

# Uniform Certificate of Authority Application (UCAA)

## **UCAA 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 by an existing insurer that is 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 you 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 either on statutory requirements or internal procedures. The uniform states are working to eliminate non-essential state specific requirements. All applicants are expected to be familiar with the insurance laws of the state for which an application is submitted. Please see Section IV item 9 of the UCAA Primary Application for information about how to obtain a copy of the laws, regulations and bulletins for the state in which your application will be filed.

If you have any questions about the uniform admission process, a list of contact names, addresses and telephone numbers is provided in Section XVII. It is highly recommended that you contact each state with any questions prior to submitting your application for review.

## **Section I Application Review Process**

The Primary Application of the UCAA is designed to provide a more uniform process for the formation of a new insurer. An existing insurer that desires to redomesticate to another state should also use this application package. Existing insurers that wish to gain admission in additional states should file the Expansion Application of the UCAA. It is the goal of each Uniform State to process all Primary applications within 90 calendar days of receipt. The 90-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 90-day processing goal may not be achieved in instances where substantial follow-up is required, or in states with limited resources, or in instances when applications are 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 to request additional information. Typically any additional information that is needed will be requested within 30 days after the application is accepted.

## **Proprietary Information**

Both regulators and applicants should note that communications with insurance regulatory agencies in conjunction with the Primary Application concerning proprietary information about the applicant may be deemed confidential. Information determined to be confidential may only be shared with other persons as authorized by law. Information determined to be proprietary and trade secret by law will not be disclosed to the public. Each applicant needs to expressly identify all information in the application and in any subsequent correspondence that the applicant considers to be proprietary or trade secret.

This web site explains the requirements and filing process for the Primary Application. Please do not hesitate to contact the appropriate state regulators with any questions prior to filing any Uniform Application.

## **Step One: Filing Your Application**

### **Processing Goal: 2 Weeks**

Primary Applications may be submitted anytime during the year. Primary Applications are immediately reviewed to ensure that they are submitted in the required format as outlined in Sections II and III.

Generally, within two weeks from the date the application is received the applicant will be notified whether or not the application has been accepted for filing. If the application is accepted for filing, it will be given an "official" filing date.

The applicant will be contacted if the application is not accepted for filing due to a deficiency in the application's format. Depending upon the nature of the deficiency, the applicant may be given two weeks from the date of receipt of notification from the department reviewing the application to correct the deficiency. Applications that are deficient and not accepted for filing will be returned to the applicant.

## **Step Two: Application Review**

### **Processing Goal: 90 Days**

A Primary Application will undergo a rigorous financial and operational review in the state to which it is submitted. While the goal of each state is to complete this review in 90 days, this time frame cannot be guaranteed. Due to varying levels of resources available in each state, a substantive review of the Primary Application may take longer than 90 days in some cases. Furthermore, if additional information is needed to complete a substantive review of an application, the review may also take longer to complete. Once a request for additional information has been made, the 90-day goal is suspended until the requested information is received. That said the purpose of the Primary Application is to streamline application processing and every effort will be made to process a Primary Application as quickly as possible.

At the conclusion of the substantive review by the reviewing state, the company will either be granted a Certificate of Authority as a domestic company, allowed to withdraw the application, or have the application denied.

If the application is denied, the applicant will be notified and given a detailed explanation for the denial. After the denial, if the applicant wishes to re-file a Primary Application, a new application and filing fee will be required.

If the application is approved and a Certificate of Authority is granted, the applicant should complete the **Company Code Application** form. The form may be submitted via email, fax or mail.

## **Section II**

### **Filing Requirements (New Insurers and Redomestications)**

This section provides a guide to understanding the focus of each document of the Primary Application. However, the application typically uses the documents 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 states individually if you have questions about a specific document.**

All forms required for the Primary Application are available on the UCAA Web site and insurers can download these documents for printing and submission.

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7. **Holding Company Form "B" Registration Statement**
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## **1. Application Form and Attachments**

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

## **2. Filing Fee**

Include a filing fee for the state to which you submit the application. The payee name and the instructions for submitting the filing fee are included in the Schedule of Fees Chart. Submit a copy of the applicant's check as Item 2 of the application. A **table of filing fees** for the Primary Application is available on the UCAA web site.

## **3. Minimum Capital and Surplus Requirements**

The application must show that the applicant meets the state's statutory minimum capital and surplus requirements. Submit an explanation of the applicant's compliance with the capital and surplus requirements as Item 3 of the application. 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 level of surplus required will be determined after considering the applicant's product line, operating record and financial condition. Compliance with the statutorily prescribed minimum surplus requirement may not be sufficient for all applicants. The UCAA web site contains a **chart that identifies the minimum capital and surplus requirements** for each Uniform State. It also provides a contact person or a link to a state specific format or RBC requirements and instructions.

## **4. Statutory Deposit Requirements**

The domiciliary state may require a statutory deposit. The UCAA web site contains a **chart that indicates state specific requirements and identifies those states that require a Statutory Deposit**. Submit as Item 4 of the Application, documentation explaining how the applicant 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 **table** on the UCAA web site is to serve as a guide for the name approval requirements of each Uniform State. Applicants 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 your application.

## **6. Plan of Operation**

The plan of operation has three components, a brief narrative, pro-forma financial statements/projections 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 such as the reason for redomestication. Provide a company-wide three-year pro-forma balance sheet and income statement. For the lines requested, provide three-year premium and loss projections by line for the state in which you have requested lines of business. 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 Questionnaire is available on the UCAA website. Submit the completed Questionnaire

and all attachments as Item 6 of the application.

## 7. Holding Company Form "B" Registration Statement

If the applicant is a member of a holding company system, the application must include either the most recent Annual Form B Registration Statement or a statement substantially similar to the NAIC model. The filing should include all attachments, exhibits and appendices referenced in the Form B. Submit the Registration Statement as Item 7 of the application, include all attachments and any amendments up to the date you file the application and include copies of all advisory, management and service agreements.

## 8. Statutory Memberships

In some states, applicants are required to join one or more rating, guarantee or other organizations before transacting insurance. Generally, the applicant's authorized lines of insurance govern statutorily mandated memberships. Please be sure to **check with the state in which you are seeking licensure** to inquire about any statutory memberships that the state may require 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, its parent or its ultimate holding company, has made a filing or registration with the 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, its parent or its ultimate holding company, is not publicly traded, the application must include a copy of the applicant's most recent Consolidated GAAP financial statement. Submit the notice of SEC filings or copy of a Consolidated GAAP statement as Item 9 of your application.

## 10. Debt-to-Equity Ratio Statement

For applicants who are members of a holding company system, submit debt-to-equity information as Item 10 of your 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. Applicants 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 insurer'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 should include a statement setting forth whether or not any of the applicant's stocks, bonds, or other physical or book entry securities are in the physical possession of another entity.

If any of the applicant's stocks, bonds or other securities are not in the applicant's actual physical possession or in a safe deposit box under the exclusive control of the applicant (except as shown in the Schedules of Special and Other Deposits in the applicant's Annual Statement), the application must include a 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 Examiners' Handbook.

Some states have additional requirements for these custody agreements, beyond those called for in the NAIC handbook. Submit the statement and copies of the custody agreements as Item 11 of your 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. Please see the **Public Records Package chart** on the UCAA Web site for each state's list of the document list. The chart contains requirements for financial and operational filings. A company seeking to redomesticate should provide both financial and operational documents for the application state. An applicant 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 Affidavits

- A. The applicant is required to submit an NAIC Biographical Affidavit 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 must submit an NAIC Biographical Affidavit on behalf of all officers, directors and key managerial personnel of the applicant and individuals with a ten percent (10%), or more, beneficial ownership in the applicant and the applicant's ultimate controlling parent ("Affiant").
- B. 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 Disclosure & Authorization Form permits Affiant by an Independent Third Party (as defined in paragraph (i)) to conduct a background investigation on the Affiant.
- C. The NAIC Biographical Affidavit includes three types of 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 years. Refer to the Disclosure & Authorization Forms for further information.
- D. The NAIC Biographical Affidavit is used to evaluate the suitability of the Affiant in connection with an applicant'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 a background investigation where certain items must be verified. The background investigation may contain information bearing on the Affiant's character, general reputation, personal characteristics, mode of living and credit standing. The Independent Third Party shall use the background investigation to create a background report (the "Background Report").

- E. The Disclosure & Authorization Form is valid for a maximum of one year and, in certain instances, only valid for one pending application. Additionally, an Affiant may revoke the authorization at any time by delivering a written revocation to the applicant. Refer to the Disclosure & Authorization Form for further information. The Disclosure & Authorization Form is valid for a maximum of one year and, in certain instances, only valid for

one pending application. Additionally, an Affiant may revoke the authorization at any time by delivering a written revocation to the applicant. Refer to the Disclosure & Authorization Form for further information.

- F. The Background Reports are subject to the Fair Credit Reporting Act ("FCRA"). Pursuant to FCRA, the state departments of insurance and an applicant who is seeking admission are "users" of consumer reports. The FCRA requires that the applicant provide the Affiant with a copy of the "Summary of your Rights Under the Fair Credit Reporting Act." Applicants 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 at <http://www.ftc.gov/bcp/conline/pubs/credit/fcrasummary.pdf>.

Applicants 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 at <http://www.ftc.gov/os/statutes/fcra.htm>.

- G. A department of insurance in any state where an applicant files, or intends to file an application and the applicant may receive the Background Report. An Affiant who desires a copy of their Background Report, may request a copy from the applicant or the CRA as indicated on the Disclosure & Authorization Form. Refer to the Disclosure & Authorization Form for further information.
- H. Please check state specific requirements in the chart referenced below 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 fingerprint cards and processing fees should be included.
- I. The UCAA defines Independent Third Party as:
- a. A consumer reporting agency ("CRA") by the Federal Trade Commission ("FTC") and therefore subject to the FCRA,
  - b. Has the ability to perform international background investigations,
  - c. One whose officers and directors have no material affiliation with the applicant other than stock ownership amounting to less than 1% of total stock outstanding, unless prior approval is given by the department of insurance to which application is being made, and
  - d. Such state(s) where an application is being made approves.

Refer to the UCAA website for a **list of currently approved independent third party vendors/CRA's**.

NAIC Biographical Affidavits must be current and the affiant shall not sign the Affidavits more than one year before the date the insurer files the application.

Please **check state specific 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 fingerprint cards and processing fees should be included.

Submit original NAIC Biographical Affidavits that contain the Disclosure & Authorization Form to the State Department(s) of Insurance as Item 13 of your application.

#### **14. State Specific Information**

Some jurisdictions may have additional requirements that applicants must meet before the jurisdiction can issue a Certificate of Authority. Before completing a UCAA Primary Application, the applicant should review a listing of requirements for the state to which you are applying. The NAIC web site contains that listing.

Include as Item 14 of the application.

**State-Specific Requirements Page**



## **Primary Application Section III Filing Requirements - 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 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 insurer's new state of domicile.

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1. **Annual Statements with Attachments**
2. **Quarterly Financial Statements**
3. **Risk-Based Capital Report**
4. **Independent CPA Audit Report**
5. **Reports of Examination**
6. **Certificate of Compliance**

#### **1. Annual Statement with Attachments**

Include a copy of the applicant's most recent annual statement as filed in the current state of domicile including all statements and supplements in accordance with NAIC *Annual Statement Instructions*, including the actuarial opinion and Management's Discussion and Analysis. The annual statement should be signed and verified, and include a copy of the applicant's actuarial opinion.

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

Property and 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.

If the applicant is part of a holding company system, attach a copy of the applicant's 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 your application.

#### **2. Quarterly Statements**

The application will need to include one (1) copy of each Quarterly Statement that follows the most recent Annual Statement. In addition, any new quarterly statements that become available while the application is pending must be immediately forwarded to all states in which applications are pending. The Quarterly Statements should be submitted as Item 16 of your application.

#### **3. Risk-Based Capital Report**

The application will need to include a Risk-Based Capital Report, submitted in the level of detail required by the NAIC, as Item 17 of your application. Please note that these reports will remain confidential.

#### **4. Independent CPA Audit Report**

The application will need to include a CPA Audit report, performed by a Certified Public Accountant who is not an employee of the applicant. The CPA Audit report should be submitted as Item 18 of your application. Some states allow exemptions to this requirement for small insurers. Please contact states individually if you think you may qualify for an exemption.

## 5. Reports of Examination

The application must include a copy of the applicant's most recent Report of Financial Examination from its domiciliary insurance regulatory agency. The applicant must also note all more recent examinations completed by any state, including market conduct examinations, with a description of each examination. The Report of Financial Examination and list of more recent examinations with descriptions should be submitted as Item 19 of the application.

### Reports of Examination Requirements

## 6. Certificate of Compliance

The application must include a Certificate of Compliance. The certificate is Form 6 and can be printed from the **Forms section**. It is suggested that the issuance of the Certificate of Compliance be no more than 6 months from the date the application is filed. It must be completed by the current domiciliary state and submitted as Item 20 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. Applications that fail to meet these formatting requirements will not be accepted for filing. Section IV will address the following areas:

1. **Communication Between Applicant and Agency**
2. **Questions**
3. **Application Checklist**
4. **Application and Supporting Documents**
5. **Address for Submission of Application**
6. **Updates/Changes**
7. **Filing Fee**
8. **Forms**
9. **State Specific Information**

### 1. Communication Between Applicant and Agency

Once a Primary Application is accepted for filing the applicant will be notified of the filing date and agency contact person. The names, addresses, e-mail (if available) and telephone numbers of the individual(s) assigned to the application will be provided. Prior to receiving the name of the agency contact person, an applicant may contact the agency personnel listed in the chart referenced below to obtain information regarding the status of a Primary Application.

### State UCAA Contacts Chart

#### 2. Questions

Sections II and III, Filing Requirements, provide detailed guidelines regarding both the type and format of information required for the Primary Application. In most cases an agency contact person is provided for each item in the Filing Requirement sections. For additional information, or clarification, applicants may use the contact names provided in item 1, **Communication Between Applicant and Agency**.

#### 3. Application Checklist

The application checklist (**Form 1P**) in the **Forms Section** is intended as a guide for assembling a complete application. Complete the checklist prior to submitting a Primary Application for review. A completed checklist should be attached 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. The States of New York and California require 2 complete copies. Each item identified in Sections II and 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.

Each cover sheet needs to be tabbed 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, a written explanation stating the reason the item has not been included must be attached to the cover sheet. Set forth below are examples of why a particular item may not be attached to the cover sheet.

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

Helpful Hint: Many applicants find it convenient to submit the application in binders with numerical binder divider tabs.

#### 5. Address for Submission of Application

##### State Mailing Addresses

#### 6. Updates/Changes

Applicants are responsible for informing states of any significant changes that occur or are discovered 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.

Applicants must supply revised forms promptly if any changes occur which materially affect the accuracy of the forms filed in support of the application. For example, new quarterly statements must be forwarded as soon as they become available.

#### 7. Filing Fee

Please see Section II, item 2, the **Schedule of Filing Fees** to determine the correct fee and filing instructions for the state in which you are applying.

#### 8. Forms

All forms are available in the **Forms Section**. All forms are in Excel, Word or Adobe PDF format and can be downloaded, printed and submitted with a completed application. The forms **MUST NOT** be altered and, at this point, cannot be submitted electronically.

#### 9. 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 should review a listing of requirements for the state to which you are applying.

##### State Specific Requirements