, fire or other security policies or regulations.

Subcontracting

Neither the CONTRACTOR nor any SUBCONTRACTOR shall enter into subcontracts for any of the work contemplated under this contract without obtaining prior written approval of the AGENCY. In no event shall the existence of the subcontract operate to release or reduce the liability of the CONTRACTOR to the AGENCY for any breach in the performance of the CONTRACTOR'S duties. This clause does not include contracts of employment between the CONTRACTOR and personnel assigned to work under this contract.

Additionally, the CONTRACTOR is responsible for ensuring that all terms, conditions, assurances and certifications set forth in this agreement are carried forward to any subcontracts. CONTRACTOR and its SUBCONTRACTORS agree not to release, divulge, publish, transfer, sell or otherwise make known to unauthorized persons personal information without the express written consent of the agency or as provided by law.

Suspension of services due to change in funding/Non-allocation of funds

Except as otherwise provided in this contract, the AGENCY may, by 10 calendar days written email notice, beginning on the day after the notice is sent, suspend this contract, in whole or in part, if there is a change in funding or non-allocation of funds. If this contract is so suspended, the AGENCY shall be liable only for payment required under the terms of this contract for services rendered or goods delivered prior to the effective date of suspension. The AGENCY reserves the right to, at any time, cancel the suspension of this contract by written email notice. Upon cancellation of any suspension, all terms and conditions within this contract remain in full force and effect.

Taxes

All payments accrued because of payroll taxes, unemployment contributions, any other taxes, insurance or other expenses for the CONTRACTOR or its staff shall be the sole responsibility of the CONTRACTOR.

Termination for cause

In the event the AGENCY determines the CONTRACTOR has failed to comply with the conditions of this contract in a timely manner, the AGENCY has the right to suspend or terminate this contract. Before suspending or terminating the contract, the AGENCY shall notify the CONTRACTOR in writing of the need to take corrective action. If corrective action is not taken within 30 calendar days, the contract may be terminated or suspended.

In the event of termination or suspension, the CONTRACTOR shall be liable for damages as authorized by law including, but not limited to, any cost difference between the original contract and the replacement or cover contract and all administrative costs directly related to the replacement contract, e.g., cost of the competitive bidding, mailing, advertising and staff time.

The AGENCY reserves the right to suspend all or part of the contract, withhold further payments, or prohibit the CONTRACTOR from incurring additional obligations of funds during investigation of the alleged compliance breach and pending corrective action by the CONTRACTOR or a decision by the AGENCY to terminate the contract. A termination shall be deemed a "Termination for Convenience" if it is determined that the CONTRACTOR: (1) was not in default; or (2) failure to perform was outside of his or her control, fault or negligence.

The rights and remedies of the AGENCY provided in this contract are not exclusive and are, in addition to any other rights and remedies, provided by law.

Termination for convenience

Except as otherwise provided in this contract, the AGENCY may, by 10 calendar days written notice, beginning on the second day after the mailing, terminate this contract, in whole or in part. If this contract is so terminated, the AGENCY shall be liable only for payment required under the terms of this contract for services rendered or goods delivered prior to the effective date of termination.

Termination procedures

Upon termination of this contract, the AGENCY, in addition to any other rights provided in this contract, may require the CONTRACTOR to deliver to the AGENCY any property specifically produced or acquired for the performance of such part of this contract as has been terminated. The provisions of the "Treatment of Assets" clause shall apply in such property transfer.

The AGENCY shall pay to the CONTRACTOR the agreed upon price, if separately stated, for completed work and services accepted by the AGENCY, and the amount agreed upon by the CONTRACTOR and the State of Washington

AGENCY for (i) completed work and services for which no separate price is stated, (ii) partially completed work and services, (iii) other property or services that are accepted by the AGENCY, and (iv) the protection and preservation of property, unless the termination is for default, in which case the AGENT shall determine the extent of the liability of the AGENCY. Failure to agree with such determination shall be a dispute within the meaning of the "Disputes" clause of this contract. The AGENCY may withhold from any amounts due the CONTRACTOR such sum as the AGENT determines to be necessary to protect the AGENCY against potential loss or liability.

The rights and remedies of the AGENCY provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

After receipt of a notice of termination, and except as otherwise directed by the AGENT, the CONTRACTOR shall:

1. Stop work under the contract on the date, and to the extent specified, in the notice;
2. Place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portion of the work under the contract that is not terminated;
3. Assign to the AGENCY, in the manner, at the times, and to the extent directed by the AGENT, all of the rights, title, and interest of the CONTRACTOR under the orders and subcontracts so terminated, in which case the AGENCY has the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts;
4. Settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval or ratification of the AGENT to the extent AGENT may require, which approval or ratification shall be final for all the purposes of this clause;
5. Transfer title to the AGENCY and deliver in the manner, at the times, and to the extent directed by the AGENT any property which, if the contract had been completed, would have been required to be furnished to the AGENCY;
6. Complete performance of such part of the work as shall not have been terminated by the AGENT; and
7. Take such action as may be necessary, or as the AGENT may direct, for the protection and preservation of the property related to this contract, which is in the possession of the CONTRACTOR and in which the AGENCY has or may acquire an interest.

Treatment of assets

- A. Title to all property furnished by the AGENCY shall remain in the AGENCY. Title to all property furnished by the CONTRACTOR, for the cost of which the CONTRACTOR is entitled to be reimbursed as a direct item of cost under this contract, shall pass to and vest in the AGENCY upon delivery of such property by the CONTRACTOR. Title to other property, the cost of which is reimbursable to the CONTRACTOR under this contract, shall pass to and vest in the AGENCY upon (i) issuance for use of such property in the performance of this contract, or (ii) commencement of use of such property in the performance of this contract, or (iii) reimbursement of the cost thereof by the AGENCY in whole or in part, whichever first occurs.
- B. Any property of the AGENCY furnished to the CONTRACTOR shall, unless otherwise provided herein or approved by the AGENCY, be used only for the performance of this contract.
- C. The CONTRACTOR shall be responsible for any loss or damage to property of the AGENCY that results from the negligence of the CONTRACTOR or which results from the failure on the part of the CONTRACTOR to maintain and administer that property in accordance with sound management practices.
- D. If any AGENCY property is lost, destroyed or damaged, the CONTRACTOR shall immediately notify the AGENCY and shall take all reasonable steps to protect the property from further damage.

- E. The CONTRACTOR shall surrender to the AGENCY all property of the AGENCY prior to settlement upon completion, termination or cancellation of this contract
- F. All reference to the CONTRACTOR under this clause shall also include CONTRACTOR'S employees, agents or SUBCONTRACTORS.

U.S. Department of Treasury, Office of Foreign Assets Control

The agency complies with U.S. Department of the Treasury, Office of Foreign Assets Control (OFAC) payment rules. OFAC prohibits financial transactions with individuals or organizations, which have been placed on the OFAC Specially Designated Nationals (SDN) and Blocked Persons sanctions list located at <http://www.treas.gov/offices/enforcement/ofac/index.html>. Compliance with OFAC payment rules ensures that the agency does not conduct business with individuals or organizations that have been determined to be supporters of terrorism and international drug dealing or that pose other dangers to the United States.

Prior to making payment to individuals or organizations, the agency will download the current OFAC SDN file and compare it to agency and statewide vendor files. In the event of a positive match, the agency reserves the right to: (1) make a determination of "reasonability" before taking the positive match to a higher authority, (2) seek assistance from the Washington State Office of the State Treasurer (OST) for advanced assistance in resolving the positive match, (3) comply with an OFAC investigation, if required, and/or (4) if the positive match is substantiated, notify the CONTRACTOR in writing and terminate the contract according to the Termination for Convenience provision without making payment. The agency will not be liable for any late payment fees or missed discounts that are the result of time required to address the issue of an OFAC match.

Waiver

Waiver of any default or breach shall not be deemed a waiver of any subsequent default or breach. Any waiver shall not be construed to be a modification of the terms of this contract unless stated to be such in writing and signed by authorized representative of the AGENCY.

Example - not valid for signature

COVID-19 Vaccination Verification Declaration

In compliance with Governor Jay Inslee's [Proclamation 21-14.2 – COVID-19 Vaccination Requirement](#) (dated September 27, 2021), and as may be amended thereafter, CONTRACTORS who have on-site employees, subcontractors, and/or volunteers are prohibited from engaging in work for the Office of Insurance Commissioner (OIC) unless the following requirements are met:

- CONTRACTOR must obtain a copy of, or visually observe, proof of full vaccination against COVID-19 for every employee, subcontractor, and/or volunteer who is reasonably likely, or contractually obligated, to engage in, or in fact engages in, work while physically present at an OIC building, facility, jobsite, project site, or other defined area owned, leased, occupied by, or controlled by the OIC.
- CONTRACTOR, as employer of the employees, subcontractors, and/or volunteers must submit to the OIC a signed form declaring that CONTRACTOR has, and will, meet the above requirements.

DECLARATION:

I hereby declare, under penalty of perjury under the laws of the State of Washington, that the employer is, and will continue to be, in compliance with the above requirements and that I am authorized to make these declarations on behalf of the employer listed below.

Contractor Name (Full legal entity name)

Printed Name

Signature

Title

Signature Date

Location Signed

Example - not valid for signature



UCAA Instructions

2023

Revised as of December 8, 2020

The NAIC is the authoritative source for insurance industry information. Our expert solutions support the efforts of regulators, insurers and researchers by providing detailed and comprehensive insurance information. The NAIC offers a wide range of publications in the following categories:

Accounting & Reporting

Information about statutory accounting principles and the procedures necessary for filing financial annual statements and conducting risk-based capital calculations.

Consumer Information

Important answers to common questions about auto, home, health and life insurance — as well as buyer's guides on annuities, long-term care insurance and Medicare supplement plans.

Financial Regulation

Useful handbooks, compliance guides and reports on financial analysis, company licensing, state audit requirements and receiverships.

Legal

Comprehensive collection of NAIC model laws, regulations and guidelines; state laws on insurance topics; and other regulatory guidance on antifraud and consumer privacy.

Market Regulation

Regulatory and industry guidance on market-related issues, including antifraud, product filing requirements, producer licensing and market analysis.

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http://www.naic.org//prod_serv_home.htm

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UNIFORM CERTIFICATE OF AUTHORITY APPLICATION

COMPANY LICENSING DEFINITIONS

Admitted	The status of the Applicant Company once the state regulator has approved the UCAA application and issued a Certificate of Authority or an Amendment to a Certificate of Authority. An Applicant Company may be admitted in one or more states. The term admitted or licensed may be used interchangeably.
Alien Insurer	An insurer formed under the laws of a country or jurisdiction other than the United States of America, its states, districts, territories, and commonwealths.
Application	The form located on the UCAA website that the Applicant Company must submit with a UCAA application (including all attachments).
Application State	State in which the Applicant Company is applying.
Checklist	The form located on the UCAA website that provides a guide for assembling a complete application and that should be completed and attached to the top of a UCAA application.
Corporate Amendments Application	The type of UCAA application (including all attachments) that an existing insurer uses for requesting amendments to its Certificate of Authority.
Domestic Insurer	An insurer that is formed under the laws of the Domiciliary State.
Domiciliary State	The state where an insurer is incorporated or organized.
Duplicate Copy or Copy	A photocopy or reproduction that accurately reproduces the original.
Expansion Application	The type of UCAA application (including all attachments) that an existing insurer uses to apply for licensure in one or more additional Uniform States.
Filing Fee	The fee that a Uniform State charges for the processing of a UCAA application. The fee charged will vary by state and the Schedule of Fees is located on the UCAA website under the State Charts section.

Foreign Insurer	An insurer formed under the laws of another state, district, territory or commonwealth of the United States.
Independent Third-Party	An Independent Third Party is one that has no affiliation with the Applicant Company and that is in the business of providing background investigations.
Key Persons in Control Functions	The decision-making individuals in control functions (that require internal control oversight of the Applicant Company) such as the heads of the risk management, cyber security, compliance, internal audit and actuarial functions; as well as the appointed actuary if such person is not the head of the actuarial function, underwriting, claims adjustments/payments, financial reporting and investment management.
Lead State	Lead state(s) or designee assumes the role of coordinator and communication facilitator. The lead state(s) serves as the facilitator and central point of contact for purposes of gathering and distributing information to all regulators involved.
Licensed	An insurer that holds a valid Certificate of Authority that allows it to transact business in a state. One or more states may license an insurer. The term is also synonymous with Admitted.
NAIC Biographical Affidavit	The form, located in the UCAA Application Forms section, that the Applicant Company must submit for all officers, directors, and key managerial personnel of the Applicant Company; individuals with a 10 percent (10%) or more beneficial ownership in the Applicant Company; and individuals with a 10 percent (10%) or more beneficial ownership in the Applicant Company's ultimate controlling person. The biographical affidavit must be current and the affiant must sign the affidavit not more than six months before the filing date of a UCAA application and certification by an Independent Third-Party.
Official Filing Date	The date the appropriate state regulator accepts a UCAA application for filing.
Original	The writing executed or issued by the person producing it. If electronically issued, "original" means the record created electronically, stored by electronic means. An electronic original may contain an electronic signature. A printout of an electronically created record that accurately reflects the electronic record may have the same effect as the original

electronic record. An “original” or “wet” signature may be required for certain documents, such as biographical affidavit and uniform consent to services of process forms. Check state-specific requirements.

Own Risk Solvency Assessment (ORSA)

An “Own Risk and Solvency Assessment” or “ORSA” shall mean a confidential internal assessment, appropriate to the nature, scale and complexity of an insurer or insurance group of the material and relevant risks associated with the insurer or insurance group’s current business plan, and the sufficiency of capital resources to support those risks.

Plan of Operation

It is made up of three (3) components: a completed Questionnaire, a brief narrative that includes significant information not captured in the Questionnaire, and proforma Financial Statements. The Questionnaire and proforma Financial Statements are forms located on the UCAA website.

Primary Application

The type of UCAA application (including all attachments) filed in the state of domicile for use in licensing of a newly formed insurer or by an existing insurer that wishes to re-domesticate to another Uniform State.

Proforma Financial Statement

Financial projections for a three-year period. One of the three (3) components of a Plan of Operation. The form is located on the UCAA website in the UCAA Application Forms section.

Public Records Package

Contains certain items that accompany a UCAA application in order to satisfy the Public Records Act in some states. The requirements are located in the UCAA Application State Charts section.

Questionnaire

The form located on the UCAA website in the UCAA Application Forms that is a part of the Plan of Operation. The Applicant Company must submit a completed Questionnaire that is properly executed and notarized.

Senior Management

The body responsible for executing decisions made by the Board and for managing the Applicant Company on a day-to-day basis, including any officer and/or director listed on the Jurat page of the most recent annual/quarterly financial statement.

State Charts

Charts that display state information required for the uniform applications. These charts are located on the UCAA website.

State-Specific Information	The additional information outside of the uniform requirements that is required by a state before it can complete the review of a UCAA application. The state-specific requirements are located below the State Charts section on the UCAA website.
Statutory Home Office Address	As identified with the Certificate of Authority in domiciled state. (This definition is consistent with the Annual Statement Instructions.)
UCAA	Uniform Certificate of Authority Application.
UCAA Website	http://www.naic.org/industry_ucaa.htm
Uniform State	A state that is committed to using the UCAA review process for licensing and admissions of insurers.
Updates/Changes	Update is the requirement that an Applicant Company continue to update its filing with current documents. Changes are significant changes that occur or that a state discovers during a UCAA application review period, including any changes that materially affect the accuracy of the forms filed in support of a UCAA application.

UNIFORM CERTIFICATE OF AUTHORITY APPLICATION

PRIMARY APPLICATION

The Primary Application to the Uniform Certificate of Authority Application (UCAA) is designed for use in the formation of a new insurer, or for an existing insurer to use in making application to redomesticate to another state. A Uniform State is one that is committed to using the UCAA review process for company licensing and admissions.

The UCAA Primary Application has four sections designed to guide the Applicant Company through the licensing process:

- I. [Application Review Process](#)
- II. [Filing Requirements \(New Insurers and Redomestications\)](#)
- III. [Filing Requirements \(Redomestications Only\)](#)
- IV. [How to File](#)

The goal of the UCAA is to provide a streamlined approval process. However, some states have [state-specific filing requirements](#) based on statutes or internal procedures. The uniform states are working to eliminate non-essential state-specific requirements. All Applicant Companies must be familiar with the insurance laws of the state to which they submit an application. Please see the [UCAA charts](#) for information related to obtaining a copy of the laws, regulations and bulletins for the state in which an application is filed.

If the Applicant Company has any questions about the uniform admission process, a list of contact information is provided on the [Addresses and Contacts Information for Submission of Application](#) chart. It is highly recommended that the Applicant Company review the [state charts](#), the application instructions and review the [Frequently Asked Questions \(FAQs\)](#) prior to contacting each state with any questions before submitting the application for review.

Primary Application Section I **Application Review Process** **Processing Goal: 90 Days**

It is the goal of each Uniform State to process all Primary Applications within 90 calendar days with receipt of a complete application. The 90-day review process includes two weeks to determine if the application is complete and acceptable for filing. A completed application includes all required information detailed in the primary application instructions, any state specific requirements and filing fees. During the remaining time-span, the application will receive a financial and operational review. A state may not achieve the 90-day processing goal in instances where the application requires substantial follow-up, or in states with limited resources, or in instances when the Applicant Company files an application during peak business periods such as year-end and annual statement filing periods. Due to varying levels of resources available in each state the review may take longer than 90 days to complete. Anytime the state requests additional information, the state suspends the 90-day goal until it receives the requested information.

Based on the circumstances of a particular application, it may be necessary for the reviewing state to request additional information. Typically, a state will request any additional information it needs within 30 days after the state accepts the application. For more detail regarding the review process, refer to the [Company Licensing Best Practices Handbook](#).

Proprietary Information

Both regulators and the Applicant Company might deem confidential any communications with insurance regulatory agencies in conjunction with the Primary Application concerning proprietary information about the Applicant Company. States may only share information determined to be confidential with other persons as authorized by law. By law, the state will not disclose to the public any information determined to be proprietary and trade secret. Each Applicant Company needs to expressly identify all information, in the application and in any subsequent correspondence, that the Applicant Company considers proprietary or trade secret.

The Applicant Company should review the [state chart information](#), and [FAQs](#) prior to contacting the appropriate state regulators with any questions before filing any application.

Step One: Filing An Application

The Applicant Company may submit Primary Applications anytime during the year. The state immediately reviews Primary Applications to ensure that the Applicant Company submitted the application in the required format as outlined in these instructions.

Generally, within two weeks from the date the state receives the application, the state will notify the Applicant Company whether or not the state has accepted the application for filing. If the state accepts the application for filing, it will assign an official filing date.

If the state does not accept the application for filing due to a deficiency in the application's format, the state will contact the Applicant Company. Depending upon the nature of the deficiency, the state may give the Applicant Company two weeks from the date of receipt of notification from the department reviewing the application to correct the deficiency. Some states may return to the Applicant Company any applications that are deficient and not accepted for filing.

Step Two: Application Review

A Primary Application will undergo a rigorous financial and operational review in the state to which the Applicant Company submitted the application. The purpose of the Primary Application is to streamline application processing and the state will make every effort to process a Primary Application as quickly as possible.

At the conclusion of the substantive review by the reviewing state, the state will grant the Applicant Company a Certificate of Authority as a domestic company, allow the Applicant Company to withdraw the application, or will deny the application.

If the application is denied, the state will notify the Applicant Company and provide a detailed explanation for the denial. After the denial, if the Applicant Company wishes to re-file a Primary Application, the state will require a new application and filing fee.

If the application is approved and a Certificate of Authority is granted, the Applicant Company should complete the [Company Code Application](#) form. The form can be submitted via email, fax or mail.

Primary Application Section II Filing Requirements (New Insurers and Redomestications)

This section provides a guide to understanding the focus of each document of the Primary Application. It is important that applications be complete.

All documents submitted in support of the application must be current. However, in certain instances, some states have limited latitude to accept older documents, although generally no more than five (5) years old. Please [contact the states individually](#) if there are questions about a specific document.

All forms required for the Primary Application are available under the Primary Application tab. The Applicant Company can download these documents for printing and submission. The Primary Application cannot be filed electronically via the NAIC/UCAA portal. It must be file directly with the state of domicile. Please [contact the state](#) for instructions on the preferred method/format for filing.

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1. Application Form and Attachments

The application must identify all lines of insurance ([Form 3](#)) the Applicant Company is requesting authority to transact, as identified by the Applicant Company's plan of operation. Only the Applicant Company using this application for a redomestication filing need to complete the section listing the lines of business that the Applicant Company is currently licensed to transact and is transacting in all jurisdictions. Submit a completed checklist ([Form 1P](#)) and original executed application form ([Form 2P](#)) as Item 1 of the application.

2. Filing Fee

The application must include a filing fee for the state in which an application is being submitted. The payee name and the instructions for submitting the filing fee are included in the [Filing Fees - Primary and Expansion Applications](#) chart. Submit a copy of the Applicant Company's check as Item 2 of the application.

3. Minimum Capital and Surplus Requirements

The application must show that the Applicant Company meets the state's statutory minimum capital and surplus requirements. In some states, the minimum capital and surplus requirements are determined by the classes of insurance that the Applicant Company is requesting authority to transact and the classes of insurance the Applicant Company is authorized to transact in all other jurisdictions. The state will determine the level of surplus required after considering the Applicant Company's product line, operating record and financial condition. Compliance with the statutorily prescribed minimum surplus requirement may not be sufficient for all applicants. Review the chart that identifies the [Minimum Capital and Surplus Requirements](#) for each Uniform State. This chart also provides a contact person or a link to a state-specific forms or RBC requirements and instructions. Submit an explanation of the Applicant Company's compliance with the capital and surplus requirements as Item 3 of the application.

4. Statutory Deposit Requirements

The domiciliary state may require a statutory deposit. The [Statutory Deposit Requirements](#) chart provides state-specific requirements and identifies those states that require a Statutory Deposit. Submit as Item 4 of the Application, documentation explaining how the Applicant Company meets or is meeting the statutory deposit requirements. Unless otherwise indicated, the Statutory Deposit is for the benefit of all policyholders.

5. Name Approval

Each state has different guidelines and procedures for name approval. The [Name Approval Requirements](#) chart is intended to serve as a guide for the various name approval requirements of each Uniform State. The Applicant Company should check with the state to ensure compliance with all applicable name approval requirements. Where applicable, submit evidence of name approval request as Item 5 of the application.

6. Plan of Operation

The plan of operation has three components, a brief narrative, proforma financial statements/projections ([Form 13](#)) and a completed Questionnaire ([Form 8](#)). The narrative should include significant information not captured as part of the Questionnaire that the Applicant Company submits in support of the application, such as the reason for redomestication. The proforma is one of the three (3) components in the Plan of Operation. The proforma is available for Life, Property/Casualty, Health and Title companies. Provide a company-wide, three-year proforma balance sheet and income statement. For the lines requested, provide three-year premium and loss projections by line for the application state. Projections must support all aspects of the proposed plan of operation, including reinsurance arrangements and any delegated function agreements. Include the assumptions used to arrive at these projections.

The proforma when applied to the primary redomestication application is projected data. The proforma workbook should be the same business type as the financial statement blank filed with the NAIC. As such, the projected amounts need not balance with historical NAIC financial filings. The projected data, however, should be relevant to the Applicant Company's history of growth and losses as contemplated by the NAIC *Accounting Practices and Procedures Manual*.

The proforma should be completed by statutory accounting or financial reporting professionals that should be available to answer any questions or concerns from reviewing regulatory staff. The proforma is completed on an annual basis, typically for a three year time period, however, some states may require five years. The proforma should start with the first full year of operation that the Applicant Company anticipates actively writing business in the state(s) receiving the application. The proforma excel workbook is password protected and cannot be modified. When projecting five years, two workbooks will be required. Submit the completed Questionnaire and all attachments as Item 6 of the application.

7. Holding Company Act Filings

If the Applicant Company is a member of a holding company system, the application must include either the most recent Holding Company Act (HCA) filings, including the Annual Form B Registration Statement and related Form F or a statement substantially similar to the NAIC [*Insurance Holding Company System Regulatory Act \(#440\)*](#). The filing should include all attachments, exhibits appendices referenced in the HCA filings, and the most recent Corporate Governance Annual Disclosure, include any updates if the disclosure has not been restated, as Item 7 of the application. Include all attachments and any amendments up to the application filing date and include copies of all advisory, management and service agreements.

8. Statutory Memberships

In some states, the Applicant Company is required to join one or more rating, guarantee or other organizations before transacting insurance. Generally, the Applicant Company's authorized lines of insurance govern statutorily mandated memberships. Review the [Statutory Membership Requirements](#) chart prior to contacting the licensure state about any required statutory memberships before transacting insurance. Submit documentation supporting membership application(s) as indicated, in states where required, as Item 8 of the application.

9. SEC Filings or Consolidated GAAP Financial Statement

If the Applicant Company, its parent or its ultimate holding company has made a filing or registration with the U.S. Securities and Exchange Commission (SEC) in connection with a public offering within the last three years, or filed an 8K, 10K or 10Q within the last 12 months, the application must note that the filing, including any supplements or amendments, is available electronically from the SEC. If the Applicant Company, its parent or its ultimate holding company is not publicly traded, the application must include a copy of the Applicant Company's most recent Consolidated GAAP financial statement. Submit the notice of SEC filings or copy of a Consolidated GAAP statement as Item 9 of the application.

10. Debt-to-Equity Ratio Statement

Members of a holding company system must submit debt-to-equity information as Item 10 of the application. The application must include a comprehensive debt-to-equity ratio statement that includes the following information.

- A. Provide the consolidated outside debt to consolidated equity ratio on a GAAP basis for the holding company. *

Debt Duration	Debt Amount (\$)	Debt to Consolidated Equity Ratio
Up to 5 years		
Up to 10 years		
Up to 20 years		

- B. Provide the most recent consolidated holding company financial statement.
- C. State if the holding company, on a consolidated basis, has a tangible net worth: a) for the past three years; b) at present; and c) provide projections with assumptions for a three-year period.
- D. The Applicant Company must clearly substantiate the sources of repayment of any debt, including, but not limited to, whether the source of repayment is independent from the future income of the insurers.
- E. Calculate the debt service (as reported in D above) required of each insurer as a percentage of the Applicant Company's capital and surplus.
- F. List the assets of the holding company, if any, that are pledged to fund the debt service or debt repayment of an affiliate or parent (include the assets or stock of any insurer subsidiaries)
- G. List any guarantees (personal or otherwise) from the shareholders for repayment of the debt.

*Some states may require re-statement based upon statutory equity.

11. Custody Agreements

The Applicant Company should include a statement setting forth whether or not any of the Applicant Company's stocks, bonds, or other physical or book entry securities are in the physical possession of another entity.

If any of the Applicant Company's stocks, bonds or other securities are not in the Applicant Company's actual physical possession or in a safe deposit box under the exclusive control of the Applicant Company (except as shown in the Schedule of Special Deposits in the Applicant Company's Annual Statement), the application must include the written agreement with each entity holding and/or administering these securities. The written agreement should include appropriate safeguards for the handling of the securities, in accordance with those specified in the NAIC *Financial Condition Examiners Handbook* (Handbook).

Some states have additional requirements for these custody agreements, beyond those called for in the Handbook. Submit the statement and copies of the custody agreements as Item 11 of the application.

12. Public Records Package

Most states have requirements to disclose information to the public under a Public Records Act. To meet these public disclosure requirements certain items must accompany the application. While these documents may or may not be part of the substantive review, please be sure to include the required documents with the application. The [Public Records Package](#) chart contains requirements for financial and operational filings. An Applicant Company seeking to redomesticate should provide both financial and operational documents for the application state. An Applicant Company that is seeking to form a new insurer should include all documents listed in the operational section of the chart for the application state. Submit all documents required by the application state as Item 12 of the application.

13. NAIC Biographical Affidavit (Biographical Affidavit)

- A. The Applicant Company is required to submit an NAIC Biographical Affidavit ([Form 11](#)) in connection with pending or future application(s) for licensure or a permit to organize with a department of insurance in one or more states. The Applicant Company must submit an NAIC Biographical Affidavit on behalf of all officers, directors and key managerial personnel of the Applicant Company and individuals with a ten percent (10%), or more, beneficial ownership in the Applicant Company and the Applicant Company's ultimate controlling person ("Affiant").
- B. The UCAA defines "Independent Third-Party" as:
 - (i) A consumer reporting agency ("CRA") overseen by the Federal Trade Commission ("FTC") and, therefore, subject to the FCRA, which have been vetted and is currently on the approved list;
 - (ii) Has the ability to perform international background investigations; and
 - (iii) One whose officers and directors have no material affiliation with the Applicant Company other than stock ownership amounting to less than one percent (1%) of total stock outstanding, unless prior approval is given by the department of insurance to which application is being made.
- C. The NAIC Biographical Affidavit requests information with respect to the Affiant's employment history, education, personal information and character. The NAIC Biographical Affidavit also includes the Disclosure and Authorization Concerning Background Reports (the "Disclosure & Authorization Form"). The signature of the Affiant on the Disclosure & Authorization Form permits an Independent Third-Party to conduct an independent third-party verification on the Affiant.
- D. The NAIC Biographical Affidavit includes three types of the Disclosure & Authorization Form. There are three different Disclosure & Authorization Forms since certain state laws, regulations and rules require different kinds of disclosures and wording within such

form. An Affiant must sign the corresponding Disclosure & Authorization Form(s) for the respective state(s) where the Affiant has lived or worked within the last ten (10) years. Refer to the Disclosure & Authorization Forms for further information.

- E. The NAIC Biographical Affidavit is used to evaluate the suitability, competency, character and integrity of the Affiant in connection with an Applicant Company's pending or future application(s) for licensure or a permit to organize with a department of insurance in one or more states.

The Independent Third-Party uses information contained in the NAIC Biographical Affidavit as a tool to perform an independent third-party verification to determine an individual's fitness and propriety. The independent third-party verification may contain information bearing on the Affiant's character, general reputation, personal characteristics, mode of living and credit standing (if required by the state). The Independent Third-Party Vendor shall use the independent third-party verification to create a background report (the "Background Report").

- F. The Disclosure & Authorization Form is valid for a maximum of six months. Additionally, an Affiant may revoke the authorization at any time by delivering a written revocation to the Applicant Company. Refer to the Disclosure & Authorization Form for further information.
- G. The Background Reports are subject to the Fair Credit Reporting Act ("FCRA"). Pursuant to FCRA, the state departments of insurance and an Applicant Company who is seeking admission are "users" of consumer reports. The FCRA requires that the Applicant Company provide the Affiant with a copy of the "Summary of Your Rights Under the Fair Credit Reporting Act." The Applicant Company should provide a copy of the "Summary of Your Rights under the Fair Credit Reporting Act" to each Affiant. This summary can be found at the Federal Trade Commission ("FTC") [website](#). Background Reports are valid for six months from the signature date of the affidavit. Any alteration to the original biographical affidavit or updated signature will require a newly prepared background report.
- H. The Applicant Company and state departments of insurance are required to comply with FCRA, especially as it relates to confidentiality of the information contained in such consumer reports. To the extent required by law, the states and Independent Third-Party Vendors should maintain the Background Reports procured under the Disclosure & Authorization Form as confidential. A copy of the FCRA is located [here](#).
- I. The department of insurance in the state where an Applicant Company files, or intends to file, an application and the Applicant Company may require the Background Report. An Affiant who desires a copy of their Background Report may request a copy from the Applicant Company or the CRA as indicated on the Disclosure & Authorization Form. Refer to the Disclosure & Authorization Form for further information.
- J. Please check state requirements for those states that require additional background information, such as fingerprints, in place of, or in addition to, NAIC Biographical Affidavits. If applying in one of those states, necessary [fingerprints](#) and [processing fees](#) should be included.

Refer to the [list of currently approved Independent Third-Party Vendors for Background Reports](#).

NAIC Biographical Affidavits must be completed on the most current form [**Word** | **PDF**], in effect at the time the affidavit was signed and the Affiant shall not sign the Affidavits more than six months before the date the Applicant Company files the application. Each question on the biographical affidavit must have a response. If an answer is “None”, then so state. Incomplete biographical affidavits could delay the background investigation report and result in a delay of the application review by the state.

Submit original Biographical Affidavits (Form 11 [**Word** | **PDF**]) that contain the Disclosure & Authorization Forms to the state department(s) of insurance as Item 13 of the application.

14. State-Specific Information

Some jurisdictions may have additional requirements before a Certificate of Authority is issued. Before completing a UCAA Primary Application, the Applicant Company should review the list of requirements on the [State-Specific Requirements](#) for the application state. Submit state-specific requirements as Item 14 of the application.

Primary Application Section III Filing Requirements – Redomestications Only

The requirements of this section are only for those Applicant Company’s seeking to redomesticate from one state to another and are in addition to the requirements of Section II, Items 1 through 14 of the Primary Application. A redomestication is the process whereby any insurer organized under the laws of any state may become a domestic insurer that transfers its domicile to another state by merger or consolidation or any other lawful method. The Applicant Company files the Primary Application with the Applicant Company’s new state of domicile when used for a redomestication.

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15. [Annual Statements with Attachments](#)
16. [Quarterly Financial Statements](#)
17. [Risk-Based Capital Report](#)
18. [Independent CPA Audit Report](#)
19. [Reports of Examination](#)
20. [Certificate of Compliance](#)
21. [Corporate Governance Annual Disclosure](#)

15. Annual Statement with Attachments

Include a copy of the Applicant Company’s most recent annual statement as filed in the current state of domicile including all statements and supplements in accordance with the *Annual Statement Instructions*, including the Statement of Actuarial Opinion and Management’s Discussion and Analysis. The annual statement should be signed and verified and include an original certification from the state insurance regulatory agency of the Applicant Company’s domiciliary state.

Include one copy of the Applicant Company's annual statement for the two (2) preceding years in addition to the most recent annual statement.

Property/Casualty insurers must attach the Insurance Expense Exhibit, Accident and Health Policy Experience Exhibit and/or Schedule P to the annual statement.

Life insurers must include a Certificate of Valuation from the domiciliary state insurance regulatory agency.

Members of a holding company system must attach a copy of the most recent consolidated annual statement, if filed with its current state of domicile. Submit the annual statement, with the necessary attachments, as Item 15 of the application.

16. Quarterly Statements

Include one (1) copy of each quarterly statement that follows the most recent annual statement. In addition, the Applicant Company must immediately forward any new quarterly statements that become available while the application is pending to all states in which applications are pending. Submit the quarterly statements as Item 16 of the application.

17. Risk-Based Capital Report

Include a Risk-Based Capital Report, submitted in the level of detail required by the NAIC, as Item 17 of the application. Please note that the states will maintain confidentiality of these reports.

18. Independent CPA Audit Report

Include a CPA Audit Report, performed by a certified public accountant that is not an employee of the Applicant Company. Submit the CPA Audit Report as Item 18 of the application. Some states allow exemptions to this requirement for small insurers. Please contact the states individually regarding exemptions.

19. Reports of Examination

The application must include a copy of the Applicant Company's most recent Report of Financial Examination from its domiciliary state. The Applicant Company must also note all more recent examinations completed by any state, including market conduct examinations, and provide a description of each examination. Refer to the [Reports of Examination Requirements](#) chart for the exam "as of" date. Submit the Report of Financial Examination and a list of more recent examinations with descriptions as Item 19 of the application.

20. Certificate of Compliance

Include a Certificate of Compliance ([Form 6](#)) with the application. Please refer to the [Certificate of Compliance and Certificate of Deposit Requirements](#) chart for specific requirements for the date of issuance of the Certificate of Compliance ([Form 6](#)) from the file date of the application. The current domiciliary state must complete the Certificate of Compliance. Submit as Item 20 of the application.

21. Corporate Governance Annual Disclosure

If applicable, include the most recent Corporate Governance Annual Disclosure, include any updates if the disclosure has not been restated. Submit the Registration Statement and Annual Disclosure as Item 21 of the application.

Primary Application Section IV

How to File

To facilitate the prompt review of the Primary Application, please ensure that the application adheres to the formatting instructions provided in this section. States will not accept any applications that fail to meet these formatting requirements. Section IV will address the following areas:

1. [Communication Between Applicant Company and Agency](#)
2. [Questions](#)
3. [Application Checklist](#)
4. [Application and Supporting Documents](#)
5. [Addresses for Submission of Application](#)
6. [Updates/Changes](#)
7. [Filing Fee](#)
8. [Forms](#)
9. [State-Specific Information](#)

1. Communication Between Applicant Company and Agency

Once the state accepts a Primary Application for filing, the state will notify the Applicant Company of the official filing date and agency contact person. The state will provide names, addresses, email (if available) and telephone numbers of the individual(s) assigned to the application.

Prior to receiving the name of the agency contact person, an Applicant Company may contact the agency personnel listed on the [Addresses and Contacts for Submission of Application](#) chart to obtain information regarding the status of a Primary Application.

2. Questions

Section II and Section III, Filing Requirements, provide detailed guidelines regarding both the type and format of information required for the Primary Application. In most cases, the state provides an agency contact person for each item in the Filing Requirements section. For additional information, or clarification, Applicant Company's may use the contact names provided in the [Addresses and Contacts for Submission of Application](#) chart.

3. Application Checklist

The application checklist ([Form 1P](#)) provides a guide for assembling a complete application. Complete the checklist before submitting a Primary Application for review. Attach a completed checklist to the top of each application.

4. Application and Supporting Documents

Submit one copy of the Checklist, completed application and all supporting documentation to the reviewing state. California, Kentucky and New York require two (2) complete copies. Each item identified in Section II and Section III of the Filing Requirements should have a cover sheet as specified below.

Each cover sheet should be on paper suitable for use as a cover sheet, such as binder divider pages.

The Applicant Company needs to tab each cover sheet on the right-hand side of the page with a number corresponding to the document's item number in the Primary Application checklist.

If a particular item is not included with the cover sheet, the Applicant Company must attach to the cover sheet a written explanation stating the reason the item has not been included. Set forth below are examples of why the Applicant Company may not attach a particular item to the cover sheet.

- “Item not applicable to this application for the following reason ... (state reason).”
- “Item has been attached separately because of size.”

5. Addresses for Submission of Application

Submit the application by mailing it to the appropriate address noted on the [Addresses and Contact Information for Submission of Application](#) chart.

6. Updates/Changes

The Applicant Company is responsible for informing states of any significant changes that occur or that the Applicant Company discovers during the application review period. Examples of significant changes include: changes in officers and directors, material acquisition or disposal of assets, changes in reinsurance, acquisition of the insurer, change in proposed shareholders, regulatory actions taken against the insurer, change in current business plan, etc.

The Applicant Company must supply revised forms promptly if any changes occur that materially affect the accuracy of the forms filed in support of the application. For example, the Applicant Company must forward new quarterly statements as soon as they become available.

7. Filing Fee

Please see the [Filing Fees - Primary and Expansion Applications](#) chart to determine the correct fee and filing instructions for the application state.

8. Forms

All forms are available under the Primary Application tab and labeled as [UCAA Forms](#). All forms can be downloaded, printed and submitted with a completed application. The forms MUST NOT be altered. At this time, the forms cannot be submitted electronically.

9. State-Specific Information

Some jurisdictions may have additional requirements that the Applicant Company must meet before a state can issue a Certificate of Authority. Before completing a UCAA Primary Application, the Applicant Company should review a listing of requirements for the application state under [State-Specific Requirements](#).

UNIFORM CERTIFICATE OF AUTHORITY APPLICATION

EXPANSION APPLICATION

The Expansion Application to the Uniform Certificate of Authority Application (UCAA) is for use by an Applicant Company that wishes to expand into one or more Uniform States. The Applicant Company may file Expansion Applications simultaneously in as many states as desired. Prior to submitting an application in a foreign state, the Applicant Company should inform the state of domicile of its plans in the foreign state(s).

Based on the circumstances of a particular application, it may be necessary for the reviewing state to request additional information.

The UCAA Expansion Application has three sections designed to guide the Applicant Company through the admission process:

- I. [Application Review Process](#)
- II. [Filing Requirements](#)
- III. [How to File](#)

The goal of the UCAA is to provide a streamlined approval process. However, some states have [state-specific filing requirements](#) based on either statutory requirements or internal procedures. All Applicant Companies must be familiar with the insurance laws of the state to which they submit an application. Please see the [UCAA home page](#) for information on obtaining a copy of the laws, regulations and bulletins for each state.

Direct any questions about the uniform admission process or [state-specific filing requirements](#) to the contact shown on the list of [Addresses and Contact Information for Submission of Applications](#). To assure a prompt review, the Applicant Company should review the instructions, [state charts](#) and [Frequently Asked Questions \(FAQs\)](#) prior to contacting each state with questions before submitting the application.

Expansion Application Section I Application Review Process

The Expansion Application is an abbreviated version of the UCAA designed to allow solidly performing companies that are in good standing in all admitted states to gain admission into new states quickly and easily. It is the goal of all Uniform States to complete their review of Expansion Applications within 60 calendar days with receipt of a complete application. The 60-day review process includes two weeks to determine if the application is complete and acceptable. A completed application includes all required information detailed in the expansion application instructions, any state specific requirements and filing fees. During the remaining time span, the application will receive a financial and operational review. The states may not achieve the 60-day processing goal in instances where substantial follow-up is required or in states with limited resources or in instances when the Applicant Company files an application during peak business periods, such as year-end and annual statement filing periods.

Based on the circumstances of a particular application, it may be necessary for the reviewing state to request additional information. Anytime the state requests additional information, the state suspends the 60-day review goal until it receives the requested information. The purpose of the Expansion Application is to streamline application processing and the states will make every effort to process an Expansion Application as quickly as possible. For an electronic application, the state may request that the Applicant Company amend their application. While an electronic application is in amended status, the state cannot view or access the expansion application and therefore the 60-day goal is suspended until the company resubmits their application. Refer to the [Electronic User Guide](#) for instructions on amending an electronic application

Refer to the [Company Licensing Best Practices Handbook](#), for more information regarding the review process.

Proprietary Information

Both regulators and the Applicant Company should note that communications with insurance regulatory agencies in conjunction with the Expansion Application concerning proprietary information about the Applicant Company may be deemed confidential. States may only share information determined to be confidential with other persons as authorized by law. By law, the state will not disclose to the public any information determined to be proprietary and trade secret. Each Applicant Company needs to expressly identify all information in the application and in any subsequent correspondence that the Applicant Company considers proprietary or trade secret.

Please do not hesitate to contact the appropriate state insurance regulators with any questions before filing any Uniform Application.

Step One: Filing the Application

The Applicant Company may submit an Expansion Application anytime during the year. States will immediately review the Expansion Application to ensure that the Applicant Company submits the application in the required format as outlined in these instructions.

Generally, within two weeks from the date the state receives the application, the state will notify the Applicant Company whether or not the state has accepted the application for filing. If the state accepts the application for filing, the state will assign an official filing date.

The state will contact the Applicant Company if it does not accept the application for filing due to a deficiency in the application's format. Depending upon the nature of the deficiency, the state may give the Applicant Company two weeks from the date of receipt of notification to correct the deficiency. Some states may return to the Applicant Company applications that are deficient and not accepted for filing. For electronic applications, the expansion state will provide a "closed" status date, indicating that the filing has been returned and no further review will take place.

Step Two: Application Review

An Expansion Application will undergo a rigorous financial and operational review in each state to which the Applicant Company submits the application.

At the conclusion of each state’s substantive review, the state will grant the Applicant Company a Certificate of Authority, it will allow the Applicant Company to withdraw the application or it will deny the application. Each state independently reaches a decision to either approve or deny an Expansion Application. It is entirely possible that some states might approve an Expansion Application and other states might deny the application.

If any state denies the application, that state will notify the Applicant Company and provide a detailed explanation for the denial. After the denial, if the Applicant Company wishes to re-file an Expansion Application, the state will require a new application and filing fee.

When the state has denied or asked the Applicant Company to withdraw the electronic expansion application, the state will provide a “closed” status date. Refer to the electronic [Expansion Application User Guide](#), for detailed information.

Since only established companies can use an Expansion Application, the states assume that the Applicant Company has a basic understanding of the Certificate of Authority review process. Please refer to the [Primary Application](#) or the [Company Licensing Best Practices Handbook](#) for a more detailed explanation of the process. The Applicant Company is strongly encouraged to review the [state charts](#), and [FAQs](#) prior to contacting the states with questions before submitting an application for review.

Expansion Application Section II Filing Requirements

This section provides a guide to understanding the focus of each document of the Expansion Application. However, there typically are multiple purposes for the documents. Therefore, it is important that applications be complete.

All documents submitted in support of the application must be current. However, in certain instances, some states have limited latitude to accept older documents, although generally no more than five (5) years old. Please [contact the states individually](#) if there are questions about a specific document.

All forms required for the Expansion Application are located under the Expansion Application tab in the [UCAA Forms Section](#).

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1. [Expansion Application Form](#)
2. [Filing Fee](#)
3. [Minimum Capital and Surplus Requirements](#)
4. [Statutory Deposit Requirements](#)
5. [Name Approval](#)
6. [Plan of Operation](#)
7. [Holding Company Act Filings](#)
8. [Certificate of Compliance](#)
9. [Reports of Examination](#)
10. [Statutory Memberships](#)
11. [Public Records Package](#)
12. [NAIC Biographical Affidavits](#)

- 13. [Uniform Consent to Service of Process](#)
- 14. [State-Specific Information](#)

1. **Application Form and Attachments**

The application must identify all lines of insurance ([Form 3](#)) the Applicant Company is currently licensed to transact and all lines of insurance the Applicant Company is requesting authority to transact, as identified by the Applicant Company's plan of operation. The Applicant Company must be authorized in their domiciliary state for the lines of business requested in the application. Submit a completed checklist ([Form 1E](#)) and original executed application form ([Form 2E](#)) as Item 1 of the application. A cover letter may be included as a component of Item 1 of the application. The Applicant Company should review the [Seasoning Requirements chart](#) for each state where the company plans to expand.

2. **Filing Fee**

Include a filing fee for each application state. Please issue a separate check for each state. The payee name and the instructions for submitting the filing fee are included in the [Filing Fees - Primary and Expansion Applications](#) chart. Please note that due to [retaliatory statutes](#), the ultimate amount of fees in any state may be more than the amount indicated in the chart. For electronic applications, mail the filing fee check to the submission state and attach a copy of the electronic application checklist as supporting documentation. Submit/upload a copy of the Applicant Company's check as Item 2 of the application.

3. **Minimum Capital and Surplus Requirements**

The application must show that the Applicant Company meets each state's statutory minimum capital and surplus requirements. In some states, the minimum capital and surplus requirements are determined by the classes of insurance that the Applicant Company is requesting authority to transact and the classes of insurance the Applicant Company is authorized to transact in all other jurisdictions. The state will determine the level of surplus required after considering the Applicant Company's product line, operating record and financial condition. Compliance with the statutorily prescribed minimum surplus requirement may not be sufficient for all applicants. The [Minimum Capital and Surplus Requirements](#) chart identifies the minimum capital and surplus requirements for each Uniform State. The chart also provides a contact person or a link to a state-specific format or RBC requirements and instructions. An explanation of the Applicant Company's compliance with the capital and surplus requirements is Item 3 of the application.

4. **Statutory Deposit Requirements**

Some states require that a statutory deposit be on file in the domiciliary state. The [Statutory Deposit Requirements](#) chart on the UCAA website provides specific requirements and identifies those states that require deposits by foreign insurers and proof of a Statutory Deposit in the domiciliary state. A foreign insurer is an insurer that is domiciled in another state. Please refer to the [Certificate of Compliance and Certificate of Deposit Requirements](#) chart on the UCAA website for specific requirements for the date of issuance of the Certificate of Deposit ([Form 7](#)) from the file date of the application. Unless otherwise indicated, the statutory deposit is for the benefit of all policyholders. In the states where proof is required, the Certificate of Deposit ([Form 7](#)) prepared by its state of domicile is Item 4 of the application.

For electronic applications, the domiciliary state should upload or complete the certificates in the electronic filing.

5. **Name Approval**

Each state has different guidelines and procedures for name approval. The [Name Approval Requirements](#) chart serves as a guide for the various name approval requirements of each Uniform State. The Applicant Company should check with each state separately to ensure compliance with all applicable name approval requirements. Where applicable, provide evidence of name approval request as Item 5 of the application.

6. **Plan of Operation**

The plan of operation has three components, a brief narrative, proforma financial statements/projections (Form 13) and a completed Questionnaire ([Form 8](#)). The narrative should include significant information not captured as a part of the Questionnaire that the company submits in support of the application. The proforma is one of the three (3) components in the Plan of Operation. The forms are located under the Expansion Application tab. There is a proforma for Life, Property/Casualty, Health and Title companies. Provide a company-wide, three-year proforma balance sheet and income statement. The proforma workbook should be the same business type as the financial statement blank filed with the NAIC. For the lines requested, provide three-year premium and loss projections by line for the application state. Projections must support all aspects of the proposed plan of operation, including reinsurance arrangements and any delegated function agreements. Include the assumptions used to arrive at these projections.

The proforma when applied to the expansion application is projected data. As such, the projected amounts need not balance with historical NAIC financial filings. The projected data, however, should be relevant to the Applicant Company's history of growth and losses as contemplated by the NAIC *Accounting Practices and Procedures Manual*.

The proforma should be completed by statutory accounting or financial reporting professionals that should be available to answer any questions or concerns from reviewing regulatory staff. The proforma is completed on an annual basis, typically for a three-year time period, however, some states may require five years. The proforma should start with the first full year of operation that the Applicant Company anticipates actively writing business in the state(s) receiving the

application. When providing five years of projections, the Applicant Company can provide two excel workbooks.

The completed Questionnaire and all attachments are Item 6 of the application.

7. Holding Company Act Filings

If the Applicant Company is a member of a holding company system, the application must include either the most recent Holding Company Act (HCA) filings, including the Annual Form “B” Registration Statement and related Form F, or a statement substantially similar to the NAIC [Insurance Holding Company System Regulatory Act \(#440\)](#). The filing should include all attachments, exhibits and appendices referenced in the HCA filings. Submit the HCA filings as Item 7 of the application and include all attachments and any amendments up to the filing date of the application.

8. Certificate of Compliance

The application must include a Certificate of Compliance. Please refer to the [Certificate of Compliance and Certificate of Deposit Requirements](#) chart for specific requirements for the date of issuance of the Certificate of Compliance ([Form 6](#)) from the file date of the application. The domiciliary state must complete the Certificate of Compliance ([Form 6](#)) which is Item 8 of the application. For electronic submission, the domiciliary state should upload or complete the certificate in the electronic filing.

9. Reports of Examination

The application must include a copy of the Applicant Company’s most recent Report of Financial Examination from its domiciliary state. The Applicant Company must also note all more recent examinations completed by any state, including market conduct examinations, and include a description of each examination. Refer to the [Reports of Examination Requirements](#) chart for the state’s exam “as of” date. The Report of Financial Examination and a list of more recent examinations with descriptions is Item 9 of the application.

10. Statutory Memberships

In some states, the Applicant Company is required to join one or more rating, guaranty or other organizations before transacting insurance. Generally, the authorized lines of insurance the Applicant Company can transact govern statutorily mandated memberships. Please be sure to check with each application state to inquire about any statutory memberships required before transacting insurance. The [Statutory Membership Requirements](#) chart is on the UCAA website. Submit documentation supporting membership application(s) in states where required, as Item 10 of the application.

11. Public Records Package

Most states have requirements to disclose information to the public under a Public Records Act. To meet these public disclosure requirements certain items must accompany the application. While these documents may or may not be part of the substantive review, please be sure to include the documents with the application. The [Public Records Package](#) chart provides the

state's listing of items that can be provided in electronic format and which items are held confidential. Submit all documents listed for the application state as Item 11 of the application.

12. NAIC Biographical Affidavits

- A. The Applicant Company is required to submit an NAIC Biographical Affidavit ([Form 11](#)) in connection with pending or future application(s) for licensure or a permit to organize with a department of insurance in one or more states. The Applicant Company must submit an NAIC Biographical Affidavit on behalf of all officers, directors and key managerial personnel of the Applicant Company and individuals with a ten percent (10%), or more, beneficial ownership in the Applicant Company or the Applicant Company's ultimate controlling person (Affiant). Individuals with ten percent (10%) or more beneficial ownership in the Applicant Company or Applicant Company's ultimate controlling person who do not file a biographical affidavit should file a copy of the Disclaimer of Control and approval from the domiciliary regulator.
- B. The UCAA defines "Independent Third-Party" as:
- (i) A consumer reporting agency ("CRA") overseen by the Federal Trade Commission ("FTC") and, therefore, subject to the FCRA, which have been vetted and is currently on the approved list;
 - (ii) Has the ability to perform international background investigations; and
 - (iii) One whose officers and directors have no material affiliation with the Applicant Company other than stock ownership amounting to less than one percent (1%) of total stock outstanding, unless prior approval is given by the department of insurance to which application is being made.
- C. The NAIC Biographical Affidavit requests information with respect to your employment history, education, personal information and character. The NAIC Biographical Affidavit also includes the Disclosure and Authorization Concerning Background Reports Form (the "Disclosure & Authorization Form"). The signature of the Affiant on the Disclosure & Authorization Form permits an Independent Third-Party to conduct an independent third-party verification on the Affiant.
- D. The NAIC Biographical Affidavit includes three types of the Disclosure & Authorization Form. There are three different Disclosure & Authorization Forms since certain state laws, regulations and rules require different kinds of disclosures and wording within such form. An Affiant must sign the corresponding Disclosure & Authorization Form(s) for the respective state(s) where the Affiant has lived or worked within the last ten (10) years. Refer to the Disclosure & Authorization Forms for further information.
- E. The NAIC Biographical Affidavit is used to evaluate the suitability, competency, character and integrity of the Affiant in connection with an Applicant Company's pending or future application(s) for licensure or a permit to organize with a department of insurance in one or more states.

The Independent Third-Party uses information contained in the NAIC Biographical Affidavit as a tool to perform an independent third-party verification to determine an individual's fitness and propriety. The independent third-party verification may contain

- information bearing on the Affiant's character, general reputation, personal characteristics, mode of living and credit standing (if required by the state). The Independent Third-Party Vendors shall use the independent third-party verification to create a background report (the "Background Report").
- F. The Disclosure & Authorization Form is valid for a maximum of six months. Additionally, an Affiant may revoke the authorization at any time by delivering a written revocation to the Applicant Company. Refer to the Disclosure & Authorization Form for further information.
 - G. The Background Reports are subject to the Fair Credit Reporting Act ("FCRA"). Pursuant to FCRA, the state departments of insurance and an Applicant Company who is seeking admission are "users" of consumer reports. The FCRA requires that the Applicant Company provide the Affiant with a copy of the "Summary of Your Rights Under the Fair Credit Reporting Act." Applicant Company's should provide a copy of the "Summary of Your Rights under the Fair Credit Reporting Act" to each Affiant. This summary can be found at the Federal Trade Commission ("FTC") [website](#). Background Reports are valid for six months from the signature date of the affidavit. Any alteration to the original biographical affidavit or updated signature will require a newly prepared background report.
 - H. The Applicant Company and state departments of insurance are required to comply with FCRA, especially as it relates to confidentiality of the information contained in such consumer reports. To the extent required by law, the states and Third-Party Vendors should maintain the Background Reports procured under the Disclosure & Authorization Form as confidential. A copy of the FCRA is located at [here](#).
 - I. The department of insurance in the state where an Applicant Company files, or intends to file an application and the Applicant Company may require the Background Report. An Affiant who desires a copy of their Background Report, may request a copy from the Applicant Company or the CRA as indicated on the Disclosure & Authorization Form. Refer to the Disclosure & Authorization Form for further information.
 - J. Please check the [Fingerprint and Biographical Affidavit Requirements chart](#) for those states that require additional background information, such as fingerprints, in place of, or in addition to, NAIC Biographical Affidavits. If applying in one of those states, necessary fingerprints and processing fees should be included.

Refer to the [UCAA homepage](#) for a list of currently approved [Independent Third-Party Vendors for Background Reports](#).

NAIC Biographical Affidavits must be completed on the most **current form [Word | PDF]**, in effect at the time the affidavit was signed and the affiant shall not sign the Affidavits more than six months before the date the Applicant Company files the application. Each question on the biographical affidavit must have a response. If an answer is "None", then so state. Incomplete biographical affidavits could delay the background investigation report and result in a delay of the application review by the state.

Submit original Biographical Affidavits (Form 11 [\[Word | PDF\]](#)) that contain the Disclosure & Authorization Forms to the state department(s) of insurance as Item 12 of the application.

13. Uniform Consent to Service of Process

Many jurisdictions require that the Applicant Company designate the insurance commissioner or a resident agent to receive service of process on behalf of the Applicant Company. In addition, the Applicant Company must designate a person or entity to receive a forwarded service of process after the commissioner receives the served documents. The Uniform Consent to Service of Process and the Resolution Authorizing Appointment of Attorney ([Form 12](#)) are required for this purpose. However, four states do not accept the Uniform Consent to Service of Process form. Those states are: California, Massachusetts, Virginia and Wisconsin. For those states, please see the [State-Specific Requirements](#) for any information regarding this subject. Pennsylvania does not accept service of process and does not require a form. The Uniform Consent to Service of Process and Resolution Authorizing Appointment of Attorney is Item 13 of the application.

14. State-Specific Information

Some jurisdictions may have additional requirements that the Applicant Company must meet other than that required above. Before completing a UCAA Expansion Application, the Applicant Company should review the [State-Specific](#) information for the listing of requirements for the state to which an application is being submitted. State-Specific items are Item 14 of the application.

Expansion Application Section III

How to File

To facilitate the prompt review of the Expansion Application, please ensure that the application adheres to the formatting instructions provided in this section. The state will not accept for filing any applications that fail to meet these formatting requirements.

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3. [Application Checklist](#)
4. [Application and Supporting Documents](#)
5. [Addresses for Submission of Application](#)
6. [Updates/Changes](#)
7. [Filing Fee](#)
8. [Forms](#)
9. [State-Specific Information](#)

1. Communication Between Applicant Company and Agency

Once a state has accepted an Expansion Application for filing, the state will notify the Applicant Company of the filing date and provide the agency contact person. The state will provide the

names, addresses, email (if available) and telephone numbers of the individual(s) assigned to the application.

Before receiving the name of the agency contact person, the Applicant Company may contact the agency personnel in the [Addresses and Contact Information for Submission of Application](#) chart to obtain information regarding the status of an Expansion Application.

2. Questions

Section II, Filing Requirements, provides detailed guidelines regarding both the type and format of information required for the Expansion Application. In most cases, the state provides an agency contact person for each item in the Filing Requirements section before receiving the name of the agency contact person, the Applicant Company may contact the agency personnel on the [Addresses and Contact Information for Submission of Application](#) chart to obtain information regarding the status of or questions for Expansion Application. In the electronic application UCAA email, a state distribution list is provided once the submission states are selected. Refer to the [User Guide](#) for instructions/location of the distribution list.

3. Application Checklist

The Application Checklist ([Form 1E](#)) provides a guide for assembling a complete application. Complete the Checklist before submitting an Expansion Application for review. Hard copy applications should include a completed Checklist to the top of each application. The Checklist is automatically completed in the electronic application and cannot be changed/edited.

4. Application and Supporting Documents

Hard copy applications should include one copy of the Checklist, completed application and all supporting documentation to each reviewing state. Each item identified in Section II Filing Requirements should have a cover sheet as specified below.

Each cover sheet should be on paper suitable for use as a cover sheet, such as binder divider pages. For the electronic application, the cover letter should be uploaded to the appropriate attachment button provided.

Tab each cover sheet on the right-hand side of the page with a number corresponding to the document's item number in the "Filing Requirements" section of the Expansion Application.

If a particular item is not included with the cover sheet, attach a written explanation to the cover sheet stating the reason the item has not been included. These are examples of why the Applicant Company may not attach a particular item to the cover sheet:

- "Item not applicable to this application for the following reason ... (state reason)."
- "Item has been attached separately because of size."

The electronic application includes all required items listed in Section II Filing Requirements. The Applicant Company should include a cover sheet to explain any item that is state specific or requires additional explanation.

5. **Addresses for Submission of Application**

Submit the application by mailing it to the appropriate address noted on the, [Addresses and Contact Information for Submission of Application](#) chart. Electronic applications are automatically available to the expansion state once the application is “finished.” See the [Electronic Application User Guide](#) for specific details regarding submission of the application.

6. **Updates/Changes**

The Applicant Company is responsible for informing states of any significant changes that occur or that the Applicant Company discovers during the application review period. Examples of significant changes include: changes in officers and directors, material acquisition or disposal of assets, changes in reinsurance, acquisition of the insurer, redomestication of the insurer, regulatory actions taken against the insurer, change in current business plan, etc.

The Applicant Company must supply revised forms promptly if any changes occur that materially affect the accuracy of the forms filed in support of the application. For example, the Applicant Company must forward new quarterly statements as soon as they become available.

In addition, all carriers admitted to transact insurance in any Uniform State are required to maintain their Certificate(s) of Authority in good order to ensure ongoing compliance with all applicable laws, regulations and bulletins.

For electronic applications, the Applicant Company can either amend their electronic filing or provide additional updated information via the UCAA email. Refer to the [Electronic Application User Guide](#) for additional instructions on amending and resubmitting an original filing.

7. **Filing Fee**

The [filing fees](#) chart provides the state’s fee and filing instructions for each application type.

8. **Forms**

All forms are available under the specific application tab. For electronic application, all forms are generated for each application type.

9. **State-Specific Information**

Some jurisdictions may have additional requirements that the Applicant Company must meet before the state can issue a Certificate of Authority. Before completing a UCAA Expansion Application, the Applicant Company should review a list of requirements for the state to which the Applicant Company is applying. These requirements are located under [State-Specific Requirements](#) on the UCAA homepage.

UNIFORM CERTIFICATE OF AUTHORITY APPLICATION

CORPORATE AMENDMENTS APPLICATION

Existing insurers use the Uniform Certificate of Authority Corporate Amendment Application for requesting amendments to its Certificate of Authority. A Uniform State is one that is committed to using the Uniform Certificate of Authority (UCAA) review process for company licensing and admissions.

The Applicant Company can use the Corporate Amendment Application to file more than one change in the same submission. The Applicant Company should mark all changes on the application form and submit all items required for those changes. For electronic application submissions, refer to the [UCAA Corporate Amendment User Guide](#).

The following instructions contain a detailed explanation of the various requirements designed to assist in the preparation and submission of the necessary documentation to obtain regulatory approval. Each state's review process may follow slightly different time lines to complete a comprehensive and detailed operational and financial review of the Applicant Company's business.

Based on the circumstances of a particular application, it may be necessary for the reviewing state to request additional information. Typically, the state will request any additional information within 30 days after it accepts the application.

The goal of the UCAA is to provide a streamlined approval process. However, some states have [State-Specific Filing Requirements](#) based on either statutory requirements or internal procedures. The Applicant Company must be familiar with the insurance laws of the state(s) to which they submit an application. For information on state laws, regulations and bulletins, see the State Charts on the [UCAA website](#).

It is highly recommended that the Applicant Company review the [corporate amendment instructions](#), [FAQs](#) and [state specific information](#) prior to contacting each state with any questions before submitting the application for review.

Corporate Amendments Application Review Process

The Corporate Amendment Application of the UCAA provides a uniform process for gaining the necessary regulatory approvals for modifications to an Applicant Company's Certificate of Authority. It is the goal of each Uniform State to process all Corporate Amendments Applications within 60 calendar days of receipt. The 60-day review process includes two weeks to determine if the application is complete and acceptable for filing. During the remaining time-span, the application will receive a financial and operational review. The state(s) may not achieve the 60-day processing goal in instances where the application requires substantial follow-up, in state(s) with limited resources or in instances when the application is filed during peak business periods such as year-end and annual statement filing periods.

Based on the circumstances of a particular application, it may be necessary for the reviewing state(s) to request additional information. Typically, the state(s) will request any additional information that it needs within 30 days after the state accepts the application.

Proprietary Information

Both regulators and the Applicant Company should note that the Applicant Company might deem confidential any communications with insurance regulatory agencies in conjunction with the Corporate Amendment Application concerning proprietary information about the Applicant Company. States may only share information determined to be confidential with other persons as authorized by law. By law, the state will not disclose to the public any information determined to be proprietary and trade secret. Each Applicant Company needs to expressly identify all information in the application and in any subsequent correspondence that the Applicant Company considers proprietary or trade secret.

The [UCAA homepage](#) contains the requirements and filing process for the Corporate Amendment Application. Contact the appropriate state regulators with any questions before filing any Uniform Application. State contact information can be found on the [Addresses and Contact Information for Submission of Application chart](#).

Step One: Filing the Application **Processing Goal: 2 Weeks**

An Applicant Company may submit Corporate Amendment Applications anytime during the year. The state immediately reviews the application to ensure that it has been submitted in the required format as outlined in the instructions.

Generally, within two weeks from the date that the application is received, the state will notify the Applicant Company whether or not it has accepted the application for filing. If the state accepts the application for filing, it will assign an official filing date. For electronic application submissions the state notification will be the status date.

The state will contact the Applicant Company if it does not accept the application for filing due to a deficiency in the application's format. Depending upon the nature of the deficiency, the state may give the Applicant Company two weeks from the date of receipt of the notification from the department reviewing the application to correct the deficiency. Some states may return to the Applicant Company any applications that are deficient and not accepted for filing. Electronic applications that are not accepted by the state will be updated with a "closed" status date.

Step Two: Application Review **Processing Goal: 60 Days**

A Corporate Amendment Application will undergo a rigorous financial and operational review in the application state. While the goal of each state is to complete this review in 60 days, the state cannot guarantee this time frame. Due to varying levels of resources available in each state or if the state needs additional information, the 60-day goal may not be attainable. The purpose of the Corporate Amendment Application is to streamline the application process and the states will make every effort to process a Corporate Amendment Application as quickly as possible.

At the conclusion of the substantive review the reviewing state will grant the Applicant Company an amendment to the Certificate of Authority, allow the Applicant Company to withdraw the application, or will deny the application.

If the state denies the application, the Applicant Company will be notified with a detailed explanation for the denial. After the denial, if the Applicant Company wishes to re-file a Corporate Amendment Application, the state will require a new application and filing fee.

How to File

Refer to the [State-Specific Information](#). Some states provide their preference for how the application should be submitted. The following provides instructions for filing hard-copy and electronic filings.

Hard-Copy

To facilitate the prompt review of the Corporate Amendment Application, please ensure that the application adheres to the formatting instructions provided in this section. The states will not accept filing applications that fail to meet these formatting requirements.

1. [Communication Between Applicant Company and Agency](#)
2. [Questions](#)
3. [Application Checklist](#)
4. [Application and Supporting Documents](#)
5. [Addresses for Submission of Application](#)
6. [Updates/Changes](#)
7. [Filing Fee](#)
8. [Forms](#)
9. [State-Specific Information](#)

1. Communication Between Applicant Company and Agency

Once a state accepts a Corporate Amendment Application for filing, the state will notify the Applicant Company of the official filing date and agency contact person. The state will provide the names, addresses, email (if available) and telephone numbers of the individual(s) assigned to the application.

Before receiving the name of the agency contact person, an Applicant Company may contact the agency personnel listed on the [Addresses and Contact Information for Submission of Application](#) chart to obtain information regarding the status of a Corporate Amendment Application.

2. Questions

Section I through Section XII, Filing Requirements, provide detailed guidelines regarding both the type and format of information required for the Corporate Amendment Application. For additional information, or clarification, the Applicant Company should review the [State Requirement charts](#) and [FAQs](#) prior to contacting the state.

3. Application Checklist

The Application Checklist ([Form 1C](#)) in the Forms section of the UCAA website is a guide for assembling a complete application. Complete the Checklist prior to submitting a Corporate Amendment Application for review. Attach a completed Checklist to the top of the application. For electronic filings, the Checklist is completed as the Applicant Company completes the required

information. The Checklist cannot be edited, and the application cannot be submitted until all required information is completed.

4. Application and Supporting Documents

Submit one copy of the Checklist, completed application and all supporting documentation to the reviewing state. Each item identified in Section I through Section XII of the Filing Requirements should have a cover sheet as specified below.

Each cover sheet should be on paper suitable for use as a cover sheet, such as binder divider pages.

Tab each cover sheet on the right-hand side of the page with a number corresponding to the document's Item number in the Corporate Amendment Application Checklist.

If a particular item is not included with the cover sheet, attach a written explanation stating the reason the item has not been included to the cover sheet. Below are examples of why the Applicant Company may not attach a particular item to the cover sheet.

- “Item not applicable to this application for the following reason ... (state reason)”
- “Item has been attached separately because of size.”

For electronic submissions, all applicable forms are prepared prior to submission. If applying to states that accept electronic and/or prefer hard-copy, print completed forms from the View/Print/Download link and submit those forms to the states as hard-copy applications.

5. Addresses for Submission of Application

Submit the application by mailing it to the appropriate address noted in the [Addresses and Contact Information for Submission of Application](#) chart.

6. Updates/Changes

The Applicant Company is responsible for informing states of any significant changes that occur or that the Applicant Company discovers during the application review period. Examples of significant changes include: changes in officers and directors, material acquisition or disposal of assets, changes in reinsurance, acquisition of the insurer, regulatory actions taken against the insurer, change in current business plan, etc.

The Applicant Company must supply revised forms promptly if any changes occur which materially affect the accuracy of the forms filed in support of the application. For electronic filings, the updated attachments can be submitted via the UCAA email or the application can be amended. Refer to the [Electronic Application User Guide for Corporate Amendment Applications](#).

7. Filing Fee

Please see [Filing Fees - Corporate Amendments chart](#) and [Filing Fees Matrix - Corporate Amendments chart](#), located on the UCAA website, to determine the correct fee and filing instructions for the application state. For electronic filings, checks will need to be mailed directly to the application state. Include a copy of the completed Checklist for reference to the electronic application tracking number. Please note that due to [retaliatory statutes](#), the ultimate amount of fees in any state may be more than the amount indicated in the chart.

8. Forms

All forms are located on the [UCAA website](#). For electronic filings, all required forms are automatically prepared as the required information is entered.

9. State-Specific Information

Some jurisdictions may have additional requirements that the Applicant Company must meet before the state can issue an amended Certificate of Authority. Before completing a UCAA Corporate Amendment Application the Applicant Company should review a listing of requirements for the application state located under [State-Specific Requirements](#) on the UCAA website.

Electronic Submission

To initiate an electronic filing, the Applicant Company must first obtain a User ID and password. The individual completing the application on behalf of the Applicant Company must obtain approval from either the Corporate Secretary or General Counsel of the Applicant Company.

A [User Guide](#) is provided as a step by step guide for utilizing the electronic application.

The UCAA Corporate Amendment Application has twelve change types (sections) designed to guide the Applicant Company through the licensing process. Each section and filing requirement item is noted on the Application Checklist (Form 1C);

- I. [Adding and/or Deleting Lines of Business Filing Requirements](#)
- II. [Name Change Filing Requirements](#)
- III. [Redomestication of a Foreign Insurer Filing Requirements](#)
- IV. [Change of Statutory Home Office Address Filing Requirements](#)
- V. [Merger of Two or More Foreign Insurers](#)
- VI. [Proposed/Completed Change of Control of Foreign Insurers](#)
- VII. [Amended Articles of Incorporation](#)
- VIII. [Amended Bylaws](#)
- IX. [Change of Address/Contact Notification Filing Requirement](#)
- X. [Statement of Withdrawal/Complete Surrender of Certificate of Authority Application](#)
- XI. [Voluntary Dissolution](#)
- XII. [Amended Uniform Consent to Service of Process](#)

Corporate Amendments Application Section I Filing Requirements (Adding and/or Deleting Lines of Business)

This section provides a guide to understanding the focus of each document of the Corporate Amendment Application. However, there typically are multiple purposes for documents. Therefore, it is important that applications be complete.

All documents submitted in support of the application must be current. However, in certain instances, some states have limited latitude to accept older documents. Please review the state specific requirements in the state charts and [state-specific requirements](#) prior to [contacting the states individually](#) if there are questions about a specific document.

All forms required for the Corporate Amendment Application are located under the Corporate Amendment Application tab in the [UCAA Forms Section](#). For electronic application submissions, required forms are provided for the application change type selected, therefore it is important to read the instructions prior to starting an electronic filing to ensure the necessary corporate amendment change type is selected and the appropriate forms are provided.

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1. [Application Form and Attachments](#)
2. [Filing Fee](#)
3. [Articles of Incorporation](#)
4. [Bylaws](#)
5. [Minimum Capital and Surplus Requirements](#)
6. [Statutory Deposit Requirements](#)
7. [Plan of Operation](#)
8. [Statutory Membership\(s\)](#)
9. [Certificate of Compliance](#)
10. [State-Specific Information](#)
11. [Deleting Lines of Business](#)

1. **Application Form and Attachments** - Item 1 of the application

The application must identify all lines of insurance that the Applicant Company is currently authorized to transact and specify the lines of authority to add or delete from an existing Certificate of Authority, as identified in the plan of operation. The Applicant Company must be authorized in their domiciliary state for the lines of business requested to add in the application. The Applicant Company should review the [Seasoning Requirements chart](#) for each submission state. For hard-copy filings submit a completed Checklist ([Form 1C](#)), and an original executed Application Form ([Form 2C](#)), completed Lines of Business ([Form 3](#)) and a copy of the Applicant Company's original Certificate of Authority or an affidavit of lost Certificate of Authority ([Form 15](#)) as Item 1 of the application. A cover letter may be included. The Checklist is automatically created in the electronic application and cannot be edited.

2. **Filing Fee** - Item 2 of the application

The application must include a filing fee for the application state, unless specified that the state prefers to send an invoice. The payee name and the instructions for submitting the filing fee are

included in the [Filing Fees - Corporate Amendments](#) chart. Submit/upload a copy of the Applicant Company's check. For electronic filings, checks will need to be mailed directly to the application state. Include a copy of the completed Checklist for reference to the electronic application tracking number. Please note that due to [retaliatory statutes](#), the ultimate amount of fees in any state may be more than the amount indicated in the chart.

3. Articles of Incorporation - Item 3 of the application

Indicate the location of the language within the Articles of Incorporation that allows the Applicant Company to write this line (e.g., page number, section number, etc., of the Articles of Incorporation). In addition:

- If the Articles of Incorporation have changed because of this application, file the amended Articles of Incorporation.
- If the Articles of Incorporation most recently filed in the application state have not changed because of this application, do not file the Articles of Incorporation. Simply state that the current Articles of Incorporation are already on file in the application state.

4. Bylaws - Item 4 of the application

The Applicant Company should have previously filed the most current version of their bylaws.

- If the bylaws have changed because of this application, file the amended bylaws.
- If the bylaws most recently filed in the application state have not changed because of this application, do not file the bylaws. Simply state that the current bylaws are already on file in the application state.

5. Minimum Capital and Surplus Requirements - Item 5 of the application

The application will need to show that the Applicant Company meets the state's statutory minimum capital and surplus requirements for the requested amendment to its Certificate of Authority. In some states, the minimum capital and surplus requirements are determined by the classes of insurance that the Applicant Company is requesting authority to transact and the classes of insurance the Applicant Company is authorized to transact in all other jurisdictions. The state will determine the level of surplus required after considering the Applicant Company's product line, operating record and financial condition. Compliance with the statutorily prescribed minimum surplus requirement may not be sufficient for all Applicant Companies. The [Minimum Capital and Surplus Requirements](#) chart identifies the minimum capital and surplus requirements for each Uniform State. This chart also provides a contact person or a link to a state-specific format or RBC requirements and instructions. Submit an explanation of the Applicant Company's compliance with the capital and surplus requirements.

6. Statutory Deposit Requirements - Item 6 of the application

A Statutory Deposit may be required for the requested modification. The [Statutory Deposit Requirements](#) chart provides state-specific requirements and identifies those states that require a Statutory Deposit. Unless otherwise indicated the Statutory Deposit is for the benefit of all policyholders. Please refer to the [Certificate of Compliance and Certificate of Deposit](#)

[Requirements](#) chart for specific requirements for the date of issuance of the Certificate of Deposit ([Form 7](#)) from the date of the application. The Applicant Company should submit the Certificate of Deposit ([Form 7](#)) prepared by the state of domicile. For electronic submissions the domiciliary state can complete the certificates or upload them into the electronic filing. This step must be done in order to check this item on the electronic application Checklist.

7. **Plan of Operation** - Item 7 of the application

The Plan of Operation has three components, a brief narrative, proforma financial statements/projections (Form 13) and a completed Questionnaire ([Form 8C](#)). The narrative should include significant information not captured as a part of the Questionnaire that the Applicant Company submits in support of the application. The proforma is one of three (3) components in the Plan of Operation. The forms are located under the Corporate Amendment tab. There is a proforma for Life, Property/Casualty, Health and Title companies. Provide a company-wide, three-year proforma balance sheet and income statement. The proforma workbook should be the same business type as the financial statement blank filed with the NAIC. For the lines requested, provide three-year premium and loss projections by line of business for the application state. Projections must support all aspects of the proposed Plan of Operation, including reinsurance arrangements and any delegated function agreements. Include the assumptions used to arrive at these projections.

The proforma when applied to the Corporate Amendment application is projected data. As such, the projected amounts need not balance with historical NAIC financial filings. The projected data, however, should be relevant to the Company's history of growth and losses as contemplated by the NAIC *Accounting Practices and Procedures Manual*.

The proforma should be completed by statutory accounting and financial reporting professionals that should be available to answer any questions or concerns from reviewing regulatory staff. The proforma is completed on an annual basis, typically for a three-year time period, however, some state may require five years. The proforma balance sheet should also include the authorized control level amount to calculate the Risk-Based Capital ratio for each projected year. The proforma should start with the first full year of operation that the Applicant Company anticipates actively writing business in the state(s) receiving the application. When preparing a five-year projection, two proforma excel workbooks can be submitted.

The proforma (Form 13) is located in the Forms Section under each application tab on the UCAA website. Submit the narrative and completed proforma and all attachments.

8. **Statutory Memberships** - Item 8 of the application

In some states, the Applicant Company is required to join one or more rating, guarantee or other organizations before transacting insurance. Generally, the Applicant Company's authorized lines of insurance govern statutorily mandated memberships. The [Statutory Membership Requirements](#) chart provides the list of statutory memberships that may be required before transacting insurance. Submit documentation supporting membership application(s), in states where required.

9. Certificate of Compliance - Item 9 of the application

Include a Certificate of Compliance with the application. Please refer to the [Certificate of Compliance and Certificate of Deposit Requirements](#) chart for specific requirements for the date of issuance of the Certificate of Compliance ([Form 6](#)) from the file date of the application. The current domiciliary state must complete the Certificate. The domiciliary state can complete or upload the certificate in the electronic filing.

10. State-Specific Information - Item 10 of the application

Some jurisdictions may have additional requirements that the Applicant Company must meet before the state can amend a Certificate of Authority. Before completing a UCAA Corporate Amendment Application, the Applicant Company should review the listing of requirements on the [State-Specific requirements](#) for the state to which the Applicant Company is applying.

11. Deleting Lines of Business - Item 11 of the application

Complete Section II of [Form 8C](#) (questions 22–25) documenting the following:

- a. Utilizing the information contained in [Form 3](#), list all of the lines of business that the Applicant Company is requesting to delete from its Certificate of Authority.
- b. Provide a detailed explanation for the Applicant Company's request to delete these lines of business.
- c. For each state, indicate the number of policyholders by line of business that will be non-renewed or cancelled if the state approves the Applicant Company's request to delete lines of business.

The UCCA website contains a [Deleting Lines of Business Requirements](#) chart of individual state requirements. Provide documentation that complies with all requirements for removal of lines of business from the Certificate of Authority. The Applicant Company should notify the foreign state(s) if a line of business has been requested to be deleted from their domiciliary state's certificate of authority.

**Corporate Amendments Application Section II
Filing Requirements (Name Change)**

This section provides a guide to understanding the focus of each document of the Corporate Amendment Application. However, documents typically serve multiple purposes. Therefore, it is important that applications be complete.

All documents submitted in support of the application must be current. However, in certain instances, some states have limited latitude to accept older documents. Please review the instructions, state charts and FAQs before [contacting the states individually](#) if there are questions about a specific document.

All forms required for the Corporate Amendment Application are located under the Corporate Amendment Application tab in the [UCAA Forms Section](#).

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8. [Name Approval](#)

1. **Application Form and Attachments** - Item 1 of the application

For hard-copy filings the Applicant Company must submit a completed Checklist ([Form 1C](#)), an original executed Application Form ([Form 2C](#)) and the Applicant Company's original Certificate of Authority or an Affidavit of Lost Certificate of Authority ([Form 15](#)). A cover letter may be included. The Checklist is automatically created in the electronic application

2. **Filing Fee** - Item 2 of the application

Include a filing fee for each application state, unless specified that the state prefers to send an invoice. The payee name and the instructions for submitting the filing fee are included in the [Filing Fees - Corporate Amendments](#) chart. Submit a copy of the Applicant Company's check. For electronic filings, checks will need to be mailed directly to the application state. Include a copy of the completed Checklist for reference to the electronic application tracking number. Please note that due to [retaliatory statutes](#), the ultimate amount of fees in any state may be more than the amount indicated in the chart.

3. **Articles of Incorporation** - Item 3 of the application

Indicate the location of the language within the Articles of Incorporation that reflects the new name (e.g., page number, section number, etc., of the Articles of Incorporation). In addition:

- If the Articles of Incorporation have changed because of this application, file the amended Articles of Incorporation.
- If the Articles of Incorporation most recently filed in the application state have not changed because of this application, do not file the Articles of Incorporation. Simply state that the current Articles of Incorporation are already on file in the application state.

4. **Bylaws** - Item 4 of the application

The Applicant Company should have previously filed the most current version of their bylaws.

- If the bylaws have changed because of this application, file the amended bylaws.
- If the bylaws most recently filed in the application state have not changed because of this application, do not file the bylaws. Simply state that the current bylaws are already on file in the application state.

5. Service of Process - Item 5 of the application

Include one original fully executed UCAA Service of Process ([Form 12](#)) or see [state-specific requirements](#).

6. State of Domicile Approval (Foreign Insurers Only) - Item 6 of the application

Provide a copy of the name change approval from the Applicant Company's state of domicile.

7. State-Specific Information - Item 7 of the application

Some jurisdictions may have additional requirements that the Applicant Company must meet before the state can amend a Certificate of Authority. Before completing a UCAA Corporate Amendment Application, the Applicant Company should review a listing of requirements for the state to which the Applicant Company is applying. [State-specific requirements](#) are located on the UCAA website.

8. Name Approval - Item 8 of the application

Each state has different guidelines and procedures for name approval. The [Name Approval Requirements](#) chart is intended to serve as a guide for the various name approval requirements of each Uniform State. The Applicant Company should check with each state separately to ensure compliance with all applicable name approval requirements. Where applicable, submit evidence of the name approval request.

The Applicant Company must notify the NAIC once the domiciliary state approves the name change prior to preparation of the electronic application. Email approval to: jheinz@naic.org.

Corporate Amendments Application Section III Filing Requirements (Redomestication of a Foreign Insurer)

This section provides a guide to understanding the focus of each document of the Corporate Amendment Application. However, documents typically serve multiple purposes. Therefore, it is important that applications be complete.

All documents submitted in support of the application must be current. However, in certain instances, some states have limited latitude to accept older documents. Please review the instructions, charts and FAQs prior to [contacting the states individually](#) if there are questions about a specific document.

All forms required for the Corporate Amendment Application are located under the Corporate Amendment Application tab in the [UCAA Forms Section](#).

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2. [Filing Fee](#)
3. [Articles of Incorporation](#)
4. [Bylaws](#)

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6. [Service of Process](#)
7. [State of Domicile Approval \(Foreign Insurers Only\)](#)
8. [State-Specific Information](#)

1. Application Form and Attachments - Item 1 of the application

For hard-copy filings submit a completed Checklist ([Form 1C](#)), and an original executed Application ([Form 2C](#)) and the Applicant Company's original Certificate of Authority or an Affidavit of Lost Certificate of Authority ([Form 15](#)) as Item 1 of the application. A cover letter may be included. The Checklist is automatically created in the electronic application.

2. Filing Fee - Item 2 of the application

Include a filing fee for each application state. The payee name and the instructions for submitting the filing fee are included in the [Filing Fees - Corporate Amendments](#) chart. Submit a copy of the Applicant Company's check. For electronic filings, checks will need to be mailed directly to the application state. Include a copy of the completed Checklist for reference to the electronic application tracking number. Please note that due to [retaliatory statutes](#), the ultimate amount of fees in any state may be more than the amount indicated in the chart.

3. Articles of Incorporation - Item 3 of the application

Indicate the location of the language within the Articles of Incorporation that reflects the redomestication (e.g., page number, section number, etc., of the Articles of Incorporation). In addition:

- If the Articles of Incorporation have changed because of this application, file the amended Articles of Incorporation.
- If the Articles of Incorporation most recently filed in the application state have not changed because of this application, do not file the Articles of Incorporation. Simply state that the current Articles of Incorporation are already on file in the application state.

4. Bylaws - Item 4 of the application

The Applicant Company should have previously filed the most current version of their bylaws.

- If the bylaws have changed because of this application, file the amended bylaws.
- If the bylaws most recently filed in the application state have not changed because of this application, do not file the bylaws. Simply state that the current bylaws are already on file in the application state.

5. Statutory Deposit Requirements - Item 5 of the application

A Statutory Deposit may be required for the requested modification. The [Statutory Deposit Requirements](#) chart provides state-specific requirements and identifies those states that require a Statutory Deposit. Unless otherwise indicated the Statutory Deposit is for the benefit of all policyholders. Please refer to the [Certificate of Compliance and Certificate of Deposit](#)

[Requirements](#) chart for specific requirements for the date of issuance of the Certificate of Deposit ([Form 7](#)) from the file date of the application. The Applicant Company should submit the Certificate of Deposit ([Form 7](#)) prepared by its state of domicile. For electronic submissions, the domiciliary state should complete or upload the certificates in the electronic filing to complete the electronic Checklist.

6. Service of Process - Item 6 of the application

Include one original fully executed UCAA Service of Process form ([Form 12](#)) or [state-specific requirements](#).

7. State of Domicile Approval - Item 7 of the application

Provide a copy of the redomestication approval from the Applicant Company's state of domicile. The Applicant Company must notify the NAIC once the domiciliary state approves the redomestication prior to preparation of the electronic application. Email approval to: jheinz@naic.org.

8. State-Specific Information - Item 8 of the application

Some jurisdictions may have additional requirements that the Applicant Company must meet before the state can amend a Certificate of Authority. Before completing a UCAA Corporate Amendment Application, the Applicant Company should review the [State-Specific Requirements](#) for the application state.

**Corporate Amendments Application Section IV
Filing Requirements (Change of Statutory Home Office Address)**

This section provides a guide to understanding the focus of each document of the Corporate Amendment Application. However, documents typically serve multiple purposes. Therefore, it is important that applications be complete.

All documents submitted in support of the application must be current. However, in certain instances, some states have limited latitude to accept older documents. Please review the instructions, state charts and FAQs prior to [contacting the states individually](#) if there are questions about a specific document.

All forms required for the Corporate Amendment Application are located under the Corporate Amendment Application tab in the [UCAA Forms Section](#).

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6. [State of Domicile Approval \(Foreign Insurers Only\)](#)
7. [State-Specific Information](#)

1. Application Form and Attachments - Item 1 of the application

For hard-copy filings the Applicant Company must submit a completed Checklist ([Form 1C](#)), and an original executed Application ([Form 2C](#)) and the Applicant Company's original Certificate of Authority or an Affidavit of Lost Certificate of Authority ([Form 15](#)), if required as Item 1 of the application. A cover letter may be included. The Checklist is automatically created for electronic filings.

2. Filing Fee - Item 2 of the application.

The application will need to include a filing fee for the application state. The payee name and the instructions for submitting the filing fee are included in the [Filing Fees - Corporate Amendments](#) chart. Submit a copy of the Applicant Company's check. For electronic filings, checks will need to be mailed directly to the application state. Include a copy of the completed Checklist for reference to the electronic application tracking number. Please note that due to [retaliatory statutes](#), the ultimate amount of fees in any state may be more than the amount indicated in the chart.

3. Articles of Incorporation - Item 3 of the application

Indicate the location of the language within the Articles of Incorporation that reflects the change of statutory home office address (e.g., page number, section number, etc., of the Articles of Incorporation). In addition:

- If the Articles of Incorporation have changed because of this application, file the amended Articles of Incorporation.
- If the Articles of Incorporation most recently filed in the application state have not changed because of this application, do not file the Articles of Incorporation. Simply state that the current Articles of Incorporation are already on file in the application state.

4. Bylaws - Item 4 of the application

The Applicant Company should have previously filed the most current version of their bylaws.

- If the bylaws have changed because of this application, file the amended bylaws.
- If the bylaws most recently filed in the application state have not changed because of this application, do not file the bylaws. Simply state that the current bylaws are already on file in the application state.

5. Service of Process - Item 5 of the application

Include one original fully executed UCAA Service of Process form ([Form 12](#)) or [State-Specific Requirements](#).

6. State of Domicile Approval (Foreign Insurers Only) - Item 6 of the application

Provide a copy of the approval from the Applicant Company's state of domicile.

7. **State-Specific Information** - Item 7 of the application

Some jurisdictions may have [State-Specific Requirements](#) that the Applicant Company must meet before the state can amend a Certificate of Authority. Before completing a UCAA Corporate Amendment Application, the Applicant Company should review a listing of requirements for the application state. Attach a completed Form 14, if contact address information has changed because of this application.

Corporate Amendments Application Section V Filing Requirements (Merger of Two or More Foreign Insurers)

This section provides a guide to understanding the focus of each document of the Corporate Amendment Application. However, documents typically serve multiple purposes. Therefore, it is important that applications be complete.

All documents submitted in support of the application must be current. However, in certain instances, some states have limited latitude to accept older documents. Please review the instructions, charts and FAQs prior to [contacting the states individually](#) if there are questions about a specific document.

Please read the following Instructions before proceeding in completing Corporate Amendment Application Section V. Section V may not be applicable.

Instructions

The Corporate Amendment Application Section V is for notifying the states that a merger involving one or more licensed companies is taking place. Section V provides for submission of the information on the surviving Applicant Company that changed due to the merger and the surrender of any certificates of authority for non-surviving companies if applicable. Section V is not applicable for filing in a state if either insurer involved in the merger is a domestic insurer in that state. If an insurer that is party to the merger has a license in California, then do not submit a UCAA Corporate Amendment Section V to California, as it has a state application for prior consent of a merger involving a licensed insurer.

For each admitted state for any one of the merging companies, please proceed through the steps given below to determine the appropriate filing for the situation in each state. The steps may result in one Corporate Amendment filing going to several states to report the merger and a Corporate Amendment filing to add lines of business if the surviving entity is not currently authorized to transact a line of business absorbed by the non-surviving entity. That filing would include corporate documents that changed due to the merger, if any, and surrender of the non-surviving company's Certificate of Authority if applicable. In some cases, the Applicant Company may need to submit the UCAA expansion application to some states to obtain a license that allows the surviving insurance company to operate, review the [Seasoning Requirements chart](#) for those states.

Step One:

For each state consider the following:

1. Is the surviving insurer licensed as a foreign insurer in the state?
2. Is the non-surviving insurer licensed as a foreign insurer in the state?

If the answer to both questions is “yes,” then proceed to Step Two.

If the answer to both questions is “no,” then no filing in the state is required. Do not complete the UCAA Corporate Amendment Application. In order to conduct business in the state post-merger, the surviving insurer will need to complete the UCAA Expansion Application located on the UCAA website.

If the answer to question one is “yes” and the answer to question two is “no,” then go to Step Two. If the answer to question one is “no” the surviving insurer is not currently authorized as a foreign insurer in the state, then go to Step Three.

Step Two:

For the authorized surviving Applicant Company:

1. Are the authorized lines of business aligned for the merged companies?
2. Is the surviving Applicant Company currently authorized to write all of these lines of business, including variable products, in the state, formerly conducted by the non-survivor?

If the answer to questions 1 and 2 is “yes,” then complete Section V of the UCAA Corporate Amendment Application.

If the answer to either question is “no,” then review and complete both Section V and Section I of the UCAA Corporate Amendment Application located on the UCAA website to add those lines that the Surviving Applicant Company is not currently authorized to transact in the state. For additional guidance please refer to the [UCAA FAQs – General](#).

Step Three:

If the instructions directed the Applicant Company to this step, then the surviving Applicant Company is not currently authorized to conduct business in the state. In order to conduct business in the state, the surviving Applicant Company must complete the UCAA Expansion Application and request authorization for all lines it will be transacting in the state, post-merger. For further information and clarification, review the [Seasoning Requirements chart](#) prior to contacting the individual listed as the expansion application contact on the [Address and Contact Information chart](#).

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9. [NAIC Biographical Affidavits](#)

10. [Service of Process](#)
11. [State of Domicile Approval](#)
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1. Application Form and Attachments - Item 1 of the application

For hard-copy filings the Applicant Company must submit a completed Checklist ([Form 1C](#)), an original executed Application ([Form 2C](#)) and the Applicant Company's original Certificate of Authority or an Affidavit of Lost Certificate of Authority ([Form 15](#)) as Item 1 of the application. A cover letter may be included. For electronic submissions the Checklist is completed automatically.

2. Filing Fee - Item 2 of the application

The application will need to include a filing fee for the state to which the Applicant Company is submitting. The payee name and the instructions for submitting the filing fee are included in the [Filing Fees - Corporate Amendments](#) chart. Include a copy of the Applicant Company's check. For electronic filings, checks will need to be mailed directly to the application state. Include a copy of the completed Checklist for reference to the electronic application tracking number. Please note that due to [retaliatory statutes](#), the ultimate amount of fees in any state may be more than the amount indicated in the chart.

3. Articles of Incorporation /Articles of Merger - Item 3 of the application

Indicate the location of the language within the Articles of Incorporation of the surviving Applicant Company that reflects the merger (e.g., page number, section number, etc., of the Articles of Incorporation). In addition:

- If the Articles have changed because of this application, then file the amended Articles of Incorporation.
- If the Articles of Incorporation most recently filed in the application state have not changed because of this application, then do not file the Articles of Incorporation. Simply state that the current Articles of Incorporation are already on file in the application state.

4. Bylaws - Item 4 of the application

The surviving Applicant Company should have previously filed the most current version of their bylaws.

- If the bylaws have changed because of this application, then file the amended bylaws.
- If the bylaws most recently filed in the application state have not changed because of this application, then do not file the bylaws. Simply state that the current bylaws are already on file in the application state.

5. Minimum Capital and Surplus Requirements - Item 5 of the application

The application will need to show that subsequent to the merger, the Applicant Company meets the state's statutory minimum capital and surplus requirements for the requested amendment to its

Certificate of Authority. Submit an explanation of how the Applicant Company complies with the capital and surplus requirements. In some states, the minimum capital and surplus requirements are determined by the classes of insurance that the Applicant Company is requesting authority to transact and the classes of insurance the Applicant Company is authorized to transact in all other jurisdictions. The level of surplus required will be determined after considering the Applicant Company's product line, operating record and financial condition. Compliance with the statutorily prescribed minimum surplus requirement may not be sufficient for all Applicant Companies. The [Minimum Capital and Surplus Requirements](#) chart identifies the minimum capital and surplus requirements for each Uniform State. This chart also provides a contact person or a link to a state-specific format or RBC requirements and instructions.

6. **Statutory Deposit Requirements** - Item 6 of the application

A Statutory Deposit may be required for the requested Corporate Amendment. The [Statutory Deposit Requirements](#) chart provides state-specific requirements and identifies those states that require a Statutory Deposit. Unless otherwise indicated the Statutory Deposit is for the benefit of all policyholders. Please refer to the [Certificate of Compliance and Certificate of Deposit Requirements](#) chart for specific requirements for the date of issuance of the Certificate of Deposit ([Form 7](#)) from the file date of the application. The Applicant Company should submit the Certificate of Deposit ([Form 7](#)) prepared by its state of domicile. For electronic submission, the domiciliary state may complete or upload the certificates directly in the electronic filing to complete the application Checklist.

7. **Plan of Operation** - Item 7 of the application

If the business plan of the surviving Applicant Company will change because of the merger, submit a Plan of Operation; otherwise, a statement that the business plan will not change will suffice. The Plan of Operation for a merger application contains two components, a brief narrative and proforma financial statements/projections (Form 13). The narrative should include significant information in support of the application. Projections must support all aspects of the proposed plan of operation, including reinsurance arrangements and any delegated function agreements. Include the assumptions used to arrive at these projections. The proforma is one of two (2) components in the Plan of Operation for a Corporate Amendment merger of two or more foreign insurers application. The forms are located under the Corporate Amendment tab. There is a proforma for life, property/casualty, health and title companies. Provide a company-wide, three-year proforma balance sheet and income statement. The proforma workbook should be the same business type as the financial statement blank filed with the NAIC. For the lines requested, provide three-year premium and loss projections by line of business for the application state. Projections must support all aspects of the proposed Plan of Operation, including reinsurance arrangements and any delegated function agreements. Include the assumptions used to arrive at these projections.

The proforma when applied to the Corporate Amendment application is projected data. As such, the projected amounts need not balance with historical NAIC financial filings. The projected data, however, should be relevant to the Company's history of growth and losses as contemplated by the NAIC *Accounting Practices and Procedures Manual*. The proforma balance sheet should also include the authorized control level amount to calculate the Risk-Based Capital ratio for each projected year.

The proforma should be completed by statutory accounting and financial reporting professionals that should be available to answer any questions or concerns from reviewing regulatory staff. The proforma is completed on an annual basis, typically for a three-year time period, however, some state may require five years. The proforma balance sheet should also include the authorized control level amount to calculate the Risk-Based Capital ratio for each projected year. The proforma should start with the first full year of operations that the Applicant Company anticipates actively writing business in the state(s) receiving the application. When preparing a five-year projection, two proforma excel workbooks can be submitted.

The proforma (Form 13) is located in the Forms Section under each application tab on the UCAA website. Submit the narrative and completed proforma and all attachments.

8. Statutory Memberships - Item 8 of the application

In some states, the Applicant Company is required to join one or more rating, guaranty or other organizations before transacting insurance. Generally, the Applicant Company's authorized lines of insurance govern statutorily mandated memberships. The [Statutory Membership Requirements](#) chart provides a list of statutory memberships that may be required before transacting business. Submit documentation supporting membership application(s), in states where required.

9. NAIC Biographical Affidavits - Item 9 of the application

- A. The Applicant Company is required to submit an NAIC Biographical Affidavit ([Form 11](#)) in connection with pending or future application(s) for licensure or a permit to organize with a department of insurance in one or more states. The Applicant Company must submit an NAIC Biographical Affidavit on behalf of all officers, directors and key managerial personnel of the Applicant Company and individuals with a ten percent (10%), or more, beneficial ownership in the Applicant Company or the Applicant Company's ultimate controlling person (Affiant), if the information currently on file with the regulator is not current. Individuals with ten percent (10%) or more beneficial ownership in the Applicant Company or Applicant Company's ultimate controlling person who do not file a biographical affidavit should file a copy of the Disclaimer of Control and approval from the domiciliary regulator.
- B. The UCAA defines "Independent Third-Party" as:
- (i) A consumer reporting agency ("CRA") overseen by the Federal Trade Commission ("FTC") and, therefore, subject to the FCRA, which have been vetted and is currently on the approved list;
 - (ii) Has the ability to perform international background investigations; and
 - (iii) One whose officers and directors have no material affiliation with the Applicant Company other than stock ownership amounting to less than one percent (1%) of total stock outstanding, unless prior approval is given by the department of insurance to which application is being made.
- C. The NAIC Biographical Affidavit requests information with respect to the Affiant's employment history, education, personal information and character. The NAIC Biographical Affidavit also includes the Disclosure and Authorization Concerning Background Reports (the "Disclosure & Authorization Form"). The signature of the

Affiant on the Disclosure & Authorization Form permits an Independent Third-Vendor to conduct an independent third-party verification on the Affiant.

- D. The NAIC Biographical Affidavit includes three types of the Disclosure & Authorization Forms. There are three different Disclosure & Authorization Forms since certain state laws, regulations and rules require different kinds of disclosures and wording within such form. An Affiant must sign the corresponding Disclosure & Authorization Form(s) for the respective state(s) where the Affiant has lived or worked within the last ten (10) years. Refer to the Disclosure & Authorization Forms for further information.
- E. The NAIC Biographical Affidavit is used to evaluate the suitability, competency, character and integrity of the Affiant in connection with an Applicant Company's pending or future application(s) for licensure or a permit to organize with a department of insurance in one or more states.

The Independent Third-Party uses information contained in the NAIC Biographical Affidavit as a tool to perform an independent third-party verification to determine an individual's fitness and propriety. The independent third-party verification may contain information bearing on the Affiant's character, general reputation, personal characteristics, mode of living and credit standing (if required by the state). The Independent Third-Party Vendors shall use the independent third-party verification to create a background report (the "Background Report").

- F. The Disclosure & Authorization Form is valid for a maximum of six months. Additionally, an Affiant may revoke the authorization at any time by delivering a written revocation to the Applicant Company. Refer to the Disclosure & Authorization Form for further information.
- G. The Background Reports are subject to the Fair Credit Reporting Act ("FCRA"). Pursuant to FCRA, the state departments of insurance and an Applicant Company who is seeking admission are "users" of consumer reports. The FCRA requires that the Applicant Company provide the Affiant with a copy of the "Summary of Your Rights Under the Fair Credit Reporting Act." The Applicant Company should provide a copy of the "Summary of Your Rights under the Fair Credit Reporting Act" to each Affiant. This summary can be found at the Federal Trade Commission (FTC) [website](#). Background Reports are valid for six months from the signature date of the affidavit. Any alteration to the original biographical affidavit or updated signature will require a newly prepared background report.
- H. The Applicant Company and state departments of insurance are required to comply with FCRA, especially as it relates to confidentiality of the information contained in such consumer reports. To the extent required by law, the states and Third-Party Vendors should maintain the Background Reports procured under the Disclosure & Authorization Form as confidential. A copy of FCRA is located [here](#).
- I. The department of insurance in the state where the Applicant Company files, or intends to file and the Applicant Company may require the Background Report. An Affiant, who desires a copy of their Background Report, may request a copy from the Applicant

Company or the CRA as indicated on the Disclosure & Authorization Form. Refer to the Disclosure & Authorization Form for further information.

- J. For those states that require additional background information, such as fingerprints, in place of or in addition to, NAIC Biographical Affidavits, please refer to the appropriate charts for [fingerprints](#) and [processing fees](#) information.

The list of currently approved [Independent Third-Party Vendors for Background Reports](#) is located on the UCAA homepage.

NAIC Biographical Affidavits must be completed on the most **current form** [PDF], in effect at the time the affidavit was signed and the Affiant shall not sign the Affidavits more than six months before the date the Applicant Company files the application. Each question on the biographical affidavit must have a response. If an answer is “None”, then so state. Incomplete biographical affidavits could delay the background investigation report and result in a delay of the application review by the state.

Submit original Biographical Affidavits that contain the Disclosure & Authorization Form to the state department(s) of insurance.

10. Uniform Consent to Service of Process - Item 10 of the application

If the merger affects any of the information captured on the Uniform Consent to Service of Process and the Resolution Authorizing Appointment of Attorney ([Form 12](#)), submit one original fully executed Uniform Consent to Service of Process form or the appropriate state-specific form.

11. State of Domicile Approval - Item 11 of the application

Provide a copy of the approval from the Applicant Company’s state of domicile, including a copy of the Merger Agreement, and sample Assumption Certificate, if any.

The Applicant Company must notify the NAIC once the domiciliary state approves the merger prior to preparation of the electronic application. Email approval to: jheinz@naic.org.

12. State-Specific Information - Item 12 of the application

Some jurisdictions may have additional requirements that the Applicant Company must meet before the state can amend the Certificate of Authority. Before completing a UCAA Corporate Amendment Application, the Applicant Company should review a listing of [State-Specific requirements](#) for the application state.

**Corporate Amendments Application Section VI
Filing Requirements (Proposed/Completed Change of Control of Foreign Insurers)**

This section provides a guide to understanding the main focus of each document of the Corporate Amendment Application. However, documents are typically used for multiple purposes. Therefore, it is important that applications be complete.

All documents submitted in support of the application must be current. However, in certain instances, some states have limited latitude to accept older documents. Please [contact the states individually](#) if there are questions about a specific document.

All forms required for the Corporate Amendment Application are located under the Corporate Amendment Application tab in the [UCAA Forms Section](#) in the Forms section on the UCAA website.

Please read the following Instructions before in completing Corporate Amendment Application Section VI.

Instructions

The Corporate Amendment Application Section VI provides for submission of proposed change of control transaction information (proposed transaction) and a second filing of actual information after the change of control is complete (completed transaction). Section VI is not applicable for filing in a state if the insurer is a domestic insurer in that state.

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7. [Uniform Consent to Service of Process](#)
8. [State of Domicile Approval](#)
9. [State-Specific Information](#)

1. **Application Form and Attachments** - Item 1 of the application

For hard-copy filings a completed Checklist ([Form 1C](#)), and an original executed application ([Form 2C](#)) must be submitted as Item 1 of the application for a proposed transaction and again for a completed transaction. Include the previous and new group code if applicable. All forms for the Corporate Amendment Application are located in the Forms section on the UCAA website. A cover letter may be included.

2. **Filing Fee** - Item 2 of the application

The application may need to include a filing fee for the state to which the Applicant Company is submitting. The payee name and the instructions for submitting the filing fee are located in the [Filing Fees - Corporate Amendments](#) chart. Submit a copy of the Applicant Company's check. For electronic filings, checks will need to be mailed directly to the application state. Include a copy of the completed Checklist for reference to the electronic application tracking number. Please note that due to [retaliatory statutes](#), the ultimate amount of fees in any state may be more than the amount indicated in the chart.

3. **Articles of Incorporation** - Item 3 of the application

Indicate the location of the language within the Articles of Incorporation that reflects the change of city (e.g., page number, section number, etc., of the Articles of Incorporation). In addition:

- If the Articles of Incorporation have changed as a result of the change of control, file the amended Articles.
- If the Articles of Incorporation most recently filed in the application state have not changed because of this application, do not file the Articles of Incorporation. Simply state that the current articles are already on file in the application state.

4. **Bylaws** - Item 4 of the application

The Applicant Company should have previously filed the most current version of their bylaws.

- If the bylaws have changed because of this application, file the amended bylaws.
- If the bylaws most recently filed in the application state have not changed because of this application, do not file the bylaws. Simply state that the current bylaws are already on file in the application state.

5. **Plan of Operation** - Item 5 of the application

If the business plan of the Applicant Company will change as a result of the change of control transaction, a plan of operation must be submitted; otherwise, a statement that the business plan will not change will suffice. The plan of operation is made up of two components; a brief narrative and proforma financial statements/projections (Form 13). The narrative should include significant information in support of the application. The proforma is one of two (2) components in the Plan of Operation for a change of control of foreign insurer application. The forms are located on the UCAA website under the Corporate Amendment tab. There is a proforma for life, property/casualty, health and title companies. Provide a company-wide, three-year proforma balance sheet and income statement. The proforma workbook should be the same business type as the financial statement blank filed with the NAIC. For the lines of business requested, provide three-year premium and loss projections by line for the application state. Projections must support all aspects of the proposed Plan of Operation, including reinsurance arrangements and any delegated function agreements. Include the assumptions used to arrive at these projections.

The proforma when applied to the Corporate Amendment application is projected data. As such, the projected amounts need not balance with historical NAIC financial filings. The projected data, however, should be relevant to the Company's history of growth and losses as contemplated by the NAIC *Accounting Practices and Procedures Manual*. The proforma balance sheet should also include the authorized control level amount to calculate the Risk-Based Capital ratio for each projected year.

The proforma should be completed by statutory accounting and financial reporting professionals that should be available to answer any questions or concerns from reviewing regulatory staff. The proforma is completed on an annual basis, typically for a three-year time period, however, some state may require five years. The proforma balance sheet should also include the authorized control level amount to calculate the Risk-Based Capital ratio for each projected year. The proforma

should start with the first full year of operations that the Applicant Company anticipates actively writing business in the state(s) receiving the application. When preparing a five-year projection, two proforma excel workbooks can be submitted.

The proforma (Form 13) is located in the Forms Section under each application tab on the UCAA website. Submit the narrative and completed proforma and all attachments.

6. NAIC Biographical Affidavits - Item 6 of the application

- A. The Applicant Company is required to submit an NAIC Biographical Affidavit ([Form 11](#)) in connection with pending or future application(s) for licensure or a permit to organize with a department of insurance in one or more states. The Applicant Company must submit an NAIC Biographical Affidavit on behalf of all officers, directors and key managerial personnel of the Applicant Company and individuals with a ten percent (10%), or more, beneficial ownership in the Applicant Company or the Applicant Company's ultimate controlling person (Affiant), if the information currently on file with the regulator is not current. Individuals with ten percent (10%) or more beneficial ownership in the Applicant Company or Applicant Company's ultimate controlling person who do not file a biographical affidavit should file a copy of the Disclaimer of Control and approval from the domiciliary regulator.
- B. The UCAA defines "Independent Third-Party" as:
- (i) A consumer reporting agency ("CRA") overseen by the Federal Trade Commission ("FTC") and, therefore, subject to the FCRA, which have been vetted and is currently on the approved list;
 - (ii) Has the ability to perform international background investigations; and
 - (iii) One whose officers and directors have no material affiliation with the Applicant Company other than stock ownership amounting to less than one percent (1%) of total stock outstanding, unless prior approval is given by the department of insurance to which application is being made.
- C. The NAIC Biographical Affidavit requests information with respect to your employment history, education, personal information and character. The NAIC Biographical Affidavit also includes the Disclosure and Authorization Concerning Background Reports (the "Disclosure & Authorization Form"). The signature of the Affiant on the Disclosure & Authorization Form permits an Independent Third-Party to conduct an independent third-party verification on the Affiant.
- D. The NAIC Biographical Affidavit includes three types of the Disclosure & Authorization Form. There are three different Disclosure & Authorization Forms since certain state laws, regulations and rules require different kinds of disclosures and wording within such form. An Affiant must sign the corresponding Disclosure & Authorization Form(s) for the respective state(s) where the Affiant has lived or worked within the last ten (10) years. Refer to the Disclosure & Authorization Forms for further information.
- E. The NAIC Biographical Affidavit is used to evaluate the suitability, competency, character and integrity of the Affiant in connection with an Applicant Company's pending or future

application(s) for licensure or a permit to organize with a department of insurance in one or more states.

The Independent Third-Party uses information contained in the NAIC Biographical Affidavit as a tool to perform an independent third-party verification to determine an individual's fitness and propriety. The independent third-party verification may contain information bearing on the Affiant's character, general reputation, personal characteristics, mode of living and credit standing (if required by the state). The Independent Third-Party Vendors shall use the independent third-party verification to create a background report (the "Background Report").

- F. The Disclosure & Authorization Form is valid for a maximum of six months. Additionally, an Affiant may revoke the authorization at any time by delivering a written revocation to the Applicant Company. Refer to the Disclosure & Authorization Form for further information.
- G. The Background Reports are subject to the Fair Credit Reporting Act ("FCRA"). Pursuant to FCRA, the state departments of insurance and an Applicant Company who is seeking admission are "users" of consumer reports. The FCRA requires that the Applicant Company provide the Affiant with a copy of the "Summary of Your Rights Under the Fair Credit Reporting Act." The Applicant Company should provide a copy of the "Summary of Your Rights under the Fair Credit Reporting Act" to each Affiant. This summary can be found at the Federal Trade Commission (FTC) [website](#). Background Reports are valid for six months from the signature date of the affidavit. Any alteration to the original biographical affidavit or updated signature will require a newly prepared background report.
- H. The Applicant Company and state departments of insurance are required to comply with the FCRA, especially as it relates to confidentiality of the information contained in such consumer reports. To the extent required by law, the states and Independent Third-Party Vendors should maintain the Background Reports procured under the Disclosure & Authorization Form as confidential. A copy of the FCRA is located [here](#).
- I. The department of insurance in the state where the Applicant Company files, or intends to file, an application and the Applicant Company may require the Background Report. An Affiant who desires a copy of their Background Report may request a copy from the Applicant Company or the CRA as indicated on the Disclosure & Authorization Form. Refer to the Disclosure & Authorization Form for further information.
- J. Please check state requirements for those states that require additional background information, such as fingerprints, in place of, or in addition to, NAIC Biographical Affidavits. If applying in one of those states, necessary [fingerprints](#) and [processing fees](#) should be included.

Refer to the UCAA website for a list of currently approved [Independent Third-Party Vendors for Background Reports](#).

NAIC Biographical Affidavits must be completed on the most **current form** [PDF], in effect at the time the affidavit was signed and the Affiant shall not sign the Affidavits more than six months

before the date the Applicant Company files the application. Each question on the biographical affidavit must have a response. If an answer is “None”, then so state. Incomplete biographical affidavits could delay the background investigation report and result in a delay of the application review by the state.

Submit original Biographical Affidavits that contain the Disclosure & Authorization Form to the state department(s) of insurance.

7. Uniform Consent to Service of Process - Item 7 of the application

If there are in effect changes to information captured on the Uniform Consent to Service of Process and the Resolution Authorizing Appointment of Attorney ([Form 12](#)), submit one original fully executed Uniform Consent to Service of Process form ([Form 12](#)) or the appropriate state-specific form for these states: California, Massachusetts, Virginia and Wisconsin. Pennsylvania does not accept Service of Process and does not require Form 12. Include as Item 7 of the proposed transaction or completed transaction application.

If the most recently filed (in the state in which application is being made) Uniform Consent to Service of Process form ([Form 12](#)) has not changed, do not file the form. Simply state that the current information is already on file in the state to which this application relates.

8. State of Domicile Approval - Item 8 of the application

Provide a copy of the approval from the Applicant Company’s state of domicile when the change of control is completed.

The Applicant Company must notify the NAIC once the domiciliary state approves the change of control prior to preparation of the electronic application. Email approval to: jheinz@naic.org.

9. State-Specific Information - Item 9 of the application

Some jurisdictions may have additional requirements that must be met before a proposed change of control can be completed. For example, some states require the filing of a Form E (Pre-Acquisition Notification Form Regarding the Potential Competitive Impact of a Proposed Merger or Acquisition by a Non-Domiciliary Insurer Doing Business in this State or by a Domestic Insurer) at least 30 days before the completion of a change of control transaction. In addition some states may require a Holding Company Act Form B amended statement after completion of the change of control transaction. Before completing a UCAA Corporate Amendment Application, the Applicant Company should review the listing of [State-Specific Requirements](#) for the application state.

**Corporate Amendments Application Section VII
Filing Requirements (Amended Articles of Incorporation)**

This section provides a guide to understanding the main focus of each document of the Corporate Amendment Application. However, documents are typically used for multiple purposes. Therefore, it is important that applications be complete.

This section is intended for submission of amended Articles of Incorporation that are not a result of changes addressed in other areas of the Corporate Amendment Application (e.g., change in number of shares or par value).

All documents submitted in support of the application must be current. However, in certain instances, some states have limited latitude to accept older documents. Please [contact the states individually](#) with questions about a specific document.

All forms required for the Corporate Amendment Application are located under the Corporate Amendment Application tab in the [UCAA Forms Section](#) in Forms section on the UCAA website.

Table of Contents / Filing Requirements

1. [Application Form and Attachments](#)
2. [Filing Fee](#)
3. [Articles of Incorporation](#)
4. [Bylaws](#)
5. [State of Domicile Approval](#)
6. [State-Specific Information](#)

1. **Application Form and Attachments** - Item 1 of the application

For hard-copy filings a completed Checklist ([Form 1C](#)), and an original executed application ([Form 2C](#)) must all be submitted as Item 1 of the application. All forms for the Corporate Amendment Application are located in the Forms section on the UCAA website. A cover letter may be included.

2. **Filing Fee** - Item 2 of the application

The application will need to include a filing fee for the state to which the Applicant Company is submitting. The payee name and the instructions for submitting the filing fee are included in the: [Filing Fees - Corporate Amendments](#) chart on the UCAA website. Submit a copy of the Applicant Company's check. For electronic filings, checks will need to be mailed directly to the application state. Include a copy of the completed Checklist for reference to the electronic application tracking number. Please note that due to [retaliatory statutes](#), the ultimate amount of fees in any state may be more than the amount indicated in the chart.

3. **Articles of Incorporation** - Item 3 of the application.

Indicate the location of the language within the Articles of Incorporation that reflects the change (e.g., page number, section number, etc., of the Articles of Incorporation).

4. **Bylaws** - Item 4 of the application

The Applicant Company should have previously filed the most current version of their bylaws.

- If the bylaws have changed as a result of this application, file the amended bylaws.

- If the most recently filed (in the state in which application is being made) bylaws have not changed as a result of this application, do not file the bylaws. Simply state that the current bylaws are already on file in the state to which this application relates.

5. State of Domicile Approval (Foreign Insurers Only) - Item 5 of the application

Provide a copy of the amended Articles of Incorporation approval from the Applicant Company's state of domicile.

6. State-Specific Information - Item 6 of the application

Some jurisdictions may have additional requirements that must be met before a Certificate of Authority can be amended. Before completing a UCAA Corporate Amendment Application, the Applicant Company should review a listing of requirements for the state(s) in which application is being made.

**Corporate Amendments Application Section VIII
Filing Requirements (Amended Bylaws)**

This section provides a guide to understanding the main focus of each document of the Corporate Amendment Application. However, documents are typically used for multiple purposes. Therefore, it is important that applications be complete.

This section is intended for submission of amended bylaws that are not a result of changes addressed in other areas of the Corporate Amendment Application.

All documents submitted in support of the application must be current. However, in certain instances, some states have limited latitude to accept older documents. Please [contact the states individually](#) with questions about a specific document.

All forms required for the Corporate Amendment Application are located under the Corporate Amendment Application tab in the [UCAA Forms Section](#) on the UCAA website.

Table of Contents /Filing Requirements

1. [Application Form and Attachments](#)
2. [Filing Fee](#)
3. [Bylaws](#)
4. [State of Domicile Approval](#)
5. [State-Specific Information](#)

1. Application Form and Attachments - Item 1 of the application.

For hard-copy filings a completed Checklist ([Form 1C](#)), and an original executed application ([Form 2C](#)) must all be submitted as Item 1 of the application. All forms for the Corporate Amendment Application are located in the Forms section on the UCAA website. A cover letter may be included.

2. Filing Fee - Item 2 of the application

The application will need to include a filing fee for the state to which the Applicant Company is submitting. The payee name and the instructions for submitting the filing fee are included in the [Filing Fees - Corporate Amendments](#) chart on the UCAA website. Submit a copy of the Applicant Company's check. For electronic filings, checks will need to be mailed directly to the application state. Include a copy of the completed Checklist for reference to the electronic application tracking number. Please note that due to [retaliatory statutes](#), the ultimate amount of fees in any state may be more than the amount indicated in the chart.

3. Bylaws - Item 3 of the application

Indicate the location of the language within the bylaws that reflects the change (e.g., page number, section number, etc., of the bylaws).

4. State of Domicile Approval (Foreign Insurers Only) - Item 4 of the application

Provide a copy of the amended bylaws approval from the Applicant Company's state of domicile.

5. State-Specific Information - Item 5 of the application

Some jurisdictions may have additional requirements that must be met before a Certificate of Authority can be amended. Before completing a UCAA Corporate Amendment Application, the Applicant Company should review a list of requirements for the state in which application is being made.

The following applications are considered stand-alone applications.

Corporate Amendments Application Section IX

Filing Requirements (Change of Address/Contact Notification – Electronic Stand-Alone)

This section provides a guide to understanding the focus of each document of the Corporate Amendment Application. However, documents typically serve multiple purposes. Therefore, it is important that applications be complete.

All documents submitted in support of the application must be current. However, in certain instances, some states have limited latitude to accept older documents. Please review the instructions, state charts and FAQs prior to [contacting the states individually](#) if there are questions about a specific document.

All forms required for the Corporate Amendment Application are located under the Corporate Amendment Application tab in the [UCAA Forms Section](#). All Forms are in Excel, Word or Adobe PDF file format.

Please read the following Instructions before proceeding in completing Corporate Amendment Application Section IX.

Instructions

The Applicant Company should complete the Corporate Amendment Application Section IX as a courtesy filing in conjunction with other changes or to notify regulatory officials of address changes or contact person changes applicable to the Applicant Company. For electronic filings, this change is submitted separately (stand-alone).

Table of Contents / Filing Requirements

1. [Application Form and Attachments](#)
2. [State-Specific Information](#)

1. Application Form and Attachments - Item 1 of Application

The Change of Address/Contact Notification is used to update contact information or address information and does not require an approval. Submit a completed Change of Address/Contact Notification ([Form 14](#)).

2. State-Specific Information - Item 2 of Application

Some jurisdictions may have additional requirements that the Applicant Company must meet before the state can amend a Certificate of Authority. Before completing a UCAA Corporate Amendment Application, the Applicant Company should review the [State-specific requirements](#) for the application state. Attach a completed Form 12, Uniform Consent to Service of Process, if the forwarding address has changed because of this application. Include as Item 2 of the application.

Corporate Amendments Application Section X

Filing Requirements (Statement of Withdrawal Complete Surrender of Certificate of Authority)

This section provides a guide to understanding the focus of each document of the Corporate Amendment Application. However, there typically are multiple purposes for documents. Therefore, it is important that applications be complete.

All documents submitted in support of the application must be current. However, in certain instances, some states have limited latitude to accept older documents. Please [contact the states individually](#) with questions about a specific document.

All forms required for the Corporate Amendment Application are located under the Corporate Amendment Application tab in the [UCAA Forms Section](#) on the UCAA website.

Table of Contents/ Filing Requirements

1. [Application Form and Attachments](#)
2. [Filing Fee](#)
3. [Statement of Withdrawal and Attachments](#)
4. [State-Specific Information](#)

1. Application Form and Attachments - Item 1 of the application

The application must identify the reason for withdrawal. For hard-copy filings submit a completed Checklist ([Form 1C](#)), and the original Certificate of Authority or an affidavit of lost Certificate of Authority ([Form 15](#)). All forms for the Corporate Amendment Application are located on the UCAA website. A cover letter may be included.

2. Filing Fee - Item 2 of the application.

The application must include a filing fee for the application state, if required. The payee name and instructions for submitting a filing fee are located in the [Withdrawal Requirements](#) chart located on the UCAA website. Submit a copy of the Applicant Company's check. For electronic filings, the fees should include a copy of the electronic Checklist, which includes the filing's tracking number.

3. Statement of Withdrawal and Attachments - Item 3 of the application

The application must include a completed Statement of Withdrawal ([Form 17](#)).

Include attachments to the Statement of Withdrawal.

4. State-Specific Information - Item 4 of the application

Some jurisdictions may have additional requirements that the Applicant Company must meet before the state can cancel a Certificate of Authority. Before completing a UCAA Corporate Amendment Application, the Applicant Company should review the listing of [State-Specific Requirements](#) for the application state.

**Corporate Amendments Application Section XI
Filing Requirements (Statement of Voluntary Dissolution)**

This section provides a guide to understanding the purpose of completing the statement of voluntary dissolution. This courtesy filing does not require approval but should be provided when the Applicant Company is exiting the marketplace. This form is also available for [Risk Retention Group registrations](#).

This form should be completed by those reporting entities that are ending their existence in all states. The Applicant Company should complete Form 16a or 16b and submit to the domicile state when requesting dissolution or cancellation of the Certificate of Authority and may also be requested by non-domiciliary states when requesting cancellation of the foreign Certificate of Authority. The purpose of the form is to provide information about the status of all foreign Certificates of Authority and any obligations that are still present in those states.

Table of Contents /Filing Requirements/Columns

- [1. List state\(s\) where certificate of authority has been held.](#)
- [2. Approval date for the surrender of the Certificate of Authority.](#)
- [3. Policyholder obligations or contingent liabilities.](#)
- [4. Status of premium taxes, fees and other monetary obligations to the foreign state.](#)
- [5. State deposits, amount and purpose.](#)

1. Certificate of Authority has been held from the states listed below

List each state from which the entity has held a certificate of authority during the last 10 years. Include states where a certificate of authority had been issued and surrendered within the 10-year period. For Risk Retention Groups-list each state from which the entity has registered during the last 10 years. Include states where a registration had been issued and surrendered within the 10-year period.

2. Approval date of surrender of Certificate of Authority by state

Report the date that the state department of insurance approved the surrender or cancellation of the Certificate of Authority in that state. For Risk Retention Groups – report the date of registration cancellation by state.

3. Policyholder obligations or contingent liabilities

Report any kind of obligation that exists on the date of the signature on this form which is related to the policies or contracts issued by the entity or RRG. Include claim obligations, loss adjustment expenses, involuntary reinsurance pool obligations and any other unpaid charges that arise from policies or contracts written in that state or that are expected to arise from the policy or contract activities of the entity or RRG in that state. Estimate the amount if the actual amount is not known.

4. Premium taxes, fees and other monetary obligations owed to the foreign state

Report any other obligations that exist on the date of the signature on this form. Include taxes, fees, assessments, creditor obligations and any other unpaid charges that arise from that state or that are expected to arise from the operations of the entity or RRG in that state. Estimate the amount if the actual amount is not known.

5. State Deposit

Report the amount of any statutory or regulatory deposit that exists in the state on the date of the signature on this form. Explain the reason for the deposit, if known.

Corporate Amendments Application Section XII Filing Requirements (Uniform Consent to Service of Process)

This section provides a guide to understanding the focus of a stand-alone Uniform Consent to Service of Process Application. It is important that the application be complete.

Please [contact the states individually](#) if there are questions about a specific document that is not noted under the state specific instructions on the UCAA website.

The required form for the stand-alone Uniform Consent to Service of Process Application is located under the Corporate Amendment Application tab in the [UCAA Forms Section](#) on the UCAA website. The Form is in Word or Adobe PDF file format. The electronic stand-alone application is located under the [Electronic Application](#) link on the UCAA web site and requires a user ID and password to access.

Please read the following Instructions before proceeding in completing Corporate Amendment Application Section XII.

Instructions

The Applicant Company can complete the Uniform Consent to Service of Process Application as a stand-alone filing or in conjunction with any other Corporate Amendment Application (or via the electronic application) where a service of process form is required to notify regulatory officials of service of process changes to the Applicant Company.

Table of Contents /Filing Requirements

1. [Application Form and Attachments](#)
2. [Filing Fee](#)
3. [State-Specific Information](#)

1. **Uniform Consent to Service of Process Form** - Item 1 of Application

The Uniform Consent to Service of Process is located on the UCAA website. Submit a completed Uniform Consent to Service of Process ([Form 12](#)) or utilize the electronic stand-alone application process.

2. **Filing Fee** - Item 2 of the application

The application will need to include a filing fee if required by the application state. Check the Corporate Amendment Filing Fee chart /Filing Fee Matrix on the UCAA website or contact the application state for filing requirements. If retaliatory, verify fee information via the [State Retaliatory Information](#) link. Submit a copy of the Applicant Company's check. For electronic filings, the fees should include a copy of the electronic Checklist, which includes the filing's tracking number.

3. **State-Specific Information** - Item 3 of the application

Some jurisdictions may have additional requirements that the Applicant Company must meet before the state can accept the amended Consent to Service of Process form. Before completing a UCAA Uniform Consent to Service of Process Application, the Applicant Company should review the listing of [State-Specific Requirements](#) for the application state.



Company Licensing Best Practices Handbook

2023

Revised as of August 14, 2021

The NAIC is the authoritative source for insurance industry information. Our expert solutions support the efforts of regulators, insurers and researchers by providing detailed and comprehensive insurance information. The NAIC offers a wide range of publications in the following categories:

Accounting & Reporting

Information about statutory accounting principles and the procedures necessary for filing financial annual statements and conducting risk-based capital calculations.

Consumer Information

Important answers to common questions about auto, home, health and life insurance — as well as buyer's guides on annuities, long-term care insurance and Medicare supplement plans.

Financial Regulation

Useful handbooks, compliance guides and reports on financial analysis, company licensing, state audit requirements and receiverships.

Legal

Comprehensive collection of NAIC model laws, regulations and guidelines; state laws on insurance topics; and other regulatory guidance on antifraud and consumer privacy.

Market Regulation

Regulatory and industry guidance on market-related issues, including antifraud, product filing requirements, producer licensing and market analysis.

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NAIC member directories, in-depth reporting of state regulatory activities and official historical records of NAIC national meetings and other activities.

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http://www.naic.org//prod_serv_home.htm

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Introduction

NAIC *Company Licensing Best Practices Handbook*

Introduction

BACKGROUND

In conjunction with the NAIC, the various states, as a part of the former Accelerated Licensing Evaluation Review Technique (ALERT) Subgroup, have worked toward the goal of streamlining and achieving uniformity in the insurer licensing process. To that end, a Uniform Certificate of Authority Application (UCAA) was developed by the former Accelerated Licensing Evaluation Review Technique (ALERT) Subgroup and is currently in use. However, the implementation of UCAA requirements and the standards and procedures involved in the reviewing of applications has not proven to be consistent among the members of the NAIC.

The objective of the *Company Licensing Best Practices Handbook* (Best Practices Handbook) is to provide a framework that, while not preempting a state's authority, promotes consistent decisions while reviewing the standardized UCAA and improves the efficiency of the review process. This Best Practices Handbook is not intended to constitute a comprehensive company licensing procedures manual. Each state must assess its ability, within the confines of existing statutes, regulations and resource constraints, to implement the recommendations contained herein.

UCAA INSTRUCTIONS vs. BEST PRACTICES HANDBOOK

The ALERT Subgroup performed a monumental task in bringing order to the various state rules, regulations, requirements and forms facing an applicant. That work is thoroughly documented on the UCAA website. This Best Practices Handbook contains numerous references to the forms and processes described on the UCAA website.

This Best Practices Handbook deals primarily with the qualitative processes involved in reviewing an application. The concepts and recommended processes and procedures described herein were developed through interviews with various state regulatory personnel involved in the company licensing process and a compilation of the observed best practices. During those interviews several "best practices" concepts became evident. They were:

- **LICENSING PROCESSES:** The company licensing function can be viewed in light of its component processes:
 - **Administrative Filings:** Receipt and processing of certain corporate documents that are needed to establish a corporate existence, but are not subject to qualitative review.
 - **Analysis of Current Financial Condition:** Documentation of the current operating condition of the company.
 - **Analysis of Business Plan:** Review of the company's explanation for the proposed expansion and/or change in its operations and how those changes will affect the company's operating condition.

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- **INTERSTATE COMMUNICATION:** The licensing process in many states involved the re-determination of the current financial condition of the company. This information should already be known by the domestic state and can be conveyed to the applicant state. The effort saved by not reanalyzing company condition in the company license process can be used to communicate financial condition information to other states when requested.
- **PRIORITIZATION FRAMEWORK:** Several states incorporated more or less sophisticated prioritization systems as a part of the licensing function. The scope of the financial review may be adjusted based upon the prioritization of the insurer. The resources saved by reducing effort in reviewing companies on the top and bottom of the scale can be better spent performing a more thorough review of those companies where the effect of an expansion or amendment of the business plan is not so easily evident.

In addition to gathering information necessary to evaluate an applicant, the UCAA was developed to incorporate the majority of state's rules, regulations and requirements relative to company licensing. The goals of this Best Practices Handbook are uniformity and efficiency in the review of company licensing applications. In some instances, those goals conflict with filing requirements noted in the UCAA. Therefore, it is acknowledged that there may be inconsistencies between this Best Practices Handbook and any specific state's filing requirements.

DESCRIPTION OF THE BEST PRACTICES HANDBOOK

The Company Licensing Function

This chapter provides an overview of the role of the company licensing function as the initial step in state regulatory oversight. The goals of the company licensing function and the risk-based approach to achieving them are described.

Interstate Communication

This chapter discusses a framework for communication and cooperation between an applicant state, the state of domicile and other stakeholder states (if any).

Best Practices

Conceptual Framework

This chapter presents a risk-based framework for the processes involved in analyzing the application.

Review of Forms

This chapter presents a summation of best practices compiled as guidance relative to the analysis and decision making regarding the application.

NAIC *Company Licensing Best Practices Handbook*

Introduction

Appendix A – The Uniform Certificate of Authority Application (UCAA)

This appendix presents a brief overview of the UCAA and how it is referenced in the “Best Practices: Application Review” chapter.

Appendix B – Use of Electronic Documents

This appendix presents a description of UCAA contents that are available in electronic media.

Appendix C – Review of Electronic Application Coordination and Processing (REACAP)

This appendix presents the criteria for requesting the National Treatment and Coordination (E) Working Group to monitor the timing, technology and substantive issues regarding the insurers’ electronic UCAA filings.

Appendix D – Form A Review Best Practices

This appendix presents a guide for regulatory review and analysis of Form A acquisitions, recognizing that this list may not be comprehensive and not all items will apply to every acquisition.

Appendix E – Speed to Market

This appendix presents the criteria for requesting the National Treatment and Coordination (E) Working Group to monitor the timing and coordination of expansion applications for insurers in good standing with their state of domicile (lead state).

NAIC *Company Licensing Best Practices Handbook*
The Company Licensing Function

The Company Licensing Function

NAIC *Company Licensing Best Practices Handbook* The Company Licensing Function

The company licensing function stands at the threshold of an insurance department's oversight of an applicant's future operations within the state. The function encompasses virtually all areas of regulatory oversight, from solvency surveillance to market conduct, to rates and forms and producers' licensing — and not only within the applicant state insurance department, but also within the insurance department of the domiciliary state. The most difficult stages of regulatory oversight occur at the very beginning and at the very end of an insurer's regulatory life cycle. Never is a more comprehensive understanding of an insurer and its potential for success more critical than when a regulator must grant authority to conduct business and in those even more difficult circumstances when the regulator must withdraw the authority to conduct business.

In developing this Handbook, a great deal of consideration was given to the assessment of risk in the review of a company license application. All of the current NAIC guidance provided to insurance department personnel relative to insurance company surveillance deals with the assessment of risk present in the individual insurers comprising the population to be regulated. That risk, the risk of financial failure or risk of marketplace improprieties is to be measured and graded. Current guidance defines procedures in such a manner that regulators maximize the effectiveness of the surveillance process by concentrating on the areas, or companies, of greatest risk. This approach by its nature, forgoes the idea of "zero" risk. The cost of obtaining zero risk is prohibitive and the effort expended in its pursuit is better spent in other endeavors.

Similarly, regulators involved in reviewing company licensing applications must adhere to the same goals. The review of the company licensing application should be structured so that applicants' risks of financial failure or marketplace impropriety are identified and addressed. Procedures exist in the *Financial Analysis Handbook*, the *Financial Condition Examiners Handbook* and the *Market Regulation Handbook* for monitoring companies subsequent to admission. Company licensing personnel should concentrate on those issues that indicate an applicant may harm the citizens of their state, either through financial failure or marketplace improprieties, as a result of granting or amending a certificate of authority.

Therefore, the procedures described herein represent a departure from the conventional approach to the review of a company license application. In some instances, it is recommended that documents submitted with an application should be subject to minimal review. Those documents, although necessary to establish an applicant as a legal entity, do not provide significant insight into the risk profile of a company. By accepting the risk of a minor compliance violation (that, after all, will still be the subject of ongoing monitoring), the regulator will maximize the effectiveness of their department and better fulfill their responsibilities to the citizens of their state.

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Interstate Communication

Interstate Communication

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INITIATING INTERSTATE COMMUNICATION

The expansion and/or alteration of a company's operations are of equal importance to the regulators in both the expansion states and the domestic state. The results of unsuccessful expansion plans cut across state boundaries — a troubled company is “troubled” in all states. It follows that the analysis of a company's condition and business plan should be accomplished through a coordinated effort. Ultimately, each state operates under its own statutory authority and is responsible for the protection of its own policyholders. Interstate communication and cooperation is not intended to relinquish the authority of any state or to disadvantage any state; rather, it is intended to facilitate efficiencies that will be achieved when applicant states coordinate the company licensing process with all states involved, including, most importantly, the domestic state.

The NAIC Financial Regulation Standards and Accreditation Program requires states to provide for the sharing of otherwise confidential information, administrative or judicial orders, or other action, with other state regulatory officials, provided that those officials are required under their law to maintain its confidentiality. The NAIC “Master Information Sharing and Confidentiality Agreement” allows signatory states to share confidential information with other signatory states. As of this writing, 50 states and the District of Columbia have signed the agreement. Current information can be accessed through the NAIC I-SITE application under StateNet or <https://i-site-state.naic.org/cgi-bin/statenet>.

Prior to submitting an application in a foreign state, the insurer should inform the state of domicile of its plans in the foreign state(s). If the state of domicile holds important concerns regarding the applicant's plans, such concerns should be communicated to the senior financial regulator in the applicant state(s). Similarly, after receipt and an initial review of an application, the applicant state may contact the senior financial regulator in the domiciliary state to open a dialogue regarding the applicant. Preferably, this communication should occur as early in the application process as possible to allow consideration of the information within an appropriate timeframe. The dialogue should include:

- Is the Applicant Company concurrently applying to additional states?
 - If so, contact other states to coordinate information available from the domiciliary state.
 - If so, and the applicant is part of a holding company structure, contact the “Lead State” to coordinate information sharing.
 - If the Applicant Company does the majority of its business in a state other than the domiciliary state, the Applicant Company and domiciliary states may consider communication with a “Key State” as discussed below. However, even if a key state is identified, the domiciliary state will remain the primary regulator.

 - Domiciliary (and key) state's analysis of current condition of the applicant.
 - Has the domiciliary state performed a risk analysis of the applicant?
 - If the risk analysis performed by the domiciliary state is understandable to the applicant state and is substantially similar to the prioritization system defined in this Handbook, the applicant state should consider accepting the analysis in lieu of performing an additional financial analysis of the Applicant Company.
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- Analysis of Business Plan by Applicant State(s)
 - Are the operations described in the business plan consistent with the demonstrated experience and expertise of the Applicant Company?
 - Does the business plan have the potential to significantly alter the condition of the Applicant Company?
 - After consideration of the Applicant Company’s condition, business plan and any other relevant information, has the domiciliary state transmitted any information having a bearing on the application?

LEAD STATE

Lead state(s) or designee assumes the role of coordinator and communication facilitator. The lead state(s) serves as the facilitator and central point of contact for purposes of gathering and distributing information to all regulators involved.

KEY STATE

In some instances other states may have information pertinent to the application. In those instances, a “Key State” may be considered for consultation in addition to the domiciliary state. The Key State may emerge based on the state with the largest premium volume, the state of domicile of the parent of the holding company, or other reasons. The “Key State” should not assume the responsibilities of either the applicant state or the domiciliary state. A “Key State” should be identified solely as an additional source of information regarding the applicant.

COMMUNICATIONS AND THE DOMICILIARY STATE

As previously stated, the Applicant Company should inform the domiciliary state of its plans to file company licensing applications in foreign states. In addition, communications between the applicant state(s) and the insurer may contain information regarding specifics of the applicant state’s marketplace that may significantly impact the insurer’s proposed business plan. The use of the electronic UCAA provides a mechanism for tracking such correspondence. This will allow the domiciliary state to remain cognizant of these communications and the relevant information, while the decision on the expansion remains with the expansion state.

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Interstate Communication

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Best Practices: Conceptual Framework of Processes and Procedures

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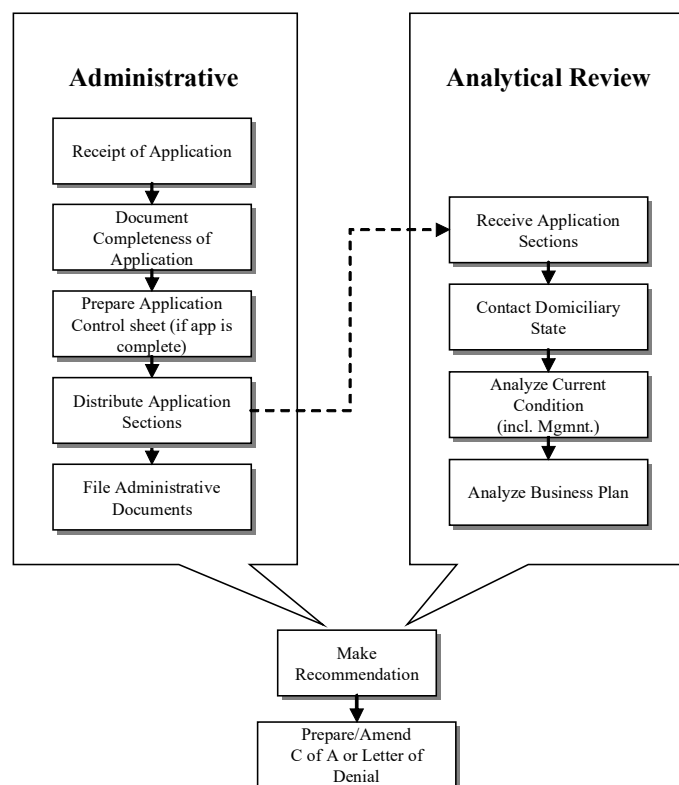
Best Practices: Conceptual Framework of Processes and Procedures

CHAPTER OVERVIEW

This chapter will discuss a framework for the process flows that occur within the Company Licensing Function. The significant procedures within those process flows are discussed in detail, although guidance on the review of specific UCAA forms is contained in the “Best Practices: Application Review” chapter.

COMPONENTS OF THE COMPANY LICENSING FUNCTION

Depending on the type of application, the processing of a company license application can be broken down into one or more of the following components as shown in the graphic below.



Administrative

Coordination: This component begins with the receipt and recording of an application and its supporting documentation. The application should be reviewed to determine that a response exists for all inquiries. Supporting documents should then be reviewed to determine that they are, in fact, responsive to the UCAA requirement. The degree of the completeness and/or responsiveness of the application must be assessed to determine if processing of the application can proceed without further input from the Applicant Company. It is recommended that the state issue a letter to the Applicant Company acknowledging receipt of the application.

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Timeliness: If processing can commence, an “application coordinator” should employ a spreadsheet, database, TeamMate file, or other mechanism (if the application was not received via the NAIC electronic UCAA utility) to record the assignment of application review responsibilities and the progress of the review against the Department or UCAA timelines:

- The Department should have a policy that establishes timing requirements for the review of applications for primary licensure of new companies and redomestications and Form A filings. If not, then the following guidelines are acceptable.
- Fourteen days to review an application for completeness.
- The goal is to notify the Applicant Company of supplemental information required from the Applicant Company within 30 days of applications. However, there may be situations where supplemental information provided requires clarification or a second review of the application requires requesting additional information.
- It should be noted, if additional information is needed to complete the review of an application, the review may also take longer to complete. Once a request for additional information has been made, the 60-day or 90-day goal is suspended until the requested information is received.
- Ninety days to process a primary application. Effective January 1, 2012, company licensing will be part of the accreditation program, Part D of the NAIC Policy Statement on Financial Regulation Standards, which provides that if a state does not have timing requirements in statute or regulation, the state will be expected to meet the 90-day goal for accreditation purposes.
- Sixty days to process all other types of applications.

It is recommended that the state send the company regular correspondence regarding the progress of the application.

Administrative Filing: This component consists of the review and filing of administrative documentation, which, while critical to the establishment of the Applicant Company as an operating business organization, is generally not subject to substantial qualitative analysis. This includes receipt of filing fees, articles of incorporation and bylaws, statutory deposits, membership in mandatory associations, consent to service of process, as well as other state-specific requirements. (See discussion of specific forms in “Best Practices: Application Review” chapter.)

Analytical Review

Analysis of Current Condition: The financial condition and management practices of the Applicant Company must be ascertained to determine they are of sufficient quality to permit the applicant to sell insurance products to the citizens of the state.

Except for a primary application, the analysis of the Applicant Company’s current condition should begin with contact to the domiciliary (and key) state as described in the “Interstate Communications” chapter. Company licensing analysts should confer with financial analysts in the domiciliary (and key) state to determine the overall operating condition of the Applicant Company based on a prioritization system and plan the scope of review activities accordingly.

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Prioritization Framework

The utilization of a prioritization framework is the key to the efficient analysis of an Applicant Company's current condition. *The Financial Analysis Handbook* suggests that domestic insurers be "prioritized" or ranked according to each insurer's "relative stability."

The *Financial Analysis Handbook* provides general guidance regarding the framework, but leaves the determination of specific prioritization metrics up to the domiciliary state. Tools currently available for use in reviewing the financial condition include: Insurance Regulatory Information System (IRIS) ratios, Analyst Team System results and Financial Analysis Solvency Tools (FAST). In addition to the financial review, any market conduct information available from the market analysis chief or collaborative action designee in the state's market analysis department should be considered along with data available in the following market analysis tools and systems that are available on I-SITE: Complaints Database System (CDS), Examination Tracking System (ETS), Market Analysis Profile (MAP), Market Analysis Review System (MARS), Market Initiative Tracking System (MITS), Regulatory Information Retrieval System (RIRS), Market Conduct Annual Statement (MCAS), Producer Database (PDB), and 1033 State Decision Repository (SDR)-Data Entry Tool. The analyst should note any unusual items that translate into financial risks or indicate further review or communication is needed with the insurance department's market analysis staff.

Other initiatives have been undertaken to more specifically define a broad-based system of prioritizing insurers based on operational practices as well as financial condition. During the development of this Handbook, it was noted that several states have developed such holistic models. The use of these models is clearly the best practice for determining the current overall condition of an insurer, and then assigning a prioritization that can be used to determine the appropriate scope of analytical review for a specific application. However, in each case, the specifics of the model are considered confidential.

Therefore, for the purpose of this Handbook, a prioritization framework will be discussed, and the general characteristics of each prioritization category will be described.

Use of Prioritization Framework in Application Review

The use of prioritization in the application review process carries the same risks and benefits inherent in any prioritization evaluation system. The goal of all such systems are to eschew the costly practice of reducing risk to zero, and instead to define a level of acceptable risk. The use of prioritization means that, in some instances, all the documents included with an application will not be reviewed in detail. However, the risk of not reviewing those documents in detail is mitigated by a company's low risk of financial failure and by providing additional time to review the company's business plan.

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During the development of this Handbook, almost all company licensing personnel interviewed indicated that they were able to quickly, even if only informally, identify companies whose applications were likely to be approved. States that utilized prioritization systems were able to more formally document those applicants. Through the use of a formal prioritization system, company licensing analysts can reduce the scope of their review of strong applicants, thus conserving effort better served in the review of marginal applicants. The following guidance provides a recommended scope of review for each prioritization category.

Priority 1

Insurers included in Priority 1 are considered troubled and subject to comprehensive annual and quarterly analysis procedures, detailed considerations outlined with the *Troubled Insurance Company Handbook*, and a significantly elevated level of ongoing regulatory monitoring and oversight. Upon designating an insurer as a Priority 1, the domestic state should follow required procedures for troubled companies in communicating with other state insurance regulators. Insurers prioritized at this level would also be considered priority insurers for accreditation timeliness purposes and should generally be analyzed ahead of Priority 2, Priority 3, and Priority 4 insurers.

Insurers in this group generally are not capable of withstanding even moderate business fluctuations. There may be significant noncompliance with laws and regulations. Risk-management practices are generally unacceptable relative to the insurer's size, complexity and risk profile. Corporate and group structures or framework may be of a nature that is not conducive to effective regulation. Close regulatory attention is required, which means formal action is necessary in most cases to address the problems. Insurers in this group pose a risk to the state guaranty fund. Failure of the insurer is probable if the problems and weaknesses are not satisfactorily addressed and resolved. Priority 1 companies should not be considered for expansion.

Priority 2

Insurers in Priority 2 are – high-priority insurers that are not yet considered troubled but may become so if recent trends or unfavorable metrics are not addressed. High-priority insurers may also include those subject to heightened monitoring for reasons other than financial solvency risks, as determined by the department. Insurers prioritized at this level may be subject to full quarterly analysis procedures and are subject to comprehensive annual analysis and an elevated level of ongoing regulatory monitoring and oversight. Insurers prioritized at this level would also be considered priority insurers for accreditation timeliness purposes and should generally be analyzed ahead of Priority 3 and Priority 4 insurers.

Priority 2 companies are generally not considered good candidates for expansion. However, senior-level department personnel should contact their counterparts in the domiciliary state to determine if there is any reason to perform further analysis in consideration of approval of the application. In certain unique circumstances, based on the line of business offered and the market conditions in the expansion state, it may be appropriate to pursue licensure under heavily monitored criteria.

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Best Practices: Conceptual Framework of Processes and Procedures

These insurers, or their holding company groups, have a combination of moderate to severe weaknesses that may exhibit unsafe and unsound practices or conditions. The insurer is moving toward meeting criteria indicative that it is operating in a manner that is financially hazardous to policyholders and/or the public. They have serious financial or managerial deficiencies that result in unsatisfactory performance and problems are not being satisfactorily addressed or resolved by the board of directors and management.

Priority 3

Insurers in Priority 3 are considered moderate priority insurers that indicate some need for additional monitoring. Insurers prioritized at this level should be subject to comprehensive annual analysis procedures, should generally be analyzed ahead of Priority 4 insurers, and may be subject to an enhanced level of ongoing regulatory monitoring and oversight.

Priority 3 companies present the greatest challenge to the company licensing analyst. They are neither an obvious candidate for approval nor for denial, based on their current overall condition. Insurers in Priority 3 appear fundamentally sound, but may exhibit some degree of regulatory concern in one or more areas. These insurers and their parent and other members of the holding company group are relatively stable, could withstand moderate business fluctuations, and are in substantial compliance with laws and regulations. While the overall, risk-management practices are satisfactory relative to the insurer's size, complexity, and risk profile, these companies exhibit certain notable adverse risk characteristics. There are no current material supervisory concerns and, as a result, the regulatory response is informal and limited. The risk to policyholders and/or guaranty funds is currently viewed as remote, however significant factors exist that may result in financial stress in the longer term.

In this instance the company licensing analyst should re-analyze the financial information provided with the application in order to better understand the exact nature of the Applicant Company's weaknesses. However, it is important that communication between senior-level department personnel in the domiciliary (and key) state remains active. The domiciliary state can provide insight into the resolution of adverse financial or market conduct examination findings and the extent to which the company has remediated the deficiencies. Once the analyst has gained comfort with his/her knowledge of the Applicant Company's current operational condition, the business plan should be diligently reviewed in order to determine whether:

- The Applicant Company has a demonstrated history (e.g., five years) with the lines of business for which it is applying.
 - If the Applicant Company is applying for lines of business for which it has less than five years of history, the analyst should review the business plan to identify, and/or request additional information regarding, key managerial personnel responsible for administering the new lines of business.
- Key personnel have been in place for a sufficient period of time to demonstrate their insurance management expertise.
- The scope of the expanded operations is not imprudent relative to the financial strength of the Applicant Company, its parent and other members of the holding company group. If the expanded operations are in new lines of business, more stringent standards should be applied

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when assessing the potential effect of expanded operations on the condition of the Applicant Company.

- The domiciliary state noted any operational or compliance deficiencies in lines of business similar to those planned for the expanded operations.

Priority 4

Priority 4 are lower priority insurers that do not currently indicate a need for additional monitoring. These insurers should be subject to a basic level of regulatory monitoring and oversight, including annual analysis.

For these companies, the analysts should consider foregoing an in-depth review of information relevant to the Applicant Company's current operating condition (e.g., financial documents included with public records package or the holding company statements). Rather, the company licensing analyst should focus on the quality and assumptions of the business plan to determine whether:

- The Applicant Company has a demonstrated history (e.g., three years) with the lines of business for which it is applying.
 - If the Applicant Company is applying for lines of business for which it has less than three years of history, the analyst should review the business plan to identify, and/or request additional information regarding, key managerial personnel responsible for administering the new lines of business.
- Key personnel have been in place for a sufficient period of time to demonstrate their insurance management expertise.
- The scope of the expanded operations is not imprudent relative to the financial strength of the company and its parent and other members of the holding company group.

Analysis of Business Plan

The Applicant Company's plan for conducting business in new jurisdictions must be evaluated to determine if the plan is consistent with the Applicant Company's demonstrated capabilities and the state's marketplace. Further guidance for the analysis of business plans is included in the "Best Practices: Application Review" chapter.

Intradepartmental Communications

In addition to communications with other jurisdictions, it is important that the company licensing coordinator convey information regarding pending applications to other divisions within the insurance department. The licensing of a new entity or expansion of authority will impact other divisions once the new or amended certificate of authority is issued.

Actuarial: This section should understand the business plan filed with an application in order to adequately monitor any future reserving issues or other actuarial concerns.

Financial Analysis: Once a new or amended certificate of authority has been issued the financial analysis division of the insurance department will assume monitoring responsibilities. The

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financial analysis section should understand the business plan filed with an application in order to monitor future results against that plan.

Market Conduct and/or Analysis (including consumer complaints and enforcement): The Market Conduct/Analysis section should understand the business plan to anticipate any issues and to monitor future results against the plan.

Policy Approval: Although policy forms are not a required component of the company license application, they are one of the most significant indicators of an Applicant Company's actual business intentions. The financial analysis section should coordinate with the policy approval section to monitor policy filings from the newly licensed company to determine that they are consistent with the filed business plan.

Producer Licensing: Similar to policy approval, the appointment of producers must be consistent with the scope of the new company's business plan. The financial analysis section should similarly coordinate with the producer licensing section to monitor producer appointments by the new company.

Timeliness of Review

Perhaps no issue surrounding the company licensing process creates greater interest than that of timeliness. The UCAA website contains suggested guidance for the processing of various types of applications, including interim timelines. Although regulators should not sacrifice an appropriate level of review solely in the pursuit of expediency, it is imperative that every effort be made to adhere to the processing times recommended on the *UCAA website* when reviewing Priority 4 companies:

- Fourteen days to review an application for completeness.
- The goal is to notify the company of supplemental information required from the applicant within 30 days of applications. However, there may be situations where supplemental information provided requires clarification or a second review of the application requires requesting additional information.
- It should be noted, if additional information is needed to complete the review of an application, the review may also take longer to complete. Once a request for additional information has been made, the 60-day or 90-day goal is suspended until the requested information is received.
- Ninety days to process a primary application.
- Sixty days to process all other types of applications.
- Complexities involved with the review of Priority 2 and Priority 3 companies may adversely affect a state's ability to meet these timelines recommendations. Notwithstanding these complexities, the regulator should make all reasonable efforts to maintain timely communication with the applicant companies.

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Best Practices: Application Review

Best Practices: Application Review

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Introduction

In this chapter, recommendations for the review of each type of application are presented. The recommendations are based on the concepts of prioritization framework and interstate communications presented in the previous sections of this Handbook.

Within each application type, the review recommendations are presented in the following format:

- Application Type:
 - Chart Illustrating the UCAA sections of the application.
 - Recommendations for reviewing the “Administrative Filings” sections of an application.
 - Recommendations for reviewing the “Analysis of Current Condition” sections of an application.
 - Depending on the type of application, there may be subsections based on the risk profile of the Applicant Company.
 - Recommendations for reviewing the “Analysis of Business Plan” sections of an application.
 - Depending on the type of application, there may be subsections based on the risk profile of the Applicant Company.

Confidentiality and Safeguarding of Biographical Affidavit Information

The insurance department shall implement a written information security program that includes administrative, technical, and physical safeguards to protect the security and confidentiality of the biographical affidavit, fingerprint card (where applicable), independent third-party background report, and all associated notes, emails or work papers (collectively referred to hereafter as “documents or records”).

Given: (i) the size and complexity of the insurance department and the nature and scope of its activities; (ii) the variations in state laws; and (iii) the sensitive and personal information it maintains, the insurance department is referred to the NAIC *Standards for Safeguarding Customer Information Model Regulation (#673)* for further guidance with respect to an information security program. In addition, the insurance department should be aware that there may be other state-specific and federal laws and regulations regarding record retention and confidentiality, including the federal Fair Credit Reporting Act and the Federal Trade Commission regulations.

The following actions and procedures are recommended to the insurance department in implementing a written information security program.

Administrative Safeguards

- Identify reasonably foreseeable internal or external threats, assess the risk of harm from these threats, and develop and implement written procedures and policies that will safeguard the information and minimize the threats.
- Annually assess the sufficiency of current practices and adjust the written program as necessary to adapt to new threats and technologies.
- Train employees on the policies and procedures developed to safeguard documents or records

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and personal information contained therein. Periodically review the training process and refresh employees on old and new processes. Provide training and training materials relevant to the safeguards to employees outside the company licensing division that may handle a public records request for the documents or records. Educate employees on any state enforcement rules and/or policies regarding their failure to abide by the training they receive.

- Develop procedures to search for Social Security numbers imbedded in licensure or registration numbers provided. Licenses or registrations from prior years may have included Social Security numbers within the number.
- Develop procedures and policies specific to the security of laptops and other portable devices that may contain personal information from the documents or records.
- Prohibit the sale of personal information, including names and addresses of any affiant for any purpose.
- Exercise appropriate due diligence in selecting service providers, and require thorough appropriate confidentiality agreements, that they implement measures to meet the relevant objectives of the security program.

Technical Safeguards

- Maintain personal information in a secure manner that is appropriate to the size and complexity of the insurance department and the nature and scope of its activities.
- Transmit documents or records and personal information between the third-party vendor and insurance department in a secure manner.

Physical Safeguards

- Develop policies and procedures to address retention and destruction of paper and electronic documents or records.
- Place access controls to the documents or records, whether in paper or electronic form, only to those individuals that need to know the information contained therein to complete a company's review for licensure or to investigate a response to an open records or Freedom of Information Act (FOIA) request.
- Keep the documents or records out of public view and secure when not being utilized.
- Maintain and secure all electronic and paper documents or records in accordance with state laws or record retention policies. The insurance department must comply with its written information security program when responding to the public records request for biographical information that is outdated or for which the authorization has been revoked by the affiant. In addition, the Department should include a statement with the documents that notifies the individual requesting disclosure through a public records request that the information contained therein may be outdated. (According to the UCAA Instructions, a biographical affidavit is only good

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for 6 months after executed, and an affiant may revoke authorization at any time.)

- Destroy documents or records in a manner that renders the information unreadable and undecipherable; document and maintain those procedures for secure disposal of Nonpublic information.
- Develop standards for notifying the affiant and affiant's employer in the event of a security breach.
- Store the electronic and hardcopies of these documents or records in a secure manner. (Examples include storage in a cabinet or room accessible only by individuals that need the information for permitted purposes.)

For the states that have enacted the NAIC *Insurance Data Security Model Law* (#668) refer to the guidance provided in the *Financial Examiners Handbook*.

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Best Practices: Application Review

Primary Application

A Primary Application is to be used for domestic insurers. See Appendix A for the Primary Application Review Checklist.

The classification of the application instruction items is illustrated in the following chart:

Application Instruction Items	Administrative Filing	Analysis of Current Condition	Analysis of Business Plan
1. Application Form and Attachments	☑		
2. Filing Fee	☑		
3. Minimum Capital and Surplus Requirements		☑	
4. Statutory Deposit Requirements	☑		
5. Name Approval	☑		
6. Plan of Operation			☑
7. Holding Company Act Filings		☑	
8. Statutory Memberships	☑		
9. SEC Filings or Consolidated GAAP Financial Statement		☑	
10. Debt-to-Equity Ratio Statement		☑	
11. Custody Agreements			☑
12. Public Records Package	☑		
13. NAIC Biographical Affidavits		☑	

Administrative Filing

Application Instruction Items

Item 1. Application Form and Attachments

- Form 1P “Checklist” – The coordinator should review the checklist for completeness and that all described documents are included in the application.
- Form 2P “Primary Application” – The coordinator should review the form for completeness.
- Form 3 “Lines of Insurance” – Only the applied for lines will be required for a newly formed company. The entire Form 3 will be required for a redomestication.

Item 2. Filing Fee

- Review check submitted in payment of fees for correct amount. In some instances, the check may be held by another section of the insurance department. In that case, review the description of the check received.
- Forward check for deposit or provide information for proper processing of check.
- Filing fees range from \$0 to in excess of \$5,000 and are generally retaliatory.

Item 4. Statutory Deposit Requirements

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- Form 7 “Certificate of Deposit” – The coordinator should review the form and compare the amount of the deposit to the state’s requirement.
- These funds are deposited with the commissioner, generally through a safekeeping or trust receipt, to be held for the benefit and protection of, and as security for, all policyholders and, in some instances, creditors of the insurer making the deposit. Additional deposits are generally required of those insurers applying to write lines of business not covered under state insurance guaranty funds (e.g., guaranty, fidelity, surety, and bond business) or otherwise (e.g., workers’ compensation). The ultimate purpose of these funds is to ensure that liquid assets are unencumbered and available for use by the commissioner, or his/her designee, for the administration of the insurer’s estate should it become insolvent.

Item 5. Name Approval

- The coordinator should determine that a name approval request consistent with the state’s requirements has been filed. If state requirements dictate, the request should be forwarded to the appropriate area for processing.
- Typically, state insurance departments incorporate insurers, but some states require the involvement of the secretary of state or the attorney general. Names are submitted for preapproval because the public has the right to know with whom it is dealing and, therefore, someone must determine that the name is not so similar to another as to be likely to deceive or mislead. The name should be such as to show that the company is engaged in the insurance business and preferably to show the type of business. Some states provide for publication and subsequent hearing to ensure that any objections are addressed.

Item 8. Statutory Memberships

- The coordinator should compare the application to the state requirements for statutory memberships and determine that appropriate documentation supporting the membership application is included.
- Some states require a positive application and confirmation regarding membership in state-mandated risk pools or other organizations. In other words, an insurer may not automatically be a member by virtue of its certificate of authority, but may be required to join outside the jurisdiction of the insurance department.

Item 12. Public Records Package

- The coordinator should compare the contents of the public records package with state requirements. Financial documents should be forwarded to the areas expected to utilize the documents. Operational documents (other than the application form) should be filed as required.

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Analysis of Current Condition

Note: Generally, the scope of the analysis of current condition would depend on the prioritization of the Applicant Company. With a primary application (not a redomestication):

- i. If it is a stand-alone company, there is no information upon which to establish a prioritization and the use of that technique is inapplicable.*
- ii. However, if the Applicant Company is part of a holding company structure, the reviewer may want to consider the strengths, structure, ratings, etc. of the holding company.*

Application Instruction Items

Item 3. Minimum Capital and Surplus Requirements

- This document should make it clear that the Applicant Company understands state law with respect to the amount of capital and surplus that must be maintained at a minimum. In some states, the minimum capital and surplus requirements are determined by the classes of insurance that the applicant is requesting authority to transact and the classes of insurance the applicant is authorized to transact in all other jurisdictions. The analyst should determine the level of surplus required after considering the Applicant Company's plan of operation. Compliance with the statutorily prescribed minimum surplus requirement may not be sufficient for all applicants.

Item 7. Holding Company Act Filings

If the Applicant Company is a member of a holding company system, the application must include either the most recent Holding Company Act (HCA) filings, including the annual Form B registration statement and related Form F, or a statement substantially similar to the *Insurance Holding Company System Regulatory Act* (#440). Holding Company Act filing information should be considered to determine the role of the Applicant Company within the holding company structure, enterprise risk, the financial capacity of the parent to support an insurance operation and the existence of relevant insurance operations experience in the proposed parent or affiliates. Affiliates are identified along with a description of any transactions between the insurer and an affiliate currently outstanding or during the last calendar year. Copies of all advisory, management and service agreements and other attachments need to be reviewed for fair and equitable terms. Refer to the Form A Review Best Practices located under Appendix D.

- The applicant state should bear in mind that Holding Company Act filings, including the Holding Company Form F, are highly confidential, but that state laws providing confidentiality protections may vary from those of the applicant state. A state that has not enacted language specified under HCA Item 8 in its entirety will not have the same confidentiality protections afforded in a state where the language has been enacted. State confidentiality statutes applicable to HCA filings should be reviewed by Regulators of each state before any information is exchanged and where an apparent inconsistency is noted, the state's legal division should be contacted. Regulators should treat all such materials with the highest level of protections afforded by any relevant state, in order to preserve the confidentiality of such materials and to encourage candor and openness in company discussions and disclosures.

Item 9. SEC Filings or Consolidated GAAP Financial Statement

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- If the Applicant Company, its parent or its ultimate holding company has made a filing or registration with the U.S. Securities and Exchange Commission (SEC) in connection with a public offering within the past three years, or filed an 8K, 10K or 10Q within the past 12 months, the filing, including any supplements or amendments, is available electronically from the SEC. If the applicant, its parent or its ultimate holding company is not publicly traded, the application must include a copy of the Applicant Company's most recent consolidated generally accepted accounting principles (GAAP) financial statement.
- Similar to the Holding Company Act filings, these filings will provide insight into the financial capacity of the parent to support an insurance operation and the existence of relevant insurance operations experience in the proposed parent or affiliates, as well as information regarding control, enterprise risk, and corporate governance.

Item 10. Debt-to-Equity Ratio Statement

- The debt-to-equity ratio statement should be reviewed to determine the debt service burden that is likely to be placed upon the Applicant Company. Debt service should only be provided through earnings not needed by the insurer to service its own operations.

Item 13. NAIC Biographical Affidavits

- These documents are used to perform a background check (if required by the state) to evaluate the suitability, competency, character and integrity of those persons ultimately responsible for the operations of the insurer. Persons to be reviewed are the controlling owners, officers, directors and key managerial personnel with the ultimate authority over the financial and operational decisions of the insurer, such as the chief executive officer (CEO), chief operating officer (COO), chief financial officer (CFO), secretary, chief marketing officer and treasurer.
- Independent third-party background reports are used to identify discrepancies in the biographical affidavit and evaluate the suitability of the controlling owners, officers, directors or key managerial personnel of the Applicant Company and competency to perform the responsibilities of the position held with the company. Issues regarding competency, character and integrity may be self-evident from the information provided in the affidavit or may be determined from the related background review or criminal background check.
 - Regulators will review the biographical affidavit for completeness – each question should have a response. The affiant must use the most current form available and posted on the UCAA website. Insufficient affidavits or affidavits where signature dates are more than six months from the application submit date should not be accepted.
 - Regulators will review the comparison of information provided on the biographical affidavit and the results of the independent third-party background reports.
 - Regulators will note any discrepancies found in the independent third-party background reports and follow up with the Applicant Company.
 - Any key concerns will be addressed with the Applicant Company.

Fingerprint data, if available, can be used to validate the identity of personnel and check for criminal background. Information in the biographical affidavit can then be utilized to verify employment and educational background.

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Analysis of Business Plan

Note: Generally, the scope of the analysis of current condition would depend on the prioritization of the Applicant Company. With a primary application (not a redomestication):

- i. If it is a stand-alone company, there is no information upon which to establish a prioritization and the use of that technique is inapplicable.*
- ii. However, if the Applicant Company is part of a holding company structure, the reviewer may want to consider the strengths, structure, ratings, etc. of the holding company.*

Application Instruction Items

Item 6. Plan of Operation

- Business plans are written descriptions of expected market conditions, company operations, and related forecasted financial results. The plan of operation section of the UCAA refers to three components: a brief narrative, proforma financial statements/projections and a completed questionnaire (Form 8).
- Overly rapid growth in premium volume, inappropriate pricing, inappropriate underwriting, and product mix are important areas of concern when reviewing a business plan.
- The pricing of insurance products is a difficult task. The premium is established based on estimates of a number of unknown future events. The effects of a failure to accurately estimate the cost of those events or to provide a sufficient margin for adverse deviation from the estimate may not be apparent for a long time. The types of business written by an insurer affect the ability of the insurer to estimate future costs. Certain lines of business are, by their nature, more volatile than others in claim cost experience. Also, the long-tail nature of some lines of business increases the level of uncertainty in estimating future costs. Setting premium rates solely on the basis of rates charged by competitors, without consideration for possible differences in the quality of the business that the insurer and its competitors are writing, should be a concern. The description of pricing should indicate the coordination between the Applicant Company's actuarial and underwriting and marketing departments.
- The proforma financials should be reviewed for consistency with the stated business plan and reasonableness with respect to assumptions. Projections should be based upon well-described and defensible assumptions that are attainable under the circumstances described in the business plan. The department should consider a review of the business plan and proforma financials by department actuaries and/or other experts.
- The insurance department should consider obtaining a pledge from the Applicant Company to notify the insurance department if any deviations from the filed plan of operation are initiated by the Applicant Company within three years of admission.

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Best Practices – Review of Plan of Operations (Proforma Financial Statements, Narrative/ Business Plan and Questionnaire)

The depth of the review will depend on the complexity and financial strength as well as known risks of the insurer(s). Therefore, the analyst may consider a tailored set of procedures that addresses the specific risks of the insurer(s). The following best practices are presented as a guide for regulatory review and analysis of the plan of operations and financial projections related to UCAA primary and expansion applications, recognizing that this is not an all-inclusive list and not all items on this list will apply to each and every application. This list is intended to be a regulatory tool only. The analyst may find it useful to utilize the *Financial Analysis Handbook* in conjunction to this checklist during their financial review.

1. Background Analysis

- Request the Applicant Company's Insurer Profile Summary (IPS) from the lead state. Upon receipt and review of the IPS, document your findings related to the following:
 - State's Priority Designation
 - Scoring System Result
 - IRIS Ratio Result
 - Analyst Team System Validation Level
 - RBC Ratio
 - Trend Test
- Review any material issues or concerns of prospective risks noted in the IPS
- Review the Applicant Company's most recent Annual Financial Statement, General Interrogatories, Part 1:
 - #5.1 and #5.2 in order to ascertain if the insurer has been a party to a merger or consolidation; and #6.1 and #6.2 in order to ascertain if the insurer had any certificate of authority, licenses or registrations suspended or revoked by any governmental entity during the reporting period
- Review the most recent report from a credit rating provider in order to ascertain the current financial strength and credit rating of the insurer
- Document assessment.

2. Management Assessment

- Review the entity's biographical affidavits and third-party verifications
- Note any areas of concern that would indicate further review is necessary. In conducting such review, also consider whether officers, directors and trustees are suitable (e.g. does the individual have the appropriate background and experience to perform the duties expected) for the positions within the insurer. The analyst could also reference the Best Practices for Background Investigations, Background Guidelines and Red Flags on the Company Licensing Collab webpage.
- Review of the Applicant Company's Corporate Governance
- Review the NAIC Form A and Market Action Tracking System (MATS) databases for related information about the primary applicant and other key persons

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- Document assessment.

3. Capital and Surplus Assessment

- Review the proposed Financial Projections, request assumptions used if not provided
- For HMO's, determine the minimum capital and surplus requirements based on projections
- Review and verify if the following are at or above the statutory minimum requirement for each of the projected years for:
 - Capital
 - Surplus
- Review and verify if the RBC ratio is adequate for each of the projected years
- Review for indications if any surplus notes will be issued as part of the funding component
- Review and assess the surplus note's impact on overall capitalization
- Review for indications if any capital contributions are contemplated as part of the projections
- Review and assess the capital contributions' impact on overall capitalization
- Review for indications if any dividend distributions are contemplated as part of the projections
- Review and assess the dividend distributions' impact on overall capitalization
- Document assessment.

4. Operations Assessment

- Review the projected Statement of Income
- Assess if the company appears to be overleveraged based on the NPW to C&S or RBC ratios
- Review and assess if the combined ratio exceeds 100% for any of the projected years
- For each year projecting net losses, assess the Applicant Company's ability to absorb and recover from such losses
- For each year projecting negative cash flow from operations, assess the Applicant Company's ability to absorb and recover from such negative cash flows
- Review the Applicant Company's most recent audited financial statement to identify any unusual items or areas that indicate additional review is required
- Document assessment.

5. Ultimate Controlling Party (UCP) Financials

- Review the most recent audited financial statements or SEC reports of the UCP
- Assess whether or not the UCP is capable of providing adequate financial support and management experience in operating the Applicant Company
- Calculate the UCP's total debt to equity ratio and assess the impact of this ratio on Applicant Company's overall operations and future solvency
- Review lead state Group Profile Summary
- Determine if financial projections are needed for the immediate parent or UCP

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- Document assessment.
6. Business Plan
- Review the Business Plan
 - Review the Business Plan narrative including the types of products to be sold or lines of business and how they will be distributed
 - Review the Applicant Company's geographic service area and the marketing plan
 - Review and explain the insurer's processes for claim processing and claim payments
 - Assess reasonableness of Officer/Director compensation information
 - Identify if Managing General Agents (MGA) and Third-Party Administrator (TPA) are properly licensed or registered in the state
 - Review the items related to MGA's and TPA's as appropriate
 - Contract
 - Oversight
 - Subcontracting provisions
 - Financials
 - Control
 - Delegation
 - Fees
 - Review the Applicant Company's investment policy and investment management of the applicant
 - Review custodial agreements and compliance with statutory deposit safekeeping requirements in accordance with the Financial Condition Examiners Handbook
 - Review any financial guarantees involved with this transaction
 - Document assessment.
7. Reinsurance
- Review and assess the Applicant Company's reinsurance program and activities; including the impact of assumed and ceded premiums, retention and limitation levels
 - Review the financial condition and AM Best ratings of reinsurers with material reinsurance arrangements
 - Consider separately affiliated and non-affiliated reinsurers, which may require separate financial review
 - Consider financial requirements for licensed, authorized or unauthorized material reinsurance arrangements
 - Document assessment.
8. Market Share Report
- Review market share reports
 - Assess the impact of the Applicant Company's projected premiums on the state's market share and whether there are any areas of concern regarding market share percentages for any of the proposed lines of business
 - Determine if a Form E filing is required
-

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- Document assessment.

9. Summary

- Develop and document an overall summary of findings based on the analysis and all other factors that are relevant to evaluating the Applicant Company's plan of operation and overall financial condition
- Itemize each issue that warrants a company inquiry or resolution
- Send correspondence to Applicant Company.

10. Follow-up

- Upon receipt of the Applicant Company's response to the inquiry, review and assess the status of each outstanding issue
- Determine if additional company correspondence is required.

Item 11. Custody Agreements

- Custody agreements should be reviewed to determine that the proposed insurer will actually possess its proposed start-up funding. Also, because invested assets make up a significant portion of the asset side of the balance sheet, control of those assets are of utmost importance. The *Financial Condition Examiners Handbook* provides excellent guidance in reviewing this item.

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Primary Application – Redomestication

The redomestication of an insurer presents unique challenges. It is the only licensing-related transaction in which a foreign insurer becomes a domestic insurer of the applicant state. As such, the applicant state will assume primary regulatory oversight of the applicant. Therefore, it is important that the applicant state obtain a level of understanding of the insurer’s condition and operations equivalent to that of its other domestic companies.

The department should effectively communicate with the domestic state to gain an understanding of the reason for redomestication and any concerns of the domestic state. Any concerns raised should be assessed and documented with rationale to support the conclusion.

It is recommended that both the current and proposed domiciliary states have a thorough understanding of the underlying reasons for redomestication. To that end, a meeting with company representatives should be held prior to the filing of an application. See Appendix A for the Primary Application Review Checklist.

The classification of the of the application instruction items is illustrated in the following chart.

Application Instruction Items	Administrative Filing	Analysis of Current Condition	Analysis of Business Plan
15. Annual Statements with Attachments		☒	
16. Quarterly Financial Statements		☒	
17. Risk-Based Capital Report		☒	
18. Independent CPA Audit Report		☒	
19. Reports of Examination		☒	
7. Holding Company Act Filings (See Item 7)		☒	
20. Certificate of Compliance		☒	

Application Instruction Items

The information provided in the application instruction items noted in the primary application should be viewed in conjunction with the items above. The department should assess the redomestication application and accompanying information to effectively reach the appropriate conclusions regarding whether the application is approved or denied. The department should document each assessment for the items listed above.

Item 15. Annual Statements with Attachments

- The review as outlined in the *Financial Analysis Handbook* should be performed.
- Management’s Discussion and Analysis
 - The narrative should be reviewed for explanations of fluctuations in areas such as losses and premium income. Significant events such as expansion into a new line of business or territory will be explained along with other changes that will have been noticed in the review of the annual statement. The information provided in this document should be consistent with the plan of operations.

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- Actuarial Opinion
 - The actuarial opinion is reviewed for any qualifications or unusual comments along with any explanation of material risk factors.

Item 16. Quarterly Statements

- The quarterly statements are reviewed for any unexplained inconsistencies or fluctuations from the annual statement.

Item 17. Risk-Based Capital (RBC) Report

- The RBC report should be reviewed for significant risk components such as reserves, premium, reinsurance recoverables and investments. The support for those significant risk components should be reviewed for appropriateness. In addition to comparing the action and control levels to the total adjusted capital, the business plan and other information should be reviewed to ensure all risks are adequately addressed.

Item 18. Independent CPA Audit Report

- The statutory audited financial statement should be reviewed for any differences with the annual statement. The opinion should be non-qualified. The notes should be read for a better understanding of the Applicant Company along with any comments or concerns.

Item 19. Reports of Examination

- The financial examination report provides an understanding of the insurer, addresses the accuracy of the filed financial statements and identifies any issues noted with respect to corporate governance. Review of this document should concentrate on compliance issues, comments and recommendations. The Applicant Company should provide follow-up documentation regarding any concerns noted by the domestic state.
- The applicant state should consider contacting the domiciliary state if concerns exist regarding the insurer's complaint levels, response times, etc.

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The department should meet with the domestic regulator to obtain, discuss and conclude on, at a minimum, the items listed below. The meeting should be held via conference call; an email exchange is not considered sufficient.

- Most recent Insurer Profile Summary (IPS) and supervisory plan, including supporting analysis detail for significant risks
- Reason for redomestication
- Concerns identified with the insurer/group
- History of communication with the insurer/group
- History of regulatory actions
- Results of recent examinations (financial and market conduct), including findings and resolutions
- Status of and responsibilities for annual financial analysis and group analysis, if applicable
- Status of and responsibilities for financial examinations

The department should notify the lead state of the insurance holding company group on receipt of a redomestication application and obtain a copy of the most recent Group Profile Summary (GPS), if applicable.

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Best Practices: Application Review

Expansion Application

The classification of the application instruction items is illustrated in the following chart.

Application Instruction Items	Administrative Filing	Analysis of Current Condition	Analysis of Business Plan
1. Expansion Application Form	☑		
2. Filing Fee	☑		
3. Minimum Capital and Surplus Requirements		☑	
4. Statutory Deposit Requirements	☑		
5. Name Approval	☑		
6. Plan of Operation			☑
7. Holding Company Act Filings		☑	
8. Certificate of Compliance		☑	
9. Reports of Examination		☑	
10. Statutory Memberships	☑		
11. Public Records Package	☑		
12. NAIC Biographical Affidavits		☑	
13. Consent to Service of Process	☑		

Administrative Filing

Overall Responsibilities

One person in the insurance department should be assigned as the key administrative coordinator for company licensing applications. This person will be responsible for maintaining a record of applications received, correspondence regarding the application, information received relative to an application, distribution of application materials and the monitoring of time frames regarding the processing of the application. It is recommended that the coordinator utilize a method for tracking the progress of the application; whether it is through the use of the electronic UCAA filing status updates, a database, a word processing document, a spreadsheet or even a TeamMate file.

The completeness of an application is expected prior to the official initiation of the review process and the corresponding start of the “clock.” However, the absence of certain items should not preclude the initial contact with the state of domicile and the start of the review of the significant aspects of the application. For example, the absence of corporate documents such as the current articles of incorporation or an incomplete response on a form should not preclude the contact with the domestic state and a preliminary review of the plan of operations and the biographical affidavits and background reports (if applicable).

Application Instruction Items

The prioritization of the Applicant Company has no effect on the administrative filings processes.

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Item 1. Expansion Application Form

- Form 1E “Checklist” – The coordinator should review the checklist for completeness and that all described documents are included in the application.
- Form 2E “Expansion Application” – The coordinator should review the form for completeness.
- Form 3 “Lines of Insurance” – The coordinator should utilize the [Lines of Business Matrix](#) to compare the lines of business authorized in the Applicant Company’s domiciliary state (per the certificate of compliance) with the applied for lines of business.

Item 2. Filing Fee

- Review check submitted in payment of fees for correct amount. In some instances, the check may be held by another section of the insurance department. In that case, review the description of the check received.
- Forward check for deposit or provide information for proper processing of check.

Item 4. Statutory Deposit Requirements

- Form 7 “Certificate of Deposit” – The coordinator should review the form and compare the amount of the deposit to the state’s requirement.
- These funds are deposited with the commissioner, generally through a safekeeping or trust receipt, to be held for the benefit and protection of, and as security for, all policyholders and, in some instances, creditors of the insurer making the deposit. Additional deposits are generally required of those insurers applying to write lines of business not covered under state insurance guaranty funds (e.g., guaranty, fidelity, surety, and bond business) or otherwise (e.g., workers’ compensation). The ultimate purpose of these funds is to ensure that liquid assets are unencumbered and available for use by the commissioner, or his/her designee, for the administration of the insurer’s estate should it become insolvent.

Item 5. Name Approval

- The coordinator should determine that a name approval request consistent with the state’s requirements has been filed. If state requirements dictate, the request should be forwarded to the appropriate area for processing.
- Typically, state insurance departments incorporate insurers, but some states require the involvement of the secretary of state or the attorney general. Names are submitted for preapproval because the public has the right to know with whom it is dealing and therefore, someone must determine that the name is not so similar to another as to be likely to deceive or mislead. The name should be such as to show that the company is engaged in the insurance business and preferably to show the type of business. Some states provide for publication and subsequent hearing to ensure that any objections are addressed.

Item 10. Statutory Memberships

- The coordinator should compare the application to the state requirements for statutory memberships and determine that appropriate documentation supporting the membership application is included.
- Some states require a positive application and confirmation regarding membership in state-mandated risk pools or other organizations. In other words, an insurer may not

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automatically be a member by virtue of its certificate of authority, but may be required to join outside the jurisdiction of the insurance department.

Item 11. Public Records Package

- The coordinator should compare the contents of the public records package with state requirements. Financial documents should be forwarded to the areas expected to utilize the documents. Operational documents (other than the application form) should be filed as required.

Item 13. Consent to Service of Process

- Form 12 “Consent to Service of Process” – The coordinator should review the form for completeness and file as appropriate.
- This document designates the commissioner or a resident of the state to receive consent to service of process on behalf of the company. Persons or entities to receive forwarded consent to service of process from the commissioner are also provided.

Analysis of Current Condition

Priority 4

The expansion state should determine the prioritization category of the Applicant Company based upon its analysis. For applicants prioritized as Priority 4, the applicant state should contact the domiciliary state if there are any questions or concerns.

Priority 3

If, after discussion with the domiciliary state it is determined the Applicant Company is a Priority 3 company, the expansion state should perform sufficient analysis to fully understand the financial condition and operating practices of the insurer in order to assess the effect of the proposed business plan.

Item 3. Minimum Capital and Surplus Requirements

- This document should make it clear that the Applicant Company understands the expansion state law with respect to the amount of capital and surplus that must be maintained at a minimum. The expansion state processor or analyst can easily determine the Applicant Company’s capital and surplus position by looking at the filed financial statement. The requirement for this document should make it clear that the insurer has read and understands the underlying surplus requirements. The amount required varies from stated capital and free surplus of specific dollar amounts based on lines of authority to a percentage of RBC.

Item 7. Holding Company Act Filings

- The current registration statement will provide the insurer’s capital structure, general financial condition, ownership and management, along with that of any person controlling the insurer. Affiliates are identified along with a description of any transactions between the Applicant Company and an affiliate that is currently outstanding or was incurred during

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the last calendar year. A review of this document by an expansion state provides insight into the operations of the insurer and its relationships with its affiliates. Attachments and agreements should only be requested for transactions or items material to the business plan for that state. For additional guidance refer to the Form A Review Best Practices located in Appendix D.

Item 9. Reports of Examination

- As the record of periodic on-site examinations of the Applicant Company's compliance and accuracy of its financial statements, review of this document should concentrate on compliance issues, comments and recommendations. The Applicant Company should provide follow-up documentation regarding any concerns noted by the domestic state.
- The applicant state may consider contacting the domiciliary state if concerns exist regarding the insurer's complaint levels, response times, etc.

Item 11. Public Records Package

- The items included in the Public Records Package are familiar to all financial analysts and can be utilized to complete the reviews described in the *Financial Analysis Handbook*. Unusual results should be discussed with the domiciliary state.

Item 12. NAIC Biographical Affidavits

- These documents are used to perform a background check (if required by the state) to evaluate the suitability, competency, character and integrity of those persons ultimately responsible for the operations of the insurer. Persons to be reviewed are the controlling owners, officers, directors and key managerial personnel with the ultimate authority over the financial and operational decisions of the insurer, such as the chief executive officer (CEO), chief operating officer (COO), chief financial officer (CFO), secretary, chief marketing officer and treasurer.
- Independent third-party background reports are used to identify discrepancies in the biographical affidavit and evaluate the suitability of the controlling owners, officers, directors or key managerial personnel of the Applicant Company and competency to perform the responsibilities of the position held with the company. Issues regarding competency, character and integrity may be self-evident from the information provided in the affidavit or may be determined from the related background review or criminal background check.
 - Regulators will review the biographical affidavit for completeness – each question should have a response. The affiant must use the most current form available and posted on the UCAA website. Insufficient affidavits or affidavits where signature dates are more than six months from application submit date should not be accepted.
 - Regulators will review the comparison of information provided on the biographical affidavit and the results of the independent third-party background reports.
 - Regulators will note any discrepancies found in the independent third-party background reports and follow up with the Applicant Company or domestic regulator for further clarification.
 - Any key concerns will be addressed with the Applicant Company or domestic regulator for further clarification.

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Fingerprint data, if available, can be used to validate the identity of personnel and check for criminal background. Information in the biographical affidavit can then be utilized to verify employment and educational background, if necessary.

Priority 1 and Priority 2

Priority 1 and 2 companies are generally not considered good candidates for expansion. There is little to be gained from the processing of the administrative filing sections of the application that is destined to be rejected once the analytical review is conducted. If, after discussion with the domiciliary state, it is determined the applicant is a Priority 1 or 2, the expansion state should determine if there is a reason to further analyze the financial condition of the company.

Based on the business plan there may be a reason to further analyze the financial condition of the company (see *Analysis of Business Plan: Priority 2*, below). The expansion state should communicate with the domiciliary state to understand the circumstances under which expansion may be advisable. In such situations, the expansion state must perform sufficient analysis (at least those required of a Priority 2 company) of the Applicant Company's financial condition and operating practices to determine that the risks associated with the proposed business plan are within the Applicant Company's expertise and financial capacity to assume.

Analysis of Business Plan

Priority 4

Item 6. Plan of Operation

- The plan of operation should be reviewed to ensure that the proposed business plan is consistent with the Applicant Company's demonstrated experience. [See Priority 3 Best Practices— Review of Plan of Operations \(Proforma Financial Statements, Narrative/Business Plan and Questionnaire\).](#)

Priority 3

Item 6. Plan of Operation

- Business plans are written descriptions of expected market conditions, company operations, and related forecasted financial results. The plan of operation section of the UCAA refers to three components: a brief narrative, pro-forma financial statements/projections and a completed questionnaire (Form 8).
- By virtue of the filing of the UCAA, the applicant is notifying the state insurance department of recent or planned changes in the insurer's operations. One recurring factor that appears in many troubled insurance company situations is a recent change in operations, management or ownership. Therefore, overly rapid growth in premium volume, expansion into new geographic areas or new lines of business, inappropriate pricing, inappropriate underwriting, and product mix are important areas of concern when reviewing a business plan.

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- Geographic growth can lead to less control by the insurer over new producers, underwriting operations, and claims administration. The insurance laws and regulations in the expansion state and the nature of the various operational risks may differ from those of jurisdictions to which the business was previously limited. Similarly, rapid expansion into new lines of business can lead to difficulties if the insurer's management and personnel lack an adequate knowledge and understanding of the characteristics and risks of the business proposed to be written. Extremely rapid geographic or product line expansion may cause the insurer's training of new producers, underwriters, and claims personnel to trail growth of the business. A change to specialized lines of business should be accompanied by concurrently obtaining the additional specialized expertise or qualified personnel required to understand and administer that specialized business. Additionally, a rapidly growing insurer may fail to add enough experienced personnel to keep up with its expanding operations. Existing personnel may not have sufficient skills to manage the additional growth.
- The pricing of insurance products is a difficult task. The premium is established based on estimates of a number of unknown future events. The effects of a failure to accurately estimate the cost of those events or to provide a sufficient margin for adverse deviation from the estimate may not be apparent for a long time. The types of business written by an insurer affect the ability of the insurer to estimate future costs. Certain lines of business are, by their nature, more volatile than others in claim cost experience. Also, the long-tail nature of some lines of business increases the level of uncertainty in estimating future costs. Setting premium rates solely on the basis of rates charged by competitors, without consideration for possible differences in the quality of the business that the insurer and its competitors are writing, should be a concern. The description of pricing should indicate coordination between the Applicant Company's actuarial and underwriting and marketing departments.
- Concern should be noted when management of the insurer has focused excessively on the agency or marketing aspects of the business. Management may have a tendency to measure success by the volume of business written and ignore the underwriting aspects. Also, while most insurers may establish production or profit goals, these goals may be deemed so important by certain management groups that producers and underwriters may be allowed to relax underwriting standards to permit the acceptance of additional business so as to meet the insurer's production goals.
- The proforma financials should be reviewed for consistency with the stated business plan and reasonableness with respect to assumptions. Projections should be based upon well described and defensible assumptions that are attainable under the circumstances described in the business plan. The insurance department should consider a review of the business plan and proforma financials by department actuaries and/or other experts.
- The insurance department should consider obtaining a pledge from the Applicant Company to notify the insurance department if any deviations from the filed plan of operation are initiated by the entity within three years of admission.

Best Practices – Review of Plan of Operations (Proforma Financial Statements, Narrative/ Business Plan and Questionnaire)

The depth of the review will depend on the complexity and financial strength as well as known risks of the insurer(s). Therefore, the analyst may consider a tailored set of procedures that

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addresses the specific risks of the insurer(s). The following best practices are presented as a guide for regulatory review and analysis of the plan of operations and financial projections related to UCAA primary and expansion applications, recognizing that this is not an all-inclusive list and not all items on this list will apply to each and every application. This list is intended to be a regulatory tool only. The analyst may find it useful to utilize the *Financial Analysis Handbook* in conjunction to this checklist during their financial review.

1. Background Analysis

- Request the applicant's Insurer Profile Summary (IPS) from the lead state. Upon receipt and review of the IPS, document your findings related to the following:
 - State's Priority Designation
 - Scoring System Result
 - IRIS Ratio Result
 - Analyst Team System Validation Level
 - RBC Ratio
 - Trend Test
- Review any material issues or concerns of prospective risks noted in the IPS
- Review the applicant's most recent Annual Financial Statement, General Interrogatories, Part 1:
 - #5.1 and #5.2 in order to ascertain if the insurer has been a party to a merger or consolidation; and #6.1 and #6.2 in order to ascertain if the insurer had any certificate of authority, licenses or registrations suspended or revoked by any governmental entity during the reporting period
- Review the most recent report from a credit rating provider in order to ascertain the current financial strength and credit rating of the insurer.

2. Management Assessment

- Review the entity's biographical affidavits and third-party verifications
- Note any areas of concern that would indicate further review is necessary. In conducting such review, also consider whether officers, directors and trustees are suitable (e.g. does the individual have the appropriate background and experience to perform the duties expected) for the positions within the insurer. The analyst could also reference the Best Practices for Background Investigations, Background Guidelines and Red Flags on the Company Licensing Collab webpage.
- Review of the Applicant Company's Corporate Governance.

3. Capital and Surplus Assessment

- Review the proposed Financial Projections, request assumptions used if not provided
- For HMO's, determine the minimum capital and surplus requirements based on projections
- Review and verify if the following are at or above the statutory minimum requirement for each of the projected years for:
 - Capital

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- Surplus
 - Review and verify if the RBC ratio is adequate for each of the projected years
 - Review for indications if any surplus notes will be issued as part of the funding component
 - Review and assess the surplus note's impact on overall capitalization
 - Review for indications if any capital contributions are contemplated as part of the projections
 - Review and assess the capital contributions' impact on overall capitalization
 - Review for indications if any dividend distributions are contemplated as part of the projections
 - Review and assess the dividend distributions' impact on overall capitalization.
- 4. Operations Assessment
 - Review the projected Statement of Income
 - Assess if the company appears to be overleveraged based on the NPW to C&S or RBC ratios
 - Review and assess if the combined ratio exceeds 100% for any of the projected years
 - For each year projecting net losses, assess the Applicant Company's ability to absorb and recover from such losses
 - For each year projecting negative cash flow from operations, assess the company's ability to absorb and recover from such negative cash flows
 - Review the company's most recent audited financial statement to identify any unusual items or areas that indicate additional review is required.
- 5. Ultimate Controlling Party (UCP) Financials
 - Review the most recent audited financial statements or SEC reports of the UCP
 - Assess whether or not the UCP is capable of providing adequate financial support and management experience in operating the Applicant Company
 - Calculate the UCP's total debt to equity ratio and assess the impact of this ratio on Applicant Company's overall operations and future solvency
 - Review lead state Group Profile Summary
 - Determine if financial projections are needed for the immediate parent or UCP.
- 6. Business Plan
 - Review the Business Plan
 - Review the Business Plan narrative including the types of products to be sold or lines of business and how they will be distributed
 - Review the applicant's geographic service area and the marketing plan
 - Review and explain the insurer's processes for claim processing and claim payments
 - Assess reasonableness of Officer/Director compensation information
 - Identify if Managing General Agents (MGA) and Third-Party Administrator (TPA) are properly licensed or registered in the state
 - Review the items related to MGA's and TPA's as appropriate

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- Contract
 - Oversight
 - Subcontracting provisions
 - Financials
 - Control
 - Delegation
 - Fees
- Review the Applicant Company’s investment policy and investment management of the applicant
 - Review custodial agreements and compliance with statutory deposit safekeeping requirements in accordance with the Financial Condition Examiners Handbook
 - Review any financial guarantees involved with this transaction.
7. Reinsurance
- Review and assess the Applicant Company’s reinsurance program and activities; including the impact of assumed and ceded premiums, retention and limitation levels
 - Review the financial condition and AM Best ratings of reinsurers with material reinsurance arrangements
 - Consider separately affiliated and non-affiliated reinsurers, which may require separate financial review
 - Consider financial requirements for licensed, authorized or unauthorized material reinsurance arrangements.
8. Market Share Report
- Review market share reports
 - Assess the impact of the applicant projected premiums on the state’s market share and whether there are any areas of concern regarding market share percentages for any of the proposed lines of business
 - Determine if a Form E filing is required.
9. Summary
- Develop and document an overall summary of findings based on the analysis and all other factors that are relevant to evaluating the Applicant Company’s plan of operation and overall financial condition
 - Itemize each issue that warrants a company inquiry or resolution
 - Send correspondence to Applicant Company.
10. Follow-up
- Upon receipt of the Applicant Company’s response to the inquiry, review and assess the status of each outstanding issue
 - Determine if additional company correspondence is required.

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Form 8 – Interrogatories from Form 8 that provide insight into the Applicant Company’s business plan are discussed below.

Interrogatory 2: Encumbered assets must be explored for propriety; Pledged capital stock is a sign of borrowing and repayment terms and conditions must be investigated; Merger or consolidation might explain significant fluctuations in a historical financial analysis.

Interrogatory 4: Historical information in order to do further research, if necessary. An explanation is adequate. The initial request of copies of documentation is unnecessary unless questions arise concerning the veracity of the Applicant Company’s response to this and other questions.

Interrogatory 5: A change in management or control may have a significant impact on operations.

Interrogatory 6: The most recent Holding Company Filings should suffice to explain the holding company structure and intercompany relationships. If no holding corporation, then an explanation should suffice initially.

Interrogatory 8: Revocation of a certificate of authority or denial of licensure should be discussed with the domiciliary state to determine if the proximate causes for such actions are still in existence.

Interrogatory 9: Positive responses to this interrogatory should be discussed with the domiciliary state. All responses should be compared to the results of criminal background checks.

Interrogatory 10: Such dispute may affect the financial condition and may be an indication of inappropriate business practices.

Interrogatory 11: Such legal action may affect the financial condition and may be an indication of inappropriate business practices.

Interrogatory 12: Conflicts of interest can detrimentally affect the operations of an insurer.

Interrogatory 13: Positive responses to this interrogatory may affect the manner in which the company’s products are marketed. Additionally, the Applicant Company’s parent or affiliates will be subject to regulatory restrictions.

Interrogatory 14: Conflicts of interest can detrimentally affect the operations of an insurer.

Interrogatory 15: The organizational flow chart should depict the day-to-day management and internal controls within the company. The map or narrative depicting the location(s) of the office(s) should also contain the approximate number of employees for each location. Copies of agreements should be attached.

Interrogatories 16 and 17: The marketing plan is the core of the applicant’s business plan narrative. The use, oversight, and compensation of producers are important aspects of product delivery. Since each state or region inherently may have unique market conditions related to products, distribution systems, or competition, serious thought must be put into these areas. Copies of agreements should initially be required with the primary application.

Interrogatory 18: The applicant should be able to provide benefits to the citizens that do not already exist.

Interrogatory 19: One of the state’s responsibilities is to prevent unfair trade practices. Deceptive advertising and sales are prohibited.

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Interrogatories 20 and 21: Product administration should be included in the narrative of the business plan. Knowledge, experience and capacity are necessary ingredients. Service agreements and personnel oversight need only be initially provided in the primary application.

Interrogatory 22: Affiliated agreements for tax allocation, services and facilities are necessary to be reviewed with the primary application to ensure fairness and equity. Rates should be on an actual cost basis, but should be no less than market rates.

Interrogatory 24: Conflicts of interest can detrimentally affect the operations of an insurer.

Interrogatory 25: The expense of the options can affect the financial condition. The exercising of those options can affect control of the insurer. The existence of those options can affect the insurer's ability to raise other capital.

Interrogatories 26-29: Review the responses to these interrogatories if specific state laws address these issues.

Interrogatory 30: Conflicts of interest can detrimentally affect the operations of an insurer.

The following questions apply only if the Applicant Company is filing a primary redomestication application.

Interrogatories 31 and 32c: It is important to understand the effect of prescribed or permitted practices on the reported financial condition of the company.

Interrogatories 32 and 33: It is important for both the applicant and the state of redomestication to know and address any regulatory differences.

Interrogatory 34: Interest and principal payment restrictions need to be clearly understood and agreed upon.

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Priority 2

Priority 2 companies are generally not considered good candidates for expansion. There is little to be gained from the processing of the administrative filing sections of the application that is destined to be rejected once the analytical review is conducted.

However, in certain unique circumstances, based on the line of business offered and the market conditions in the expansion state, it may be appropriate to pursue licensure under heavily monitored criteria. For example, a small, specialty insurer (such as a captive insurer) may not demonstrate the qualities of a Priority 4 or Priority 3 company. Such a company may have a commercial policyholder with operations located in a state where it is not licensed. In order to continue to provide coverage to the policyholder, the insurer must seek licensure in the additional state. In this circumstance, the expansion state may grant a certificate of authority with additional restrictions that only identified risks be written.

In such situations, the expansion and domiciliary state must perform sufficient analysis (at least those required of a Priority 2 company) of the company's financial condition and business plan to determine that such risks are within the company's expertise and financial capacity to assume. The reasons why the proposed expansion would be tolerable should then be delineated.

Priority 1

Insurers included in Priority 1 are considered troubled and subject to comprehensive annual and quarterly analysis procedures, detailed considerations outlined with the *Troubled Insurance Company Handbook*, and a significantly elevated level of ongoing regulatory monitoring and oversight.

Insurers in this group generally are not capable of withstanding even moderate business fluctuations. There may be significant noncompliance with laws and regulations. Risk-management practices are generally unacceptable relative to the insurer's size, complexity and risk profile. Corporate and group structures or framework may be of a nature that is not conducive to effective regulation. Close regulatory attention is required, which means formal action is necessary in most cases to address the problems. Insurers in this group pose a risk to the state guaranty fund. Priority 1 companies should not be considered for expansion.

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Corporate Amendment Application – Adding and Deleting Lines of Business

The classification of the application instruction items is illustrated in the following chart.

Application Instruction Items	Administrative Filing	Analysis of Current Condition	Analysis of Business Plan
1. Application Form and Attachments			
2. Filing Fee	☒		
3. Articles of Incorporation	☒		
4. Bylaws	☒		
5. Minimum Capital and Surplus Requirements		☒	
6. Statutory Deposit Requirements	☒		
7. Plan of Operation			☒
8. Statutory Memberships	☒		
9. Certificate of Compliance		☒	
11. Deleting Lines of Business			☒

Administrative Items

Item 1. Application Form and Attachments

- Form 1C “Corporate Amendments Application Checklist” – The coordinator should review the checklist for completeness and that all described documents are included in the application. As stated on the checklist form, this document is simply a guide. It is a reminder of what should initially be included in the application package in order for it to be considered complete. This form is all-inclusive but should be completed with due consideration to the specific amendment(s) requested. Items required are dependent upon the request of the applicant.
- Form 2C “Corporate Amendments Application” – The coordinator should review the form for completeness. This form contains minimum required information.
- Form 3 “Lines of Insurance” – The coordinator should utilize the [Lines of Business Matrix](#) to compare the lines of business authorized in the company’s domiciliary state (per the certificate of compliance) with the applied for lines of business.

Item 2. Filing Fee

- Review check submitted in payment of fees for correct amount. In some instances, the check may be held by another section of the insurance department. In that case, review the description of the check received.
- Forward check for deposit or provide information for proper processing of check.
- Filing fees range from \$0 to in excess of \$500 and are generally retaliatory.

Item 3. Articles of Incorporation

- In some instances, the articles of incorporation contain specific references to the lines of business the entity is authorized to engage. Such language should be consistent with the proposed changes to the certificate of authority.

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Item 4. Bylaws

- The bylaws generally should not have to be reviewed in connection with the addition or deletion of a line of business.

Item 6. Statutory Deposit Requirements

- These funds are deposited with the commissioner, generally through a safekeeping or trust receipt, to be held for the benefit and protection of, and as security for, all policyholders and, in some instances, creditors of the insurer making the deposit. Additional deposits are generally required of those insurers applying to write lines of business not covered under state insurance guaranty funds (e.g., guaranty, fidelity, surety, and bond business) or otherwise (e.g., workers' compensation). The ultimate purpose of these funds is to ensure that liquid assets are unencumbered and available for use by the commissioner, or his/her designee, for the administration of the insurer's estate should it become insolvent. Unless a line of business is being applied for that is not protected by a guaranty fund, the domestic state should hold the deposit in an aggregate amount of no less than the minimum required capital.

Item 8. Statutory Memberships

- May be required, dependent upon line of business requested.
- Some states require a positive application and confirmation regarding membership in state-mandated risk pools or other organizations. In other words, an insurer may not automatically be a member by virtue of its certificate of authority, but may be required to join outside the jurisdiction of the insurance department.

Analysis of Current Condition

Priority 4

If the company is prioritized as 4, then typically only the certificate of compliance need be reviewed by the applicant state. However, some circumstances may exist that would warrant additional analysis by the applicant state. For example, differing capital and surplus requirements in the states may require some consideration by a particular applicant state. In addition, permitted practices granted to an applicant insurer by its domiciliary state may account for a significant amount of the insurer's surplus, in which case the applicant state may need to perform a bit more analysis than just reviewing the comment.

Priority 3

If the company is prioritized as 3, then the following review of application documents is suggested:

Item 5. Minimum Capital and Surplus Requirements

- This document should make it clear that the Applicant Company understands the state law with respect to the amount of capital and surplus that must be maintained at a minimum with respect to the line of business to be added. The analyst can easily determine the Applicant Company's capital and surplus position by looking at the filed financial

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statement. The requirement for this document should make it clear that the insurer has read and understands the underlying surplus requirements. The amount required varies from stated capital and of specific dollar amounts based on lines of authority to a percentage of risk-based capital.

Priority 2

If the company is prioritized as Priority 2, then the Applicant Company state should discuss with the domiciliary state whether there exists any extraordinary circumstance that might outweigh the Applicant Company's operating condition.

Analysis of Business Plan

Priority 4

If the Applicant Company is prioritized as Priority 4, then Item 7, Plan of Operation, should be reviewed to determine that the company has experience with the requested new line of business. Regardless of risk category, a line of business should not be deleted unless all liabilities in that line are extinguished. [See Corporate Amendment – Adding and Deleting Lines of Business, Priority 3. Plan of Operation for Best Practices – Review of Plan of Operations \(Proforma Financial Statements, Narrative/Business Plan and Questionnaire\).](#)

Priority 3

If the Applicant Company is prioritized as 3, then the following review of application documents is suggested.

Item 7. Plan of Operation

- The narrative business plan including the rationale for adding lines of business and the sales and administration of that business along with the accompanying pro-forma financial statements/projections should provide the information initially required in this section. Dependent upon the prioritization of the Applicant Company and the specific line of business requested, along with the experience in that line of the insurer, Form 8C may be required.

Best Practices – Review of Plan of Operations (Proforma Financial Statements, Narrative/Business Plan and Questionnaire)

The depth of the review will depend on the complexity and financial strength as well as known risks of the insurer(s). Therefore, the analyst may consider a tailored set of procedures that addresses the specific risks of the insurer(s). The following best practices are presented as a guide for regulatory review and analysis of the plan of operations and financial projections related to UCAA primary and expansion applications, recognizing that this is not an all-inclusive list and not all items on this list will apply to each and every application. This list is intended to be a regulatory tool only. The analyst may find it useful to utilize the *Financial Analysis Handbook* in conjunction to this checklist during their financial review.

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1. Background Analysis

- Request the applicant's Insurer Profile Summary (IPS) from the lead state. Upon receipt and review of the IPS, document your findings related to the following:
- State's Priority Designation
- Scoring System Result
- IRIS Ratio Result
- Analyst Team System Validation Level
- RBC Ratio
- Trend Test
- Review any material issues or concerns of prospective risks noted in the IPS
- Review the applicant's most recent Annual Financial Statement, General Interrogatories, Part 1:
 - #5.1 and #5.2 in order to ascertain if the insurer has been a party to a merger or consolidation; and #6.1 and #6.2 in order to ascertain if the insurer had any certificate of authority, licenses or registrations suspended or revoked by any governmental entity during the reporting period
- Review the most recent report from a credit rating provider in order to ascertain the current financial strength and credit rating of the insurer.

2. Management Assessment

- Review the entity's biographical affidavits and third-party verifications
- Note any areas of concern that would indicate further review is necessary. In conducting such review, also consider whether officers, directors and trustees are suitable (e.g. does the individual have the appropriate background and experience to perform the duties expected) for the positions within the insurer. The analyst could also reference the Best Practices for Background Investigations, Background Guidelines and Red Flags on the Company Licensing Collab webpage.
- Review of the Applicant Company's Corporate Governance.

3. Capital and Surplus Assessment

- Review the proposed Financial Projections, request assumptions used if not provided
- For HMO's, determine the minimum capital and surplus requirements based on projections
- Review and verify if the following are at or above the statutory minimum requirement for each of the projected years for:
 - Capital
 - Surplus
- Review and verify if the RBC ratio is adequate for each of the projected years
- Review for indications if any surplus notes will be issued as part of the funding component
- Review and assess the surplus note's impact on overall capitalization
- Review for indications if any capital contributions are contemplated as part of the projections

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- Review and assess the capital contributions' impact on overall capitalization
- Review for indications if any dividend distributions are contemplated as part of the projections
- Review and assess the dividend distributions' impact on overall capitalization.

4. Operations Assessment

- Review the projected Statement of Income
- Assess if the Applicant Company appears to be overleveraged based on the NPW to C&S or RBC ratios
- Review and assess if the combined ratio exceeds 100% for any of the projected years
- For each year projecting net losses, assess the Applicant Company's ability to absorb and recover from such losses
- For each year projecting negative cash flow from operations, assess the company's ability to absorb and recover from such negative cash flows
- Review the Applicant Company's most recent audited financial statement to identify any unusual items or areas that indicate additional review is required.

5. Ultimate Controlling Party (UCP) Financials

- Review the most recent audited financial statements or SEC reports of the UCP
- Assess whether or not the UCP is capable of providing adequate financial support and management experience in operating the Applicant Company
- Calculate the UCP's total debt to equity ratio and assess the impact of this ratio on Applicant Company's overall operations and future solvency
- Review lead state Group Profile Summary
- Determine if financial projections are needed for the immediate parent or UCP.

6. Business Plan

- Review the Business Plan
- Review the Business Plan narrative including the types of products to be sold or lines of business and how they will be distributed
- Review the insurer's geographic service area and the marketing plan
- Review and explain the insurer's processes for claim processing and claim payments
- Assess reasonableness of Officer/Director compensation information
- Identify if Managing General Agents (MGA) and Third-Party Administrator (TPA) are properly licensed or registered in the state
 - Review the items related to MGA's and TPA's as appropriate
 - Contract
 - Oversight
 - Subcontracting provisions
 - Financials
 - Control
 - Delegation
 - Fees

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- Review the Applicant Company's investment policy and investment management of the insurer
- Review custodial agreements and compliance with statutory deposit safekeeping requirements in accordance with the Financial Condition Examiners Handbook
- Review any financial guarantees involved with this transaction.

7. Reinsurance

- Review and assess the Applicant Company's reinsurance program and activities; including the impact of assumed and ceded premiums, retention and limitation levels
- Review the financial condition and AM Best ratings of reinsurers with material reinsurance arrangements
 - Consider separately affiliated and non-affiliated reinsurers, which may require separate financial review
 - Consider financial requirements for licensed, authorized or unauthorized material reinsurance arrangements.

8. Market Share Report

- Review market share reports
- Assess the impact of the Applicant Company's projected premiums on the state's market share and whether there are any areas of concern regarding market share percentages for any of the proposed lines of business
- Determine if a Form E filing is required.

9. Summary

- Develop and document an overall summary of findings based on the analysis and all other factors that are relevant to evaluating the Applicant Company's plan of operation and overall financial condition
- Itemize each issue that warrants a company inquiry or resolution
- Send correspondence to Applicant Company.

10. Follow-up

- Upon receipt of the Applicant Company's response to the inquiry, review and assess the status of each outstanding issue
- Determine if additional company correspondence is required.

Item 11. Deleting Lines of Business

- Deletion of a line of business requires notification and adequate establishment or extinguishment of liabilities. A line of business should not be deleted unless all liabilities in that line are extinguished.

Priority 2

If the company is prioritized as 2, then the applicant state should discuss with the domiciliary state whether there exists any extraordinary circumstance that might outweigh the Applicant Company's

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operating condition. In certain instances the proposed plan of operation might provide for a limited expansion of authority in order to maintain its current policyholder base. Should approval be granted, the business plan should be carefully reviewed and closely monitored. [See Corporate Amendment – Adding and Deleting Lines of Business, Priority 2. Plan of Operation for Best Practices – Review of Plan of Operations \(Proforma Financial Statements, Narrative/Business Plan and Questionnaire\).](#)

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Corporate Amendment Application – Name Change – For Filing with Non-Domiciliary States

Corporate amendment applications involving a change of name or location of the insurer are often accompanied by related policy form approval filings reflecting the change in name or location. In some instances, the company license application process is held in abeyance until a complete review of policy forms has been completed. It is recommended that in such instances a policy form endorsement be approved for only the change in name or location, in lieu of a complete policy form review.

The classification of the application instruction items is illustrated in the following chart.

Application Instruction Items	Administrative Filing	Analysis of Current Condition	Analysis of Business Plan
1. Application Form and Attachments	☑		
2. Filing Fee	☑		
3. Articles of Incorporation	☑		
4. Bylaws	☑		
5. Consent to Service of Process	☑		
6. State of Domicile Approval	☑		
8. Name Approval	☑		

Administrative Filing

Application Instruction Items

Item 1. Application Form and Attachments

- Form 1C “Checklist” – The coordinator should review the checklist for completeness and that all described documents are included in the application.
- Form 2C “Corporate Amendment Application” – The coordinator should review the form for completeness.

Item 2. Filing Fee

- Review check submitted in payment of fees for correct amount. In some instances the check may be held by another section of the insurance department. In that case, review the description of the check received.
- Forward check for deposit or provide information for proper processing of check.
- Filing fees range from \$0 to in excess of \$200 and are generally retaliatory.

Item 3. Articles of Incorporation

- The amended articles of incorporation should be reviewed to determine that the new name is reflected.

Item 4. Bylaws

- The amended bylaws should be reviewed to determine that the new name is reflected.

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Item 5. Consent to Service of Process

- The amended consent to service of process should be reviewed to determine that the new name is reflected.

Item 6. State of Domicile Approval

- The domiciliary state should have already approved the name change.

Item 8. Name Approval

- Typically state insurance departments incorporate insurers, but some states require the involvement of the secretary of state or the attorney general. Names are submitted for preapproval because the public has the right to know with whom it is dealing and therefore, someone must determine that the name is not so similar to another as to be likely to deceive or mislead. The name should be such as to show that the company is engaged in the insurance business and preferably to show the type of business. Some states provide for publication and subsequent hearing to ensure that any objections are addressed.
- The coordinator should determine that a name approval request consistent with the state's requirements has been filed. If state requirements dictate, the request should be forwarded to the appropriate area for processing.

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Corporate Amendment Application – Redomestication of a Foreign Insurer

The classification of the application instruction items is illustrated in the following chart.

Application Instruction Items	Administrative Filing	Analysis of Current Condition	Analysis of Business Plan
1. Application Form and Attachments	☒		
2. Filing Fee	☒		
3. Articles of Incorporation	☒		
4. Bylaws	☒		
5. Statutory Deposit Requirements	☒		
6. Consent to Service of Process	☒		
7. State of Domicile Approval	☒		

Administrative Filing

Application Instruction Items

Item 1. Application Form and Attachments

- Form 1P “Checklist” – The coordinator should review the checklist for completeness and that all described documents are included in the application.
- Form 2C “Corporate Amendment Application” – The coordinator should review the form for completeness.
- The coordinator should utilize the [Lines of Business Matrix](#) to compare the lines of business in the Applicant Company’s new domicile state with the authorized lines of business in the applicant state.

Item 2. Filing Fee

- Review check submitted in payment of fees for correct amount. In some instances the check may be held by another section of the insurance department. In that case, review the description of the check received.
- Forward check for deposit or provide information for proper processing of check.
- Filing fees range from \$0 to in excess of \$200 and are generally retaliatory.

Item 3. Articles of Incorporation

- The amended articles of incorporation should be reviewed to determine that the new state of domicile is reflected.

Item 4. Bylaws

- The amended bylaws should be reviewed to determine that the new state of domicile is reflected.

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Item 5. Statutory Deposit Requirements

- Form 7 – The Certificate of Deposit should be reviewed to determine that the new state of domicile is reflected and compare the amount of the deposit of the new state of domicile to the state’s requirement.

Item 6. Consent to Service of Process

- The amended consent to service of process should be reviewed to determine that the new state of domicile is reflected.

Item 7. State of Domicile Approval

- The domiciliary state should have already approved the redomestication.

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Corporate Amendment Application – Change of Statutory Home Office Address

The classification of the application instruction items is illustrated in the following chart.

Application Instruction Items	Administrative Filing	Analysis of Current Condition	Analysis of Business Plan
1. Application Form and Attachments	☑		
2. Filing Fee	☑		
3. Articles of Incorporation	☑		
4. Bylaws	☑		
5. Consent to Service of Process	☑		
6. State of Domicile Approval	☑		

Administrative Filing

Application Instruction Items

Item 1. Application Form and Attachments

- Form 1C “Checklist” – The coordinator should review the checklist for completeness and that all described documents are included in the application.
- Form 2C “Corporate Amendment Application” – The coordinator should review the form for completeness.
- Old Certificate of Authority – The Applicant Company should have surrendered the old certificate of authority or filed an affidavit of a lost certificate of authority.

Item 2. Filing Fee

- Review check submitted in payment of fees for correct amount. In some instances the check may be held by another section of the insurance Department. In that case, review the description of the check received.
- Forward check for deposit or provide information for proper processing of check.
- Filing fees range from \$0 to in excess of \$200 and are generally retaliatory.

Item 3. Articles of Incorporation

- The amended articles of incorporation or other documentation required or permitted by the domiciliary state should be reviewed to determine that the new location is reflected.

Item 4. Bylaws

- The amended bylaws should be reviewed to determine that if a location for the insurer is stated, the bylaws have been updated to reflect the new location.

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Item 5. Consent to Service of Process

- The amended consent to service of process should be reviewed to determine that the new location is reflected.

Item 6. State of Domicile Approval

- The domiciliary state (if the applicant is a foreign company) should have already approved the location change.

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Corporate Amendment Application – Merger of Two or More Foreign Insurers – For Filing with Non-Domiciliary States

Prior to a corporate amendment filing, the Form A should be approved. Refer to Appendix D for detailed information regarding the review of a Form A filing.

The classification of the application instruction items is illustrated in the following chart.

Application Instruction Items	Administrative Filing	Analysis of Current Condition	Analysis of Business Plan
1. Application Form and Attachments	☑		
2. Filing Fee	☑		
3. Articles of Incorporation/Articles of Merger	☑		
4. Bylaws	☑		
5. Minimum Capital and Surplus Requirements	☑	☑	
6. Statutory Deposit Requirements	☑		
7. Plan of Operation			☑
8. Statutory Memberships	☑		
9. NAIC Biographical Affidavits		☑	
10. Consent to Service of Process	☑		
11. State of Domicile Approval	☑		

Administrative Items

A merger requires notification to all states in which the Applicant Company is licensed. Corporate documents must be amended to incorporate the new address along with other requirements that may be state-specific.

Item 1. Application Form and Attachments

- Form 1C “Corporate Amendments Application Checklist” – The coordinator should review the checklist for completeness and that all described documents are included in the application. As stated on the checklist form, this document is simply a guide. It is a reminder of what should initially be included in the application package in order for it to be considered complete. This form is all-inclusive, but should be completed with due consideration to the specific amendment(s) requested. Items required are dependent upon the request of the applicant.
- Form 2C “Corporate Amendments Application” – The coordinator should review the form for completeness. This form contains minimum required information.
- Form 3 “Lines of Insurance” – The coordinator should verify if the Applicant Company is authorized to write all lines of business, including variable products in the state. If the Applicant Company is not authorized to write all lines of business in the state, then the Applicant Company should also complete Section I (Adding and Deleting Lines of Business) in the UCAA Corporate Amendment Application.

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Item 2. Filing Fee

- Review check submitted in payment of fees for correct amount. In some instances the check may be held by another section of the insurance department. In that case, review the description of the check received.
- Forward check for deposit or provide information for proper processing of check.
- Filing fees range from \$0 to in excess of \$200 and are generally retaliatory.

Item 3. Articles of Incorporation/Articles of Merger

- The certificate of merger from the domestic state of the surviving entity serves as the “marriage license” and denotes the approval of that state. The articles of merger serve as the “marriage contract” and specify the terms of the merger. These documents should be retained as permanent corporate records as part of the articles of incorporation.

Item 4. Bylaws

- The bylaws need only be reviewed if they have been amended.

Item 6. Statutory Deposit Requirements

- Form 7 “Certificate of Deposit” – The coordinator should review the form and compare the amount of the deposit to the state’s requirement.
- These funds are deposited with the commissioner, generally through a safekeeping or trust receipt, to be held for the benefit and protection of, and as security for, all policyholders and, in some instances, creditors of the insurer making the deposit. Additional deposits are generally required of those insurers applying to write lines of business not covered under state insurance guaranty funds (such as guaranty, fidelity, surety, and bond business) or otherwise (e.g., workers’ compensation). The ultimate purpose of these funds is to ensure that liquid assets are unencumbered and available for use by the commissioner, or his/her designee, for the administration of the insurer’s estate should it become insolvent.

Item 8. Statutory Memberships

- This item may be applicable depending on any new lines of business added.
- Some states require a positive application and confirmation regarding membership in state-mandated risk pools or other organizations. In other words, an insurer may not automatically be a member by virtue of its certificate of authority, but may be required to join outside the jurisdiction of the insurance department.

Item 10. Consent to Service of Process

- This document designates the commissioner or a resident of the state to receive consent to service of process on behalf of the entity. Persons or entities to receive forwarded consent to service of process from the commissioner are also provided.

Item 11. State of Domicile Approval

- The certificate of merger is the approval of the domestic state of the surviving entity. It should be accompanied by a certificate of compliance from the other state involved, if applicable.

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Analysis of Current Condition

Item 5. Minimum Capital and Surplus Requirements

- This item may be applicable depending on any new lines of business added.

Item 9. NAIC Biographical Affidavits

- A review of biographical affidavits is only necessary if there is a change in officers, directors or ownership.
- These documents are used to perform a background check (if required by the state) to evaluate the suitability, competency, character and integrity of those persons ultimately responsible for the operations of the insurer. Persons to be reviewed are the controlling owners, officers, directors and key managerial personnel with the ultimate authority over the financial and operational decisions of the insurer, such as the chief executive officer (CEO), chief operating officer (COO), chief financial officer (CFO), secretary, chief marketing officer and treasurer.
- Independent third-party background reports are used to identify discrepancies in the biographical affidavit and evaluate the suitability of the controlling owners, officers, directors or key managerial personnel of the applicant and competency to perform the responsibilities of the position held with the company. Issues regarding competency, character and integrity may be self-evident from the information provided in the affidavit or may be determined from the related background review or criminal background check.
 - Regulators will review the biographical affidavit for completeness- each question should have a response. The affiant must use the most current form available and posted on the UCAA website. Insufficient affidavits or affidavits where signature dates are more than six months from application submit date should not be accepted.
 - Regulators will review the comparison of information provided on the biographical affidavit and the results of the independent third-party background reports.
 - Regulators will note any discrepancies found in the independent third-party background reports and follow up with the Applicant Company or domestic regulator for further clarification.
 - Any key concerns will be addressed with the Applicant Company or domestic regulator for further clarification.

Analysis of Business Plan

Item 7. Plan of Operation

- The articles of merger and/or the accompanying business plan of the surviving entity should be reviewed for informational purposes. [See Corporate Amendment – Adding and Deleting Lines of Business. Plan of Operation for Best Practices – Review of Plan of Operations \(Proforma Financial Statements, Narrative/Business Plan and Questionnaire\).](#)

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Corporate Amendment Application – Proposed/Completed Change of Control of Foreign Insurers

The classification of the of the application instruction items is illustrated in the following chart.

Application Instruction Items	Administrative Filing	Analysis of Current Condition	Analysis of Business Plan
1. Application Form and Attachments	☒		
2. Filing Fee	☒		
3. Articles of Incorporation	☒		
4. Bylaws	☒		
5. Plan of Operation			☒
6. NAIC Biographical Affidavits	☒		
7. Consent to Service of Process	☒		
8. State of Domicile Approval	☒		
9. State-Specific Information		☒	

Administrative Items

Proposed change of control transaction information (proposed transaction) and a second filing of actual information after the change of control are complete (completed transaction). This application is not applicable for filing in a state if the insurer is a domestic insurer in that state.

Item 1. Application Form and Attachments

- Form 1C “Corporate Amendments Application Checklist” – The coordinator should review the checklist for completeness and that all described documents are included in the application. As stated on the checklist form, this document is simply a guide. It is a reminder of what should initially be included in the application package in order for it to be considered complete. This form is all-inclusive, but should be completed with due consideration to the specific amendment(s) requested. Items required are dependent upon the request of the Applicant Company.
- Form 2C “Corporate Amendments Application” – The coordinator should review the form for completeness. This form contains minimum required information.

Item 2. Filing Fee

- Review check submitted in payment of fees for correct amount. In some instances the check may be held by another section of the insurance department. In that case, review the description of the check received.
- Forward check for deposit or provide information for proper processing of check.
- Filing fees range from \$0 to in excess of \$200 and are generally retaliatory.

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Item 3. Articles of Incorporation

- If the Articles of Incorporation have changed as a result of the change of control, file the amended Articles. If the most recently filed (in the state for which you are applying) Articles of Incorporation have not changed, do not file the Articles of Incorporation. Simply state that the current articles are already on file with the state to which this application relates. If it is expected that revised Articles of Incorporation will be submitted in the completed transaction filing, indicate that in the proposed transaction filing.

Item 4. Bylaws

- The bylaws need only be submitted if they have been amended. If it is expected that revised bylaws will be submitted in the completed transaction filing, indicate that in the proposed transaction filing.

Item 7. Consent to Service of Process

- This document designates the commissioner or a resident of the state to receive consent to service of process on behalf of the company. Persons or entities to receive forwarded consent to service of process from the commissioner are also provided.

Item 8. State of Domicile Approval

- Verify that the domiciliary state approved the change of control.
- Refer to Appendix D, Form A Review Best Practices for additional guidance.

Item 9. State-Specific Information

- Some jurisdictions may have additional requirements that must be met before a proposed change of control can be completed. For example, some states require the filing of a Form E (Pre-Acquisition Notification Form Regarding the Potential Competitive Impact of a Proposed Merger or Acquisition by a Non-Domiciliary Insurer Doing Business in this State or by a Domestic Insurer) at least 30 days before the completion of a change of control transaction. In addition, some states may require a Form B amended statement, in accordance with the *Insurance Holding Company System Regulatory Act* (#440), after completion of the change of control transaction. Before completing a UCAA Corporate Amendments Application the applicant should review a listing of requirements for the state to which you are applying. State-specific information is listed on the state-specific chart.

Analysis of Current Condition

Item 6. NAIC Biographical Affidavits

- A review of biographical affidavits is only necessary if there is a change in officers, directors or ownership.
- These documents are used to perform a background check (if required by the state) to evaluate the suitability, competency, character and integrity of those persons ultimately responsible for the operations of the insurer. Persons to be reviewed are the controlling owners, officers, directors and key managerial personnel with the ultimate authority over the financial and operational decisions of the insurer, such as the chief executive officer (CEO), chief operating officer (COO), chief financial officer (CFO), secretary, chief marketing officer and treasurer.

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- Independent third-party background reports are used to identify discrepancies in the biographical affidavit and evaluate the suitability of the controlling owners, officers, directors or key managerial personnel of the Applicant Company and competency to perform the responsibilities of the position held with the entity. Issues regarding competency, character and integrity may be self-evident from the information provided in the affidavit or may be determined from the related background review or criminal background check.
 - Regulators will review the biographical affidavit for completeness- each question should have a response. The affiant must use the most current form available and posted on the UCAA website. Insufficient affidavits or affidavits where signature dates are more than six months from application submit date should not be accepted.
 - Regulators will review the comparison of information provided on the biographical affidavit and the results of the independent third-party background reports.
 - Regulators will note any discrepancies found in the independent third-party background reports and follow up with the Applicant Company or domestic regulator for further clarification.
 - Any key concerns will be addressed with the Applicant Company or domestic regulator for further clarification.

Analysis of Business Plan

Item 5. Plan of Operation

- If the business plan of the insurer will change as a result of the change of control transaction, a plan of operation must be submitted; otherwise, a statement that the business plan will not change will suffice and should be submitted. The plan of operation is made up of two components: a brief narrative and proforma financial statements/projections (Form 13). The narrative should include significant information in support of the application. Projections must support all aspects of the proposed plan of operation, including reinsurance arrangements and any delegated function agreements. Include the assumptions used to arrive at these projections. [See Corporate Amendment – Adding and Deleting Lines of Business. Plan of Operation for Best Practices – Review of Plan of Operations \(Proforma Financial Statements, Narrative/Business Plan and Questionnaire\).](#)

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Corporate Amendment Application – Amended Articles of Incorporation

The classification of the of the application instruction items is illustrated in the following chart.

Application Instruction Items	Administrative Filing	Analysis of Current Condition	Analysis of Business Plan
1. Application Form and Attachments	☒		
2. Filing Fee	☒		
3. Articles of Incorporation	☒		
4. Bylaws	☒		
5. State of Domicile Approval	☒		
6. State-Specific Information	☒		

Administrative Items

Amended articles of incorporation require notification to all states in which the Applicant Company is licensed. This application is not applicable for filing in a state if the insurer is a domestic insurer in that state.

Item 1. Application Form and Attachments

- Form 1C “Corporate Amendments Application Checklist” – The coordinator should review the Checklist for completeness and that all described documents are included in the application. As stated on the checklist form, this document is simply a guide. It is a reminder of what should initially be included in the application package in order for it to be considered complete. This form is all-inclusive, but should be completed with due consideration to the specific amendment(s) requested. Items required are dependent upon the request of the applicant.
- Form 2C “Corporate Amendments Application” – The coordinator should review the form for completeness. This form contains minimum required information.

Item 2. Filing Fee

- Review check submitted in payment of fees for correct amount. In some instances the check may be held by another section of the insurance department. In that case, review the description of the check received.
- Forward check for deposit or provide information for proper processing of check.
- Filing fees range from \$0 to in excess of \$200 and are generally retaliatory.

Item 3. Articles of Incorporation

- Indicate the location of the language within the articles of incorporation that reflects the change. (Page number, section number, etc., of the articles of incorporation).

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Item 4. Bylaws

- The bylaws need only be submitted if they have been amended.

Item 5. State of Domicile Approval

- Provide a copy of the amended articles of incorporation approval from the Applicant Company's state of domicile.

Item 6. State-Specific Information

- Some jurisdictions may have additional requirements that must be met before articles of incorporation can be amended. Before completing a UCAA Corporate Amendments Application the Applicant Company should review a listing of requirements for the state to which you are applying.

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Corporate Amendment Application – Amended Bylaws

The classification of the of the application instruction items is illustrated in the following chart.

Application Instruction Items	Administrative Filing	Analysis of Current Condition	Analysis of Business Plan
1. Application Form and Attachments	☒		
2. Filing Fee	☒		
3. Bylaws	☒		
4. State of Domicile Approval	☒		
5. State-Specific Information	☒		

Administrative Items

Amended bylaws that are not a result of changes addressed in other areas of the corporate amendment application require notification to all states in which the Applicant Company is licensed. This application is not applicable for filing in a state if the insurer is a domestic insurer in that state.

Item 1. Application Form and Attachments

- Form 1C “Corporate Amendments Application Checklist” – The coordinator should review the checklist for completeness and that all described documents are included in the application. As stated on the checklist form, this document is simply a guide. It is a reminder of what should initially be included in the application package in order for it to be considered complete. This form is all-inclusive, but should be completed with due consideration to the specific amendment(s) requested. Items required are dependent upon the request of the Applicant Company.
- Form 2C “Corporate Amendments Application” – The coordinator should review the form for completeness. This form contains minimum required information.

Item 2. Filing Fee

- Review check submitted in payment of fees for correct amount. In some instances the check may be held by another section of the insurance department. In that case, review the description of the check received.
- Forward check for deposit or provide information for proper processing of check.
- Filing fees range from \$0 to in excess of \$200 and are generally retaliatory.

Item 3. Bylaws

- Indicate the location of the language within the bylaws that reflects the change (page number, section number, etc., of the bylaws).

Item 4. State of Domicile Approval

- Provide a copy of the amended bylaws approval from the Applicant Company’s state of domicile.

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Item 5. State-Specific Information

- Some jurisdictions may have additional requirements that must be met before the bylaws can be amended. Before completing a UCAA Corporate Amendments Application, the applicant should review a listing of requirements for the state to which you are applying.

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Corporate Amendment Application – Change of Mailing Address/Contact Notification

The classification of the application instruction items is illustrated in the following chart.

Application Instruction Items	Administrative Filing	Analysis of Current Condition	Analysis of Business Plan
1. Application Form and Attachments	E		

Administrative Items

Item 1. Application Form and Attachments

- Change of mailing address that do not involve corporate record amendments, such as moving from one building to another or contact person changes, are filed on Form14 – Change of Mailing Address/Contact Notification Form.

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Corporate Amendment Application – Consent to Service of Process

The classification of the application instruction items is illustrated in the following chart.

Application Instruction Items	Administrative Filing	Analysis of Current Condition	Analysis of Business Plan
1. Consent to Service of Process Application	E		
2. Filing Fee	E		

Administrative Items

Item 1. Consent to Service of Process

- The amended consent to service of process should be reviewed to determine that the resident agent or forwarding address is reflected.
- If the application was submitted electronically, the state may utilize the UCAA email system to contact or notify the company if there are questions regarding the resident agent or forwarding address. [Refer to the Corporate Amendment User Guide for additional instructions.](#)

Item 2. Filing Fee

- Review check submitted in payment of fees for correct amount. In some instances the check may be held by another section of the insurance department. In that case, review the description of the check received.
- Forward check for deposit or provide information for proper processing of check.
- Filing fees vary from state to state. Refer to the [State Retaliatory Information](#) link on the UCAA website for additional state information.
- If the application was submitted electronically, the state may utilize the UCAA email system to contact or notify the Applicant Company of filing fee requirements. Refer to the [Corporate Amendment User Guide for additional instructions.](#)

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Corporate Amendment Application - Statement of Withdrawal, Complete Surrender of Certificate of Authority

Application Instruction Items	Administrative Filing	Analysis of Current Condition	Analysis of Business Plan
1. Application Form and Attachments	☒		
2. Filing Fee	☒		
3. Statement of Withdrawal and Attachments		☒	
4. State-Specific Information	☒		

Item 1. Application Form and Attachments

- Form 1C “Corporate Amendments Application Checklist” – The coordinator should review the checklist for completeness and that all described documents are included in the application. As stated on the checklist form, this document is simply a guide. It is a reminder of what should initially be included in the application package in order for it to be considered complete. This form is all-inclusive, but should be completed with due consideration to the specific amendment(s) requested. Items required are dependent upon the request of the applicant. If the Applicant Company cannot return its original certificate of authority, they must complete and attach an Affidavit of Lost Certificate of Authority (Form 15).

Item 2. Filing Fee

- Review check submitted in payment of fees for correct amount. In some instances the check may be held by another section of the insurance department. In that case, review the description of the check received.
- Forward check for deposit or provide information for proper processing of check.

Item 3. Statement of Withdrawal and Attachments

- The statement for withdrawal must include a thorough explanation for the surrender of its certificate of authority.
- The Applicant Company must provide sufficient explanations for outstanding claims, contingent liabilities, or laws suits currently existing.
- The Applicant Company must also state whether any business will be transferred to another insurer and attach any reinsurance agreements.

Item 4. State-Specific Information

- Some jurisdictions may have additional requirements that the Applicant Company must meet before the state can cancel a Certificate of Authority. Before completing a UCAA Corporate Amendment Application, the Applicant Company should review the listing of State-Specific Requirements for the application state.

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The Uniform Certificate of Authority Application (UCAA)

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THE UCAA

In conjunction with the NAIC, the various states have worked toward the goal of streamlining and achieving uniformity in the insurer licensing process. The insurer licensing process encompasses the initial licensing of an insurer, as well as licensing in additional states and filings that modify or expand an existing certificate of authority. It was the intent of the former Accelerated Licensing Evaluation Review Technique (ALERT) Subgroup that each of the adopted application packages contains a complete listing of the requirements for licensing in a state. The Uniform Certificate of Authority Application (UCAA) website that provides a consistent frame of reference for all participants in the licensing process. There are three types of applications: primary, expansion and corporate amendments. Those application types and their component items are described below.

Primary Application

The UCAA primary application is for use in the formation of a new insurer, or for an existing insurer to use in making application to redomesticate to another state. It contains the following items:

1. Application Form and Attachments
2. Filing Fee
3. Minimum Capital and Surplus Requirements
4. Statutory Deposit Requirements
5. Name Approval
6. Plan of Operation
7. Holding Company Act Filings
8. Statutory Membership(s)
9. SEC Filings or Consolidated GAAP Financial Statement
10. Debt-to-Equity Ratio Statement
11. Custody Agreements
12. Public Records Package
13. NAIC Biographical Affidavits
14. State-Specific Information

Primary Application – Redomestications Only

The requirements of this section are only for those insurers seeking to redomesticate from one state to another and are in addition to the requirements of Section I, Item #1 through Item #14 of the primary checklist. A redomestication is the process where any insurer organized under the laws of any state may become a domestic insurer that transfers its domicile to another state by merger or consolidation or any other lawful method.

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The Applicant Company files the primary application with the insurer's new state of domicile when used for a redomestication. In addition to the items included with the primary application, the redomestication application will include the following items:

15. Annual Statements with Attachments
16. Quarterly Financial Statements
17. Risk-Based Capital Report
18. Independent CPA Audit Report
19. Reports of Examination
20. Certificate of Compliance

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3. Holding Company (if applicable)

- a. Organizational Chart.
- b. Affiliated Organizations (affiliated agreements will be reviewed for licensing purposes, however, affiliated agreements are not being approved, a Form D filing is required for approval).
 - i. Identify the type’s organizations (affiliated and unaffiliated).
 - ii. List of services provided by affiliates.
 - iii. Reimbursement terms fair & reasonable to the Applicant Company.
 - iv. Financial condition.
- c. Review Holding Company Registration Statement (Form B), including amendments (if applicable); and Holding Company Filings.
- d. Review Ultimate Controlling Party (UCP) Financials - Verify if UCP is capable of providing support and experience level in operating the type of company proposed.
- e. Review Debt-to-Equity statement.
- f. Review lead state holding company system analysis and reports.
- g. Review Applicant Company contemplated and/or existing agreements with affiliates.
- h. Review and identify any concerns:
 - i. five years of audited financial statements;
 - ii. current financial statements (as of date within 90 days of filing); and
 - iii. SEC reports, if applicable.
- i. Determine if financial projections are needed for the immediate parent or UCP. If obtained, are the financial projections for the Applicant Company and/or UCP consistent with business plan.

4. Business Plan and Operations

- a. Review the Applicant Company’s business plan.
- b. Review the Applicant Company’s business narrative including the types of products to be sold and how they will be distributed.
- c. Review Form 8 Questionnaire for the Applicant Company.
- d. Consider Officers/Directors compensation information as reported in annual statement.
- e. Identify if any Managing General Agents (MGA) and Third Party Administrator (TPA) will be used. If so, are they properly licensed or registered in the state?
- f. Determine if the Applicant Company will use any Professional Employer Organizations (PEO). If so, are they properly licensed or registered?

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| <p>g. Determine if the Applicant Company will use any Managing General Underwriters (MGU). If so, what services are they providing? Do they meet the definition of a TPA or MGA? If so, are they properly licensed or registered?</p> | |
| <p>h. Review material reinsurance transactions (for P/C companies will the retention be below the statutory requirements of policyholder surplus and reinsurance ceded/assumed programs.</p> | |
| <p>i. Review the Applicant Company’s investment policy and any other policies provided with the application.</p> | |
| <p>j. Review custodial agreements & compliance with the statutory deposit safekeeping requirements per the Examiner’s Handbook.</p> | |
| <p>k. Review the Investment Management Arrangements/Agreement of the Applicant Company.</p> | |
| <p> i. Identify if the arrangement/agreement is with an affiliate or third-party.</p> | |
| <p> ii. Verify that arrangement/agreement is in compliance with state investment policy and any state investment limitations.</p> | |
| <p> iii. Review Investment Management arrangement/agreement language; if unusual language, consider having the NAIC’s Capital Markets Bureau review the arrangement/agreement.</p> | |
| <p>l. Review the Applicant Company’s geographical service area.</p> | |
| <p>m. Review and compare the lines of business that the Applicant Company is applying for with the business plan.</p> | |
| <p>n. Review the marketing plan of the Applicant Company.</p> | |
| <p>o. Review the capital adequacy and financial guarantees of the Applicant Company.</p> | |
| <p> i. Identify the nature, source and amount of capital and surplus.</p> | |
| <p>p. Review rating agency reports.</p> | |

5. Reasonableness of Projections

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| <p>a. Identify if the projections appear to be reasonable, in relation to the business plan as provided.</p> | |
| <p>b. What assumptions did the Applicant Company use in their projections, include feasibility study of projections if available.</p> | |
| <p>c. Review the financial statement and exhibits and consider reasonableness of projections provided.</p> | |
| <p>d. Does the Applicant Company appear to be aggressive or realistic in their growth projections?</p> | |
| <p>e. Determine if the GWP and NWP ratios are within industry standards.</p> | |
| <p>f. Review the projected RBC. Is it within the norms and does it make sense based on projections.</p> | |
| <p>g. Review the capitalization of the Applicant Company.</p> | |
| <p> i. Where is it coming from?</p> | |

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- ii. Will there be any Parental Guarantees, etc.?
 - iii. Are there any short or long-term financing arrangements contemplated?
 - iv. Consider quality of capitalization.
 - h. Did the Applicant Company project any growth? If so:
 - i. What will be the source and type (cash, surplus notes) of any such contributions?
 - ii. Are there any capital contributions that are being contemplated?
 - i. For HMO’s, determine the minimum capital, surplus and deposit requirements based on the Applicant Company’s projections.
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6. Company Financials (if redomesticating)

- a. Complete review of Financial Analysis Handbook for redomesticating companies.
 - b. Request and review a copy of the Applicant Company’s Insurer Profile Summary from the domestic state.
 - c. Request and review a copy of the latest holding company system analysis from the lead state.
 - d. Review the Applicant Company’s FAST and Financial Profile
 - e. Review AM Best and other rating agency ratings.
 - f. Identify if the company was redomesticating, was the company formed by the Secretary of State or under the business laws or insurance laws of the state.
 - g. Verify the date the last financial examination was completed and determine if it met all state requirements.
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7. Other

- a. Determine if Network Adequacy requirements are met, if HMO.
 - b. Determine if a pre-licensing examination needs to occur.
 - c. Designation of Registered Agent.
 - d. Review applications filed in other states in the prior 12 months.
 - e. Review the terms of any agreements with a broker-dealer.
 - f. Review the market share impact.
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Expansion Application

The UCAA expansion application is for use by an insurer that wishes to expand into one or more states. An insurer may file expansion applications simultaneously in as many states as desired. The expansion application is an abbreviated version of the UCAA designed to allow solidly performing companies that are in good standing in all admitted states to gain admission into new states quickly and easily. It is the goal to complete the review of expansion applications within 60 calendar days of receipt. The 60-day review process includes two weeks to determine if the application is complete and acceptable. During the remaining 45–60 day time span, the application will receive a financial and operational review. Based on the circumstances of a particular application, it may be necessary for the reviewing state to request additional information.

The UCAA expansion application has the following items:

1. Expansion Application Form
2. Filing Fee
3. Minimum Capital and Surplus Requirements
4. Statutory Deposit Requirements
5. Name Approval
6. Plan of Operation
7. Holding Company Act Filings
8. Certificate of Compliance
9. Report of Examination
10. Statutory Memberships
11. Public Records Package
12. NAIC Biographical Affidavits
13. Consent to Service of Process
14. State-Specific Information

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Corporate Amendments Application

An existing insurer uses the UCAA corporate amendments application for requesting amendments to its certificate of authority. The Applicant Company can use the corporate amendments application to file more than one change in the same submission. The Applicant Company should mark all changes it files on the application form and submit all items required for those changes. This UCAA corporate amendments application has the following items:

1. Application Form and Attachments
2. Filing Fee
3. Articles of Incorporation
4. Bylaws
5. Minimum Capital and Surplus Requirements
6. Statutory Deposit Requirements
7. Plan of Operation
8. Statutory Membership(s)
9. Certificate of Compliance
10. State-Specific Information
11. Deleting Lines of Business

There are slightly different filing requirements for corporate amendments applications involving name changes, redomestication of foreign insurers, change of city within the state of domicile, change of mailing address/contact information and mergers of two or more foreign insurers.

UCAA Forms

In order to facilitate the uniform submission of information pertinent to each of the items of the various applications, a variety of forms were promulgated by the ALERT Subgroup. There is a matrix of the forms and the items to which they apply on the UCAA website.

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Appendix A – The Uniform Certificate of Authority Application (UCAA)

REVIEW OF THE UCAA

The “Best Practices: Application Review” chapter of the Best Practices Handbook describes the recommended best practices for the review of the items and forms associated with the various types of UCAA applications.

Review of UCAA State Charts

In order to maintain accurate and current state requirements, the UCAA state charts should be reviewed by the insurance department at least on an annual basis. In addition, whenever the state is aware of a change, notify the company licensing coordinator as soon as practicable. Each chart listed should be reviewed for:

- State requirements
- Statutory references
- Department website links
- Contact information, including email, telephone number and extension.

All updates should be sent to the company licensing coordinator listed on the NAIC [website](#).

NAIC Company Licensing Best Practices Handbook
Appendix B – Use of Electronic Documents

Use of Electronic Documents

NAIC *Company Licensing Best Practices Handbook* Appendix B – Use of Electronic Documents

Many of the documents filed in the UCAA process are currently housed in electronic format at the NAIC or lend themselves easily to electronic storage and viewing.

The items included in the public records package that are already stored in either data tables or PDF file format, or both, at the NAIC are:

- Annual Financial Statements (in data tables and PDF files) with Attachments, Including the Actuarial Opinion and Management’s Discussion and Analysis (in PDF file format)
- Quarterly Financial Statements (in data tables and PDF files)
- Risk-Based Capital Reports (in data tables and PDF files)
- CPA Audit Reports (in PDF files)
- Examination Reports (in PDF files and in I-SITE in the Financial Exam Electronic Tracking System on a voluntary basis)
- SEC Filings (can be found at www.sec.gov/edgar.shtml)

The following documents are not currently stored in an explicit location in an NAIC database, but should at least be stored and made available in electronic format:

- Form B Registration Statement
- Consolidated GAAP Financial Statements
- Articles of Incorporation
- Bylaws

A concerted effort should be made to reduce the amount of paperwork created and stored with respect to the review of UCAA applications.

NAIC Company Licensing Best Practices Handbook
Appendix C – Review of Electronic Application Coordination and Processing
(REACAP)

**Review of Electronic Application Coordination
and Processing (REACAP)**

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Appendix C – Review of Electronic Application Coordination and Processing (REACAP)

Companies may file an NAIC Uniform Certificate of Authority Application (UCAA) under the REACAP program upon application to and acceptance by the National Treatment and Coordination (E) Working Group (Working Group). Applications that are accepted into the REACAP program will have the timing, technology and substantive processing monitored, issues encountered will be reported to the Working Group and the applicant will provide feedback to the Working Group about the process. UCAA electronic applications are encouraged, and acceptance into the REACAP program is an option, not a requirement, when submitting an electronic application.

To apply for REACAP, companies should send to the co-chairs of the Working Group and the NAIC coordinator (www.naic.org/industry_ucaa.htm) an explanatory letter setting forth the basis for their application that meets the criteria for acceptance into the REACAP program. Companies should be aware that other factors, such as regulatory workload, may impact acceptance into the REACAP program.

For an expansion application, the explanatory letter must include all of the following for consideration for acceptance into the REACAP program:

1. A commitment to file application electronically and to work with the Working Group.
2. A commitment letter (attached) from the domestic regulator indicating their willingness to work with the Working Group should the REACAP application be accepted.
3. Whether the application will serve a national or regional market need and quantification of that need.
4. The number and name of states to which the expansion application will be submitted.
5. A description of the current affiliations with insurers licensed in one or more states.
6. The basic financial condition of the applicant (e.g., capital, surplus, RBC) and the “as-of” date of the most recent financial exam.
7. Whether the company is a start-up company.
8. The nature and extent of any parental guarantees.
9. Experience of the management team with the lines of business being applied for.
10. A brief description of all regulatory compliance enforcement actions by state for the past five years.

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Appendix C – Review of Electronic Application Coordination and Processing (REACAP)

For a corporate amendment application, the explanatory letter must include all of the following for consideration for acceptance into the REACAP program:

1. A commitment to file application electronically and to work with the Working Group.
2. A commitment letter (attached) from the domestic regulator indicating their willingness to work with the Working Group should the REACAP application be accepted.
3. The number and name of states to which the corporate amendment application will be submitted.
4. If adding line(s) of business or merger:
 - a. Whether the application will serve a national or regional market need and quantification of that need.
 - b. A description of the current affiliations with insurers licensed in one or more states.
 - c. The basic financial condition of the applicant (e.g., capital, surplus, RBC) and the “as-of” date of the most recent financial exam.
 - d. Experience of the management team with the lines of business being applied for.
 - e. Indicate if the transaction is date-specific.
5. If a name change, merger, redomestication, etc.:
 - a. Indicate national or regional impact, including marketing and quantification of that impact.
 - b. Provide a description of the affiliations with already licensed insurers involved in the transaction.
 - c. Indicate if the transaction is date-specific.
6. Provide a brief description of all regulatory compliance enforcement actions by state for the past five years.

REACAP Expedited Review Guidelines

Some companies may request expedited review of a REACAP application. If so, the Applicant Company will need to clearly state, in writing, that request and the basis for it. The National Treatment and Coordination (E) Working Group will consider the request for expedited review with the request for acceptance into the REACAP program, including substantiation of market need, urgent circumstances, as well as the regulators’ other workload. Requests for expedited treatment may result in a REACAP request being denied. Further, applicants should be aware that state regulators cannot be compelled by the Working Group to complete an expedited review.

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Appendix C – Review of Electronic Application Coordination and Processing (REACAP)

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NAIC Company Licensing Best Practices Handbook
Appendix D – Form A Review Best Practices

Form A Review Best Practices

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Appendix D – Form A Review Best Practices

Every Form A review should be tailored to the risks associated with the proposed acquisition, including the target company, acquiring entity, and the complexity of the transaction. The following best practices are presented as a guide for regulatory review and analysis of Form A acquisitions, recognizing that this list may not be comprehensive and not all items will apply to every acquisition. This list is intended to be a regulatory tool. **The NAIC Form A database should be updated as applicable throughout the Form A review process.**

1. **Initial Review**

- a) Determine if the filing is complete, note the missing items and promptly send a deficiency letter to the Applicant
- b) Identify attorneys, party contacts, and the other insurance regulator reviewing the Form A, including the lead regulator.
- c) The lead regulator should obtain key contact information from each state reviewing the Form A and consider organizing a regulator to regulator call to discuss concerns with the filing
- d) Assign appropriate analyst, legal and other professional staff to conduct regulatory review
- e) Carefully consider whether regulatory review can be completed by Applicant's target close date, including any interim deadlines and obtain deemer extension or waiver if appropriate, and
- f) Schedule and notice hearing/consolidated hearing, if applicable, within statutory timeframes

2. **Background, Identity and Risk Profile of Acquiring Persons**

- a) Identify and review all relevant parties to the proposed acquisition
- b) Assess the feasibility of the acquiring persons holding company structure including location and control (direct/indirect) of the target company post acquisition
- c) Review the lead state's assessment of the acquiring persons most recent ORSA Summary Report and Form F ERM, if applicable, to better understand the related risks
- d) Determine Ultimate Controlling Person and/or Parent (UCP), cross check with source of funds and consider debt funding sources
- e) Review NAIC and other external sources to gain a better understanding of the acquiring persons, its affiliates, and the UCP
- f) Carefully scrutinize and understand complex organization and ownership structures by requesting and reviewing all organizational documents such as Articles of Incorporation, Articles of Association, Partnership Agreements, and Operating Agreements for entities from the proposed immediate parent up to the proposed ultimate controlling person(s) (UCP). Review and consider who has the voting rights under these organizational documents. Verify who should be considered the UCP based upon the reviewed information and document why the determination was made
- g) Review Audited Financial Statements (or CPA reviewed financial statements for individuals) of the acquiring persons, its holding company, and the UCP, 10K and 10Qs, and other current financial information for enterprise condition, potential debt service by the UCP and its ability to service such debt. Understand the level of reliance on cash

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- flow/dividends from the target company to service debt and other obligations of the holding company and UCP.
- h) Based upon nature of acquiring party, review detailed audited financial statement of all individuals who are source of funds.
 - a. If not available, consider acceptability of unaudited financial statements, compiled personal financial or net worth statements and/or tax returns.
 - i) Consider suitability of UCP through background review and regulatory review of the prospective new owners, using UCAA biographical affidavits and third-party background reviews by NAIC listed independent third-party reviewing companies or fingerprinting criminal checks if applicable, and
 - j) Consider acceptability of SEC disclosures by board members of publicly traded UCPs in suitability review.

3. Communication and Record Maintenance

- a) Communicate response to any confidentiality requests in writing as soon as possible
- b) Create a contact list of relevant persons and representatives
- c) Separate confidential and public documents, information, and communications and maintain as appropriate
- d) Contact and collaborate with other reviewing regulators involved in the review process, as appropriate, including the lead state regulator regarding ORSA and ERM reviews
- e) As applicable, contact other regulators of noninsurance entities of the acquiring party or target
- f) Respond as appropriate to questions from third parties and interested regulators
- g) Keep the acquiring party representatives informed as to status of review
- h) Receive and consider any information provided by external sources, including possible financial or other incentives or motivation of those commenting on a particular transaction
- i) Summarize review, findings, conclusions and action taken on Form A review in final action document, including stipulations, and conditions subsequent, and
- j) File and maintain documents under state procedures.

4. Transaction Review

- a) Determine how acquisition will be achieved by carefully reviewing transactional documents, e.g. merger, stock purchase, stock exchange
- b) Consider disposition of all classes of target shares, including addressment of any beneficial owners
- c) Ascertain propriety of disposition of minority interests and concerns, if applicable
- d) Consider any affiliate or employee benefit as appropriate
- e) Determine how any ancillary regulatory reviews or other interim procedural steps will be completed, including Form E-Pre-Acquisition Notification Form, for other licensed states
- f) Obtain copies of shareholder communications or sole shareholder consent
- g) Consider obtaining copies of fairness and other contractually required opinions if available

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- h) Review relevant portions of board resolutions, power points and related board minutes pertinent to the Form A transaction, use care to keep documents confidential, and
- i) Determine whether additional professional transaction review is warranted.

5. Purchase Consideration

- a) Determine fairness (equivalency) of total amount to be paid to total value to be received, including derivation of price and value of target under standard valuation methodologies or to book value
- b) Consider quality of consideration, giving careful scrutiny to payments other than cash or cash equivalents which are disfavored particularly when any funds are being transferred to the target.
- c) Consider fairness opinions and actuarial appraisals, if provided
- d) Consider source, type and valuation basis of funds to be used for consideration
 - i. If funds are from a regulated entity, confirm the existence and valuation of such assets with that entity's regulator
- e) If applicable, consider implications of any debt financing including
 - i. The mechanics of any debt financing to be used to fund the transaction, whether funds are being borrowed in the ordinary course of business or on terms that are less favorable than generally commercial loans.
 - ii. The percentage of debt versus non-debt funds to be used
 - iii. The source of funds or stream of income to be used by parent for repayment and the ability of the acquiring party to repay the debt from sources other than the target
 - iv. Identity of the creditor(s) and creditors' financial condition.
 - v. How will debt be secured; consider prohibiting securing of debt on shares of target or target's assets if not already prohibited by state statute,
 - vi. Compare time period of loan commitment with parent's income stream over the same time period, including the ability of the acquiring party to repay the debt from sources other than the target until loan is repaid/retired, and
 - vii. Consider the long term impact of parent's debt service on operations of the target company and group.
 - viii. Follow-up on Parent's financial commitment to underlying insurer.

6. Target License Qualification /Insurer Operations

- a) Determine whether target insurer meets license qualifications upon change of control
- b) Consider operational changes post-acquisition, including business plans and projections
- c) Review required statutory deposits and authorized lines of business
- d) Consider changes to target management and key employees
- e) Consider suitability of changes to target management and key employees through background review and regulatory review of new owners, using UCAA biographical affidavits and third-party background reviews or fingerprinting criminal checks, if applicable

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- f) Consider plans for technological interfacing with new affiliates and any potential adverse impact on operations including claims
- g) Consider suitability of any new affiliated and non-affiliated material agreements, including managing general agents, third party administrators, any professional organizations and reinsurance arrangements
- h) Review any ERM analysis of the transaction performed by the acquiring entity, including impacts on risk assessment, risk appetite and tolerances, and prospective solvency (capital and liquidity)
- i) Require Form D filings for any affiliated material transactions, post-acquisition; consider including language in the approval order
- j) Determine target's estimated financial condition and stability, post-acquisition, and
- k) Consider with disfavor any plans to liquidate the target or sell its assets, consolidate or merge, that may be unfair, unreasonable, or hazardous to policyholders
- l) Consider impact of U.S. insurer merging into an international insurer and/or alerting the legal entity structure and regulatory oversight performed by domestic state(s).

7. Market Impact

- a) Consider anticompetitive impact of acquisition on lines or products, including whether transaction will create a monopoly or lessen competition in insurance in the state; Disapprove transaction if completion will create a monopoly
- b) Consider Form E information and market concentration for combined lines and other appropriate information to assess market impact if warranted by nature of transaction, including coordination with other states where the target is admitted, and
- c) Consider imposing tailored conditions subsequent or undertakings as necessary to address competitive market concerns

8. Post-Approval Considerations, if applicable

- a) Receive notification of changes to effective closing date
- b) Confirm compliance with conditions precedent
- c) Receive waivers for market conduct or financial examination, and
- d) Receive notification if transaction does not close and consider withdrawal of approval.

9. Post-Acquisition Considerations

- a) Receive confirmation of the transaction following the closing, per your state's statutory requirement timeframe
- b) Request written details of the final purchase price after all adjustments are complete on the transaction
- c) Request confirmation of any capital contribution contemplated in the transaction.
- d) Request the names and titles of those individuals whom will be responsible for the filing of the amended Insurance Holding Company System Annual Registration Statement
- e) Request an amended Insurance Holding Company System Registration statement per your state's statutory timeframe within each applicable state's statutory required timeframe after the close of the proposed transaction.

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- f) Consider requesting for a period of two years, commencing six months from closing, a semiannual report under oath of its business operations in your state, including but not limited to, integration process; any changes to the business of the Domestic Insurers; changes to employment levels; changes in offices of the Domestic Insurers; any changes in location of its operations in your state; and notice of any statutory compliance or regulatory actions taken by other state regulatory authorities against the acquiring parties or the Domestic Insurers
- g) Consider prior approval of all dividends for a two-year period from the close date
- h) Consider undergoing a target financial and/or market conduct examination following the closing or
- i) In lieu of an examination a meeting, conference call or receipt of certain information can be requested
- j) Confirm compliance or satisfaction with any other conditions subsequent or undertakings, and
- k) Monitor target's market performance to projections two years after transaction close date
- l) Consider proactive communication with state(s) where the insurer conducts business if changes to the insurer's corporate structure occurs post-acquisition.

Appendix E – Speed to Market

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Speed to Market – Insurance company working in conjunction with state of domicile (lead state), where seeking expansion (target) states and facilitated by the National Treatment and Coordination (E) Working Group (NTCWG) to expand operations into multiple States.

(1) **Applicant Company must work in concert with lead state to ensure baseline compliance:**

- Applicant Company is in good standing with its lead State. It is not presently under or pending any regulatory actions, unless regulators have agreed upon a strategic plan to address such regulatory actions and a speed to market approach is needed.
- Applicant company meets the minimum cap, surplus or net worth requirements of the target States.
- Applicant Company meets or has approval to waive seasoning requirements of the target States.
- Applicant Company has the appropriate or like kind licensing authority in its state of domicile as to what it is seeking in the target States.
- Applicant Company has identified all state specific issues related to the target states and is willing to meet them.

(2) **Applicant Company and Lead State will request from NTCWG the speed to market process:**

- Applicant Company must have ownership commitment, managerial competence and financial wherewithal to ensure it can successfully operate in all target states.
- Applicant Company will ensure compliance and management commitment to the UCAA electronic expansion application process.
- Lead State will assist target states by sharing of information (IPS, etc.) and regulatory thought processes (addressing any RBC, funding, reinsurance issues and how the Applicant company addressed the issues raised by lead state)
- Outline timelines and expectations.
- Establish both universal points of contact for the Applicant Company, lead state, and target states.
- Note any regulatory issues that might arise.

If NTCWG approves and 2 weeks after the Applicant Company has filed an expansion application:

- NTCWG will initiate a “kick off meeting” with Applicant Company, lead state, target states, NTCWG co-chairs and NAIC staff noting the following:
 - General background of the Applicant Company.
 - Address timelines/expectations.
 - Note any potential regulatory concerns.

Lead State will work in concert with NTCWG (via staff support) to set up Regulator to Regulator only call (Lead State, target States, NTCWG co-chairs):

- Discuss lead state IPS.
- Get initial consideration as to status of application and proposed timeline for licensing:
 - target states still have deficiencies and concerns.
 - What target states are ready to recommend approval.
 - If needed, schedule call to include Applicant Company.

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Appendix E – Speed to Market

- Schedule date and time for next conference call to continue discussion.

As needed, all stakeholders follow up calls to address deficiencies and status of application.



OFFICE of the
**INSURANCE
COMMISSIONER**
WASHINGTON STATE

Company Supervision Division



Company Licensing & Compliance Unit Licensing Procedures Manual

Revision & Effective Date: 09/15/2021 (Superseding all prior Company Licensing & Compliance Unit Licensing Procedures Manuals)

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Attachments:

- A – OIC Solicitation Permit Checklist
- B – NAIC Primary Application Checklist (Form 1P)
- C – NAIC Primary Application Review Checklist
- D – NAIC Expansion Application Checklist (Form 1E)

Chapter 1 Unit Mission

1.1 Company Licensing & Compliance Unit's Mission

The Company Licensing & Compliance Unit's (CLC) mission is to review and analyze complex licensure applications from insurers and other entities regulated by the Office of the Insurance Commissioner (OIC) seeking to operate in Washington. Through extensive reviews, we ensure these companies meet extensive regulatory requirements prior to commencing operations in Washington. We evaluate these entity's business structure, operations, and financial condition for compliance with specific regulatory requirements.

Our mission is to also conduct compliance reviews of these regulated entity's operations throughout the year.

All of the work conducted by CLC protects consumers, the public interest, and the state's economy through the fair and efficient regulation of the insurance industry.

Chapter 2 Application Intake

2.1 Overview

Applicants file their applications either electronically or by mail. Washington is a uniform filing state and insurer applicants must utilize the National Association of Insurance Commissioner's (NAIC) prescribed Uniform Certificate of Authority Application (UCAA) system and forms.

Auxiliary Lines applicants submit their applications electronically via an OIC online application portal, by way of email to the CLC's email account at clc@oic.wa.gov or via CLC's Secure File Transfer website. Some auxiliary line applicants submit hardcopy applications.

Below are the procedures for processing the initial intake of these various applications.

2.2 Solicitation Permits

No insurer proposing to form in Washington may operate in any capacity without first applying for, and obtaining, a Solicitation Permit and subsequently a Certificate of Authority (see RCW 48.06.030). The insurer must submit numerous documents to the OIC as described in RCW 48.06.040. CLC analysts review these documents to determine if the insurer meets specific initial requirements to operate in Washington. After meeting this threshold, the OIC will issue a Solicitation Permit to the applicant. A Solicitation Permit is valid for a period of not over two years, subject to the Commissioner granting a reasonable extension for good cause. Following the issuance of the Solicitation Permit, the insurer may then make a Primary Application as a domestic insurer in Washington. The application intake procedure for Solicitation Permits is as follows:

- a. After receiving a hard copy Solicitation Permit application, the CLC Licensing Intake & Compliance Coordinator (Coordinator) date stamps the cover letter or the first page of the application if no cover letter was provided. The Coordinator then notifies the applicant via email of receipt of the application.
- b. Upon receipt of a Solicitation Permit application, the Coordinator will enter the corporate information into SIMBA/ORCA and issue a WAOIC number for the entity.

- c. The Coordinator will ensure that all documentation submitted is entered into the OIC document management system.
- d. The Coordinator will create computer folders and sub-folders for the application review on the CLC computer drive for the analysts.
- e. The main folder will be the name of the applicant with its OIC number.
- f. Sub-folders will be named Notifications, Analyst's Notes, Checklist, and Correspondence. Include in the Checklist sub-folder a blank copy of the OIC Solicitation Permit Checklist. Under the main folder, include all submitted Solicitation Permit application documents.
- g. The Coordinator will then notify the CLC Manager that a new Solicitation Permit application is ready for assignment.
- h. Once the CLC Manager assigns the application to an analyst, the Coordinator will enter the assignment information into SIMBA/ORCA, the CLC Excel spreadsheet, and notifies the analyst and applicant by email of the analyst assignment.

2.3 Primary Applications

The primary application is for the formation of new insurers who wish to domicile in Washington, existing insurers that wishes to redomesticate to Washington, or Washington domestic insurers wishing to redomesticate to other states. Prior to be authorized to submit a Primary application, the insurer must have already been issued a Solicitation Permit by the OIC. Primary applications for domestic insurers are filed via hardcopy.

The application intake procedure for processing hardcopy filed Primary Applications is as follows:

- a. Upon receipt of a hard copy Primary Application, the cover letter or first page of the application if no cover letter is provided, is date stamped by the Coordinator. The Coordinator notifies the applicant of receipt of the application and that the application.
- b. The Coordinator will verify the entity's WAOIC number in SIMBA/ORCA, which would have been issued previously during the Solicitation Permit application process.
- c. The Coordinator will scan all application documentation submitted into the OIC document management system.
- d. The Coordinator will create computer folders and sub-folders on the CLC computer drive for the analysts.
- e. The main folder will be the name of the applicant with its OIC number.
- f. Sub-folders will be named Notifications, Analyst's Notes, Checklist, and Correspondence. Include in the Checklist folder a blank copy of the NAIC

Form 1P, Primary Application Checklist and a blank copy of the NAIC Appendix A Primary Application Review Checklist. Also, include in the main folder all submitted Primary Application documents.

- g. Notify the CLC Manager that a new Primary Application is ready for assignment.
- h. Once the CLC Manager assigns the application to an analyst, the Coordinator will enter the assignment information into SIMBA/ORCA, the CLC Excel spreadsheet, and notify the analyst and applicant by email of the analyst assignment.

2.4 Expansion Applications

The Expansion application is for use by an insurer that wishes to expand into one or more states. The applicant may file Expansion applications simultaneously in as many states as desired using the NAIC's UCAA process. Washington is a uniform state so the application must meet the UCAA guidelines.

The application intake procedure for processing Expansion applications is as follows:

- a. Access the NAIC website and download the complete application file.
- b. Access SIMBA/ORCA and create a profile for the applicant and obtain an OIC license number for the entity.
- c. Create a main application computer folder on the CLC computer drive. This main folder name will include the name of the company and its NAIC number.
- d. Create subfolders within the main folder named Notifications, Correspondence, Analyst Notes, Checklist, and Strictly Confidential. Place in the Checklist folder a blank copy of the NAIC, Form 1E, Expansion Application Checklist.
- e. Place the original NAIC notification email in the "Notification" sub-folder.
- f. Place the downloaded application file within the main folder, separate from the sub-folders.
- g. Notify the CLC Manager that a new Primary Application is ready for assignment.
- h. Once the CLC Manager assigns the application to an analyst, the Coordinator will enter the assignment information into SIMBA/ORCA, the CLC Excel spreadsheet, and notify the analyst and applicant by email of the analyst assignment.

2.5 Corporate Amendments

Corporate Amendments are filed by insurers reporting changes to their operations or to request authorization to add or delete lines of insurance. These corporate amendments are filed through the NAIC's UCAA application process. Washington is a uniform state so the application must meet the UCAA guidelines.

The application intake procedure for processing Corporate Amendment applications is as follows:

- a. Access the NAIC website and download the complete application file.
- b. Access SIMBA/ORCA and verify the applicant is currently an authorized insurer in Washington.
- c. Create a main application computer folder on the CLC computer drive. This main folder name will include the name of the company and its NAIC number.
- d. Create subfolders within the main folder named Notifications, Correspondence, Analyst Notes, and Strictly Confidential.
- e. Place the original NAIC notification email in the "Notification" sub-folder.
- f. Place the downloaded application file within the main folder, separate from the sub-folders.
- g. Notify the CLC Manager that a new Corporate Amendment Application is ready for assignment.
- h. Once the CLC Manager assigns the application to an analyst, the Coordinator will enter the assignment information into SIMBA/ORCA, the CLC Excel spreadsheet, and notify the analyst by email of the analyst assignment.

2.6 Auxiliary Lines Applications

Auxiliary lines are entities that are not insurers but offer services that are regulated by the OIC. There are numerous different types of auxiliary line entities that are registered, licensed, or otherwise authorized by the OIC. These applicants must meet strict regulations to operate in Washington.

Auxiliary line applications are obtained or accessed from the OIC website. Some types of auxiliary line applicants submit their applications through an OIC web-based application portal. Other auxiliary line types download an application form from the website, complete the forms, and send the completed forms with required supporting documentation to the OIC via email.

2.6.1 Intake Processing of Emailed Auxiliary Lines Applications

The application intake process for applications emailed to the OIC is as follows:

- a. Upon receipt of the emailed application materials, open the attachments to review the application form. Obtains the company information that is required to create a new company profile in SIMBA/ORCA.
- b. Create a new profile in SIMBA/ORCA for the company and obtain a WAOIC license/registration number.
- c. Create a main application computer folder on the CLC computer drive. This main folder name will include the name of the company and its WAOIC number.
- d. Create subfolders within the main folder named Correspondence, Analyst Notes, and Strictly Confidential.
- e. Place the original email with attachments in the main folder, separate from the subfolders.
- f. Notify the CLC Manager that a new Auxiliary Line Application is ready for assignment.
- g. Once the CLC Manager assigns the application to an analyst, the Coordinator will enter the assignment information into SIMBA/ORCA, the CLC Excel spreadsheet, and notify the analyst and applicant by email of the analyst assignment.

2.6.2 Intake Processing of Web-Based Portal Submitted Applications

The application intake process for applications submitted through the OIC web-based portal is as follows:

- a. Upon notification of an application submitted through the portal, the Coordinator will obtain and review the primary application form to obtain the company information required to create a new company profile in SIMBA/ORCA. Some registration types have their company profiles automatically created in SIMBA/ORCA upon initial submission. In these cases, creating a new company profile is not required.
- b. Create a new profile in SIMBA/ORCA for the company and obtain a WAOIC license/registration number.
- c. Create a main application computer folder on the CLC computer drive. This main folder name will include the name of the company and its WAOIC number.
- d. Create subfolders within the main folder named Correspondence, Analyst Notes, and Strictly Confidential.
- e. Notify the CLC Manager that a new portal submitted Auxiliary Line Application is ready for assignment.

- f. Once the CLC Manager assigns the application to an analyst, the Coordinator will enter the assignment information into SIMBA/ORCA, the CLC Excel spreadsheet, and notify the analyst and applicant by email of the analyst assignment.

2.6.3 Intake of Independent Review Organization Applications

Upon receipt of the initial request for certification submitted through the online portal, the CLC Intake Coordinator will enter the company information into SIMBA/ORCA and issue the company a WAOIC number. Once the company information is entered into SIMBA/ORCA, the Intake Coordinator must “assign” a list of documents that the applicant must submit in addition to their initial certification request form. This is accomplished as follows:

1. Obtain the company’s WAOIC number.
2. Sign into SIMBA/ORCA.
3. Select the “Maintenance” tab in SIMBA/ORCA and then select the “Document Definitions and Assignments” sub tab.
4. This will bring up a list of documents. Look for the documents with a “Form Type/Group Name” of “IRO Application.”
5. Click on the document name for each listed IRO Application document.
6. This will open a new “Document Definition” page.
7. Click on the button “Add Company.”
8. Enter the WAOIC # for the new company and select “Search”
9. The company should appear in the search results. Click on the “Select” box at the far-right side of search result line for the company.
10. Then select the “Assign Companies” button to assign the selected document as one of the required documents the company will need to submit to complete the application submission process.
11. Repeat this process for each document listed as an “IRO Application” document.
12. Once this is completed, an automated email will be sent to the company notifying them that the required document must be uploaded to the OIC application portal.
13. When the company uploads these documents, the documents are automatically input into AX under the company’s WAOIC number.
14. Company Licensing & Compliance will not receive any notice that documents have been uploaded so Intake Coordinator will need to check AX for the latest submissions.

Chapter 3 Insurer Application Reviews

All Company Licensing & Compliance Analysts will follow the below described procedures when reviewing the various types of applications included in this Chapter. Further, these procedures will be in addition to and supplement the application review procedures described for these types of applications as detailed in the NAIC's most recent version of their *Company Licensing Best Practices Handbook*. As such, the *NAIC Company Licensing Best Practices Handbook* is incorporated into this procedures manual as guidance for reviewing and analyzing insurer applications.

3.1 Solicitation Permit Application Reviews

In accordance with RCW 48.06.030, certain insurance entities proposing to form in Washington may not operate in any capacity without first applying for and obtaining a Solicitation Permit and subsequently a Certificate of Authority. All proposed domestic insurers, health maintenance organizations, health care service contractors, insurance holding corporations, stock corporations to finance insurers or insurance production therefor, or corporations to manage an insurer, or corporations to be attorney-in-fact for a reciprocal insurer, or a syndicate for any of such purposes, must apply for a solicitation permit.

The applicants must submit numerous documents to the OIC for review by Company Licensing & Compliance analysts. The analysts review these documents to determine if the applicant meets specific insurance business entity formation requirements. After the applicants meet these requirements, the OIC will issue a Solicitation Permit to the applicant. A Solicitation Permit is valid for a period of not over two years, subject to the Commissioner granting a reasonable extension for good cause. Following the issuance of the Solicitation Permit, the applicant may then proceed with submitting a Primary Application as a domestic insurance business entity in Washington.

Upon receipt of a solicitation permit, the analyst will expeditiously examine the application and make any investigation relative thereto deemed necessary in accordance with RCW 48.06.050.

All analysts conducting reviews of solicitation permits will use and complete the OIC Solicitation Permit Checklist during their review (See Attachment A).

3.1.1 Application for Solicitation Permit: RCW 48.06.040

Applicants for a solicitation permit must meet all the requirements in RCW 48.06.040 as detailed below:

- a. Name, type, and purpose of insurer, corporation, or syndicate proposed to be formed;
- b. Biographical reports on forms prescribed by the National Association of Insurance Commissioner (NAIC) evidencing the general trustworthiness and competence of each individual who is serving or who will serve as an officer, director, trustee, employee, or fiduciary of the insurer, corporation, or syndicate to be formed;
- c. Third-party verification reports from a vendor authorized by the NAIC to perform a state, national, and international background history check of any person who exercised control over the financial dealings and operations of the insurer, corporation, or syndicate;
- d. Full disclosure of the terms of all understandings and agreements existing or proposed among persons relative to the proposed insurer, corporation or syndicate;
- e. The plan according to which solicitations are to be made;
- f. Additional information the commissioner may reasonably require;
- g. File with the Commissioner:
 - i. Original and copies in triplicate of proposed articles of incorporation, or syndicate agreement; or if the proposed insurer is a reciprocal, original and duplicate of the proposed subscribers' agreement and attorney-in-fact agreement;
 - ii. Original and duplicate copy of any proposed bylaws;
 - iii. Copy of any security proposed to be issued and copy of application or subscription agreement for that security;
 - iv. Copy of any insurance contract proposed to be offered and copy of application for that contract;
 - v. Copy of any prospectus, advertising or literature proposed to be used;
 - vi. Copy of proposed form of any escrow agreement required.
- h. Deposit with the Commissioner fees required by law to be paid for the application including fees associated with the state and national criminal history background check, for filing the subscribers' agreement and attorney-in-fact agreement if the proposed insurer is a reciprocal, for the solicitation permit, if granted, and for filing articles of incorporation with the secretary of state.

3.1.2 Mutual or Reciprocal Insurers: RCW 48.03.160

If the applicant is proposing to form as a mutual or reciprocal insurer, the analyst must review the requirements under RCW 48.06.160 and ensure that the application provides the following:

- (1) Issuance of the policy is contingent upon completion of organization of the insurer and issuance to it of a certificate of authority; and
- (2) the prepaid premium or deposit will be refunded in full to the applicant if the organization is not completed and certificate of authority issued prior to the solicitation permit's date of expiration; and
- (3) the agreement for insurance is not effective until a policy has been issued under it.

3.1.3 Articles of Incorporation: RCW 48.06.200.

Analysts' must also ensure that the proposed new entity's articles of incorporation meet the requirements set forth in RCW 48.06.200 along with any specific requirements set forth in the individual statutes for the specific line (i.e.; HMO, HSCS, P&C insurer, etc.). Further, the applicant's articles of incorporation must be reviewed for compliance with the Washington Secretary of State requirements listed under RCW 23B.02.020, RCW 23B.02.060, and Title 24 RCW for non-profits and mutual formations. If the applicant is a non-profit or mutual, refer to Title 24 RCW for these specific requirements.

RCW 48.06.200 states the following regarding the entity's articles of incorporation:

- (1) This section applies to insurers incorporated in this state, but no insurer heretofore lawfully incorporated in this state is required to reincorporate or change its articles of incorporation by reason of any provisions of this section.
- (2) The incorporators shall be individuals who are United States citizens, of whom two-thirds shall be residents of this state. The number of incorporators shall be not less than five if a stock insurer, nor less than ten if a mutual insurer.
- (3) The incorporators shall execute articles of incorporation in duplicate, acknowledge their signatures thereunto before an officer authorized to take acknowledgments of deeds, and file both copies with the commissioner.
- (4) After approval of the articles by the commissioner, one copy shall be filed in the office of the commissioner and the other copy shall be returned to the insurer.
- (5) The articles of incorporation shall state:
First: The names and addresses of the incorporators.

Second: The name of the insurer. If a mutual insurer the name shall include the word "mutual."

Third: (a) The objects for which the insurer is formed;
(b) whether it is a stock or mutual insurer, and if a mutual property insurer only, whether it will insure on the cash premium or assessment plan;
(c) the kinds of insurance it will issue, according to the designations made in this code.

Fourth: If a stock insurer, the amount of its capital, the aggregate number of shares, and the par value of each share, which par value shall be not less than ten dollars, except that after the corporation has transacted business as an authorized insurer in the state for five years or more, its articles of incorporation may be amended, at the option of its stockholders, to provide for a par value of not less than one dollar per share. If a mutual insurer, the maximum contingent liability of its policyholders for the payment of its expenses and losses occurring under its policies.

Fifth: The duration of its existence, which may be perpetual.

Sixth: The names and addresses of the directors, not less than five in number, who shall constitute the board of directors of the insurer for the initial term, not less than two nor more than six months, as designated in the articles of incorporation.

Seventh: The name of the city or town of this state in which the insurer's principal place of business is to be located.

Eighth: Other provisions not inconsistent with law as may be deemed proper by the incorporators.

3.1.4 Articles of Incorporation - Washington Secretary of State Requirements (not including mutuals and non-profits) are detailed in RCW 23B.02.020 as follows:

- (1) The articles of incorporation must include:
- (a) A corporate name for the corporation that satisfies the requirements of Article 3 of chapter **23.95** RCW;
 - (b) The number of shares the corporation is authorized to issue in accordance with RCW **23B.06.010** and **23B.06.020**;

- (c) The name and address of the corporation's initial registered agent designated in accordance with Article 4 of chapter **23.95** RCW; and
 - (d) The name and address of each incorporator in accordance with RCW **23B.02.010**.
- (2) The articles of incorporation may include:
- (a) The names and addresses of the individuals who are to serve as initial directors;
 - (b) The par value of any authorized shares or classes of shares;
 - (c) Provisions not inconsistent with law regarding:
 - (i) The purpose or purposes for which the corporation is organized;
 - (ii) Managing the business and regulating the affairs of the corporation; or
 - (iii) Defining, limiting, and regulating the powers of the corporation, its board of directors, and shareholders;
 - (d) Any provision that under this title is required or permitted to be set forth in the bylaws;
 - (e) A provision eliminating or limiting a director's personal liability to the corporation or its shareholders for monetary damages for conduct as a director in accordance with RCW **23B.08.320**;
 - (f) A provision permitting or making obligatory indemnification of a director made a party to a proceeding, or advancement or reimbursement of expenses incurred by a director in a proceeding to the extent permitted by RCW **23B.08.560**; and
 - (g) A provision limiting or eliminating any duty of a director or any other person to offer the corporation the right to have or participate in any, or one or more classes or categories of, business opportunities, prior to the pursuit or taking of the opportunity by the director or other person in accordance with RCW **23B.08.735**(1)(b).
- (3) The articles of incorporation need not set forth any of the corporate powers enumerated in this title.
- (4) Provisions in the articles of incorporation may be made dependent on facts objectively ascertainable outside the articles of incorporation in accordance with RCW **23B.01.200**(3).

3.1.5 Bylaws: Washington Secretary of State Requirements (not including non-profits and mutual) as stated in RCW 23B.02.060 are as follows:

- (1) The incorporators or board of directors of a corporation must adopt initial bylaws for the corporation.

- (2) The bylaws of a corporation may contain any provision for managing the business and regulating the affairs of the corporation to the extent the provision does not infringe upon or limit the exclusive authority of the board of directors under RCW 23B.08.010(2)(b) or otherwise conflict with this title or any other law, the articles of incorporation, or a shareholders' agreement authorized by RCW 23B.07.320.

3.1.6 Bond – Cash deposit.

In accordance with RCW 48.06.110, a solicitation permit will not be issued until the applicant files with the OIC a corporate surety bond in the penalty of \$50,000 in favor of the state of Washington and for the use and benefit of the state and subscribers and creditors of the proposed organization.

In lieu of filing such bond, the applicant may deposit with the commissioner \$50,000 in cash or U.S. government bonds at par value to be held in trust upon the same conditions as required for the bond.

The commissioner may waive the requirement for a bond or deposit if the permit provides that:

- (a) The proposed securities are to be distributed solely and finally to those few persons who are the active promoters intimate to the formation of the insurer, or other corporation or syndicate, or
- (b) The securities are to be issued in connection with subsequent financing as provided in RCW 48.06.180.

3.1.7 Procedure Upon Application - RCW 48.06.050

The commissioner shall expeditiously examine the application for a solicitation permit and make any investigation relative thereto deemed necessary. If the commissioner finds that:

- (1) the application is complete; and
- (2) the documents therewith filed are equitable in terms and proper in form; and
- (3) the management of the company, whether by its directors, officers, or by any other means is competent and trustworthy and not so lacking in managerial experience as to make a proposed operation hazardous to the insurance-buying public; and that there is no reason to believe the company is affiliated, directly or indirectly, through ownership, control, reinsurance, or other insurance or business relations, with any other

person or persons whose business operations are or have been marked, to the detriment of the policyholders or stockholders or investors or creditors or of the public, by bad faith or by manipulation of assets, or of accounts, or of reinsurance; and

- (4) the agreements made or proposed are equitable to present and future shareholders, subscribers, members or policyholders, he or she shall give notice to the applicant that he or she will issue a solicitation permit, stating the terms to be contained therein, upon the filing of the bond required by RCW 48.06.110 of this code.

If the commissioner does not so find, he or she shall give notice to the applicant that the permit will not be granted, stating the grounds therefor, and shall refund to the applicant all sums so deposited except the application fee.

3.1.8 Issuance of Permit: RCW 48.06.060

Once the examination of the application is complete and meets the requirements listed above, the OIC will:

- (1) File the articles of incorporation of the proposed incorporated insurer or other corporation; and
- (2) Issue to the applicant a solicitation permit.

3.2 Primary Application Reviews

The primary application is for the formation of new insurers who wish to domicile in Washington or by an existing insurer that wishes to redomesticate to Washington. Prior to be authorized to submit a Primary application for a new Washington domestic insurer, the insurer must have already been issued a Solicitation Permit by the OIC. The applicant may submit its Primary application via hardcopy to the OIC using the NAIC UCAA Primary Application forms.

In addition to the procedures listed below, all Company Licensing & Compliance Analysts will follow the latest version of the NAIC's Company Licensing & Best Practices Handbook for primary application reviews.

All OIC analysts will review the applicant submitted NAIC Primary Application Checklist (Form 1P) to ensure all required documents have been submitted (Attachment B). All OIC analysts will also use and complete the NAIC Primary Application Review Checklist (Attachment C) as a guide throughout their application reviews.

- a. Upon receipt, Company Licensing & Compliance enters the application into an excel document which is a checklist to quickly determine if the application meets Washington state specific requirements for capital and surplus, name similarity along with operational results such as AM Best Rating, IRIS Ratio Test Results, RBC, and FAST score.
- b. Company Licensing & Compliance also enters the application into an online tracking system (SIMBA/ORCA) that provides information such as name of company, type of company, date application received and status updates. The information in the tracking system is available to everyone within OIC.
- c. Notification is also sent to the company via email that the application was received and what to expect throughout the review process.
- d. Within 30 days of receipt, the application is reviewed for completeness using the UCAA checklist form 1P. If additional information is needed from the insurer, the insurer will be notified of such within 45 days of receipt of the application.
- e. When the application containing all required or requested information has been received, a financial and operational analysis of the company begins by Company Licensing & Compliance with the assistance of Financial Analysis if necessary.
- f. An analysis is completed of all items requested on the 1P checklist and state specific checklist which includes the following:
 - Identification and evaluation of the business and strategic plans of the applicant, including pro forma financial projections. Reviewed are written descriptions of expected market conditions, company operations and related forecasted financial results. Overly rapid growth in premium volume, inappropriate pricing, inappropriate underwriting and product mix are areas of concern when reviewing a business plan.
 - Assessment of the quality and expertise of the ultimate controlling person, proposed officers and directors, appointed actuary and appointed accountant. This information is reviewed during the solicitation permit process through biographical affidavits and third-party investigative reports. Employment and criminal history checks are completed to assess the competency, character and integrity of the people responsible for the operations of the insurer.
 - Adequacy of proposed reinsurance program. Proposed reinsurers are evaluated for financial strength using tools such as A.M. Best. Type of reinsurance and retention levels are also reviewed.

- Adequacy of investment policy. The investment policy of a proposed domestic insurer is reviewed to ensure it is in compliance with chapter 48.13 RCW.
 - Adequacy of short-term and long-term financing arrangements. Initial financing of proposed operations or transaction - Analyze financials of incorporators or other persons, parent company or principals to review capitalization and debt plans.
 - Maintenance of adequate capital and surplus levels - Capital and surplus is reviewed for compliance with RCW 48.05.340. Proforma forecasts for maintenance of capital and surplus are also reviewed to ensure compliance with RCW 48.05.340.
 - Biographical affidavits. These documents are used to perform an employment and criminal history check to assess the competency, character, and integrity of those persons ultimately responsible for the operations of the insurer.
 - Review all related party agreements.
- g. The review will be completed within 90 calendar days of receipt. A review of an application is complete once the insurer is notified of approval or denial. If additional information not originally requested in the application is needed to finalize the review of the application, the review may take longer to complete. Once a request for information is made, the timing requirement is suspended until the information is received from the applicant.
- h. If there are extenuating circumstances and the timing guidelines cannot be met for a particular application, the application file will be clearly documented and the applicant notified.
- i. All Company Licensing & Compliance files will include evidence that the Department's procedures were adequately performed and well documented, including a conclusion regarding whether the application or filing is approved or denied.
- j. Once the filing is approved a qualifying financial exam will be scheduled.
- k. Once the financial exam is completed to the Department's satisfaction, a Certificate of Authority will be issued.

Further guidance may be found in the NAIC's Company Licensing Best Practices Handbook for Primary Application reviews.

3.3 Applications for Redomestications of Domestic Insurers to Other States

Washington domestic insurers may redomesticate and transfer its domicile from Washington to any other state in which it is admitted to transact the business of insurance.

Washington requirements are detailed in RCW 48.07.210. Additional best practices regarding redomestications of insurers are detailed in the NAIC's *Company Licensing Best Practices Manual*.

The procedures for reviewing and approving redomestication requests from Washington to other states are as follows:

- a. The redomesticating insurer must provide 30 days advance written notice to the OIC of its plans to transfer its domicile to another state.
- b. No transfer of domicile will be granted in advance of the proposed transfer date prior to written approval of the OIC.
- c. The insurer must file a UCAA Primary Application with Washington and the new domicile state.
- d. The insurer must file any amendments to its articles of incorporation, bylaws, or other corporate documents that are required to be filed in this state before the insurer may receive approval of its proposed plan by the commissioner (see RCW 48.07.210(4)).
- e. The analyst must review the primary application for current compliance with Washington regulations and determine if the insurer is in good standing in Washington. The analyst will document any non-compliance issues and request that the insurer correct any identified non-compliance issues. Any adverse actions that could result in disciplinary action will be referred to either the Market Conduct Unit or the Legal Affairs Division for possible enforcement action.
- f. The analyst must review the insurer's plan of operation to ensure that the plan does not contain any provisions or proposed actions that would not be in the best interests of the general public or Washington policyholders.
- g. Notice of the proposed redomestication shall be posted on the OIC website for 30 days to allow public comment on the insurers plan to redomesticate to the named state.
- h. After the analyst has reviewed all the documentation, he/she shall draft a written recommendation to the Legal Affairs Division either recommending approval or disapproval of the redomestication request from Washington to another state. The recommendation memorandum will include the following:
 1. The date the OIC received written notice from the domestic insurer of its intent to redomesticate to the named state.
 2. The date the OIC received the primary application.
 3. A description of the insurance lines the domestic insurer is authorized to write.

4. The total annual gross written premium by the insurer nationwide and in Washington as of a specific date.
5. A brief description as to why the domestic insurer wishes to redomesticate to the named state.
6. A synopsis of the analyst's findings after reviewing the application materials indicating if the insurer is in good standing with the OIC and in compliance with Washington rules and regulations. If non-compliance is noted, the issue(s) will be noted in the synopsis and any actions taken to correct such non-compliance issues will be noted.
7. A statement including any comments received by the OIC during the public posting of the proposed redomestication of the Washington domestic insurer to the named state.
8. A statement from the redomesticating state regarding their willingness or objections to granting the insurer their redomestication request to their state.
9. A definitive statement as to whether or not there is any indication that the redomestication of the Washington insurer would not be in the best interest of the public or Washington policyholders.
10. A definitive statement either recommending approval or denial of the request for redomestication with justification for the recommendation.
 - i. The commissioner shall approve the proposed transfer of domicile unless it is determined that the transfer is not in the best interests of the public or the insurer's policyholders in Washington. Non-approvals may only be enforced after conducting a hearing on the proposed action.
 - j. If the commissioner fails to approve a proposed transfer of domicile, the commissioner shall state the reasons for failure to approve the transfer in an order issued at the hearing.
 - k. Upon transfer of domicile, the insurer ceases to be a domestic insurer of this state. If otherwise qualified under the laws of this state, and upon submission of a redomestication corporate amendment, the commissioner shall admit the insurer to do business in this state as a foreign insurer.

3.4 Applications for Redomestications of Foreign Insurers to Washington

Applications for the redomestication of foreign insurers to Washington are reviewed similarly to those of primary applications. The same UCAA Primary Application Forms are submitted in hard copy, along with the required documents for review and analysis.

All Company Licensing & Compliance Analysts will follow the latest version of the NAIC's Company Licensing & Best Practices Handbook in addition to the procedures listed below when reviewing primary applications for redomestications of foreign insurers to Washington.

The procedures listed in this Chapter for Primary Application Reviews are to be followed for applications for redomestication of foreign insurers to Washington to also include the following:

A review, analysis, and assessment of:

- Business and strategic plans
- Actuarial opinion
- Annual and quarterly statements
- Risk-based capital (RBC) report
- Independent CPA audit report
- Insurance Holding Company System Annual Registration Statement and Exhibits (Form B)
- Senior management
- Board of directors
- Corporate Governance

The analyst should effectively communicate with the departing domestic state to gain an understanding of the reason for redomestication and any concerns of the departing domestic state. Any concerns raised should be assessed and documented with rationale to support the conclusion. The analyst should meet with the departing domestic regulator via conference call (email communication is not sufficient) to obtain, discuss and conclude on, at a minimum, the items listed below.

- Most recent Insurer Profile Summary (IPS) and supervisory plan, including supporting analysis detail for significant risks
- Reason for redomestication
- Concerns identified with the insurer/group
- History of communication with the insurer/group
- History of regulatory actions
- Results of recent examinations (financial and market conduct), including findings and resolutions
- Status of and responsibilities for annual financial analysis and group analysis, if applicable
- Status of and responsibilities for financial examinations

In addition to, and in conjunction with, the procedures followed for Primary Application Reviews, analysts will also review the below listed items for compliance with licensing requirements.

- Annual statements with attachments
- Quarterly Financial Statements
- Risk-Based Capital Report
- Independent CPA Audit Report
- Reports of Examination
- Holding Company Act Filings

The analyst should notify the lead state of the insurance holding company group on receipt of a redomestication application and obtain a copy of the most recent Group Profile Summary (GPS), if applicable.

Further guidance may be found in the NAIC's Company Licensing Best Practices Handbook for redomestications.

3.5 Applications for Change of Control for Domestic Insurers

Applications for change of control of a Washington domestic insurer typically are the result of the Washington domestic insurer being acquired by another individual or entity. Such acquisitions are subject to the Washington Insurer Holding Company Act in accordance with RCW 48.31B, WAC 284-14 and the NAIC Insurance Holding Company System Regulatory Act.

The OIC has a separate Holding Company Unit that specifically handles these types of transactions as well as other issues falling under the purview of holding company regulations.

As such, any applications for change of control for domestic insurers will be referred to the OIC Holding Company Unit for analysis, review, and resolution determinations.

3.6 Expansion Applications Review

The Expansion Application to the Uniform Certificate of Authority Application (UCAA) is for use by an insurer that wishes to expand into one or more state. The applicant may file Expansion applications simultaneously in as many states as desired. The Expansion application may be submitted at any time during the year. Washington is a uniform state so the application must meet the UCAA guidelines. The process for analyzing Expansion applications is described below.

All OIC analysts will use and complete the NAIC Expansion Application Checklist (Form 1E) to ensure all required documents have been submitted by the applicant insurer. (Attachment D).

- a. Notification is sent to the company via email that the application was received and what to expect regarding the review process.
- b. Within 14 days of receipt, the application is reviewed for completeness using the UCAA checklist Form 1E. If additional information is needed from the insurer, the insurer will be notified of such within 30 days of receipt of the application.
- c. An application is considered complete when all the required documentation and information has been provided. Requests for additional information or documentation suspend the 60-day clock. The timeframe begins again once all the information and documentation is received.
- d. If the application is complete, a financial and operational analysis of the company begins in Company Licensing & Compliance with the assistance of the OIC Financial Analysis Unit if necessary.
- e. An analysis is conducted of all the items requested on the Form 1E checklist.
- f. The review will be completed within 60 calendar days of receipt of a complete application.
- g. If there are extenuating circumstances and the timing guidelines cannot be met for a particular application, the application file should clearly document the reason(s) why.
- h. All Company Licensing & Compliance files should include evidence that the Department's procedures were adequately performed and well documented, including a recommendation whether the application should be approved or denied.
- i. Once the application review is complete, the analyst will send a recommendation to either approve or deny the application to the Company Licensing & Compliance Manager. The Company Licensing & Compliance Manager will review all the documentation and the analyst's notes and may ask for additional information. If the Company Licensing & Compliance Manager agrees with the recommendation to approve, he/she will send the recommendation to the Company Supervision Deputy Commissioner for review. The Company Supervision Deputy Commissioner will then send the recommendation to the Chief Deputy Commissioner for final approval. If the application is approved, a certificate of authority is created, signed by the Commissioner, and issued to the insurer.
- j. If the application is denied, a formal denial letter on OIC letterhead must be sent to the company.

Further guidance may be found in the NAIC's Company Licensing Best Practices Handbook for Expansion Application review.

3.7 Corporate Amendment Applications Review

Existing insurers use the Uniform Certificate of Authority Corporate Amendment Application (UCAA) for requesting amendments to its Certificate of Authority. The Corporate Amendment Application provides a uniform process for gaining the necessary regulatory approvals for modifications to an applicant company's Certificate of Authority. These corporate amendments are filed electronically through the NAIC and may be filed anytime during the year.

The applicant company can use the Corporate Amendment Application to file more than one change in the same submission. The UCAA Corporate Amendment Application has twelve change types (sections) designed to guide the applicant company through the licensing process. Each section and filing requirement item is noted on the Application Checklist (Form 1C). These change types (sections) are as follows:

- I. Adding and/or Deleting Lines of Business Filing Requirements
 - II. Name Change Filing Requirements
 - III. Redomestication of a Foreign Insurer Filing Requirements
 - IV. Change of Statutory Home Office Address Filing Requirements
 - V. Merger of Two or More Foreign Insurers
 - VI. Proposed/Completed Change of Control of Foreign Insurers
 - VII. Amended Articles of Incorporation
 - VIII. Amended Bylaws
 - IX. Change of Address/Contact Notification Filing Requirement
 - X. Statement of Withdrawal/Complete Surrender of Certificate of Authority Application
 - XI. Voluntary Dissolution
 - XII. Amended Uniform Consent to Service of Process
-
- a. Upon receipt of assignment, the analyst immediately reviews the application to ensure that it has been submitted in the required format as outlined in the instructions and all supporting documentation and information has been provided.
 - b. An application is considered complete when all the required documentation and information has been provided.
 - c. If the initial filing does not contain all the required information or documentation, the analyst will contact the applicant company and request that they provide the additional information or documentation.

- d. Upon receiving a completed application, the corporate amendments will be reviewed and processed in accordance with the NAIC's latest version of their UCAA Instructions guide. This guide provides a step-by-step process for handling the above listed 12 amendment types.
- e. At the conclusion of the substantive review, the analyst will grant the applicant company an amendment to the Certificate of Authority, allow the applicant company to withdraw the application, or deny the application. If the analyst denies the application, the applicant company will be notified with a detailed explanation for the denial. After the denial, if the applicant company wishes to re-file a Corporate Amendment Application, the analyst will require a new application and filing fee.
- f. Corporate Amendments Applications will be completed within 60 calendar days of receipt of a complete application. The 60-day review process includes two weeks to determine if the application is complete and acceptable for filing. Requests for additional information or documentation suspend the 60-day clock. The timeframe begins again once all the information and documentation is received.

Further guidance may be found in the NAIC's Company Licensing Best Practices Handbook for Corporate Amendment Application reviews.

Chapter 4 Auxiliary Lines Application Reviews

4.1 Service Contract Providers

Extended service contracts are designed ideally to provide the consumer with a peace-of-mind that major repair and servicing expense will be taken care of for a set period of time in exchange for a pre-payment. Largely because of the servicing aspect of the plans, they do not neatly fit under the insurance umbrella.

In reviewing any proposed service contract, it is important to fully understand the distinction between insurance (as defined under RCW 48.01.040) and a service contract (as defined under RCW 48.110.020(17) or 48.111.010(4)). There have been instances of entities attempting to avoid licensure as insurance carriers by attempting to register under Chapter 48.110 RCW, for example. While not service contracts, protection product guarantees and non-insurance GAP Waivers are related to service contracts as pre-paid contracts proposing an element of financial protection to the consumer.

4.1.1 Non-Vehicle Service Contract Providers – (i.e.; electronics, phones, household appliances)

Legal Definition:

RCW 48.110.020(18)

(a) “Service contract” means a contract or agreement for consideration over and above the lease or purchase price of the property for a specific duration to perform the repair, replacement, or maintenance of property or the indemnification for repair, replacement, or maintenance for operational or structural failure due to a defect in materials or workmanship, or normal wear and tear. Service contracts may provide for the repair, replacement, or maintenance of property for damage resulting from power surges and accidental damage from handling, with or without additional provision for incidental payment of indemnity under limited circumstances, including towing, rental, emergency road services, or other expenses relating to the failure of the product or of a component part thereof.

(b) “Service Contract” also includes a contract or agreement sold for separately stated consideration for a specific duration to perform any one or more of the following services: (i) the repair or replacement of tires and/or wheels damaged as a result of coming into contact with road hazards However, a

- contract or agreement meeting the definition under this subsection (18)(b) in which the party obligated to perform is either a tire or wheel manufacturer or a motor vehicle manufacturer is exempt from the requirements of this chapter;
- (ii) The removal of dents, dings, or creases on a motor vehicle that can be repaired using the process of paintless dent removal without affecting the existing paint finish and without replacing vehicle body panels, sanding, bonding, or painting;
 - (iii) The repair of chips or cracks in, or the replacement of, motor vehicle windshields as a result of damage caused by road hazards;
 - (iv) The replacement of a motor vehicle key or key fob in the event that the key or key fob becomes inoperable or is lost or stolen;
 - (v) Services provided pursuant to a protection product guarantee; and
 - (vi) Other services approved by rule of the commissioner that are not consistent with the provisions of this chapter.
- (c) "Service contract" does not include coverage for: (i) Repair or replacement due to damage to the interior surfaces or to the exterior paint or finish of a vehicle. However, coverage for these types of damage may be offered in connection with the sale of a protection product as defined in this section; or (ii) Fuel additives, oil additives, or other chemical products applied to the engine, transmission, or fuel system of a motor vehicle.

Non-Vehicle Service Contract Provider Regulations Overview

Insurance and Indemnification: Contract providers are required to indemnify all contracts issued by one of three methods: reimbursement insurance policy (meeting stated requirements, issued by an authorized insurer or risk retention group, and the policy form and rates filed with and approved by the Rates, Forms & Provider Networks Division (RFPN). This is the only option for vehicle service contract providers; or maintain a funded reserve account and place in trust with the Commissioner a financial security deposit; or maintain, or its parent maintain, a net worth of at least \$100M. (RCW 48.110.050).

Reimbursement insurance policies must be issued by admitted carriers or qualified RRG's per RCW 48.110.075(2)(a), and the policy must be compliant under RCW 48.110.060, as well as compliant with form and rate requirements under Chapters 48.18 and 48.19 RCW.

Contracts: The application does not require the submission of their contracts but does have a Statement of Understanding that the applicant must attest to confirming that all contracts are compliant with WA law and regulations. However, if submissions raise a concern about whether the line of authority requested in the application is correct, copies of contracts can be requested per our authority under RCW 48.110.030(e).

Disclosures: Non-vehicle service contracts must contain specific language under RCW 48.110.070.

Consumer Protection Act: The Consumer Protection Act applies. A violation of the Act is a violation of Chapter 19.86 RCW. A purchaser of a service contract or guarantee protection product may bring suit for a violation.

Failure to Register: Failure to comply with the Chapter requirements may subject the violator(s) to the charge of transacting insurance without being licensed, a far more serious charge potentially (punishable under Chapter 48.15 RCW) than violation of RCW 48.110.030.

Marketers Exempt: Persons selling and marketing service contracts and protection product guarantees are not required to register, however they are still subject to due process for hearings and appeals under Chapter 48.04 RCW, and also subject to Unfair Practices and Frauds under Chapter 48.30 RCW.

When reviewing Non-Vehicle Service Contract Provider applications, complete the following tasks:

There are specific requirements for each registration type specified under RCW 48.110. Each application review is specific to the line. The application reviews must ensure that the applicant has met all the requirements for registration in compliance with the applicable RCW's or WAC's. However, in general, all service contract and product protection guarantee provider applications will follow the below listed procedures.

- a. Verify payment of application fee. If no payment validation information is received from accounting, check with accounting staff. When payment is received, proceed with the review.
- b. Application Review – Use a blank Application form as a checklist and to make analyst notes. Review application for completeness, compliance with Chapter, any irregularities in submissions, as well as any prior submissions.
- c. Verify that RFPN has approved the reimbursement policy rates and forms, or alternative contractual indemnity requirements have been met.

- d. Review Biographical Affidavit forms (if applicable), and possibly request NAIC-approved third party vendor background-check reports if found necessary.
- e. Document the review with copies of any correspondence exchanged with the applicant, in resolving questions and issues, and all supplemental submissions received from the applicant.
- f. After the analyst has reviewed all the documentation, he/she will make a written recommendation to the Company Licensing & Compliance Manager as to whether they recommend granting a registration or license to the applicant, denying the application or deeming the application as materially incomplete. See Chapter 5 for information on the procedure for the analysts to submit their closure recommendations for each category type.

4.1.2 Vehicle Service Contract Providers

Legal Definition: Vehicle contracts fall under the same definition as above but pertain only to motor vehicles as described below.

Vehicles defined: Per RCW 48.110.020(11), the term “motor vehicle” references vehicles subject to registration in Chapter 46.16 RCW. This includes basically anything capable of being licensed and driven on a public highway (a boat is not a vehicle. Motorized foot scooters and bicycles are vehicles, but per RCW 46.04.670 are exempt from registration under Chapter 46.16 RCW.)

Vehicle Service Contract Provider Regulations Overview

Insurance and Indemnification: All vehicle service contracts are required to be backed by a reimbursement policy (meeting the same requirements as stated above). These applicants cannot utilize the other indemnity options afforded non-vehicle service contract providers.

Contracts: Following registration, and prior to commencing business, service contracts are required to be filed in SERFF and approved by RFPN (except for manufacturers, import distributors, and their subsidiaries who do not have to file contract forms until 60 days after the form is issued or sold).

Disclosures: Vehicle service contract must contain specific language under RCW 48.110.075.

Consumer Protection Act: Same as above.

Failure to Register: Same as above.

Persons Exempt: Same as above.

When reviewing Vehicle Service Contract Provider applications, complete the following tasks:

Follow the standard procedure above for Non-Vehicle Service Contract Providers.

4.1.3 Other Service Contract Providers

Other service contracts include the following:

- Tire & Wheel
- Paintless Dent Repair
- Windshield chip/crack repair
- Key or key fob replacement).

When the definition was expanded to include these types of products in 2014, they were not legally defined either as vehicle or non-vehicle. Therefore, we treat them as separate lines of authority on the application. However, it is common for providers to bundle these products into their vehicle contracts, but they must have each line of authority to legally do that. Verify that the lines requested are consistent with the plan of operations and other submissions.

Legal Definition: All lines fall under the definition above.

Other Service Contract Provider Regulations Overview

Insurance and Indemnification: If the lines requested include vehicle service contracts, then refer to the vehicle service contract section above. Otherwise, refer to the non-vehicle contract section above.

Contracts: If the applicant plans to bundle any of these lines with a vehicle service contract, see the vehicle contract section above. If they product lines are sold on a stand-alone basis, then see the non-vehicle contract section above.

Disclosures: Whether bundled or sold as stand-alone products, disclosures are required. See the vehicle and non-vehicle contract sections above.

Consumer Protection Act: Same as above.

Failure to Register: Same as above.

Persons Exempt: Same as above.

When reviewing Other Service Contract Provider applications, complete the following tasks:

Follow the standard procedure above for Non-Vehicle Service Contract Providers.

4.1.4 Residential Utility Service Contract Providers

Residential utility contracts include:

- water lines
- sewer lines
- other similar utilities

Legal Definition: RCW 48.110.017 – This Chapter does not prohibit a service contract provider from covering, in whole or in part, residential water, sewer, utilities, or similar systems with or without coverage of appliances or from sharing contract revenue with local governments or other third parties for endorsements or marketing services.

Residential Utilities Service Contract Provider Regulations Overview

Insurance and Indemnification: See the non-vehicle contract section above.

Contracts: See the non-vehicle contract section above.

Disclosures: See the non-vehicle contract section above.

Consumer Protection Act: Same as above.

Failure to Register: Same as above.

Persons Exempt: Same as above.

Notes:

- Because all the types of service contracts are governed by Chapter 48.110 RCW, and there are important differences between them, prior to any discussion or analysis (particularly when dealing with the general public), the first question should always be whether the contract pertains to vehicles, non-vehicles, or others.
- A service contract provider registration could pertain to all or any of the service contracts, so it is important that the Plan of Operation is accurate so that we can determine whether the provider is in compliance with all Chapter provisions.

- Contract Review: Under 48.110, analysts do not formally, implicitly, or otherwise approve service contracts. If copies of contracts are requested to resolve an issue under review, it must be made clear that the responsibility for the contract's contents lie with the SCP. We are always willing to address specific questions posed by SCP's regarding the code. Vehicle Service contracts under Chapter 48.110 and all authorized carrier's reimbursement insurance policy rates and forms need to be properly filed with RFPN. Instructions for filing forms with RFPN are on our website at:
<http://www.insurance.wa.gov/for-insurers/filing-instructions/file-motor-vehicle-service-contracts/>
- SCP Examinations: To date we have not done this (pre or post registration), but we do have authority under the Chapter.
- Related Disciplinary Orders – If there was unauthorized activity prior to application, always check with the Company Licensing & Compliance Manager prior to preparing any order, enforcement referral, or recommending any action.
- Bonds and Letters of Credit – When these are received to establish indemnity, a copy needs to be imaged with the application file, but the original needs to be given to the Company Supervision Div. Admin. Assistant for safekeeping.
- RRG's are not required to file their rates and forms with RFPN for formal review and approval. So, it is the responsibility of the Company Licensing Specialist to determine if the insurance reimbursement policy conforms to Chapter and Title requirements for the protection of contract holders.

Other Issues:

- RCW 48.01.250(2) gives a specific exemption from the insurance code to AAA and other auto clubs that offer travel and auto products and assistance, but they can no longer offer tire and wheel (formerly referred to as "Road Hazard") because with the 2010 legislation it now falls under Chapter 48.110. In the past, RFPN had allowed tire and wheel coverage as part of a vehicle service contract otherwise meeting the coverage definitions but had considered it as insurance in other instances. Now, stand-alone tire and wheel is a separate type of service contract under RCW 48.110.020(18)(b) and requires that line of authority. The auto clubs also commonly offer lock out services that included key and key fob replacement. In 2014, that component of the typical roadside assistance benefits became regulated.

When reviewing Residential Utilities Provider applications, complete the following tasks:

Follow the standard procedure above for Non-Vehicle Service Contract Providers.

4.1.5 Protection Product Guarantee Providers

Legal Definition:

RCW 48.110.020(6). "Protection product guarantee" means a written agreement by a protection product guarantee provider to repair or replace another product or pay incidental costs upon the failure of the protection product to perform pursuant to the terms of the protection product guarantee.

Product Protection Guarantee Provider Regulations Overview

Insurance: Same as Vehicle Service contracts.

Contracts: Applicants must provide copies of each protection product guarantee proposed for sale. Analysts conduct only a cursory review for compliance with the required format for submission.

Consumer Protection Act: Same as above.

Failure to Register: Same as above.

Persons Exempt: Same as above.

Notes: This application is simplified from the aforementioned applications. No annual financial statements are required in the application. Unlike the Service Contract Provider application, there are no "Statements of Understanding" for the applicant to agree to.

When reviewing Product Protection Guarantee Provider applications, complete the following tasks:

Follow the standard procedure above for Non-Vehicle Service Contract Providers.

4.1.6 Home Heating Fuel Service Contract Providers

Legal Definition: RCW 48.111.010(4).

"Home heating fuel service contract" means a contract or agreement for a separately stated consideration for a specific duration to perform the repair,

replacement, or maintenance of a customer-owned home heating fuel supply system including the fuel tank and all visible pipes, caps, lines, and associated parts or the indemnification for repair, replacement, or maintenance for operational or structural failure due to a defect in materials or workmanship, or normal wear and tear.

Home Heating Fuel Service Contract Provider Regulations Overview

Insurance & Indemnification: Contract providers are required to indemnify all contracts issued by one of two methods: reimbursement insurance policy (with same requirements as for vehicle service contract providers); or maintain a funded reserve account and place in trust with the Commissioner a financial security deposit.

Contracts: Same as for non-vehicle service contracts.

Disclosures: Home heating fuel service contracts must contain specific language under RCW 48.111.060.

Consumer Protection Act: Does not apply. Legislation did not provide that violations of the Chapter are violations of the CPA.

Failure to Register: Same as above as to violations of Chapter 48.111 RCW.

Persons Exempt: Same as above.

Notes: This application is simplified from the aforementioned applications. Unlike the Service Contract Provider application, there are no “Statements of Understanding” for the applicant to agree to.

When reviewing Product Protection Guarantee Provider applications, complete the following tasks:

Follow the standard procedure above for Non-Vehicle Service Contract Providers.

4.2 Health Care Discount Plan Organizations

Healthcare Discount Plan Organizations (DPOs) offer members access to discounts to health care services. They are not insurance plans. They are designed to provide non-insured or under-insured consumers a cost-saving alternative for their health care needs.

A discount plan contracts with one or more provider networks (and in some cases the DPO may have their own proprietary network) to provide members access to health care

services as defined under RCW 48.43.005(17). DPOs charge a membership fee for the discount plan, which then gives members access to provider networks offering discounted charges for services.

Under Washington law, a contractual framework must be in place between providers, networks, and DPOs that requires the provider to give pre-determined discounts on specified services that are billed directly to the member/patient. The patient is solely responsible for payment of the discounted charges and providers often require payment at the time of service.

Under Washington law, DPOs must have a contract with each marketer, they are responsible for their marketers' activities, and must approve all marketing materials. Unique to Title 48 RCW, this Chapter specifically requires the DPO to have a website compliant with certain requirements in the Chapter as a qualification for licensing.

Health Care Discount Plan Organization Regulations Overview

Insurance and Indemnification: To protect the financial interest of WA members, a \$35,000 surety bond is required under RCW 48.155.040. Or in lieu of a bond, a \$35,000 deposit in trust in an acceptable form and held with an organization or trustee acceptable to the Commissioner.

Contracts: Copies of all forms of agreements with providers, marketers, and sub-contractors for administration of the discount plan must be submitted with the application, as well as copies of the provider network contracts (either directly between DPOs and provider networks, or through entities (RCW 48.155.070(1)(d)) that contract with provider networks) that will be utilized in the discount plan in WA. To qualify for licensing, the contracts must be compliant with provisions in the Chapter. Analysts review the contract forms for compliance with the Chapter. Network contracts are reviewed for compliance, completeness, whether in-force (fully executed), and that the applicant is a party to the agreement.

Disclosures: Websites, marketing materials, enrollment forms, and membership fulfillment materials must all contain certain specific disclosures required in the Chapter.

Consumer Protection Act: Legislation did not contain a provision to specifically bring the DPO's under the CPA or under Chapter 48.30 RCW concerning Unfair Practices and Frauds, which applies to the insurance industry. However, under RCW 48.155.130, any DPO collecting membership fees that fails to provide the promised benefits is subject to criminal prosecution for theft under Title 9A RCW, which by statute, must include a

judgment for restitution to persons aggrieved upon conviction. Consumers' rights to bring a civil action for remedy are also preserved.

Failure to Register - Under RCW 48.155.130, failure to register is an act of illegal insurance, and the DPO or its marketers are treated as an insurer (under RCW 48.15.020 and 48.15.020) and any monies collected from members is treated as premiums.

Persons Exempt – Pharmacy benefit managers, provider networks (when they are only contracting with DPOs to provide discounts to members), health insurance carriers with a certificate of authority (except that their affiliates that operate as DPOs must obtain a license), marketers as long as they clearly disclose the DPO as the responsible party (see RCW 48.155.010(5)(b) and .015(2))

Note: Unique to Title 48 RCW and important to note is that there is a 90-day deemer for a “completed application” under RCW 48.155.020(5)(a). If it is determined that the DPO is not qualified (or cannot qualify) for the license, a denial stating the specific reasons (RCW 48.155.020(5)(a)(B)(ii)) must be issued to the applicant.

There have been instances where contracts lack provisions for a discount raising the potential for a DPO to meet the definition of a Healthcare Service Contractor under RCW 48.44.010.

Problematic networks are various internet and telephonic services that charge on a non-discounted, flat-fee basis. Many discount plans incorporate lifestyle benefits that the OIC does not have authority to regulate. Those contracts do not need to be reviewed.

DPOs may contract with each other. For example, a DPO having its own provider networks can sell access to its networks to other DPOs. In those cases, much care needs to be given to make sure the contract is clear about the roles of each party and that the contract is compliant with all provisions of the Chapter.

Follow the below listed procedures when reviewing a Health Care Discount Plan Organization application:

- a. Verify payment of filing fee. There should be a validation stamp on the application. If not, check with accounting. When payment is received proceed with review.
- b. Application Review – Use a blank Application form as a checklist and to make analyst notes.
- c. Determine if the application is complete, all Interrogatories and Statements of Understanding have been responded to, the required documents have been enclosed, and that each element is in compliance with the Chapter.

- Check for any anomalies or inconsistencies in the submissions that need clarification, and compare information to prior submissions, if any.
- d. Check the applicant's website for compliance with the Chapter, any potential violations of Title 48 RCW, such as insurance-related activities. Keep screen prints of each web page to document review. Also check the website registration if there are any concerns about the ownership and control of content.
 - e. Conduct internet searches on the applicant for any potential issues such as other websites, regulatory issues in other states, or litigation matters that concern the regulated activity of discount plans and compare to application disclosures.
 - f. Review all contract forms to determine that each form is compliant with provisions of the Chapter:
 - provider agreements – RCW 48.155.070
 - marketing agreements – RCW 48.155.080
 - sub-contractors – contractor roles vary, but review should be similar to network contracts below.
 - g. Review all provider network contracts to determine that the contract:
 - is complete and no amendments, addendums or exhibits are missing
 - has been fully executed by the applicant and counter-party
 - terms meet the specific requirements under RCW 48.155.070, and other provisions in the Chapter
 - that the discount is not eroded or extinguished by provisions for rebating
 - h. Review Biographical Affidavit forms for completion and whether any anomalies or inconsistencies as compared to responses to general interrogatories on application, and any previous submissions. Complete the following:
 - request background check reports and compare to the bios
 - review NAIC database for individuals that disclose licenses and compare to the above items
 - check SIMBA/ORCA for licenses that principals may be holding in WA and compare to above items

Note: Principals may hold producer, broker, or administrator licenses in WA or other states. The discount plan operations may be just one of several operations within a company that could be otherwise involved in the insurance industry. Segregation and divestment of insurance-related activities from the discount plan operations is necessary for the applicant to meet and maintain compliance with the Chapter.

- i. Review the marketing plan and compare with a review of a sampling of marketers. Look for consistency and compliance. Marketers can be located by internet to review marketing web sites.

Determine if the marketers found have been disclosed on the marketer list. If further review of a marketer is needed, samples of marketing materials, enrollment materials, and membership materials can be requested if issues are noted. Look for:

- specific required disclosures
 - use of legal name
 - that there is no misrepresentation of the discount plan as insurance or use of insurance terms that are prohibited
 - general compliance with the Chapter
 - any potential violations of the Title, such as selling stand-alone insurance products, soliciting without a producer license, etc.
- j. Document the review with copies of any correspondence exchanged with the applicant in resolving questions and issues, and all supplemental submissions received from the applicant.
 - k. After the analyst has reviewed all the documentation, he/she will make a written recommendation to the CLC Manager as to whether they recommend granting a registration or license to the applicant, denying the application, or deeming the application as materially incomplete. See Chapter 5 for information on the procedure for the analysts to submit their closure recommendations for each category type.

4.2.1 Health Care Discount Plan Organization Renewal Applications

Unique to Title 48 RCW and important to note is that this Office only has until 6/30 to make a decision on re-licensing. That will necessarily limit the amount of supplemental submissions an applicant can make and the extent of review an analyst can offer. That constraint needs to be weighed when responding to incomplete application items; changes to the discount plan or plans; or more ambitious changes where new discount plans and new provider networks are added; or the website is redesigned, etc.

When an application has been received by mail and the Company Licensing & Compliance Insurance Technician has recorded the receipt of the application in the Excel tracking spreadsheet, complete the following task:

- a. Verify payment of renewal fee. There should be a validation stamp on the application. If not, check with accounting. When payment is received proceed with review.
- b. Application Review – Use a blank Application form as a checklist and to make analyst notes.
- c. Determine if the application is complete, all Interrogatories and Statements of Understanding have been responded to, the required documents have been enclosed, and that each element is in compliance with the Chapter. Check for any anomalies or inconsistencies in the submissions that need clarification, and compare information to prior submissions, if any.
- d. Determine if the applicant is compliant with the 3/31 annual report filing, and check with Financial Analysis to be sure there are no issues found. Review annual report data against the application data.
- e. Check the applicant's website for compliance with the Chapter, any potential violations of Title 48 RCW, such as insurance-related activities. Keep screen prints of each web page to document review. Also check the website registration if there are any concerns about the ownership and control of content.
- f. Conduct internet searches of the applicant for any potential issues such as other websites, regulatory issues in other states, or litigation matters that concern the regulated activity of discount plans and compare to application disclosures.
- g. Check NAIC for market firm RIRS records and regulatory issues in other states.
- h. Review all new and revised contract forms to determine that each form is compliant with provisions of the Chapter:
 - Provider agreements – RCW 48.155.070
 - Marketing agreements – RCW 48.155.080
 - Sub-contractors – contractor roles vary, but review should be similar to network contracts below
- i. Review all new and revised provider network contracts to determine that the contract:
 1. Is complete and no amendments, addendums or exhibits are missing
 2. Has been fully executed by the applicant and counterparty
 3. Terms meet the specific requirements under RCW 48.155.070, and other provisions in the Chapter
 4. That the discount is not eroded or extinguished by provisions for rebating

Notes:

- There have been instances where contracts lack provisions for a discount raising the potential for a DPO to meet the definition of a Healthcare Service Contractor under RCW 48.44.010. Problematic networks are various internet and telephonic services that charge on a non-discounted, flat-fee basis
- Many discount plans incorporate lifestyle benefits that the OIC does not have authority to regulate. Those contracts do not need to be reviewed.
- DPOs may contract with each other. For example, a DPO having its own provider networks can sell access to its networks to other DPOs. In those cases, much care needs to be given to make sure the contract is clear about the roles of each party and that the contract is compliant with all provisions of the Chapter.
- Review Biographical Affidavit forms of all new directors and officers for completion and whether any anomalies or inconsistencies as compared to responses to general interrogatories on application, and any previous submissions. Complete the following:
 - Request background check reports and compare to the bios
 - Review NAIC database for individuals that disclose licenses and compare to the above items
 - Check SIMBA/ORCA for licenses that principals may be holding in WA and compare to above items

Note: Principals may hold producer, broker, or administrator licenses in WA or other states. The discount plan operations may be just one of several operations within a company that could be otherwise involved in the insurance industry. Segregation and divestment of insurance-related activities from the discount plan operations are necessary for the applicant to meet and maintain compliance with the Chapter.

- j. Review the marketing plan even if not revised, and compare with a review of a sampling of marketers. Look for consistency and compliance. Marketers can be located by internet – Google.com to review marketing web sites. Determine if the marketers found have been disclosed on the marketer list. If further review of a marketer is needed, samples of marketing materials, enrollment materials, and membership materials can be requested if issues are noted. Look for:
- Specific required disclosures
 - Use of legal name
 - That there is no misrepresentation of the discount plan as insurance or use of insurance terms that are prohibited

- General compliance with the Chapter
 - Any potential violations of the Title, such as selling stand-alone insurance products, soliciting without a producer license, etc.
- k. Document the review with copies of any correspondence exchanged with the applicant in resolving questions and issues, and all supplemental submissions received from the applicant.
- l. When review is complete with all documentation received and approval is recommended, send an email to the Company Licensing & Compliance Manager with recommendation for approval. The email should provide a summary of the changes and additions, and any expected impact to the WA market for the renewal term. For more complex operations with multiple discount plans, it is helpful to have the applicant submit a two-year comparison chart to document the changes for the new term. The email needs to also state the licensees' compliance status in required areas such as the annual report, indemnity, etc.
- m. Once renewal application is approved by the Manager, prepare the approval letter for the Manager's approval.
- n. If denial is recommended, prepare the required written notice of non-renewal to the licensee and review with the Manager for approval to deny, which will need to include the request for submission of a run-off plan prior to 7/1. Consistent with the requirements under RCW 48.155.020(6)(a)(ii), the denial should state the reasons. The information needed in the run-off plan needs to be specified. Note: The Company Licensing Analyst will need to work with the Insurance Technician to update SIMBA/ORCA on 7/1 to "suspended" status. Once run-off has been completed, this is updated to "inactive" status.

4.3 Charitable Gift Annuity Providers

Issuers of Charitable Gift Annuities (CGA) are 501(c)(3) tax exempt charities regulated under Chapter 48.38 RCW. CGAs are intended as a method for a person to make a sizable donation to a certificated charitable organization, and in return receive an income stream.

Nationally, the American Council on Gift Annuities (ACGA) is one of several organizations assisting charities and educating the public about CGAs, and much helpful information can be found on their website www.acga-web.org. The ACGA rates are designed so that the projected return to the charity will be about 50%.

CGAs are permissible under the IRS Code, and the donor often qualifies for a reasonable tax deduction based upon the gift portion of the donation. It should be stated that CGAs

may be reasonably considered to be part of an estate plan but should not be considered “investments” or in any way in competition with a commercial annuity product.

As an overview nationally, Washington is one of a handful of states that stringently regulates CGAs; and some organizations feel we require too much within our regulation. We do not apologize for the level and scope of our regulation; but in dealing with the charities it is important to maintain sensitivity while requiring compliance. There is the general need among the charities (and planned giving staffs) for continuing and proactive education as to our requirements.

Regulatory Overview

Insurance and Indemnification – a CGA can opt to purchase a commercial annuity to cover its financial obligation on one or more annuities in the event the charity wants credit for reinsurance against the reserve requirement under RCW 48.38.020(5), or if the charity for any reason is unable to continue making the payments on annuity agreements.

Contracts – Certificate holders are required to have forms pre-approved prior to use per RCW 48.38.010(9). Following registration, all contracts proposed for use must be submitted through the SERFF system and compliant with the *Charitable Gift Annuity Compliance Checklist*. Instructions for filing can be found at: <http://www.insurance.wa.gov/for-insurers/>. Under the “Filing Instructions” banner, use the links to the “Charitable gift annuity compliance checklist,” which you need to use in your SERFF filing, and the link “SERFF filing guidelines”. On the SERFF filing guidelines page under “For Life, annuity” category, select the “filing instructions” link and see Section “J” for Charitable gift annuities.

Rates – Rates are generally not reviewed in that charities generally state that they use ACGA rates, which are actuarially developed to meet the various state requirements for reasonable commensurate value. If the charity does not use ACGA rates, their rates should be certified by an actuary that they meet the requirements of RCW 48.38.030(5).

Disclosures - none required by statute.

Consumer Protection Act - does not apply. However, charities are subject to Unfair Practices and Frauds under Chapter 48.30 RCW.

Failure to Register – issuing annuities without a Certificate of Exemption is an act of illegal insurance. Any CGA that is not authorized to solicit or transact business in WA has violated Chapter 48.15 RCW and is guilty of a Class B felony which is punishable under

Chapter 9A.20 RCW. The issuing institution and signing officer are liable for performance under the contract. Additionally, annuities are considered “securities” by the WA Department of Financial Institutions, so illegal issuance is also a violation of securities law.

State Universities Exempt – The six state colleges and universities are exempt. See RCW 28B.10.485. However, a supporting University Foundation is not. Except for UW and EWU, all have foundations certificated under the Chapter.

Notes:

CGA Certificate-Holder Examinations – It is the goal to examine our Domestic CGA Cert-Holders on a 5-year cycle consistent with insurers. We have the right to examine any CGA Cert-Holder. For questions regarding Examinations, contact the Assistant Chief Examiner. Should we believe that a qualifying exam is necessary, coordinate a referral through the Company Licensing & Compliance Manager and Deputy Commissioner for Company Supervision.

Related Disciplinary Orders – If an applicant has issued annuities prior to certification, we generally address the violations with the issuance with a Consent Order and a fine based on established methodology. Consult with the Company Licensing & Compliance Manager when recommending disciplinary action.

Filing deadlines:

- March 1 – annual filing fee due in the amount of \$25.00 plus \$5.00 for each annuity contract written in WA during its fiscal year ending on or before December 31st of the previous calendar year.
- Annually – within 60 days of the fiscal year end, annual report and actuarial valuation report of reserve fund from a qualified actuary for the fiscal year covered in the annual report. The reports are reviewed by the Sr. Financial Analyst, and his/her team. Note: there is no extension to the Annual Report, and the requirement cannot be waived.
- Annually – within nine months of the fiscal year end, submission of the audited financial statement.
- Annually – if not specifically exempt, submission of a copy of the IRS Form 990 within 15 days of its filing with IRS.

Follow the below listed procedure when reviewing CGA applications:

- a. Verify payment of application fee with accounting. If no payment validation information is received from accounting, check with accounting staff. When payment is received proceed with review.
- b. Application Review – use blank Application form as a checklist and to make analyst notes. Review application for completeness, compliance with Chapter, any irregularities in submissions, as well as any prior submissions, if any.
- c. Document the review with copies of any correspondence exchanged with the applicant.
- d. After the analyst has reviewed all the documentation, he/she will make a written recommendation to the Company Licensing & Compliance Manager as to whether they recommend granting a registration or license to the applicant, denying the application, or deeming the application as materially incomplete. See Chapter 5 for information on the procedure for the analysts to submit their closure recommendations for each category type.

4.4 Liability Risk Retention Groups

Current RRG law is a result of the federal Liability Risk Retention Act (LRRRA) of 1986. Essentially, a RRG is a member-owned entity which is allowed under Federal law to sell only *liability* coverage to persons in similar or common business operations. In exchange, the requirements to begin operations are not nearly as capital and labor intensive as forming an insurance company. Once chartered by a state, the federal law states that, outside of some very specific requirements allowed to the state, an RRG can operate free of state regulation. Each RRG is assigned an NAIC number and submits annual and quarterly filings to the NAIC as other insurers are required.

The LRRRA of 1986 is codified under 15 USC §3901 et seq., with companion WA law and regulations under Chapters 48.92 RCW and 284-92 WAC.

Regulatory Overview

Insurance – Under federal law, RRGs are only allowed to sell liability insurance (15 USC 3901(4)(G)(i)-(ii) and RCW 48.92.020(11)(g)(i)).

Producers - no person may act or aid in any manner in soliciting, negotiating, or procuring liability insurance in WA from a RRG unless the person is licensed as an insurance producer for casualty insurance (RCW 48.92.120(1)).

Contracts – The non-chartering state (WA) has no approval authority over forms, and no authority to regulate management, operations, and other aspects of their business (15 USC 3902(a)(1)).

Disclosures – A specific disclosure notice is required on each policy issued that the RRG may not be subject to all the insurance laws and regulations of their state, and State insurance insolvency guaranty funds are not available for their risk retention group (15 USC 3902(a)(1)(I), RCW 48.92.040(7), and WAC 284-92-490).

Unfair Practices and Frauds: Chapter 48.30 RCW applies. Under RCW 48.92.100, the Commissioner has injunctive authority, but the injunction must be obtained from a court of competent jurisdiction. This Office also gives notice to the domicile state to take appropriate action. Under RCW 48.92.110, any violation of the Chapter is subject to fines and penalties applicable to licensed insurers generally, including revocation of its license and/or the right to do business in this state.

Failure to Register: 15 USC 3902(a)(1)(D) and RCW 48.92.040 require RRGs to register. RCW 48.92.100 provides the Commissioner injunctive authority through the courts as noted above should an RRG fail to give Notice of Intent to Operate.

Persons Exempt: No RRG wanting to do business in WA is exempt from providing the Notice of Intent to Operate as required under federal law. However, once registered, an RRG is exempt from any state law, rule, or regulation that regulates or makes an RRG unlawful except, any state can require an RRG to:

- a. Comply with unfair claim settlement practices (*WAC 284-30-300 to 450*);
- b. Pay applicable premium taxes (*WAC 284-92-460*);
- c. Participate in residual market mechanisms (Joint Underwriting Authorship's/ Assigned Risk Pools);
- d. Designate the insurance commissioner as agent for service of process;
- e. Submit to financial examination by other state insurance commissioners if the chartering state has not initiated such an examination;
- f. Comply with state deceptive, false, or fraudulent trade practice laws;
- g. Comply with lawful orders for delinquency or dissolution proceedings;
- h. Comply with an injunction for hazardous financial condition;
- i. Include a notice in insurance policies, in 10-point type, stating the RRG is not subject to all state laws and regulations, and that the insolvency guaranty fund is not available for the RRG.

Notes:

Under RCW 48.110.050(2)(a), RCW 48.110.055(2)(b)(i)-(ii), and RCW 48.110.075(2)(a)(i)-(ii), Non-Vehicle Service Contract Providers, Protection Product Guarantee providers and Vehicle Service Contract providers are allowed to have a reimbursement insurance policy written by an authorized RRG. To qualify, the RRG must be registered and maintain a minimum of \$15M in paid-in capital and surplus, or at least \$10M and meet certain financial criteria to the satisfaction of the Commissioner.

Also, the requirement under RCW 48.110.073 that reimbursement policies be filed with and approved by this Office is pre-empted by federal law. Although we do not have authority for review and approval, we do need to determine that the policy contains language satisfying the requirements of RCW 48.110.060(1)-(3). The vehicle service contract forms indemnified by the RRG policy still need to be filed by the service contract provider with the R&F Division, since the RRG preemption does not extend to the service contract provider.

Related Filing Deadlines:

- At the same time any change to its plan of operation or feasibility study is reported to its domicile state – RRGs are required to submit a copy to this Office.
- March 1 – payment of premium taxes is due annually per RCW 48.92.040(3)(a).

When reviewing risk retention group applications, complete the following tasks:

1. Review of Notices and submissions is limited due to Federal pre-emption. Under 15 USC 3902(d)(2)-(3) only the following documentation is required to be submitted:
 - A copy of its plan of operation or feasibility study, along with all revisions submitted to its domicile state, including the name of the state in which it is chartered and its principal place of business. (Note: generally RRGs will provide a copy of their registration from the domicile state). A copy of its financial statement submitted to its state of domicile, certified by an independent public accountant, and containing a qualified actuarial opinion on loss and loss adjustment expense reserves. Under 15 USC 3902(a)(1)(D), the following is required:
 - *An Appointment of Commissioner as Attorney for Service of Process* form

Note: if only the required documentation is provided with the Notice of Intent to Operate, the analyst will need to exercise good judgment in reviewing each notice to determine if the RRG has demonstrated that it is qualified for registration. Notices may be received on the NAIC uniform registration form which will provide additional information.

- A. Review documentation provided (whether on uniform registration form, or alternate format) to verify that the registrant meets the necessary criteria under the LRRRA and RCW 48.92.020(11) for status as an RRG:
- How is the RRG organized? [corporation or other limited liability association; a stock, mutual company, or as a reciprocal exchange – structured to conform to the laws of the chartering state]
 - Is it functioning as a captive insurance company?
 - Is it organized for the primary purpose of assuming and spreading the liability risk exposure(s) of its group members (member-owners)?
 - Are the members of the RRG engaged in businesses or activities which are similar or related in regards to the liability exposures created by virtue of common business or trade practices, products, services, premises or operations. In addition, an individual or firm that meets the criteria cannot be excluded from the group if the intent of the exclusion is to provide the group with a competitive advantage.
 - Are the owners of the RRG both members of and insured by the group? Indirect or secondary ownership through a wholly owned, single organization is permitted as long as the organization's owners are members of and insured by the RRG. Insurance companies cannot have an ownership interest in an RRG unless all members of the group are insurance companies.
- B. Review the financial statement and actuarial opinion on loss and loss adjustment expense reserves:
- verify that the registrant is not in hazardous financial condition
 - check that the capital & surplus is in place.
 - If issues, check with domicile state for a copy of the last examination report (expected every 5 years)
2. Document the review with copies of any correspondence exchanged with the registrant
 3. Prepare the file for imaging by Insurance Technician after managerial review.
 4. After the analyst has reviewed all the documentation, he/she will make a written recommendation to the Company Licensing & Compliance Manager as to whether they recommend granting a registration or license to the applicant, denying the application, or deeming the application as materially incomplete. See Chapter 5 for information on the procedure for the analysts to submit their closure recommendations for each category type.

4.5 Liability Risk Purchasing Groups

Chapter 48.92 RCW coordinates state law with the federal Liability Risk Retention Act of 1986. Most of our state definitions and requirements (under Chapter 48.92 RCW) have a parallel under the federal statutes. Under RCW 48.92.100, the OIC is authorized to make use of any of the powers established under Title 48 RCW to enforce the laws of WA so long as those powers are not specifically preempted by federal law. A purchasing group and its insurer or insurers are subject to all applicable laws of WA, except that they are exempt (under RCW 48.92.070) from any WA law which would unfairly discriminate against a PG's existence or operation. Premium taxes and taxes on premiums paid for coverage must be imposed at the same rate and subject to the same interest, fines, and penalties as authorized insurers. Who is obligated to pay such amounts is stated in RCW 48.92.095., as well as the extent of liability for payment by each PG member.

As defined under RCW 48.92.020(10) and 15 USC 3901(a)(5), a Purchasing group means any group which:

- (a) Has as one of its purposes the purchase of liability insurance on a group basis;
- (b) Purchases the insurance only for its group members and only to cover their similar or related liability exposure;
- (c) Is composed of members whose businesses or activities are similar or related with respect to the liability to which members are exposed by virtue of any related, similar, or common business, trade, product, services, premises, or operations; and
- (d) Is domiciled in any state.

This allows broad flexibility as to how a PG may be properly organized – as a non-profit corporation, association, trust, LLC, etc. The PG must be homogeneous in its makeup, and the PG must be synonymous with the legal entity.

To procure liability insurance for a PG, a person must have a WA producer license. If the PG plans to purchase insurance from a non-admitted carrier, then (per RCW 48.92.120(2)(c)) insurance has to be procured through a Surplus Lines Broker licensed and operating in accordance with Chapter 48.15. RCW 48.15.073, enacted in 2001, spells out requirements for a nonresident surplus lines broker license – available to nonresidents of states which have reciprocal arrangements with Washington. To be licensed as a non-resident SL broker, a person must meet *all* the same qualifications as a WA-resident except residency (RCW 48.15.073(2)), and has all the same responsibilities as any other surplus lines broker.

RCW 48.92.080 governs the requirements for registration. Registration is required under WAC 284-92-210. No purchasing group may provide, offer to provide, or solicit applications for, insurance until registered. WAC 284-92-220 precludes PG activity until receipt of specific notification by the OIC of the PG's registration.

Overview:

Insurance - Purchasing liability insurance on a group basis needs to be one of the purposes of the PG. By definition (RCW 48.92.020(10)), the only type of insurance that can be procured for group members is liability coverage, which needs to be for members only and cover claims arising from the members' similar or related exposure. Liability is defined under 15 USC 3901(a)(2), and RCW 48.92.020(6). Historically, we looked to an applicant's Articles and By-laws to include this one specific statement in its stated purposes. However, on 8/27/13, Legal Affairs provided informal guidance indicating that we can accept a broader statement of purpose that the group is formed for operation under and activities consistent with the LRRRA.

Producers - are required to hold a WA producers license (Chapter 48.17). For non-admitted carriers, a producer must hold a Surplus Lines Broker license as well (Chapter 48.15).

Contracts - Under WAC 284-92-260 requirements for filing and approval of policy rates and forms apply to forms issued in connection with PGs to the same extent as they apply in other situations.

Disclosures - Under RCW 48.92.090(2) and WAC 284-92-270(1), a PG is required to disclose to its members when a non-admitted carrier is used and that the risk is not protected by an insurance insolvency guaranty fund in this state, and that the risk retention group or insurer may not be subject to all insurance laws and rules of this state.

Unfair Practices and Frauds - Chapter 48.30 applies under the broad authority the Commissioner has under RCW 48.92.100.

Failure to Register: - Under WAC 284-92-210 no PG can provide, solicit, or invite applications for insurance as to WA residents. Per WAC 284-92-220, A PG is not registered until it has been notified that it is registered. There is no deemer. The Commissioner has all authorities granted under RCW 48.92.100 as long as those powers are not pre-empted by LRRRA of 1986.

Persons Exempt – Under RCW 48.92.070, a PG and its insurers are subject to all WA law, except that a purchasing group and its insurers are exempt regarding liability insurance for the purchasing group, from any law that is discriminatory to the PG or any of its members.

Related Filing deadlines:

- 10 days after any change to its application information – PGs are required to notify this Office of all changes to application information, per RCW 48.92.080(2).
- January 31 – annual report is required from domestic RPG's under WAC 284-92-290 (Note: this report has not yet been implemented by OIC)

When reviewing risk purchasing group applications, complete the following tasks:

Review the application for completeness, compliance with the Chapter, any irregularities in submissions, as well as any prior submissions, if any, as well as the following:

- A. Check the *Risk Retention Reporter* for a consistent description
- B. Check language that indicates the PG considers itself registered at the point of notification/application. WAC 284-92-220 provides that: no PG is registered until notified by the OIC. There is no deemer.
- C. Check for language stating that rates or forms have not been approved – both must be just as for any admitted carrier. RCW 48.92.070, WAC 284-92-260.
- D. Application item 8 requests the occupation of the Principal Officers and Directors. Check for apps that only give PG title, and neglect occupations
- E. Check that PG meets Washington producer, surplus lines broker statutes. Under application Item 9D, watch for answer of “none” or “direct.” Washington law requires use of WA-licensed producers in solicitation/negotiation/sale, unless carrier employees are placing the coverage (rare).

- Admitted carriers in WA

1) Washington law requires that insurance being sold by a PG must be through a WA-licensed producer. No person may act or aid in any manner in soliciting, negotiating, or procuring liability insurance for a PG from an authorized insurer or Risk Retention Group unless the person is licensed as an insurance producer for casualty insurance.

2) No person may act or aid in any manner in soliciting, negotiating, or procuring liability insurance coverage for a PG member under a PG's policy unless the person is licensed as an insurance broker for casualty insurance. RCW 48.92.120.

3) Check license, license type, and expiration date. If a producer, check appointment by carrier. A WA-licensed producer must have a proper Appointment from the carrier, under RCW 48.17.160. Alternatively, it is permissible for an Agency to possess a Corporate license, along with the Appointment; and the individual producer has an affiliation with the Agency.

- Non-Admitted Carriers in WA

1) No person may act or aid in any manner in soliciting, negotiating, or procuring liability insurance from an insurer not authorized to do business in this state on behalf of a WA PG unless the person is licensed as a Surplus Lines Broker. RCW 48.92.120, WAC 284-92-250.

2) A PG may not purchase insurance from a Risk Retention Group that is not chartered in a state or from an insurer not admitted in the state in which the PG is located, unless the purchase is affected through a licensed producer or broker acting pursuant to the surplus lines laws and regulations of that state. RCW 48.92.090, WAC 284-92-250, 15 USC 3903(c)

3) Check for a letter of Appointment by the PG for the Surplus Lines Broker that will be placing coverage. If PG lists several carriers, check admitted vs. non-admitted. PG can only use a non-admitted carrier if insurance is not available from an admitted carrier.

- F. We must have a current copy of the Certificate of Good Standing, Articles of Incorporation, and Bylaws – along with any amendments. Note that different states have different registration/incorporation procedures and requirements.
- G. The application must include a Certificate of Good Standing or other evidence that they are properly registered as a PG in their state of domicile's Department of Insurance. (A PG may consider itself to have more than one domicile. Per 48.92.020(3), "domicile" means the state of incorporation; or if unincorporated, the state of its principal place of business.)
- H. The application must include an appointment of the Commissioner as agent for Service of Process. RCW 48.92.080(3), WAC 284-92-230.
- I. Notarization of documents – watch for spouse notarizing documents for spouse, or notary acting outside of his or her jurisdiction. (Note: these practices may be legal, but perhaps frowned upon, in some jurisdictions).
- J. By definition, the PG must purchase insurance only for its group members and only to cover their similar or related liability exposure. The PG must be composed of members whose business or activities are similar or related with respect to liability to which members are exposed by virtue of any related, similar, or common business, trade, product, services, premises, or operations. Watch for:
- overly broad membership classifications, such as "all professionals"
 - Articles of Incorporation or Bylaws state that PG has no members (in that case, check to see whether insureds are shareholders. Most likely they will not be)
 - the PG must be homogeneous in its makeup
 - the PG must be synonymous with the legal entity
- K. PGs are limited to liability insurance. Under 15 USC 3901(a)(2) Liability is

defined as meaning – legal liability for damages (including costs of defense, legal costs and fees, and other claims expenses) because of injuries to other persons, damage to the property, or other damage or loss to such other persons resulting from or arising out of:

- (i) any business (whether profit or non-profit), trade, product, services (including professional services), premises, or operations, or
 - (ii) any activity of any State or local government, or any agency or political subdivision thereof; and **does not include** personal risk liability and an employer's liability with respect to its employees other than legal liability under the Federal Employers' Liability Act (45 USC 51 et seq.). Washington's statutes on PGs also contain the same definition. RCW 48.92.020(6).
- L. See WAC 284-92-290 for the specific registration requirements for Domestic PGs as to their records. There is also an annual report requirement, but OIC has not yet implemented it.
 - M. The insurer, for a domestic PG on risks located in Washington, must hold a Washington certificate of authority for that type of insurance, or a registered Risk Retention Group.
 - N. Document the review with copies of any correspondence exchanged with the applicant in resolving questions and issues, and all supplemental submissions received from the applicant.
 - O. After the analyst has reviewed all the documentation, he/she will make a written recommendation to the Company Licensing & Compliance Manager as to whether they recommend granting a registration or license to the applicant, denying the application, or deeming the application as materially incomplete. See Chapter 5 for information on the procedure for the analysts to submit their closure recommendations for each category type.

4.6 Life Settlement Providers

Overview:

Insurance and Indemnification: No indemnity is required to qualify for licensing. Once the policy has settled (life settlement transaction has concluded), there is no risk to the policyholder/consumer – they have their money.

Contracts: Under RCW 48.102.041 and WAC 284-97-040, once licensed contracts and forms need to be filed with Rates and Forms for approval before use.

Disclosures: Under RCW 48.102.080, there are many disclosures that must be made to owners of policies by a Provider or Broker. Under RCW 48.102.090 there are disclosures that an insurer may make if the owner intends to pay premiums with the assistance of financing from a lender. Under RCW 48.102.100 an insurer, under specified circumstances, must notify a policyholder, 60+ years old or terminally ill, that life settlement contracts are an option.

Consumer Protection Act: Does apply. Under RCW 48.102.130, prohibited practices are stated. Any violation of this section constitutes a fraudulent life settlement act. RCW 48.102.140 prohibits fraudulent conduct, or any person that has been convicted of a felony involving dishonesty or breach of trust to participate in life settlement business. Additionally, RCW 48.102.160 provides that a violation of the Chapter by any person that knowingly commits a fraudulent life settlement act is subject to criminal prosecution under Chapter 9A.20 RCW for a Class B felony.

Failure to Register: Under RCW 48.102.160, if anyone has knowingly acted as a life settlement provider or broker without the proper authorization, the commissioner may assess up to a \$25,000 penalty for each violation. The State's right to bring a civil action for payment of unpaid penalties has been preserved.

Persons Exempt: Under RCW 48.102.006(19)(b) there are many persons exempt including banks, savings and loan associations, credit unions, licensed lending institutions, insurers of policies, persons making only one agreement in a calendar year, purchasers (secondary market), insurers providing financial guaranty insurance to a provider and other specified persons, financing entities, special purpose entities, related provider trusts, brokers, and certain accredited investors or qualified institutional buyers under the federal securities act who purchase policies from a provider.

Related Filing Deadlines:

- March 1st – Annual report due (per the Legal Affairs opinion issued 10/22/14, a report fee is no longer collected. See Attachment #A1-LSP1).
- July 1st – Renewal application fee of \$250.00 is due (there is no renewal application form)

When reviewing life settlement applications, complete the following tasks:

1. Verify payment of filing fee. There should be a validation stamp on the application. If not, check with accounting. When payment is received, proceed with review.
2. Application Review –use a blank Application form and the Anti-fraud Plan requirements form as checklists and to make analyst notes. Review application

and anti-fraud plan for completeness, compliance with Chapter, any irregularities in submissions, as well as any prior submissions, if any.

3. Document the review with copies of any correspondence exchanged with the applicant in resolving questions and issues, and all supplemental submissions received from the applicant.
4. Organize the file for imaging and route to Insurance Technician to be imaged in AX.
5. After the analyst has reviewed all the documentation, he/she will make a written recommendation to the Company Licensing & Compliance Manager as to whether they recommend granting a registration or license to the applicant, denying the application, or deeming the application as materially incomplete. See Chapter 5 for information on the procedure for the analysts to submit their closure recommendations for each category type.

4.7 Guaranteed Asset Protection Waiver Providers

Legal Definition – RCW 48.160.010(6).

“Guaranteed asset protection waiver” or “waiver” means a contractual agreement wherein a creditor agrees for a separate charge to cancel or waive all or part of amounts due that creditor on a borrower’s finance agreement with that creditor in the event of a total physical damage loss or unrecovered theft of the motor vehicle, which agreement must be part of, or a separate addendum to, the finance agreement.

Guaranteed Asset Protection Waiver Provider Application Review Items

a. Applies to Financed Vehicles

Defined under the Chapter (broader than vehicle service contracts) means self-propelled or towed vehicles designed for personal or commercial use, including but not limited to automobiles, trucks, motorcycles, recreational vehicles, all-terrain vehicles, snowmobiles, campers, boats, personal watercraft and motorcycle, boat camper, and personal watercraft trailers.

b. Insurance and Indemnification

Providers are not required to have contractual liability or reimbursement insurance policies. But if they do obtain coverage, there are statutory requirements for specific provisions that must be contained in the policies.

c. Contracts - Same as non-vehicle contracts

d. Disclosures – GAP waiver forms must contain specific disclosures under RCW 48.160.050.

e. Consumer Protection Act

Does not apply. Legislation did not provide that violations of the Chapter are violations of the CPA. However, consistent with requirements under the truth in lending act (15 USC Sec. 1601 et seq.) disclosure of any cost to the borrower, other than finance charges or interest must be disclosed.

f. Failure to Register - Same as above as to violations of Chapter 48.160 RCW

g. Persons Exempt

Financial institutions specified in the Chapter; retail sellers who assign more than 85% of their waivers in 30 days, and 100% by 45 days from the agreements' effective date; and insurers authorized to sell GAP Waivers in this state.

Notes:

- This application is greatly simplified from the aforementioned applications. There is no financial requirement for registration, there are no “Statements of Understanding” or “General Interrogatories” for the applicant to respond to.
- The GAP Waiver registration is continuous, therefore no renewal.

Other Issues:

- In the normal course of business since the Chapter was enacted, we have determined that many registrants who were only administrators applied unnecessarily. This has resulted in quite a few registrations going through the inactivation process, as well as a revision to our application to make it abundantly clear that we only register obligors. With receipt of applications, contracts and other submissions need to be reviewed carefully to verify that the applicant is the obligor on the contract.
- Since the Chapter was enacted, industry has made inquiries to Company Licensing & Compliance about whether additional benefits are allowed under GAP waivers, specifically paying a benefit toward the purchase of a new vehicle if there is a total loss on the covered vehicle. Company Licensing & Compliance advised industry that such additional benefit would not fit under the definition of a GAP Wavier under the Chapter.

When reviewing Guaranteed Asset Protection Waiver Provider applications, complete the following tasks:

Follow the standard procedure above for Non-Vehicle Service Contract Provider applications.

4.8 Reinsurance Intermediaries

The Reinsurance Intermediary Act was enacted, in part, to address the need for regulation of these “producer” types of reinsurance activities related to solicitation, negotiation, and placement of cessions or retrocessions. Additionally, rules were adopted to further address the failure of licensed Reinsurance Intermediaries to promptly report to the OIC changes in information that was contained in their original application for licensing, and to clarify what changes must be reported.

Overview:

RI Broker: solicits, negotiates, or places cessions or retrocessions on behalf of a ceding insurer without authority to bind reinsurance coverage on behalf of the insurer.

RI Manager: has authority to bind or manages all or part of the assumed reinsurance business of the reinsurer.

Indemnity: Under 48.94.010(3), the Commissioner may require and RI Manager to file a bond in an amount and from an insurer acceptable to the Commissioner for the protection of the reinsurer and maintain an errors and omissions policy in an amount acceptable to the Commissioner.

Unfair Practices and Frauds: Not applicable.

Persons Exempt: WA licensed attorneys when acting in their professional capacity.

Contracts: RI Manager-Reinsurer contract (approved by the Reinsurer’s Board) must be submitted to the OIC for approval at least 30 days before the reinsurer assumes or cedes business through the RI Manager. Worth noting as well is that written notification of any termination of a RI-Manager contract must be given to the OIC within thirty days of termination.

Fees: RI Broker application and annual renewal is \$50.00. RI Manager application and annual renewal is \$100.00

RELATED FILING DEADLINES:

- Licenses are issued for only one year. Each licensee must pay a renewal fee (Broker: \$50.00, Manager: \$100) before the anniversary date, or the license

expires. There is no annual report. In advance of their anniversary-renewal, licensees receive email notices from the portal, and make their payments online.

- Changes to the application information must be reported within fifteen business days after the material change has occurred per WAC 284-13-715.

When reviewing reinsurance intermediary applications, complete the following tasks:

1. Verify payment of filing fee. There should be a copy of the check with a validation stamp received from Accounting. If not, contact Accounting. It may be necessary to check with the applicant if there continues to be no record of payment. When payment is received, proceed with review.
2. Application Review - Use a blank Application form as a checklist and to make analyst notes. Review application for completeness, compliance with the Chapter, any irregularities in submissions, as well as any prior submissions.
3. For RI-Manager applications, if a reinsurer-approved contract(s) with the RI-Manager is received with the application (they must be submitted for OIC approval at least thirty days before the reinsurer assumes or cedes business through the RI-Manager), each contract needs to be reviewed against the minimum requirements of RCW 48.94.030, and compliance with the Chapter.
4. Document the reviews with copies of any correspondence exchanged with the applicant in resolving questions and issues, and all supplemental submissions received from the applicant.
5. After the analyst has reviewed all the documentation, he/she will make a written recommendation to the Company Licensing & Compliance Manager as to whether they recommend granting a registration or license to the applicant, denying the application, or deeming the application as materially incomplete. See Chapter 5 for information on the procedure for the analysts to submit their closure recommendations for each category type.

4.9 Health Care Benefit Managers

All health care benefit managers, including pharmacy benefit managers, are required to obtain a registration as a Health Care Benefit Manger (HCBM) in accordance with RCW 48.200 and WAC 284-180. All applicants must register through the OIC's online registration portal. The registration fee is \$200.

1. Once the online HCBM application is received, the company licensing analyst will be assigned the application for review. The analyst must review the application to ensure that all the required documentation has been submitted and that the HCBM meets all the requirements for registration as detailed on the application form and

in accordance with RCW 48.200 and WAC 284-180.

2. After the analyst has reviewed all the documentation, he/she will make a written recommendation to the Company Licensing & Compliance Manager as to whether they recommend granting a registration or license to the applicant, denying the application, or deeming the application as materially incomplete. See Chapter 5 for information on the procedure for the analysts to submit their closure recommendations for each category type.

4.10 Independent Review Organizations

Independent Review Organizations are businesses that perform independent reviews of health care claim coverage disputes between insured persons and health insurers. These Independent Review Organizations must be “certified” by the OIC in accordance with RCW 48.43.537 and WAC 284-43A.

Applications are submitted through the OIC’s online portal. Currently, there are no application or renewal fees charged by the OIC.

Once all the required documents have been uploaded into AX, the analyst may begin their review of the application materials. As with other auxiliary lines applications, the application form may be followed to ensure the submission of required documents, along with the additional required documents that were “assigned” to the applicant via the online portal. The review and analysis of the application documents need to comply with the requirements set forth in RCW 48.43.537 and in particular, RCW 48.43.537(3) (a-f) (5), along with WAC 284-43A, and in particular, WAC 284-43A-020, WAC 284-43A-030, and WAC 284-43A-050.

After the analyst has reviewed all the documentation, he/she will make a written recommendation to the Company Licensing & Compliance Manager as to whether they recommend granting a registration or license to the applicant, denying the application, or deeming the application as materially incomplete. See Chapter 5 for information on the procedure for the analysts to submit their closure recommendations for each category type.

4.11 Direct Patient-Provider Primary Health Care

All direct patient-provider primary health care (direct practice) will be required to obtain a registration in accordance with RCW 48.150. All applicants must register through the OIC’s online application forms site. There is no application or registration fee.

Once the online application is received, the company licensing analyst will be assigned the application for review. The analyst must review the application to ensure that all the required documentation has been submitted and that the direct practice meets all the requirements for registration as detailed on the application form and in accordance with RCW 48.150.

After the analyst has reviewed all the documentation, he/she will make a written recommendation to the Company Licensing & Compliance Manager as to whether they recommend granting a registration or license to the applicant, denying the application, or deeming the application as materially incomplete. See Chapter 5 for information on the procedure for the analysts to submit their closure recommendations for each category type.

4.12 Captive Insurers

Any entity acting as an eligible captive insurer and issuing policies that cover Washington risks for their captive owner, the captive owner's other affiliates, or both, must register within 120 days after first issuing a policy that covers Washington risks.

All captive insurers must meet the requirements set forth in RCW 48.201 and WAC 284-201 to obtain a registration. All applicants must register through the OIC's online registration portal. The registration fee is \$2,500.

Once the online captive application is received, the company licensing analyst will be assigned the application for review. The analyst must review the application to ensure that all the required documentation has been submitted and that the eligible captive meets all the requirements for registration as detailed on the application form and in accordance with RCW 48.201 and WAC 284-201.

After the analyst has reviewed all the documentation, he/she will make a written recommendation to the Company Licensing & Compliance Manager as to whether they recommend granting a registration to the applicant, denying the application, or deeming the application as materially incomplete. See Chapter 5 for information on the procedure for the analysts to submit their application review closure recommendations.

Chapter 5 Completed Application Review Process

5.1 Overview

After the CLC analyst completes their review of an application, the review is closed in one of five ways. The application is approved, denied, closed, found to be materially incomplete, or the application may be withdrawn by the applicant. The process to close out application reviews for each of these ways is described below.

5.2 Application Approvals

Once the analyst has completed their review and has determined that the applicant has meet all the requirements for licensure or registration, modification of business operations, or changes its corporate structure (corporate amendments) the analyst will send an email to the CLC Manager recommending approval of the application. The email should include the name of the company, their WAOIC number, the type of license or registration being sought and a brief synopsis describing the proposed business operations and confirmation that the company has meet all the requirements for licensure or registration. Also, include in the email a computer link to the application documents.

The CLC Manager will review the documentation and either request additional information from the analyst or agree with the recommendation authorize final approval.

Upon approval, the CLC Manager will forward the approval request email to the CLC Coordinator for processing of the license or registration.

5.2.1 Approval Processing of Auxiliary Line Applications

The CLC Coordinator will complete the following actions:

- a. Enter the application status field as “approved” and enter the approval effective date in SIMBA/ORCA
- b. Enter the approval date in the CLC spreadsheet
- c. Transfer all application documents into the AX/ECM system for archiving
- d. Prepare a certificate or registration for auxiliary line applications for signature by the Company Supervision Deputy Commissioner
- e. Provide the signed certificate of registration to the applicant via hard copy and email copy

- f. Send a customer survey email to the applicant (or the applicant's filer)

5.2.2 Approval Processing of Insurer Applications

The CLC Manager will complete the following actions:

- a. Submit an approval recommendation email to the Company Supervision Deputy Insurance Commissioner. The email will contain the analyst's approval recommendation email. If the Deputy Commissioner agrees with the recommendation, he/she will forward the recommendation to the Chief Deputy Insurance Commissioner for final approval.
- b. Upon notification of final approval from the Chief Deputy Insurance Commissioner, the CLC Manager will notify the CLC Coordinator that the application has been approved and request that he/she prepare a new Certificate of Authority for the Insurance Commissioner's signature.

The CLC Coordinator will complete the following actions:

- a. Enter the application status field as "approved" and enter the Chief Deputy's final approval effective date in SIMBA/ORCA
- b. Enter the approval date in the CLC spreadsheet
- c. Transfer all application documents into the AX/ECM system for archiving
- d. Prepare a new Certificate of Authority for the Insurance Commissioner's signature
- e. Provide the signed Certificate of Authority to the applicant via hard copy and email copy
- f. Send a customer survey email to the applicant (or the applicant's filer)

5.2.3 Approval Processing of Corporate Amendments

The CLC Manager will complete the following actions:

- a. Access the NAIC Corporate Amendment filings webpage
- b. Access the insurers filing page
- c. Enter the date the submission was complete
- d. Enter the date the corporate amendment was processed
- e. Notify the CLC Coordinator the corporate amendment is approved for processing. This notification email will include the analyst's original approval recommendation email.

The CLC Coordinator will complete the following actions:

- a. Enter the approval date in the CLC spreadsheet
- b. Transfer all application documents into the AX/ECM system for archiving.
- c. Make the appropriate changes in SIMBA/ORCA, if necessary, to update the changes submitted
- e. Prepare an updated Certificate of Authority, if necessary, for the Company Supervision Deputy Insurance Commissioner's signature
- f. Send the revised Certificate of Authority, if issued, to the applicant via hard copy in the mail and via email copy
- g. Send a customer survey email to the applicant (or the applicant filer)

5.3 Application Denials

Once the licensing analyst has completed their review and has determined that the applicant has not met all the requirements for licensure or registration, the analyst will consult with the CLC Manager to discuss the reasons for the proposed denial.

The licensing analyst will then send the CLC Manager an email recommending denial of the application. The email should include the name of the company, their WAOIC number, the type of license or registration applied for, and the reason(s) why the analyst is recommending the license or registration should be denied. The analyst may add any additional information the analyst feels may be important to the denial process. Also included in the email will be a link to the application documents and the analysts review notes. All application denials will be issued in accordance with the applicable RCWs regarding the required processes and procedures for licensure or registration denials.

The CLC Manager will review all the documentation. If in agreement, the analyst will draft a proposed denial letter for review by the CLC Manager. Once both the analyst and the CLC Manager have approved of the draft denial letter, the letter will be provided to the CLC Manager for approval and signature. The CLC Manager will sign the letter and mail a hard copy via U.S. mail and an electronic copy via email to the applicant.

The CLC Coordinator will complete the following actions:

- a. Enter a "denial" code in SIMBA/ORCA for the application review status
- b. Enter the denial date in SIMBA/ORCA
- b. Enter the denial date in the CLC spreadsheet
- c. Transfer all application documents into the AX/ECM system for archiving

5.4 Closed Applications

On occasion, an analyst will determine during their application review that the applicant does not meet certain requirements for licensure or registration. Examples of such applications are instances where companies do not minimum financial requirements. Instead of closing out these application reviews as “denied,” we would close out the application reviews in SIMBA/ORCA with a “closed” closure code.

In these instances, the licensing analyst will send an email to the CLC Manager recommending the application be “closed.” The email should include the name of the company, their WAOIC number, the type of license or registration being sought and a brief synopsis describing why the application should be closed. Also, include in the email a computer link to the application file documents.

The CLC Manager will review the email and application documents and either agree with the recommendation or make suggestions as to otherwise resolve the matter if possible. Upon approval to close the application, the CLC Manager will forward the analyst’s email recommendation to the CLC Coordinator for final processing of the application. The analyst will also notify the applicant via email that the application review will be closed, stating the reasons why, and advising the applicant that as a result, no license or registration will be issued.

The CLC Coordinator will complete the following actions:

- a. Enter a “closed” code in SIMBA/ORCA for the application review status
- b. Enter the closure date in SIMBA/ORCA
- c. Enter the closure date in the CLC spreadsheet
- d. Transfer all application documents into the AX/ECM system for archiving
- e. Send a customer survey email to the applicant (or the applicant filer)

5.5 Materially Incomplete Applications

Following the initial review of an application, the analyst may find information or documentation missing, which would preclude issuing a license or registration. Upon such a finding, the analyst will send the applicant an email detailing all the information or documentation that is lacking. The analyst will use a pre-approved notification email format for making such notifications.

For auxiliary lines applications, the applicant is then given 15 business days to submit the required information and/or documentation requested. If the applicant does not submit

the required information and/or documentation within the 15 business days, the application is deemed “materially incomplete.”

For insurer applications, the applicant is given 60 calendar days to submit the required information and/or documentation requested. If the applicant does not submit the required information and/or documentation within the 60 calendar days, the application is deemed “materially incomplete.”

Additionally, if upon receipt of an insurer application it is determined that the insurer does not meet minimum “threshold” requirements for licensure, the insurer is given 30 calendar days to correct the deficiency. Examples of “threshold” requirements may include an insurer not having the minimal capital and/or surplus funds required for the specific line of authority sought, although these are not the only threshold requirements.

If the insurer is able to correct the threshold requirements within 30 days, the analyst will proceed with a full review of the application. Should deficiencies be found upon the full review, the insurer will be given a 60-day notice, as described above, to correct the deficiencies.

Once it is determined that the application is materially incomplete, the analyst will draft an email to the CLC Manager recommending that the application be closed as materially incomplete. The email should include the name of the company, their WAOIC number, the type of license or registration applied for, and the reason(s) why the analyst is recommending the license or registration should be deemed materially incomplete. Include in the email a link to the application documents and the analyst’s review notes. The analyst will also attach a pre-approved materially incomplete letter, drafted by the analyst, for review by the CLC Manager.

The CLC Manager will review all the documentation for final approval. Upon approval, the analyst will send the email to the applicant advising them that their application has been closed out as materially incomplete. The CLC Manager will then forward the analyst’s materially incomplete recommendation email to the CLC Coordinator for closing out the application review in SIMBA/ORCA.

The CLC Coordinator will complete the following actions:

- a. Enter a “materially incomplete” code in SIMBA/ORCA for the application review status
- b. Enter the closure date in SIMBA/ORCA
- c. Enter the closure date in the CLC spreadsheet
- d. Transfer all application documents into the AX/ECM system for archiving
- e. Send a customer survey email to the applicant (or the applicant filer)

5.6 Withdrawn Applications

On occasion, applicants request that their application be withdrawn prior to the review being completed. The OIC will grant such a request upon receipt of a written request from the applicant or the applicant's official representative.

Upon receipt of such request, the analyst will send an email to the CLC Manager recommending that the application be closed as "withdrawn." The email should include the name of the company, their WAOIC number, the type of license or registration applied for, and the reason(s) why the applicant wishes to withdraw the application. Include in the email a link to the application documents and the analyst's review notes.

The CLC Manager will review all the documentation for final approval. Upon approval, the analyst will send an email to the applicant advising them that their application has been closed out as withdrawn. The CLC Manager will then forward the analyst's email recommending closure of the application as withdrawn to the CLC Coordinator for closing out the application review in SIMBA/ORCA.

The CLC Coordinator will complete the following actions:

- a. Enter a "withdrawn" code in SIMBA/ORCA for the application review status
- b. Enter the closure date in SIMBA/ORCA
- c. Enter the closure date in the CLC spreadsheet
- d. Transfer all application documents into the AX/ECM system for archiving
- e. Send a customer survey email to the applicant (or the applicant filer)

Chapter 6 Recordkeeping

6.1 Unit Recordkeeping

CLC has two primary databases used as depositories for unit recordkeeping and document management. Those databases are Enterprise Content Management (AX/ECM) and Oversight Regulation Consumer Advocacy (SIMBA/ORCA). The OIC maintains these systems. All application documents are stored in AX/ECM.

CLC's Coordinator is the unit's designated public records coordinator and is responsible for entering all information into AX/ECM and for acting as the unit liaison to the Public Records Unit regarding public disclosure requests.

CLC also maintains its own Excel spreadsheet that serves as the unit's proprietary database to record all application assignments, dates assigned and completed, days to complete, compliance activities, and general inquiries made to CLC.

The CLC Coordinator is the primary person responsible for entering data into the spreadsheet, updating the information, and maintaining the integrity of the database. All CLC personnel have access to the database and can enter and edit information. Staff members typically use the database to update information regarding work they have completed and to review unit activity.

Disclaimer: These procedures apply to, and are intended for, the internal use by all staff members of the OIC Company Supervision Division's Company Licensing & Compliance Unit. They are not intended, nor can they be relied upon, to create any substantive or procedural rights enforceable by any party involved in settlement matters or litigation with the OIC. The OIC reserves the right, when appropriate, to act at variance with these procedures in carrying out its legally legislated roles and responsibilities.

OIC SOLICITATION PERMIT CHECKLIST				
Company Application Information				
Name of Company:				
Mailing Address:				
Street Address:				
WAOIC Number:				
Company Contact Name:				
Company Contact Email:				
Company Contact Telephone:				
Type of Insurer:				
Date Application Received:				
Date Filing Fees Received:				
Date Application Accepted for Completeness:				
Date Application Approved/Denied/Withdrawn:				
Name of OIC Analyst Reviewing Application:				
Application For Solicitation Permit: RCW 48.06.040 (See procedures manual section 3.1.1)				
	Yes	No	Date	Analyst
Name, type, and purpose of insurer, corporation, or syndicate proposed to be formed.				
Biographical reports on forms prescribed by the National Association of Insurance Commissioner (NAIC) evidencing the general trustworthiness and competence of each individual who is serving or who will serve as an officer, director, trustee, employee, or fiduciary of the insurer, corporation, or syndicate to be formed.				
Third-party verification reports from a vendor authorized by the NAIC to perform a state, national, and international background history check of any person who exercised control over the financial dealings and operations of the insurer, corporation, or syndicate.				

Full disclosure of the terms of all understandings and agreements existing or proposed among persons relative to the proposed insurer, corporation or syndicate.				
The plan according to which solicitations are to be made.				
File with the Commissioner:				
i. Original and copies in triplicate of proposed articles of incorporation, or syndicate agreement; or if the proposed insurer is a reciprocal, original and duplicate of the proposed subscribers' agreement and attorney-in-fact agreement;				
ii. Original and duplicate copy of any proposed bylaws;				
iii. Copy of any security proposed to be issued and copy of application or subscription agreement for that security;				
iv. Copy of any insurance contract proposed to be offered and copy of application for that contract;				
v. Copy of any prospectus, advertising or literature proposed to be used;				
vi. Copy of proposed form of any escrow agreement required.				
Deposit with the Commissioner fees required by law to be paid for the application including fees associated with the state and national criminal history background check, for filing the subscribers' agreement and attorney-in-fact agreement if the proposed insurer is a reciprocal, for the solicitation permit, if granted, and for filing articles of incorporation with the secretary of state.				
Mutual or Reciprocal Insurers: RCW 48.06.160 (See procedures manual section 3.1.2)				
Issuance of the policy is contingent upon completion of organization of the insurer and issuance to it of a certificate of authority; and				
The prepaid premium or deposit will be refunded in full to the applicant if the organization is not completed and certificate of authority issued prior to the solicitation permit's date of expiration; and				
The agreement for insurance is not effective until a policy has been issued under it.				

Articles of Incorporation: RCW 48.06.200 (See procedures manual section 3.1.3)				
The incorporators shall be individuals who are United States citizens, of whom two-thirds shall be residents of this state. The number of incorporators shall be not less than five if a stock insurer, nor less than ten if a mutual insurer.				
The incorporators shall execute articles of incorporation in duplicate, acknowledge their signatures thereunto before an officer authorized to take acknowledgments of deeds, and file both copies with the commissioner.				
After approval of the articles by the commissioner, one copy shall be filed in the office of the commissioner and the other copy shall be returned to the insurer.				
The articles of incorporation shall state:				
First: The names and addresses of the incorporators.				
Second: The name of the insurer. If a mutual insurer the name shall include the word "mutual."				
Third: (a) The objects for which the insurer is formed; (b) whether it is a stock or mutual insurer, and if a mutual property insurer only, whether it will insure on the cash premium or assessment plan; (c) the kinds of insurance it will issue, according to the designations made in this code.				
Fourth: If a stock insurer, the amount of its capital, the aggregate number of shares, and the par value of each share, which par value shall be not less than ten dollars, except that after the corporation has transacted business as an authorized insurer in the state for five years or more, its articles of incorporation may be amended, at the option of its stockholders, to provide for a par value of not less than one dollar per share. If a mutual insurer, the maximum contingent liability of its policyholders for the payment of its expenses and losses occurring under its policies.				
Fifth: The duration of its existence, which may be perpetual.				
Sixth: The names and addresses of the directors, not less than five in number, who shall constitute the board of directors of the insurer for the initial term, not less than two nor more than six months, as designated in the articles of incorporation.				

Seventh: The name of the city or town of this state in which the insurer's principal place of business is to be located.				
Eighth: Other provisions not inconsistent with law as may be deemed proper by the incorporators.				
Articles of Incorporation: WA Secretary of State Requirements - RCW 23B.02.020 (Not including mutuals and non-profits) (See procedures manual section 3.1.4)				
Must include the name of the corporation that satisfies the requirements of Article 3 of chapter 23.95 RCW.				
Must state the number of shares the corporation authorized to issue in accordance with RCW 23B.06.010 and 23B.06.020.				
Must include the name and address of the corporation's initial registered agent designated in accordance with Article 4, chapter 23.95 RCW.				
Must name and address of each incorporator in accordance with RCW 23B.02.010.				
Articles may include name and addresses of the individuals who are to serve as initial directors.				
May include par value of authorized shares or classes of shares.				
May include provisions not inconsistent with the law regarding the purpose(s) for which the corporation is organized.				
May include provisions not inconsistent with the law regarding managing the business and regulating the affairs of the corporation.				
May include provisions not inconsistent with the law regarding defining, limiting, and regulating the powers of the corporation, its board of directors, and shareholders.				
May include any provision required under this title to be set forth in the bylaws.				
May include a provision eliminating or limiting a director's personal liability to the corporation or its shareholders for monetary damages for conduct as a director in accordance with RCW 23B.08.320.				

<p>A provision permitting or making obligatory indemnification of a director made a party to a proceeding, or advancement or reimbursement of expenses incurred by a director in a proceeding to the extent permitted by RCW 23B.08.560.</p>				
<p>A provision limiting or eliminating any duty of a director or any other person to offer the corporation the right to have or participate in any, or one or more classes or categories of, business opportunities, prior to the pursuit or taking of the opportunity by the director or other person in accordance with RCW 23B.08.735.</p>				
<p>The articles of incorporation need not set forth any of the corporate powers enumerated in Title 23B.</p>				
<p>Provisions in the articles of incorporation may be made dependent on the facts objectively ascertainable outside the articles of incorporation in accordance with RCW 23B.01.200(3).</p>				
<p>Bylaws: WA Secretary of State Requirements (not including mutuals and non-profits): RCW 23B.02.060 (See procedures manual section 3.1.5)</p>				
<p>The incorporators or board of directors of a corporation must adopt initial bylaws for the corporation.</p>				
<p>The bylaws of a corporation may contain any provision for managing the business and regulating the affairs of the corporation to the extent the provision does not infringe upon or limit the exclusive authority of the board of directors under RCW 23B.08.010(2)(b) or otherwise conflict with this title or any other law, the articles of incorporation, or a shareholders' agreement authorized by RCW 23B.07.320.</p>				
<p>Bonds - Cash Deposit: RCW 48.06.110 (See procedures manual section 3.1.6)</p>				
<p>A solicitation permit will not be issued until the applicant files with the OIC a corporate surety bond in the penalty of \$50,000 in favor of the state of Washington and for the use and benefit of the state and subscribers and creditors of the proposed organization.</p>				

<p>In lieu of filing such bond, the applicant may deposit with the commissioner \$50,000 in cash or U.S. government bonds at par value to be held in trust upon the same conditions as required for the bond.</p>				
<p>The commissioner may waive the requirement for a bond or deposit if the permit provides that: (a) The proposed securities are to be distributed solely and finally to those few persons who are the active promoters intimate to the formation of the insurer, or other corporation or syndicate, or (b) The securities are to be issued in connection with subsequent financing as provided in RCW 48.06.180.</p>				
<p>Procedure Upon Application: RCW 48.06.050 (See procedures manual section 3.1.7)</p>				
<p>The commissioner shall expeditiously examine the application for a solicitation permit and make any investigation relative thereto deemed necessary. If the commissioner finds that:</p>				
<p>(1) the application is complete; and</p>				
<p>(2) the documents therewith filed are equitable in terms and proper in form; and</p>				
<p>(3) the management of the company, whether by its directors, officers, or by any other means is competent and trustworthy and not so lacking in managerial experience as to make a proposed operation hazardous to the insurance-buying public; and that there is no reason to believe the company is affiliated, directly or indirectly, through ownership, control, reinsurance, or other insurance or business relations, with any other person or persons whose business operations are or have been marked, to the detriment of the policyholders or stockholders or investors or creditors or of the public, by bad faith or by manipulation of assets, or of accounts, or of reinsurance; and</p>				
<p>(4) the agreements made or proposed are equitable to present and future shareholders, subscribers, members or policyholders, he or she shall give notice to the applicant that he or she will issue a solicitation permit, stating the terms to be contained therein, upon the filing of the bond required by RCW 48.06.110 of this code.</p>				

<p>If the commissioner does not so find, he or she shall give notice to the applicant that the permit will not be granted, stating the grounds therefor, and shall refund to the applicant all sums so deposited except the application fee.</p>				
<p>Issuance of Permit: RCW 48.06.060 (See procedures manual section 3.1.8)</p>				
<p>Once the examination of the application is complete and meets the requirements listed above, the OIC will: (1) File the articles of incorporation of the proposed incorporated insurer or other corporation; and (2) Issue to the applicant a solicitation permit.</p>				
<p>October 2020</p>				

**Uniform Certificate of Authority Application (UCAA)
Primary Application Checklist
For Primary Application Only**

The application checklist is intended to help guide the insurer (herein after referred to as “Applicant Company”) with the assembly of a complete Primary Uniform Certificate of Authority Application (UCAA). Please be sure to complete the checklist by appropriately marking the boxes on the left side of the page prior to submitting the application for review. The completed checklist should be attached to the top of the application.

Regulator Use Only

- | | | |
|-----|---|--------------------------|
| 1. | Application Form, containing: | <input type="checkbox"/> |
| | <input type="checkbox"/> Completed UCAA Primary Application Checklist (Form 1P) | |
| | <input type="checkbox"/> Original UCAA Primary Application executed and signed (Form 2P) | |
| | <input type="checkbox"/> Include all lines of insurance the Applicant Company is licensed to transact, currently transacting, and requesting authority to transact in all jurisdictions (Form 3). | |
| 2. | Filing Fee (pursuant to Section II Filing Requirements Item 2), containing: | <input type="checkbox"/> |
| | <input type="checkbox"/> Payment of required filing fee | |
| | <input type="checkbox"/> Copy of check | |
| 3. | Minimum Capital and Surplus Requirements (pursuant to Section II Filing Requirements Item 3) | <input type="checkbox"/> |
| | <input type="checkbox"/> Provide explanation of compliance with minimum capital & surplus requirements for state for which application is prepared | |
| 4. | Statutory Deposit Requirements (pursuant to Section II Filing Requirements Item 4) | <input type="checkbox"/> |
| | <input type="checkbox"/> An original Certificate of Deposit prepared by state of domicile (Form 7) | |
| 5. | Name Approval (pursuant to Section II Filing Requirements Item 5) | <input type="checkbox"/> |
| | <input type="checkbox"/> Evidence of name approval request | |
| 6. | Plan of Operation (pursuant to Section II Filing Requirements Item 6) | <input type="checkbox"/> |
| | <input type="checkbox"/> Completed questionnaire (Form 8) | |
| | <input type="checkbox"/> Pro Forma | |
| | <input type="checkbox"/> Narrative | |
| 7. | Holding Company Act Filings (pursuant to Section II Filing Requirements Item 7) | <input type="checkbox"/> |
| | <input type="checkbox"/> Include Holding Company Act Filings, including Form B, Form F or substantially similar statement | |
| 8. | Statutory Membership(s) | <input type="checkbox"/> |
| | <input type="checkbox"/> Submit documentation as listed in Section II Filing Requirements Item 8 | |
| 9. | SEC Filings or Consolidated GAAP Financial Statement | <input type="checkbox"/> |
| | <input type="checkbox"/> Submit documentation as listed in Section II Filing Requirements Item 9 | |
| 10. | Debt-to-Equity Ratio Statement | <input type="checkbox"/> |
| | <input type="checkbox"/> Submit documentation as listed in Section II Filing Requirements Item 10 | |
| 11. | Custody Agreements | <input type="checkbox"/> |
| | <input type="checkbox"/> Submit documentation as listed in Section II Filing Requirements Item 11 | |

Regulator Use Only

12. **Public Records Package – Submit ALL items in chart in Section II Item 12, including:**
- a. Articles of Incorporation, including:**
- Original certification by domiciliary state
- b. Bylaws, including:**
- Original certification by the Applicant Company’s corporate assistant
- c. Statement with attachments, including:**
- Current year annual statement*, verified and signed, including actuarial opinion
- Current year quarterly statements (one copy for each quarter), verified and signed
- *1. Updated statements should be submitted on a timely basis while application is pending.
2. If annual statement for two preceding years has not been filed with the NAIC, one copy of each year must be submitted with the application.
- d. Independent CPA Audit Report**
13. **NAIC Biographical Affidavit (Form 11) for the following:**
- Officers (as listed on Jurat Page of most recent or upcoming financial statement)
- Directors (as listed on Jurat Page of most recent or upcoming financial statement)
- Key managerial personnel (including heads of risk management, compliance, internal audit or other individuals who will control the operations of the Applicant Company or have binding authority over the Applicant Company)
- Any individual (including management not represented of the Jurat Page or not in key managerial positions) with 10% or greater ownership of the Applicant Company and/or the Applicant Company’s ultimate controlling entity
- Affidavit originally signed and notarized within six months of application date
- Affidavit certified by independent third party
14. **State-Specific Information**
- Some jurisdictions may have additional requirements that must be met before a Certificate of Authority can be issued. Before completing a UCAA Primary Application, the Applicant Company should review a listing of requirements for the state to which it is applying.

Filing Requirements – Redomestications Only

The requirements of this section are only for those Applicant Company’s seeking to redomesticate from one state to another and are in addition to the requirements of Section II, items 1-14 of the Primary Checklist. A Redomestication is defined as the process where any insurer organized under the laws of any other state may become a domestic insurer that transfers its domicile to another state by merger or consolidation or any other lawful method. The Primary Application when used for a redomestication is filed with the Applicant Company’s new state of domicile.

15. **Annual Statement with Attachments**
- Submit documentation as listed in Section III Filing Requirements Item 1
16. **Quarterly Statements**
- Submit documentation as listed in Section III Filing Requirements Item 2
17. **Risk-Based Capital Report**
- Submit documentation as listed in Section III Filing Requirements Item 3

Regulator Use Only

18. **Independent CPA Audit Report** Submit documentation as listed in Section III Filing Requirements Item 4
19. **Reports of Examination** Includes a copy of the most recent Report of Financial Examination from its domiciliary state and a note of all more recent examinations, completed by any state, including market conduct examinations along with a description of each examination.
20. **Certificate of Compliance (pursuant to Section III Filing Requirements Item 6)** Original certification of compliance (Form 6) completed by domiciliary state insurance regulatory agency

UNIFORM CERTIFICATE OF AUTHORITY APPLICATION (UCAA)
Management Information Form
Complete Listing of Incorporators*, Officers
Directors and Shareholders (10% or more)

Incorporators*

Titles:

Ownership Percentage:

Officers:

Directors:

Shareholders:

* Primary Application Only

- ii. Will there be any Parental Guarantees, etc.?
- iii. Are there any short or long-term financing arrangements contemplated?
- iv. Consider quality of capitalization.
- h. Did the Applicant Company project any growth? If so:
 - i. What will be the source and type (cash, surplus notes) of any such contributions?
 - ii. Are there any capital contributions that are being contemplated?
- i. For HMO's, determine the minimum capital, surplus and deposit requirements based on the Applicant Company's projections.

6. Company Financials (if redomesticating)

- a. Complete review of Financial Analysis Handbook for redomesticating companies.
- b. Request and review a copy of the Applicant Company's Insurer Profile Summary from the domestic state.
- c. Request and review a copy of the latest holding company system analysis from the lead state.
- d. Review the Applicant Company's FAST and Financial Profile
- e. Review AM Best and other rating agency ratings.
- f. Identify if the company was redomesticating, was the company formed by the Secretary of State or under the business laws or insurance laws of the state.
- g. Verify the date the last financial examination was completed and determine if it met all state requirements.

7. Other

- a. Determine if Network Adequacy requirements are met, if HMO.
- b. Determine if a pre-licensing examination needs to occur.
- c. Designation of Registered Agent.
- d. Review applications filed in other states in the prior 12 months.
- e. Review the terms of any agreements with a broker-dealer.
- f. Review the market share impact.

**Uniform Certificate of Authority Application (UCAA)
Expansion Application Checklist
For Expansion Application Only**

The application checklist is intended to help guide the insurer (herein after referred to as “Applicant Company”) with the assembly of a complete Expansion Uniform Certificate of Authority Application (UCAA). Please be sure to complete the checklist by appropriately marking the boxes on the left side of the page prior to submitting the application for review. The completed checklist should be attached to the top of the application. For electronic filings, the checklist is automatically created and cannot be edited. Any additional items listed below pertaining to the application should be attached via the UCAA portal or mailed directly to the states.

Regulator Use Only

- | | | |
|-----|--|--------------------------|
| 1. | Application Form and Supporting Documents, containing: | <input type="checkbox"/> |
| | <input type="checkbox"/> Completed UCAA Expansion Application Checklist (Form 1E) | |
| | <input type="checkbox"/> Original UCAA Expansion Form executed and signed (Form 2E) | |
| | <input type="checkbox"/> Include all lines of insurance the Applicant Company is licensed to transact, currently transacting and requesting authority to transact in all jurisdictions. (Form 3) | |
| | <input type="checkbox"/> Notification to state of domicile of planned expansion | |
| | <input type="checkbox"/> Cover letter (optional) | |
| 2. | Filing Fee (pursuant to Section II Filing Requirements Item 2), containing: | <input type="checkbox"/> |
| | <input type="checkbox"/> Payment of required filing fee | |
| | <input type="checkbox"/> Copy of check | |
| 3. | Minimum Paid-in Capital and Surplus Requirements (pursuant to Section II Filing Requirements Item 3) | <input type="checkbox"/> |
| | <input type="checkbox"/> Provide explanation of compliance with minimum capital & surplus requirements for state for which application is prepared | |
| 4. | Certificate of Deposit for Statutory Deposit Requirements (pursuant to Section II Filing Requirements Item 4) | <input type="checkbox"/> |
| | <input type="checkbox"/> An original Certificate of Deposit prepared by state of domicile (Form 7) | |
| 5. | Name Approval (pursuant to Section II Filing Requirements Item 5) | <input type="checkbox"/> |
| | <input type="checkbox"/> Evidence of name approval request | |
| 6. | Plan of Operation (pursuant to Section II Filing Requirements Item 6) | <input type="checkbox"/> |
| | <input type="checkbox"/> Completed questionnaire (Form 8) | |
| | <input type="checkbox"/> Pro Forma (Form 13) | |
| | <input type="checkbox"/> Narrative | |
| 7. | Holding Company Act Filings (pursuant to Section II Filing Requirements Item 7) | <input type="checkbox"/> |
| | <input type="checkbox"/> Include Holding Company Act Filings, including Form B, Form F or substantially similar statement. | |
| 8. | Certificate of Compliance (pursuant to Section II Filing Requirements Item 8) | <input type="checkbox"/> |
| | <input type="checkbox"/> Original Certificate of Compliance (Form 6) completed by domiciliary state insurance regulatory agency | |
| 9. | Report of Examination (pursuant to Section II Filing Requirements Item 9) | <input type="checkbox"/> |
| | <input type="checkbox"/> Includes a copy of the most recent Report of Financial Examination from its domiciliary state and a note of all more recent examinations, completed by any state, including market conduct examinations along with a description of each examination. | |
| 10. | Statutory Membership(s) | <input type="checkbox"/> |
| | <input type="checkbox"/> Submit documentation as listed in Section II Filing Requirements Item 10 | |

Regulator Use Only

11. **Public Records Package – Submit ALL items in chart in Section II Item 11, including:**
- a. Articles of Incorporation, including:**
- Original certification by domiciliary state
- b. Bylaws, including:**
- Original certification by the Applicant Company’s corporate assistant
- c. Statement with attachments, including:**
- Current year annual statement*, verified and signed, including actuarial opinion, and NAIC Management’s Discussion and Analysis
- Current year quarterly statements (one copy for each quarter), verified and signed
- *1. Updated statements should be submitted on a timely basis while application is pending.
2. If annual statement for two preceding years has not been filed with the NAIC, one copy of each year must be submitted with the application.
- d. Independent CPA Audit Report**
-
12. **NAIC Biographical Affidavit (Form 11) for the following:**
- Officers (as listed on Jurat Page of most recent or upcoming financial statement)
- Directors (as listed on Jurat Page of most recent or upcoming financial statement)
- Key managerial personnel (including heads of risk management, compliance, internal audit or other individuals who will control the operations of the Applicant Company or have binding authority over the Applicant Company)
- Any individual (including management not represented of the Jurat Page or not in key managerial positions) with 10% or greater ownership of the Applicant Company and/or the Applicant Company’s ultimate controlling entity. If applicable, a copy of a disclaimer of control and approval from the domiciliary regulator may be submitted in lieu of a biographical affidavit for those states that deem acceptable.
- Affidavit originally signed and notarized within six months of application date
- Affidavit certified by independent third party
13. **Uniform Consent to Service of Process**
- Original executed Service of Process form (Form 12)
14. **State-Specific Information**
- Check state-specific requirements for those states that require additional background information, such as fingerprints, in place of or in addition to Business Character Reports. If applying in one of those states, necessary fingerprint cards and processing fees should be included.