

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF INSURANCE, SECURITIES AND BANKING



CAPTIVE INSURANCE COMPANY APPLICATION

Instructions: This application shall be accompanied by a \$500.00 non-refundable application review fee and a \$300.00 certificate of authority fee. If the application is denied, the certificate of authority fee will be returned.

Answer each question on this application. If a question is not applicable, respond by indicating "not applicable." Do not leave a question blank. Incomplete applications will be returned. Submit one signed original and four copies in three-ring binders, and include a detailed table of contents and clearly marked tabs with each copy.

The Department reserves the right to send the application to an independent actuary for review. The cost of this review shall be paid by the applicant within 30 days of receiving an invoice from the review firm.

Completed applications should be submitted to the DC Department of Insurance, Securities and Banking, Attn: Ms. Joyce Lewis, Licensing Specialist, Risk Finance Bureau, 810 First Street, NW, Suite 701, Washington, DC 20002.

1. Name of Proposed Captive _____

2. Parent or Beneficial Owner _____

3. Name(s) and Address(es) of Beneficial Owners Percentage of Ownership

(a) _____

(b) _____

(c) _____

4. Explain Relationship Among Beneficial Owners

5. Enclose most recent audit financial statements of Beneficial Owners.

6. Name, address, phone number and email of individual to be contacted regarding this application.

7. Indicate Type of Proposed Captive

Pure Agency Association Branch Risk Retention Rental Cell

If cells are to be formed, submit separate application for each cell.

8. Organization Form Stock Mutual Reciprocal LLC Non-profit

9. Indicate jurisdiction(s) where majority of risks will be located _____

10. Location of Books and Records

11. Resident Registered Agent and Address

12. Capital and/or Surplus of Company

(a) Initial Capital \$ _____

Initial Surplus \$ _____

Total \$ _____

(b) Amount of Initial Capital and Surplus Contributed by Policyholders: \$ _____

(c) Amount of Initial Capital and Surplus Contributed by Persons other than Policyholders:
\$ _____

(d) For answer (c) above, identify such persons and their relationship to the Proposed Captive:

(e) Location of Shares of Stock

13. If Letters of Credit are to be used*

Name and Address of Bank	Issued in Favor of	Amount
_____	_____	\$ _____
_____	_____	\$ _____

*District of Columbia Form must be used.

14. Name, address, telephone number and email of Captive Manager _____

15. Name, address, telephone and email of Lawyer

16. Name and Address of Claims Handler and Underwriter

21. Biographical information for Directors and Officers (List below and include biographical affidavit):

<u>Name</u>	<u>Position(s) with Captive</u>	<u>Employer and Position</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

22. Include the following with this application:

- (a) A non-refundable application fee in the amount of \$500.00;
- (b) A refundable certificate of authority fee in the amount of \$300.00;
- (c) Business Plan Summary Form (attached);
- (d) Draft articles of incorporation or organization, articles of association and bylaws or, if being formed as a reciprocal, a certified copy of the power of attorney-in-fact and subscribers' agreement;
- (e) A feasibility study by an actuary (showing expected and adverse scenarios);
- (f) Biographical affidavits from all officers, directors and MGAs/MGUs;
- (g) If Applicant is to be an Association Captive, give history, purpose, size and other details of association;
- (h) Attach all unexecuted service provider agreements clearing showing the fees to be charged for services;
- (i) Detailed Plan of Operation with supporting data including:
 - (1) Risks to be insured - direct, assumed and ceded - by line of business;
 - (2) Fronting company if operating as a reinsurer;
 - (3) Expected gross and annual net annual premium income by line of coverage (prorate for first year);
 - (4) Name of current carriers for applicable coverages. Include copies of in-force Declaration Pages for both primary (property and casualty) and excess (umbrella) coverages;
 - (5) Loss experience for the past five years of the Applicant's proposed coverages. Provide hard copy Claims and Loss Exhibits from insurance carriers. Describe all claims in excess of \$100,000, and what corrective action has been taken to prevent a reoccurrence;
 - (6) Five-year financial projections (pro-forma) on an expected and a worse case scenario basis; (DISB pro-forma template required)
 - (7) Proposed maximum retained risk (per loss and annual aggregate);
 - (8) Rating and pricing guidelines and methodologies;
 - (9) Underwriting guidelines and procedures;

- (10) Reinsurance program (attach agreement);
- (11) Organization and responsibility for loss prevention and safety including the main procedures followed and steps taken to deal with events prior to possible claims;
- (12) Investment policy and schedule of proposed investments;
- (13) Organization chart; and
- (14) Complete copies of proposed coverage forms.

CERTIFICATION

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. I FURTHER CERTIFY THAT I WILL NOTIFY THE COMMISSIONER WITHIN TEN DAYS OF ANY MATERIAL CHANGE IN THE INFORMATION FILED WITH THIS APPLICATION.

Name _____ Date _____

Signature _____
(Director)

BUSINESS PLAN SUMMARY FORM — 22(c)

Name of Captive: _____

Type of Captive: _____ Form of Organization _____

Captive Shareholder/Beneficial Owner: _____

Captive Manager: _____

1. List risks to be directly insured

<u>Risk</u>	<u>Premium</u>	<u>Limits</u>	<u>Deductible</u>	<u>Rating*</u>
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- a)
- b)
- c)
- d)
- e)

2. List all fronted policies

<u>Risk</u>	<u>Front</u>	<u>Premium</u>	<u>Limits</u>	<u>Rating*</u>
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- a)
- b)

3. For each risk listed above, provide details of retention and reinsurance company

- a)
- b)
- c)
- d)
- e)
- f)
- g)
- h)

* R = Retrospectively rated, G = guaranteed cost (state confidence level used to develop premium, or if manual/industry rates used.)

4. Total Written Premium (end of year, all Lines) _____

5. Paid in Capital Surplus _____

6. Estimated Retained Earnings (end of year) _____

7. Estimated Loss Reserves (end of year) _____

8. Calculation of Captive Operating Ratios: _____

Retained Loss and Allocated Loss Adjustment Expense: Net Written Premium

Acquisition costs and General and Administrative Expense: Net Written Premium

Unimpaired Surplus: Outstanding Loss Reserves

Net Aggregate Multi-line Annual Risk Retained: Net Written Premium Plus Capital & Surplus