



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

CAPTIVE INSURANCE COMPANY - APPLICATION FOR ADMISSION

Instructions:

- *Please answer all questions as completely as possible. A failure to address all questions completely will cause a delay in the processing of your application.*
 - *Applicants are required to submit an original and one (1) complete copy of the application and attachments.*
 - *All applications must be signed and notarized prior to their submission.*
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A. GENERAL INFORMATION:

1. Name of Proposed Captive:
2. Parent, Association, Industrial Insured, Risk Retention Group, Sponsor or Special Purpose Entity seeking to form the captive:
3. Contact Information of forming entity for purposes of this Application:
 - a. Name:
 - b. Title:
 - c. Address:
 - d. Phone Number:
 - e. E-mail address:
4. Type of Proposed Captive:
 - a. Pure _____
 - b. Association _____
 - c. Industrial Insured _____
 - d. Risk Retention _____
 - e. Other _____
5. Organization Form of Proposed Captive
 - a. Stock _____
 - b. Mutual _____
 - c. Reciprocal _____
 - d. Limited Liability Corp. _____
 - e. Not for profit _____

6. Address information of Proposed Captive:

	<i>Statutory Address</i>	<i>Mailing Address</i>	<i>Administrative Address</i>
Street:			
City:			
State/Zip Code:			

B. CONTACT AND ORGANIZATIONAL INFORMATION

1. Location of Books and Records of Proposed Captive:

2. Resident Registered Agent of Proposed Captive:

- a. Name:
- b. Address:
- c. Phone Number:
- d. E-mail address:

3. Directors of Proposed Captive:

(Include Biographical Affidavits consistent with NAIC requirements)

- a. Name:
- b. Address:
- c. Phone Number:
- d. E-mail Address:
- e. Position with Proposed Captive:

- a. Name:
- b. Address:
- c. Phone Number:
- d. E-mail Address:
- e. Position with Proposed Captive:

- a. Name:
- b. Address:
- c. Phone Number:
- d. E-mail Address:
- e. Position with Proposed Captive:
(Attach additional sheets if needed.)

4. Officers of Proposed Captive:

(Include Biographical Affidavits)

- a. Name:
- b. Address:
- c. Phone Number:
- d. E-mail Address:
- e. Position with Proposed Captive:

- a. Name:
- b. Address:
- c. Phone Number:
- d. E-mail Address:
- e. Position with Proposed Captive:

- a. Name:
- b. Address:
- c. Phone Number:
- d. E-mail Address:
- e. Position with Proposed Captive :
(Attach additional sheets if needed.)

5. If Applicant is an Industrial Insured Captive, please answer the following:

- a. Name and address of each full time employee acting as an Insurance Manager or Buyer:
- b. Aggregate annual premium:
- c. Number of full time employees:

C. SERVICE PROVIDERS

1. Captive Management Firm:

- a. Firm Name:
- b. Contact Name:
- c. Address:
- d. Phone Number:
- e. E-mail Address:

2. Legal Counsel:

- a. Firm Name:
- b. Contact Name:
- c. Address:
- d. Phone Number:
- e. E-mail Address:

3. Claims Handling Firm:

- a. Firm Name:
- b. Contact Name:
- c. Address:
- d. Phone Number:
- e. E-mail Address:

4. CPA Firm:

- a. Firm Name:
- b. Contact Name:
- c. Address:
- d. Phone Number:
- e. E-mail Address:

5. Actuarial Firm:

- a. Firm Name
- b. Contact Name:
- c. Address:
- d. Phone Number:
- e. E-mail Address:

6. Reinsurance Broker:
 - a. Firm Name:
 - b. Contact Name:
 - c. Address:
 - d. Phone Number:
 - e. E-mail Address:

7. Investment Advisor and Manager
 - a. Firm Name:
 - b. Contact Name:
 - c. Address:
 - d. Phone Number:
 - e. E-mail Address:

D. FINANCIAL AND REQUIRED DOCUMENTATION TO BE SUBMITTED:

1. Cover Letter addressed to the Insurance Commissioner, which includes, but is not limited to, an overview of the parent, background information, coverages to be provided by the proposed captive and requested licensing date. For association captives, provide history, purpose, size, and detail on the parent association.

2. Organizational Documentation:
 - a. Articles of Incorporation
 - b. Organization chart of parent company showing captive reporting lines
 - c. Bylaws/Operating Agreement
 - d. Consents of Incorporators
 - e. Consents of Directors and Officers

3. Business Plan:

Provide a written business plan that includes all of the following items. If an item is not applicable or available, please provide a detailed explanation as to why. Your business plan should contain a comprehensive proposed program description and address the core risk and operational management elements. The plan should provide a 5 year prospective focus, and be submitted in an organized manner, separated by sections, as outlined below.

- a. Proposed Captive Program Discussion:
 - 1) Strategic Risk Management and Alignment with Owner(s)
 - 2) Rationale for Alternative Risk Structure
 - a) Compare the owner/member risk and insurance needs with the available commercial market solutions
 - b) Discuss the benefits of a captive program for the captive owner/member
 - 3) Detailed explanation of the captive insurance program:
 - a) Lines of coverage(s) and methods (direct, assumed, etc.)
 - b) Limits and Deductibles
 - 4) Expected Premium (Gross and Net)

- b. Risk Acceptance and Funding:
 - 1) Identified and evaluated risk
 - 2) Rating methodology and premium development
 - 3) Established risk acceptance parameters, appetite and tolerances
 - 4) Underwriting processes and controls
 - 5) Underwriting policies and standards

- 6) Maximum retained risk (per loss and annual aggregate; integration of multiple lines of business)
- c. Claim Management:
 - 1) Claim Reporting
 - 2) Reserve Methodology
 - 3) Claim Event Management / Adjudication
 - 4) Data Management
 - d. Reinsurance Management:
 - 1) Original or draft copies of policies and reinsurance agreements
 - 2) Assumed and ceded
 - 3) Program description, including assumed cessions, and recessions
 - 4) Proposed reinsurance management processes and responsibilities
 - e. Risk Improvement, Loss Prevention, and Safety:
 - 1) Planned programs, including identified risk areas and interventions
 - 2) Organization and program delivery
 - 3) Linkage with Risk Acceptance and Claim Management
 - f. Preliminary Investment Management:
 - 1) Investment Policy
 - 2) Planned Investment Strategy and Asset Allocation
 - a) Liquidity
 - b) Time Horizon
 - c) Unique Preferences
 - 3) Investment Objectives, Tolerance and Return Assumptions
 - 4) Retained Earnings / Dividend Plan
 - g. Governance and Control: Proposed Governance Structure and Processes
 - h. Core Data, Reports and Exhibits:
 - 1) Loss Experience – 5 Years – Retrospective
 - 2) Actuarial Feasibility Study
 - a) Finalized Assessment of Captive Risk Exposures
 - b) Model of Alternative Limits and Retentions
 - c) Estimates of Projected Expected Losses and Expenses at Selected Retention
 - d) Expected Losses vs. Adverse Loss Projections
 - e) Statistical Loss Confidence Intervals
 - f) Compare Risk Variability to Captive Risk Appetite & Tolerances
 - g) Risk Margins
 - h) Captive Premium Funding Levels
 - i) Financial Projections – Pro Forma Statements. These Financial Statements need to demonstrate the impact of operating/underwriting strategies, reinsurance and risk/actuarial assumptions of the proposed captive formation or redomestication. The statements must be prepared using generally accepted accounting principles (GAAP) and must include an Income Statement, Balance Sheet, Cash Flow Statement, and Supporting Exhibits
 - i. New Captive Formation: 5 Years Prospective
 - ii. Redomestication; 3 Years - Audited Financials; 2 Years Prospective
 - 3) Additional data may be required depending upon the risk, captive formation or potential risk and operational volatility

Redomestication is typically accomplished via merger, simultaneous run-off or assumption/loss portfolio transfer. The varying nature of these transactions typically requires submission of additional information and data beyond what is outlined above. Additional information will be required if the proposed captive insurance company is a sponsored captive or a special purpose financial captive and may be required of any proposed

captive insurer. Contact the Insurance Program Manager – Captive Insurance, at the Connecticut Insurance Department for guidance.

All information relating to the financial condition of the proposed captive must be accompanied by a statement under oath, by the proposed president and the secretary, that such financial information is true and correct.

E. FEES:

1. Each captive insurance company shall pay to the Commissioner A NON-REFUNDABLE APPLICATION FEE OF \$800, WHICH MUST ACCOMPANY THE APPLICATION.
2. The Commissioner may retain legal, financial, and examination services from outside the Insurance Department, the reasonable cost of which may be charged against the applicant for examining, investigating, and processing its application for a license. You will be billed following completion of the Application being processed.
3. Each captive insurance company shall pay to the Commissioner a fee of \$375 for the initial license issued and then \$375 yearly to maintain the license. DO NOT SUBMIT THIS FEE WITH YOUR APPLICATION. IF YOU ARE APPROVED FOR A LICENSE, YOU WILL BE BILLED.

F. AFFIDAVIT BY PRESIDENT AND SECRETARY

I, being duly sworn, depose and declare under the penalties provided for false affidavit that the information given in this application is true and correct, that all estimates given are true estimates based upon facts, and that all documents are true and correct copies of the originals.

Signature of President (Printed Name)

State of _____:

County of _____: SS _____ 20__

Personally appeared before me _____, on this ____ day of _____ 20 __, and made oath that the above certification signed by him/her is true to the best of his/her knowledge and belief.

Notary Public

Signature of Secretary (Printed Name)

State of _____:

County of _____: SS _____ 20__

Personally appeared before me _____, on this ____ day of _____ 20 __, and made oath that the above certification signed by him/her is true to the best of his/her knowledge and belief.

Notary Public

Questions and additional requests for information should be directed to the Captive Division via e-mail: John.Thomson@ct.gov or by phone to (860) 297-3995.

All applications should be sent to the Captive Division:

P.O. Box 816
Hartford, CT 06142-0816

Mail sent by private delivery should be directed to:

153 Market St.
7th Floor
Hartford, CT 06103