

CAPTIVE INSURER APPLICATION

State of Nevada
Department of Business & Industry
Division of Insurance



AMY L. PARKS
Acting Commissioner of Insurance

Welcome to
Nevada

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**STATE OF NEVADA
DIVISION OF INSURANCE
CAPTIVE INSURER APPLICATION**

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CAPTIVE INSURER APPLICATION

COVER LETTER AND APPLICATION



SECTION 1

**STATE OF NEVADA
DIVISION OF INSURANCE
CAPTIVE INSURER APPLICATION FOR AUTHORITY**



A. General

1. Proposed Name of Captive:

2. Principal Place of Business:

3. Individual to be Contacted Regarding This Application:

Name _____	Telephone _____
Address _____	E-mail _____
_____	Cell Phone/Pager _____

4. Location of Books and Records:

5. Name and FEIN # of Parent(s) or Sponsor(s):

6. Type of Captive:

- | | |
|--|--|
| <input type="checkbox"/> Pure/Single Parent ¹ | <input type="checkbox"/> Association |
| <input type="checkbox"/> Agency | <input type="checkbox"/> Rental ² |
| <input type="checkbox"/> Sponsored | <input type="checkbox"/> Association - RRG |

7. Organization Form:

- | | | |
|--------------------------------|---------------------------------|-------------------------------------|
| <input type="checkbox"/> Stock | <input type="checkbox"/> Mutual | <input type="checkbox"/> Reciprocal |
|--------------------------------|---------------------------------|-------------------------------------|

8. Purpose of Captive (describe):

¹ Attach SEC Form 10-K if parent is a publicly traded company; otherwise, attach a complete copy of most recent audited financial statements.

² Submit sample of underlying contract.

9. For Stock and Mutual Insurers:

(a) Incorporators³:

Incorporator Name _____
Incorporator Address _____

Incorporator Name _____
Incorporator Address _____

Incorporator Name _____
Incorporator Address _____

(b) Directors and Officers³:

President _____
Vice President (1) _____
Vice President (2) _____
Treasurer _____
Secretary _____

Director Name _____
Director Address _____

Director Name _____
Director Address _____

Director Name _____
Director Address _____

(c) Resident Agent for Service of Process:

Name _____
Address _____

³ All individuals must submit a Biographical Affidavit and corresponding Disclosure & Authorization Form for the respective state(s) where the affiant has lived or worked within the last ten years (NAIC Form 11).

10. For Reciprocal Insurers:

(a) Attorney-In-Fact⁴:

Name _____
Address _____

(b) Original Subscribers:

Entity	Authorized Representative & Title
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

B. Financial

1. Initial Capital and/or Surplus of Captive

	Cash	Letter of Credit ⁵
(a) Capital	\$ _____	\$ _____
Surplus	\$ _____	\$ _____
Total Capital & Surplus	\$ _____	\$ _____

(b) Location of Shares of Stock:

2. Name of Bank _____

Address _____

Contact _____ Phone Number: () _____

Member of the United States Federal Reserve System? _____ Yes _____ No
Chartered in Nevada? _____ Yes _____ No

⁴ All individuals must submit a Biographical Affidavit and corresponding Disclosure & Authorization Form for the respective state(s) where the affiant has lived or worked within the last ten years (NAIC Form 11). Submit Biographical Affidavits for officers and directors if Attorney-In-Fact is a Corporation or a Limited Liability Company.

⁵ Submit completed Form NDOI-403.

C. Service Providers (Executed Contracts With Every Service Provider Must Be Attached)

1. Captive Manager⁶:

Name _____
Address _____

Telephone _____
E-mail _____
Contact Person _____

2. Attorney⁶:

Name _____
Address _____

Telephone _____
E-mail _____
Contact Person _____

3. Claims Administrator⁶:

Name _____
Address _____

Telephone _____
E-mail _____
Contact Person _____

4. Certified Public Accountant⁶:

Name _____
Address _____

Telephone _____
E-mail _____
Contact Person _____

5. Actuary^{6, 7}:

Name _____
Address _____

Telephone _____
E-mail _____
Contact Person _____

⁶ Submit a Biographical Affidavit and corresponding Disclosure & Authorization Form (NAIC Form 11) for all individuals involved and include detailed information to substantiate the competence and expertise for the service to be provided on a separate sheet.

⁷ The term “actuary” shall be defined as (a) an individual who is a member in good standing of the Casualty Actuarial Society and/or the Society of Actuaries, or (b) one who is deemed competent in actuarial science by the Commissioner of Insurance after review of his or her credentials and experience.

6. Insurance Broker:

Name _____

Address _____

Telephone _____

E-mail _____

Contact Person _____

7. Reinsurance Broker:

Name _____

Address _____

Telephone _____

E-mail _____

Contact Person _____

D. Business

1. Lines of Intended Business:

2. Coverage/Limits/Reinsurance:

3. Maximum Net Retention by Line of Business:

4. Aggregate Reinsurance:

5. Primary Carrier(s)⁸:

Full Name _____

Domiciliary _____

Most Current A.M. Best Rating _____

NAIC # _____

Group # _____

Date of Rating _____

6. Reinsurer(s)⁸:

Full Name _____

Domiciliary _____

Most Current A.M. Best Rating _____

NAIC # _____

Group # _____

Date of Rating _____

⁸ Submit draft or executed copies of Reinsurance Agreements and/or Fronting Agreements.

E. Attachments

Please include the following with this application:

1. Insurer Change of Address Form (Form NDOI-405).
2. Uniform Consent to Service of Process (UCAA NAIC Form 12).
3. Proposed Ceded Reinsurance form (Form NDOI-400a).
4. Certified copy of Captive’s charter, articles of incorporation, articles of association or Rules of Governance, and bylaws; or, if being formed as a reciprocal, a certified copy of the power of attorney-in-fact and subscribers’ agreement. Certified copies of these documents must be filed before a license will be issued.
5. A non-refundable application fee of \$500.
6. A fee of \$300 for issuance of the Certificate of Authority upon licensure.
7. A feasibility study supported by an actuarial report that is prepared by a qualified, independent actuary.⁹
8. Statement of benefit to Nevada.
9. Biographical affidavits on officers, directors, and applicable service providers as indicated above.
10. If applicant is an Association Captive, a description of the history, purpose, size and other details of parent association.
11. A list of all providers and their responsibilities, together with how fees for services rendered are to be charged. Submit copies of executed contracts.
12. A detailed Business Plan with supporting data including:
 - (a) Risks to be insured—direct, assumed, and ceded—by line of business.
 - (b) Fronting company if captive is operating as a reinsurer.
 - (c) Expected gross, assumed, ceded, and net annual premium income.
 - (d) Maximum retained risk (per loss and annual aggregate).
 - (e) Rating program.
 - (f) Reinsurance program.
 - (g) Risk Management Program and responsibility for loss prevention and safety, including the main procedures followed and steps taken to deal with events prior to possible claims.
 - (h) Loss experience for the past five years if available, together with projections for the ensuing five years.
 - (i) Organization chart.
 - (j) Pro Forma financial projections on an expected and worse case scenario.

Note: Items 12 (a), (c), (d), and (j) above, should be projected for a five-year period.
13. Submit one (1) original and one (1) copy of the complete Captive Insurer Application.

⁹ The term “actuary” shall be defined as (a) an individual who is a member in good standing of the Casualty Actuarial Society and/or the Society of Actuaries, or (b) one who is deemed competent in actuarial science by the Commissioner of Insurance after review of his or her credentials and experience.

F. Certification

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

Name _____

Title _____

Signature _____

Date _____

Name _____

Title _____

Signature _____

Date _____

(Must be signed by one or more of the incorporators.)

E(3). PROPOSED CEDED REINSURANCE FORM

A. Primary / Direct Business Written

Line of Business	Form of Reinsurance (Pro-rata, Excess, Aggr)	Claims Made or Occurrence	Policy Limits per Occ / Aggr	Amount Ceded per Occ / Aggr	Name of Reinsurer
<i>Example:</i> General Liab.	Pro-rata (Quota Share)	Occurrence	\$1M / \$3M	80% / \$2,400K	Swiss Reinsurance America Corp (NAIC #25364)

B. Assumed Reinsurance

Line of Business	Form of Reinsurance (Pro-rata, Excess, Aggr)	Underlying Type* & Carrier Name	Claims Made or Occurrence	Reins. Limit per Occ / Aggr	Layer Amount Ceded per Occ / Aggr	Name of Retrocessionnaire
<i>Example:</i> General Liab.	Excess	Primary— ABC Ins. Co (NAIC #12345)	Occurrence	\$500K xs \$250K / \$1,500K	\$250K / \$750K	General Reins Corp (NAIC #22039)

*Primary, Reinsurance, Retrocession

	YES	NO
Are policies assessable?	<input type="checkbox"/>	<input type="checkbox"/>
Parental guaranty in place?	<input type="checkbox"/>	<input type="checkbox"/>
Loan to parent requested?	<input type="checkbox"/>	<input type="checkbox"/>
Losses discounted?	<input type="checkbox"/>	<input type="checkbox"/>

If so, proposed interest rate: _____

CAPTIVE INSURER APPLICATION

BIOGRAPHICAL AFFIDAVITS



SECTION 2

CAPTIVE INSURER APPLICATION

BUSINESS PLAN



SECTION 3

CAPTIVE INSURER APPLICATION

BUSINESS PLAN INDEX



- Overview
- Key Service Providers
- Executed service provider agreements (The fee schedule may be redacted from the copy of the application that will be submitted to the external reviewer)
- Program Summary
- Captive Structure Chart
- Program Objectives
- Operational Plan
- Underwriting Guidelines
- An actuarial feasibility study, including a rating study
- For an Association Captive, a description of the history, purpose, size and other details of parent association

CAPTIVE INSURER APPLICATION
PRO FORMA FINANCIAL STATEMENTS
FIVE-YEAR PROJECTIONS



SECTION 4



CAPTIVE INSURER APPLICATION

PRO FORMA FINANCIAL STATEMENTS

- Pursuant to NRS 694C.210, the pro forma financial statements must be prepared by a certified public accountant.
- Include a full set of financial statements.
- Include an adverse scenario.
- Detail any assumptions.
- Must be consistent with actuarial loss assumptions and the expense load detailed in other documents.

CAPTIVE INSURER APPLICATION

STATEMENT OF BENEFIT TO THE STATE OF NEVADA



SECTION 5



CAPTIVE INSURER APPLICATION

STATEMENT OF BENEFIT TO THE STATE OF NEVADA

The licensing of _____ as a captive insurer will provide the following benefits to the state of Nevada:

CAPTIVE INSURER APPLICATION

OWNERSHIP STRUCTURE



SECTION 6

CAPTIVE INSURER APPLICATION
OWNERSHIP STRUCTURE



1. Beneficial Owner(s): Ownership:	Percent of
(a) Name _____ Address _____ _____	_____ %
(b) Name _____ Address _____ _____	_____ %
(c) Name _____ Address _____ _____	_____ %

(Use separate sheet if needed.)

2. Explain Relationship Among Beneficial Owners:

3. Attach Organizational Chart.

CAPTIVE INSURER APPLICATION

ARTICLES OF INCORPORATION



SECTION 7

CAPTIVE INSURER APPLICATION
ARTICLES OF ASSOCIATION OR RULES OF GOVERNANCE



SECTION 8

CAPTIVE INSURER APPLICATION

***SUBSCRIBERS' AGREEMENT
(FOR RECIPROCAL INSURERS)***



SECTION 9

CAPTIVE INSURER APPLICATION

BYLAWS



SECTION 10

CAPTIVE INSURER APPLICATION
CONFIDENTIAL OFFERING MEMORANDUM
(IF ANY)



SECTION 11

CAPTIVE INSURER APPLICATION

***SHAREHOLDERS AGREEMENT
(IF ANY)***



SECTION 12

CAPTIVE INSURER APPLICATION

ATTACHMENTS



SECTION 13

How to Reach Us:

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