

ALABAMA DEPARTMENT OF INSURANCE
CAPTIVE INSURANCE COMPANY APPLICATION

Section A- General Information

1. Name of the proposed captive/cell:

2. Individual to be contacted regarding this application:

Name:	
Address:	
Phone Number:	
E-Mail Address:	

3. Name(s) and address of Parent(s)/ Sponsor(s)/ Beneficial Owner(s) of proposed captive (attach additional sheets, if necessary):

Name:	
Address:	
Phone Number:	
E-Mail Address:	
% Ownership:	

Name:	
Address:	
Phone Number:	
E-Mail Address:	
% Ownership:	

4. Net Worth of Parent(s)/ Sponsor(s)/ Beneficial Owner(s) of proposed captive:

5. Please explain the relationship among parent(s)/ beneficial owner(s), etc.

6. Provide a copy of the annual report and/or 10K or personal financial statement(s) of the Parent(s)/ Sponsor(s)/Beneficial Owner(s) of proposed captive. (Documents will be considered confidential pursuant to ALA. Code 27-31B-3.)

7. Type of proposed captive:

- | | |
|---------------------------------------------|----------------------------------------------|
| <input type="checkbox"/> Pure | <input type="checkbox"/> Branch |
| <input type="checkbox"/> Association | <input type="checkbox"/> Protected Cell Core |
| <input type="checkbox"/> Cell | <input type="checkbox"/> Coastal Captive |
| <input type="checkbox"/> Industrial Insured | <input type="checkbox"/> RRG |
| <input type="checkbox"/> Agency | <input type="checkbox"/> Reinsurance |
| <input type="checkbox"/> Special Purpose | |

If the applicant is a cell seeking approval to operate under a licensed protected cell captive identify the licensed core the cell will operate under.

Core:

If the applicant is an agency captive identify the licensed producer(s) that will own or control the captive.

Producer(s):

8. Organization form of proposed captive:

- Stock
- Mutual
- Reciprocal
- LLC

9. Principal place of business/ location of books and records within the State of Alabama of proposed captive:

Principal Place of Business:	
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Location of Books and Records (if different):

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10. Name of Directors of proposed captive at least one of which must reside within the State of Alabama (List below and attach biographical affidavit Form AL-C-BIO for each.):

Name:

Employer:

Position:

Position with Proposed Captive:

Alabama Resident? Yes No

Name:

Employer:

Position:

Position with Proposed Captive:

Alabama Resident? Yes No

Name:

Employer:

Position:

Position with Proposed Captive:

Alabama Resident? Yes No

Name:

Employer:

Position:

Position with Proposed Captive:

Alabama Resident? Yes No

Name:

Employer:

Position:

Position with Proposed Captive:

Alabama Resident? Yes No

11. Name of Officers of proposed captive (List below and attach biographical affidavit Form AL-C-BIO for each.):

Name: Position with Proposed Captive:	

Name: Position with Proposed Captive:	

Name: Position with Proposed Captive:	

Name: Position with Proposed Captive:	

Name: Position with Proposed Captive:	

Name: Position with Proposed Captive:	

12. If the proposed captive is to be an Industrial Insured Captive, provide the following.

- a. Name and address of each full-time employee acting as an Insurance Manager or Buyer.

Name	Address
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- b. Aggregate annual premium:

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- c. Number of full-time employees:

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SECTION B- FINANCIAL INFORMATION

13. Stock Company:
 a. Capital and/or surplus of the company:

Initial capital:	
Initial Surplus:	
Total:	

- b. Form of minimum required capital and surplus and identity of financial institution:

Form:

Financial Institution:

Name:	
Address:	
Contact:	
Phone Number:	
E-Mail:	

- c. Form of additional capital and surplus and identity of financial institution (attach copy of investment plan if form is other than cash or LOC):

Form:

Financial Institution:

Name:	
Address:	
Contact:	
Phone Number:	
E-Mail:	

- d. Type of stocks to be authorized:

Type	# of Shares	Par	Selling Price

- e. Location of shares of stock:

14. Mutual or Reciprocal Company:
 Amount of contributed surplus:

15. If Letter(s) of Credit (LOC) are used for capitalizing/funding the proposed captive/cell, please provide the following (use additional sheets if necessary). Form AL-C-LOC must be furnished with this Application.

Type(s) of LOC:	
Amount:	
Name of Issuing Bank:	
Address of Issuing Bank:	
Issued in favor of:	Alabama Department of Insurance

SECTION C- SERVICE PROVIDERS

16. Attach a copy of the executed Service Agreement/ Engagement Letter for all of the indicated service providers. If not available, provide explanation.

a. Captive Management Firm (Attach Form AL-C-MGR if not already approved)

Name:	
Address	
Phone:	
E-Mail:	
Contact Name:	

b. Attorney

Name:	
Address	
Phone:	
E-Mail:	
Contact Name:	
ASB#:	

c. Claims Administrator

Name:	
Address	
Phone:	
E-Mail:	
Contact Name:	

d. Certified Public Accountant (Attach Form AL-C-CPA if not already approved)

Name:	
Address:	
Phone Number:	
E-Mail:	
Contact Name:	
Alabama Certificate #:	
Alabama Permit #:	
Expiration Date:	

e. Actuary (Attach Form AL-C-ACT if not already approved)

Name:	
Address:	
Phone Number:	
E-Mail:	
Contact Name:	

f. Reinsurance Broker

Name:	
Address:	
Phone Number:	
E-Mail:	
Contact Name:	

g. Reinsurance Intermediary

Name:	
Address:	
Phone Number:	
E-Mail:	
Contact Name:	
Alabama License #:	

SECTION D- Checklist - Application is considered incomplete without this completed checklist

General Information	YES	NO
Does the name conflict with another existing business registered in the State of Alabama? (ALA. Code Section 27- 31B-5.) Confirm with Secretary of State.	<input type="checkbox"/>	<input type="checkbox"/>
The Department of Insurance also requires a name approval of your entity. The request is sent to: examinationdivision@insurance.alabama.gov. Has the name approval letter been submitted?	<input type="checkbox"/>	<input type="checkbox"/>
Is the principal place of business of the applicant in Alabama as required by ALA. Code Section 27-31B-3?	<input type="checkbox"/>	<input type="checkbox"/>
Is at least one of the Board members a resident of Alabama? ALA. Code Section 27-31B-8.	<input type="checkbox"/>	<input type="checkbox"/>

	YES	NO
Are there at least three incorporators or two organizers? Is one a Resident of Alabama? (Ala. Code Section 27-3 1B-8)	<input type="checkbox"/>	<input type="checkbox"/>
Is the Registered Agent an Alabama resident pursuant to Ala. Code Section 27-3 1B-3?	<input type="checkbox"/>	<input type="checkbox"/>
Has a contact person been listed in the application?	<input type="checkbox"/>	<input type="checkbox"/>
Financial Information		
Does the application include the \$240 application fee, and \$200 Examination fee?	<input type="checkbox"/>	<input type="checkbox"/>
Is the capital stock issued with or without par value? (Ala. Code Section 27-3 1B-8(g))	<input type="checkbox"/>	<input type="checkbox"/>
Does the Company have an Alabama bank account?	<input type="checkbox"/>	<input type="checkbox"/>
If a pure captive insurer, do you have unimpaired capital and surplus in a form permissible under Section 27-3 1B-6 totaling \$100,000 or such other amount determined by the commissioner?	<input type="checkbox"/>	<input type="checkbox"/>
If an industrial insured captive insurer incorporated as a mutual insurer or reciprocal insurer, do you have unimpaired capital and surplus in A form permissible under Section 27-3 1B-6 totaling \$500,000 or such other amount determined by the commissioner?	<input type="checkbox"/>	<input type="checkbox"/>
If a protected cell captive insurer, do you have unimpaired capital and surplus in a form permissible under Section 27-3 1B-6 totaling \$100,000 or such other amount determined by the commissioner?	<input type="checkbox"/>	<input type="checkbox"/>
If an agency captive insurer, do you have unimpaired capital and surplus in a form permissible under Section 27-3 1B-6 totaling \$500,000 or such other amount determined by the commissioner?	<input type="checkbox"/>	<input type="checkbox"/>
If you plan to utilize letter of credit, do the letter(s) of credit comply with The following provisions: i) Must be clean, irrevocable, evergreen, and unconditional; ii) Must be issued by a bank chartered by the State of Alabama or a bank that is a member of the United States Federal Reserve System or a bank chartered by another state if the state-chartered bank is acceptable to the commissioner; and iii) Must be payable to the Alabama Commissioner of Insurance. The original letter of credit must be attached.	<input type="checkbox"/>	<input type="checkbox"/>

	YES	NO
Service Providers		
Has the Captive entered into a contract or employed a CPA firm, Actuarial firm, Insurance Broker, or Alabama Based Attorney?	<input type="checkbox"/>	<input type="checkbox"/>
Has the Attorney for the Captive submitted a biographical affidavit?	<input type="checkbox"/>	<input type="checkbox"/>
Has the Captive entered into a contract or employed a qualified Actuary?	<input type="checkbox"/>	<input type="checkbox"/>
Is the CPA licensed in Alabama?	<input type="checkbox"/>	<input type="checkbox"/>
Is the insurance broker licensed in Alabama?	<input type="checkbox"/>	<input type="checkbox"/>
Are the primary insurers/reinsurers licensed in Alabama?	<input type="checkbox"/>	<input type="checkbox"/>
Do the reinsurance policies require that the Commissioner and insured Be given a 90-day notice prior to the cancellation or modification of The policy?	<input type="checkbox"/>	<input type="checkbox"/>
Business		
Line of business the captive intends to write.	<input type="checkbox"/>	<input type="checkbox"/>
Certification		
Is the application signed by at least one of the incorporators with Original signatures?	<input type="checkbox"/>	<input type="checkbox"/>
Biographical Affidavits		
If the company is a sponsored captive, has the Underwriter submitted a Biographical affidavit?	<input type="checkbox"/>	<input type="checkbox"/>
Have all the Officers, Directors, Incorporators, Board Members, and Service Providers submitted biographical affidavits, for the Department to satisfy Ala. Code Section 27-3 1B-3? Note: All Biographical affidavits must be originals And notarized.	<input type="checkbox"/>	<input type="checkbox"/>
Financials and Projections		
Has the company included financial statements (FS) prepared by a CPA?	<input type="checkbox"/>	<input type="checkbox"/>
If this is a Prue Captive, has the parent company submitted its financial Statements?	<input type="checkbox"/>	<input type="checkbox"/>
Has the company included other financial information? (i.e., Actuarial Report, Five-year financial projections)	<input type="checkbox"/>	<input type="checkbox"/>

YES NO

Business Plan and Feasibility Study

Has the company included a detailed Plan of Operation with supporting data including the following in the application?

1. Risks to be insured (Five-year projected period)
2. Fronting company if operating as a reinsurer
3. Expected net annual premium income (Five-year projected period)
4. Maximum retained risk (per loss and annual aggregate) (Five-year projected period)
5. Rating program
6. Reinsurance program
7. Organization and responsibility for loss prevention and safety including the main procedures followed, and steps taken to deal with events prior to possible claims
8. Loss experience for past five years together with projections for the ensuing five years
9. Organizational chart
10. Financial projections on an expected and worst-case scenario (Five-year projected period) **Must be in Excel Spreadsheet Format**

When applicable, the following must be included in the Feasibility Study to avoid delays:

- Slow growth/no growth scenario
- Insolvency scenario [i.e., what loss ratio would cause the company to become insolvent Or require capital infusion]
- Limit Loss [a scenario that includes at least one loss at policy limits]
- **The Proformas must be in Excel with formulas and footnotes.**
- The proformas should include a loss payment pattern and a premium earning pattern.
- Actuarially justified development of rates with exhibits in Excel.
 - For A & H products, we need the PMPM claim costs and Support for those claim costs in Excel.
 - For P & C products, development of price per exposure and support for those prices.

Statement of Benefit

Has the company included the statement of benefit to Alabama?

Organization Structure

Has the captive completed the Organization Structure section?

Articles of Incorporation

Has the company submitted a copy of the Articles of Incorporation to be Approved by the Department?

	YES	NO
Articles of Association or Rules of Governance If applicable, has the company submitted a copy of the Articles of Association or Rules of Governance to be approved by the Department?	<input type="checkbox"/>	<input type="checkbox"/>
Subscribers' Agreement (for Reciprocal Insurers) If applicable, has the company submitted a copy of the Subscribers' Agreement for reciprocal insurers?	<input type="checkbox"/>	<input type="checkbox"/>
By-Laws Has the company submitted a copy of the proposed By-laws?	<input type="checkbox"/>	<input type="checkbox"/>
Do the By-laws require that a quorum of the board of directors consist of not less than one-third of the number of directors? (Ala. Code Section 27-3 1B-8(h))		
Is the Board of the Captive Insurer required to meet at least one time each year in Alabama?	<input type="checkbox"/>	<input type="checkbox"/>
Confidential Offering Memorandum If applicable, has the company completed and submitted forms?	<input type="checkbox"/>	<input type="checkbox"/>
Shareholder Agreement If applicable, has the captive submitted a copy of their shareholder agreement?	<input type="checkbox"/>	<input type="checkbox"/>
Attachments Has the company submitted attachments of all policies and Service provider Agreements?	<input type="checkbox"/>	<input type="checkbox"/>
Has to company completed and submitted all necessary applicable forms?	<input type="checkbox"/>	<input type="checkbox"/>

SECTION E-REGISTERED AGENT FOR SERVICE OF PROCESS

An executed form AL-C-ASP must be included with the application designating the proposed Captives Alabama resident agent to accept service of process

SECTION F-AGREEMENT TO SUBMIT TO EXAMINATION

An executed form AL-C-EXM must be included with the application.

I CERTIFY THAT TO THE BEST OF MY KNOWLEDGE AND BELIEF ALL OF THE INFORMATION GIVEN IN THIS APPLICATION IS TRUE AND CORRECT AND THAT ALL ESTIMATES GIVEN ARE TRUE ESTIMATES BASED UPON FACTS WHICH HAVE BEEN CAREFULLY CONSIDERED AND ASSESSED.

Name: _____ Date: _____

Signature: _____