Florida Office of Insurance Regulation

APPLICATION TO REDOMESTICATE

A CAPTIVE INSURER

This package is designed to assist individuals in preparing the application in accordance with Florida Statutes and Rules and to facilitate expeditious processing of the application by the Florida Office of Insurance Regulation ("Office").

Please submit all documents required by this packet in searchable PDF format unless otherwise indicated or required.

If this package requires submission of forms or rates, upon receipt of an email notification of acceptance of the application, the Applicant is directed to return to the Industry Portal https://www.floir.gov/iportal and select "Insurance Regulation Filing System (IRFS)" to begin the submission of forms and/or rates.

In order for a submission to be considered a complete application, all required information must be included in the filing.

The completed application package must be submitted to the Office by selecting Company Admissions – iApply Login at the following link:

floir.gov/iportal

Any questions concerning this application package or iApply may be directed to pcappcoord@floir.gov.

APPLICATION TO REDOMESTICATE A CAPTIVE INSURER

Part V of chapter 628, Florida Statutes, provides for the licensing of five types of captive insurers:

1) **Pure Captive** – A company that insures the risks of its parent, affiliated companies, controlled unaffiliated businesses (defining terms found in section 628.901, Florida Statutes), or a combination thereof. It must be formed and licensed in Florida.

2) **Industrial Insured Captive** – A company that provides insurance only to the industrial insureds that are its stockholders or members, and affiliates thereof, or to the stockholders, and affiliates thereof, of its parent corporation. It can also provide reinsurance to insurers only on risks written by such insurers for the industrial insureds that are the stockholders, members, or affiliates of the captive itself or its parent corporation.

3) **Captive Reinsurance Company** – A reinsurance company that is formed and licensed in Florida and is wholly owned by a reinsurer that currently holds a certificate of authority or qualifies for credit for reinsurance under section 624.610(3), Florida Statutes, and possesses a consolidated GAAP Net Worth of at least $500 million U.S. Dollars (USD) and a consolidated debt to total capital ratio of not greater than 0.50. The captive must be a stock corporation and may not directly insure risks; it may only reinsure risks.

4) **Protected Cell Captive Insurance Company** – A company that insures the risks of separate participants in the company through participant contracts, which funds its liability to each participant through one or more Protected Cells, and segregates the assets of each Protected Cell from the assets of other Protected Cells and from the assets of the Protected Cell Captive Insurance Company's general account.

5) **Special Purpose Captive** – A company that is formed and licensed in Florida as a Captive Insurance Company, but that does not meet the definition of any of the other types listed herein. It may only insure the risks of its parent.

The instructions below are meant for use by all licensing types.
Caveats pertaining to certain types are noted.

INSTRUCTIONS

SECTION I – APPLICATION & FEES

Section I-1 Application Fees

Applicant must pay the application fees of $1,525 USD, pursuant to sections 624.501(17) and 628.905(4), Florida Statutes, and the annual assessment of $1,000 USD, pursuant to section 624.501(3), Florida Statutes. These fees are due at the time the application is filed and are nonrefundable.

Section I-2 Fingerprint Fees

Applicant is required to pay a fee directly to the vendor for the processing of the fingerprint cards as required in Section IV-5. Please see Form OIR-C1-938, "Fingerprints and Social Security Number," for instructions.

Section I-3 Application Checklist and Certification

Applicant should complete pages 10 – 14 and return them with the application.

SECTION II - LEGAL

Section II-1 Draft Organizational Documents

The Office will not approve drafts of the documents listed below that are inconsistent or not in accordance with applicable law.

1) Submit a copy of Applicant's proposed Articles of Incorporation that are in compliance with sections 628.081 and 628.910, Florida Statutes.

2) Submit a copy of Applicant's proposed Bylaws that do not conflict with the draft Articles of Incorporation and are otherwise in compliance with applicable Florida Statutes.

3) For a Protected Cell Captive Insurance Company forming as a limited liability company, submit a copy of Applicant's proposed Articles of Organization and proposed Operating Agreement, or equivalent documents, that are in compliance with Florida Statutes.

- **a.** In addition, each Incorporated Cell of a Protected Cell Captive Insurance Company must submit proposed organizational documents that correspond to its organizational type.

Section II-2 Articles of Incorporation (Other Involved Corporations)

For any corporation involved in the financing or formation of Applicant, submit a copy of the Articles of Incorporation, or equivalent document, complete with all amendments, certified within the last year by the public official with whom the originals are on file in the state or jurisdiction of domicile.

Section II-3 Authorization Letter

Provide a letter of authorization for any person, other than Applicant's personnel, who is authorized to represent Applicant before the Office in this matter. This letter should be dated within the last year.

SECTION III - FINANCIAL

Section III-1 Plan of Operation

It is important for the Office to have a clear understanding of the proposed operations of the redomesticating insurer and the goals it seeks to achieve. To meet this requirement, Applicant must furnish a three-year Plan of Operation. The Plan must include all major areas of the proposed operations, including, but not limited to, the following:

1) Provide a narrative statement discussing why Applicant has chosen Florida as its domiciliary jurisdiction. Include discussion of any history Applicant's parent and affiliates have writing insurance in Florida.

2) Provide an organizational chart showing the ownership structure of Applicant that includes its direct parent, affiliates, subsidiaries, all upstream ownership, and all individuals or entities who have or will have direct or indirect control up to and including any 10% or greater interest holders of the ultimate parent of Applicant.

3) Discuss the source(s) of additional capital available to Applicant when needed. Include the type of stock(s) or membership units that are authorized, number of shares/units, and par value of each (must not be less than $1 nor more than $100). Please see sections 628.907 and 628.908, Florida Statutes, for required minimums of capital and surplus, as well as acceptable forms of capital. Captive Reinsurance Companies, see section 628.914, Florida Statutes. Protected Cell Captive Insurance Companies should include a detailed description of the sponsor(s).

4) Provide a brief description of the management experience of each individual (by name) who will be involved in running the captive insurer. Address experience with the following areas: Underwriting, Rating, Reserving, Reinsurance, Claims Handling, Accounting, Investments, and Financial Reporting.

5) Discuss the planned insurance product(s) to be written by Applicant, including policy type, limits, and insured(s).

6) Submit Form OIR-C1-1416, Uniform Certificate of Authority Application (UCAA) Lines of Insurance, reflecting the lines of insurance Applicant intends to write in Florida. Only the Florida pages need to be submitted. (See section 628.905, Florida Statutes.)

7) Applicants who are not Pure or Special Purpose Captives and are authorized by Florida Statutes to accept or cede reinsurance should provide a description of the proposed use of reinsurance, including the purpose of the reinsurance and the degree to which it is to be used in relation to the amount of insurance in force. Include retentions and limits of liability for the proposed reinsurance as well as catastrophe coverage and the largest amount retained on one risk. Include copies of any draft agreements being considered. If a reinsurance broker will be utilized, submit a copy of the Broker of Record Letter.

8) Submit a copy of Applicant's investment policy. Protected Cell Captive Insurance Companies must also submit the specific investment guidelines of each Protected Cell, in addition to a copy or copies of any proposed participant contract(s).

9) Provide pro forma financial statements that include a Balance Sheet, a Profit & Loss Statement, and an Income Statement for 3 years. If more than one policy is to be written, include a schedule to the Profit & Loss Statement that breaks down premium by line of insurance.

10) Provide a narrative statement discussing any common facilities or functions that are shared with affiliates or delegated to third parties. Submit copies of any draft or executed agreements including any amendments to these arrangements.

11) Applicant should include a statement indicating if any of its stock, bonds, or any other physical or book entry securities are or will be in the physical possession of another entity. If so, provide a copy of the custodial agreement.

12) Provide copies of any agreements regarding any services Applicant does or will utilize in carrying out its Plan of Operation. Include red-lined copies reflecting any proposed changes as a result of the redomestication.

13) Furnish a list of all current and proposed consultant and expert services to be used during the first 3 years after the redomestication.

14) Provide a statement that Applicant will have a Disaster Coordination or Business Continuity Plan that is in compliance with Rules 69O-128.032 and 69O-128.033, Florida Administrative Code ("F.A.C."). Applicant must provide a copy of the Plan if requested.

15) Protected Cell Captive Insurance Companies must submit the following, in addition the above documentation. Applicant may wish to review sections 628.921(3) and (4), Florida Statutes:

a. A statement that all of its financial records will be made available to the Office or the Office's designated agent for inspection or examination.

b. Evidence satisfactory to the Office that Applicant's expenses will be allocated to each Protected Cell in a fair and equitable manner.

c. Materials demonstrating how loss and expense experience of each Protected Cell will be accounted for.

d. Administrative and accounting procedures necessary to properly identify the one or more Protected Cells and the corresponding assets and liabilities.

e. A description of Applicant's specific business objectives, including those for each Protected Cell, for the first 3 years.

Section III-2 Holding Company

1) If the Applicant is a member of a holding company system, the application must include either the most recent Holding Company Act (HCA) filings, including Form OIR-D0-516, "Form B - Insurance Company Holding System Annual Registration Statement" and related Form OIR-A1-2118, "Form F - Enterprise Risk Report," or a statement substantially similar, according to the NAIC Insurance Holding Company System Regulatory Act (#440). The filing should include all attachments, exhibits, and appendices referenced in the HCA filings. Include all attachments and any amendments up to the application filing date and include copies of all advisory, management, and service agreements referenced in responses to questions in the attached Questionnaire.

2) If Applicant is a member of a Holding Company System, it must submit a debt-to-equity ratio statement that includes the following information:

a. Consolidated outside debt to consolidated equity ratio on a GAAP basis for the Holding Company. Please provide the amount of debt and debt to consolidated equity ratio due within 5 years, 10 years, and 20 years.

b. The most recent consolidated holding company financial statement.

c. Provide projections with assumptions for a three-year period for the holding company on a consolidated basis.

d. Clearly substantiate the sources of repayment of any debt, including, but not limited to, if the sources of repayment are independent from the future income of Applicant. Provide a calculation of the debt service required of each insurer in the Holding Company System as a percentage of Applicant's capital and surplus.

e. List any assets of the Holding Company that are pledged to fund the debt service or debt repayment of an affiliate or parent. Include the assets or stock of any insurer or subsidiaries.

f. List any guarantees, personal or otherwise, that are from the shareholders for repayment of the debt.

3) If an upstream member of Applicant's Holding Company System has made a filing with the Securities and Exchange Commission in connection with a public offering, or filed an 8K, 12K, or 10Q, within the last 12 months, indicate that such filing is available for review.

Section III-3 Statement of Ratio of Assets to Risks

Submit a statement of the quantifiable ratio of Applicant's assets to the risks it will assume.

Section III-4 Financial Statements

1) Submit a copy of the most recent Quarterly and 3 most recent Annual financial reports, as filed with the current state of domicile.

2) If Applicant has audited financial statements, submit a copy of the 2 most recent statements, with an accountant's letter.

3) Submit copies of the parent company's 2 most recent audited financial statements.

Section III-5 Examination Report

If Applicant has ever been the subject of a financial examination, submit a copy of the most recent Report on Examination.

Section III-6 Actuarial Opinion

Submit a copy of Applicant's most recent Statement of Actuarial Opinion.

SECTION IV - MANAGEMENT

Section IV-1 Management Information

Submit Management Information Form OIR-C1-2221 fully describing all proposed incorporators, directors, officers, organizers, owners, sponsors, managers, members, and like positions, including any series members of a series limited liability company associated with a proposed Protected Cell.

Captive Insurers, Captive Reinsurers, and Incorporated Protected Cells, forming as a corporation, must have a minimum of 3 incorporators, of which at least 2 must be Florida residents. Include the citizenship of any incorporator who is not a U.S. citizen. The corporation must also have a minimum of 5 directors, a majority of whom must be U.S. citizens and 1 of whom must be a Florida resident.

Forms should contain the first, middle, and last name of listed individuals. Please state if a middle name does not exist.

Section IV-2 Previous Florida History

If any officer or director of Applicant was previously an officer or director of an insurer doing business in Florida, list the name of the individual, the name of the Florida insurer, the period of employment, and if the insurer had an insolvency after 2002.

Section IV-3 Biographical Information Package

Each person listed in Section IV-1 must submit a complete Biographical Information Package. The Biographical Information Package consists of the following forms:

• OIR-C1-1423, “Uniform Certificate of Authority Application (UCAA) Biographical Affidavit”
• OIR-C1-938, “Fingerprints and Social Security Number”
• OIR-C1-0500, “UCAA Biographical Affidavit Addendum Blank”
• OIR-C1-0501, “UCAA Biographical Affidavit Addendum Education”
• OIR-C1-0502, “UCAA Biographical Affidavit Addendum Employment”
• OIR-C1-0503, “UCAA Biographical Affidavit Addendum General”
• OIR-C1-0504, “UCAA Biographical Affidavit Addendum Licenses”
• OIR-C1-0505, “UCAA Biographical Affidavit Addendum Professional”
• OIR-C1-0506, “UCAA Biographical Affidavit Addendum Residence”
• OIR-C1-0507, “UCAA Biographical Affidavit Addendum Societies”
• OIR-C1-0509, “Uniform Certificate of Authority Application (UCAA) Biographical Affidavit Cover Letter Holding Company Structure”

Each person must complete Forms OIR-C1-1423 and OIR-C1-938, as well as all additional forms that are applicable to that individual. Each form must be signed, and Form OIR-C1-1423 must be notarized. All questions must be answered. All “Yes” answers must be explained. Individuals who have previously submitted a Biographical Information Package to the Office may inquire with the Office to determine if the previous submission is recent enough to meet this requirement.

Section IV-4 Background Investigation Report

A background investigation report must be provided for each person required to provide a Biographical Information Package. These reports must be ordered from and submitted by a background investigation vendor, who has been approved for use by the National Association of Insurance Commissioners, directly to the Office at bkgrnd-inv@floir.gov. Submission should be in Microsoft Word format, with appropriate reference to the Applicant in the subject of each transmittal e-mail.

Reports should be submitted prior to, or contemporaneously with, the submission of each application filing. The application will not be considered complete until all required background investigation reports are received. Attach proof of payment confirming that all background reports have been ordered when submitting the application.

A list of approved vendors can be found at https://content.naic.org/industry-ucaa-third-party. The Applicant is responsible for the reports and for handling billing arrangements with the selected vendor. Questions regarding this process may be directed to pcappcoord@floir.gov.

Section IV-5 Fingerprinting and Social Security Number Submission

Each person submitting a Biographical Information Package under Section IV-2 must also submit their fingerprints to the Office. Please refer to our website at www.floir.gov/home/company-admissions/fingerprint-instructions for specific instructions on the payment for and submission of fingerprints. Information about the uses and retention of fingerprints is included in Form OIR-C1-938.

In addition, pursuant to section 119.071(5), Florida Statutes, Social Security Numbers collected by an agency are confidential and exempt from disclosure under section 119.07(1), Florida Statutes, and Section 24(a), Art. I of the State Constitution, and must be segregated on a separate page, which is included as part of Form OIR-C1-938, which must be submitted as part of the Biographical Information Package.

APPLICATION TO REDOMESTICATE A CAPTIVE INSURER

CHECKLIST

Applicant Name:_____

_____
(Street Address) (City) (State) (Zip Code)

_____
(Phone Number) (Website)

Contact Person at Company:_____

_____
(Email) (Phone Number)

Please complete and check off all items prior to submission. Applicant should provide an explanation for any items that have not been checked off and submitted.

SECTION I – APPLICATION & FEES

☐ **1.** Copy of check(s) for application fees included with submission

☐ **2.** All fingerprint fees paid electronically

☐ **a.** Copies of online payment confirmations

☐ **3.** Completed Checklist and Certification

SECTION II – LEGAL

☐ **1.** Draft Articles of Incorporation

☐ **2.** Draft Articles of Organization (Protected Cell Captive Insurance Companies forming as limited liability company only)

☐ **3.** Draft Bylaws

☐ **4.** Draft Operating Agreement (Protected Cell Captive Insurance Companies forming as a limited liability company only

☐ **5.** Draft organizational documents for each Incorporated Protected Cell of a Protected Cell Captive Insurance Company

☐ **6.** Certified Articles of Incorporation of Other Involved Corporations

☐ **7.** Draft Service of Process

APPLICATION TO REDOMESTICATE A CAPTIVE INSURER

CHECKLIST

Applicant Name:_____

☐ **8.** Authorization Letter

SECTION III – FINANCIAL

☐ **1.** Plan of Operation

☐ **a.** Narrative

☐ **b.** Organizational Chart

☐ **c.** Additional Capitalization Description

☐ **d.** Management Experience

☐ **e.** Insurance Products

☐ **f.** Lines of Insurance Form (OIR-C1-1416)

☐ **g.** Draft Reinsurance Agreement(s)

☐ **h.** Investment Policy

☐ **i.** Pro Forma Financial Statements

☐ **j.** Common Facilities and/or Functions

☐ **k.** Custodial Agreements

☐ **l.** Operational Agreements

☐ **m.** List of Consultants and Experts

☐ **n.** Statement Regarding Disaster Coordination/Response Plan

☐ **o.** Protected Cell Captive Insurance Companies Only:

☐ **i.** Financial Records Availability Statement

☐ **ii.** Expense Allocation Evidence

☐ **iii.** Loss and Expense Accounting Materials

☐ **iv.** Administrative and Accounting Procedures

☐ **v.** Specific Business Objectives

☐ **2.** Holding Company

☐ **a.** Form OIR-D0-516, "Form B - Insurance Company Holding System Annual Registration Statement" (or comparable)

☐ **b.** Form OIR-A1-2118, "Form F - Enterprise Risk Report" (or comparable)

☐ **c.** Any agreements, attachments, exhibits, or appendices related to the above forms or answers to the Questionnaire

☐ **d.** Holding Company System debt-to-equity statements including:

☐ i) Consolidated outside debt to equity on GAAP basis for 5, 10, and 20 years

☐ ii) Most recent consolidated holding company financial statement

☐ iii) Projections with assumption for 3-years for the holding company

☐ iv) Substantiate sources of repayment of any debt

☐ v) Assets of the Holding Company pledged to fund the debt service or debt repayment of an affiliate or parent

☐ vi) Any guarantees from shareholders for repayment of the debt

☐ **e.** Indication regarding SEC filing of upstream entities

☐ **3.** Statement of Ratio of Assets to Risks

☐ **4.** Financial Statements

☐ **a.** Quarterly and Annual Reports

☐ **b.** Audited Financial Statements

☐ **c.** Parent's Audited Financial Statements

☐ **5.** Actuarial Opinion

SECTION IV – MANAGEMENT

☐ **1.** Management Information Form (Form OIR-C1-2221) submitted for all required entities

☐ **2.** Biographical Information Package submitted for all required individuals

☐ **3.** All information completed on the applicable forms (no blanks)

☐ **a.** "Yes" answers explained

☐ **b.** Signed

- ☐ **c.** Form OIR-C1-1423, Uniform Certificate of Authority Application (UCAA) Biographical Affidavit, is notarized

☐ **4.** Background investigative reports for all required individuals. The reports must be based on the Biographical Information Packages submitted to the Office with this Application. Proof of the order and confirmation of payment must also be submitted to the Office.

☐ **5.** A Fingerprints and Social Security Number form (Form OIR-C1-938) for each required individual

- ☐ **a.** All information completed (no blanks)
- ☐ **b.** Fingerprints submitted for each individual required to file a Biographical Information Package

APPLICATION CERTIFICATION

*This page must be filled out by an officer, director, manager, or individual holding like position.

The undersigned states that they have personal knowledge of the application submitted to the Florida Office of Insurance Regulation in connection with the intention of _____ ("Applicant") to be licensed as a captive insurer in Florida; that they have read all of the responses, information, exhibits, and documents submitted with, and in support of, this application; and that the submissions are true, correct, and complete to the best of their knowledge. The undersigned further represents that they have the authority to bind Applicant, and that by their signatures on this instrument, Applicant has executed this instrument.

The undersigned understands that whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his or her official duties is guilty of a misdemeanor of the second degree, pursuant to section 837.06, Florida Statutes, punishable as provided in sections 775.082 and 775.083, Florida Statutes.

By: _____

Print Name: _____

Title: _____

Date: _____