



LOUISIANA DEPARTMENT OF INSURANCE
JAMES J. DONELON
COMMISSIONER

**INSTRUCTIONS FOR
APPLICATION TO ACT AS A CAPTIVE INSURER
IN THE STATE OF LOUISIANA**

GENERAL INSTRUCTIONS

This packet is designed to assist in preparing an application that complies with all statutory and administrative requirements. The forms and procedures of the application process are designed to facilitate our review of the application. Therefore, it is extremely important that all applicants comply fully with the instructions and requirements set forth in this packet.

All communication should be directed to:

Louisiana Department of Insurance
Company Licensing Division
P.O. Box 94214
Baton Rouge, LA 70804-9214
Phone: (225) 219-4318
Fax: (225) 342-3078
E-Mail Address: mboutwell@ldi.state.la.us

While our Department will be happy to assist you and answer any questions you may have, we ask that you thoroughly review all instructions and forms before contacting us.

- 1) Submit one original and two photocopies of the complete application package. Alternatively, the applicant may submit an original hard copy and an electronic copy in .pdf or .tif format to the e-mail address listed above.
- 2) All submittals in association with this application must be transmitted us via the United States Postal Service or a carrier with interstate business. Hand delivery is not acceptable and any information arriving in this manner will be returned without review. In addition, all correspondence must be sent to the attention of the Company Licensing Division to assure prompt receipt and handling.
- 3) Submit only a fully completed application. Submittal of a partially completed application will cause processing delays and may result in disapproval.
- 4) Do not alter the forms contained in this packet. If you feel the requirements do not apply to your company, notify us. We will supply the proper form, if appropriate, and/or answer any questions you have about the forms.
- 5) All original items submitted become the property of the Louisiana Department of Insurance and will not be returned.
- 6) All certified documents required in the application must be dated within ninety (90) days of submittal of the application and all certifications must be original.
- 7) All entries in the application forms must be typed or printed. Illegible entries or responses will be considered incomplete and may result in the disapproval of the application.

- 8) When designating a contact person for the application process, please remember that our staff will communicate only with that individual. The application process is considered confidential and will not be discussed with any person other than the named contact person. We must be notified in writing of any change in the contact person. We also provide space to name and alternative contact person in cases where the primary contact cannot be reached. We recommend that the persons named as contacts have general knowledge of the affairs of the applicant and/or have ease of access to individuals within the organization who can answer questions posed by the Department during the applicant process.
- 9) We must be notified of any changes in the company or the information submitted in association with this application which occur while the application is under review. This includes changes in officers and directors; changes in address or domicile, updated financial statements, examination reports which become available after submission and any other material changes to the information submitted herewith. Failure to notify us of such changes may result in disapproval of the application.
- 10) Unless otherwise indicated in the forms, all applicants must supply all items requested in this packet. If, for some reason, an item which would otherwise be required is not available, a written explanation must be supplied upon submission.

INSTRUCTIONS REGARDING ARTICLES OF INCORPORATION

At the time of submission of this application the applicant should already be incorporated and fully funded. The proposed articles of incorporation must be prepared in accordance with LSA-R.S. 22:61-63 and submitted to the Louisiana Department of Insurance for review and approval.

After approval, an executed copy of the proposed articles shall be recorded with the Recorder of Mortgages in the parish of domicile, and two copies certified by and bearing the certificate of the proper Recorder of Mortgages shall be returned to the Commissioner of Insurance for recordation. The corporate existence of the entity begins upon the date and time when the articles were filed with the recorder of mortgages in the parish of domicile.

We recommend that the attorney preparing the Articles of Incorporation contact the Company Licensing Division while preparing the articles for an informal review prior to submission for approval.

INSTRUCTIONS REGARDING BIOGRAPHICAL AFFIDAVITS

The Louisiana Department of Insurance utilizes and accepts only the most current version of the biographical affidavit created by the National Association of Insurance Commissioners (NAIC). A copy of that affidavit form is available on our web site at <http://www.ldi.state.la.us/Documents/Licensing/Company/NAICBioForm1-1-2005.pdf>.

These biographical affidavits should be prepared in strict compliance with the instructions. If the response to a question is "No" or "None" then the affiant shall so state. Use of the term "N/A" in lieu thereof is strictly prohibited.

SPECIAL INSTRUCTIONS REGARDING THIRD PARTY VERIFICATION REPORTS

In association with this application, the LDI requires that all applicants make arrangements for third party verification reports for all persons for whom biographical affidavits are required. This must include all officers, all directors, all individuals who own ten percent or more of the applicant and all other persons responsible for the conduct of affairs of the applicant.

The reports must be prepared by one of the firms approved by the National Association of Insurance Commissioners. A list of those approved firms is available at http://naic.org/documents/industry_ucaa_third_party.pdf. The applicant should advise the firm that the reports are being prepared for the LDI and make the necessary arrangements for payment.

WAIVER OF THIRD PARTY VERIFICATION REPORTS

In certain cases the investigative report may be waived for specific individuals. The requirements for this waiver are as follows;

- 1) A report for the individual has been supplied to the LDI within one year prior to the date of submittal of the complete application packet. OR
- 2) The individual in question has been the officer or director of an insurer licensed to do business in Louisiana for a period of not less than 10 years. This exception will not apply when the company has undergone a change of control at any time in that 10 year period.

SPECIAL INSTRUCTIONS REGARDING FINGERPRINTING

In association with this application, all officers, directors, trustees and all individuals who control, directly or indirectly ten percent or more of the applicant, are required to be fingerprinted.

For residents of Louisiana, fingerprinting services are provided by the license testing vendor PSI. No appointment is necessary and a list of testing locations and hours of operation is available on PSI's website (PSIexams.com). Fingerprinting fees are paid at the site at the time of submission.

For any individual who is not a resident of Louisiana, the following steps are required:

1. Duplicate fingerprint cards for each individual must be submitted. You may submit requests for blank fingerprint cards to companyapps@ldi.la.gov. Please include the number of cards required and the address to which the cards should be mailed.
2. Fees in the amount of \$40.75 per applicant made payable to the Louisiana State Police.
3. A completed Authorization to Disclose Criminal History Records Information for each applicant. [This form is available on the LDI website.](#)
4. A completed Rap Sheet Disclosure Form for each applicant. [This form is available on the LDI website.](#)

All of these documents should be sent to:

Louisiana State Police
Bureau of Criminal Identification and Information
P.O. Box 66614 (Mail Slip A-6)
Baton Rouge, LA 70896

Generally the Department will receive fingerprint results within three to four days from submission of the fingerprints. If the Louisiana State Police or Federal Bureau of Investigation are unable to run the reports due to unreadable or unclear fingerprint submissions, it may take up to sixty (60) days for a check to be completed using alternate means.

Any individual that is currently serving as an officer or director of another domestic regulated entity or has previously submitted fingerprints in association with a resident producer or adjuster license application may request a waiver of the fingerprinting requirements. Requests for such a waiver should be sent to companyapps@ldi.la.gov. The request must provide a full explanation of the application to be filed, the names of all individuals for whom the waiver is requested and clearly explain the grounds for the request.

INITIAL FINANCIAL EXAMINATION AND CONFIRMATION OF ASSETS

Prior to the issuance of a Certificate of Authority to a Louisiana domiciled insurer, this Department will conduct an initial financial examination and confirmation of the assets of the applicant. Therefore, the applicant company must be properly capitalized and its funds invested in compliance with the applicable statutes and in the name of the applicant upon submission of the application. If the funds are not properly invested and verifiable, the application will be disapproved.

INSTRUCTIONS FOR ATTESTATION PAGE

Louisiana law requires that the application for Certificate of Authority for a captive insurer must be certified by the board of directors of the applicant. This means that the board of directors of the applicant must be named and in place at the time of this application.

The signatures of the members of the board of directors must be witnessed by two individuals who are not otherwise signing the application and all signatures must be notarized. Separate witnesses and notarization are required if the individual board members execute the certification at different times or locations.

The application form provides spaces for the signatures of five directors as this is the minimum number of directors required by law. You may reproduce the attestation page of the application as needed.



LOUISIANA DEPARTMENT OF INSURANCE
JAMES J. DONELON
COMMISSIONER

**APPLICATION TO ACT AS A CAPTIVE INSURER
IN THE STATE OF LOUISIANA**

General Information (Type or Print)	
APPLICANT NAME:	_____
FEDERAL EMPLOYER IDENTIFICATION (FEIN) NUMBER:	_____
STATUTORY ADDRESS:	_____ _____ _____
CONTACT NAME:	_____ CONTACT TITLE: _____
PHONE:	_____ FACSIMILE: _____
CONTACT ADDRESS:	_____ _____ _____
	EMAIL: _____
ALT. CONTACT NAME:	_____ ALT. CONTACT TITLE: _____
PHONE:	_____ FACSIMILE: _____
ALT. CONTACT ADDRESS:	_____ _____ _____
	EMAIL: _____

TYPE OF CAPTIVE INSURER (Check one)

PURE CAPTIVE

ASSOCIATION CAPTIVE

LINES OF BUSINESS TO BE WRITTEN (Check all that apply)

Vehicle (includes vehicle physical damage)

Vehicle Physical Damage Only

Liability

Burglary and Forgery

Glass

Fire and Extended Coverage

Steam Boiler and Sprinkler Leakage

Marine and Transportation (Inland Marine)

Ocean Marine

Miscellaneous

Workers Compensation (Reinsurance Only)

SECTION 2 - LIST OF MANAGEMENT AND OWNERS

Below give a complete list of all persons responsible for the conduct of affairs of the applicant. This list should include all officers, all directors, all trustees, all executive committee members and any NATURAL person(s) owning, directly or indirectly, 10% or more of the applicant and any other person who exercises control or influence over the affairs of the applicant.

NAME:		S.S.#:	
STREET :	CITY:	STATE:	ZIP:
POSITION:		OWNERSHIP %:	
NAME:		S.S.#:	
STREET:	CITY:	STATE:	ZIP:
POSITION:		OWNERSHIP %:	
NAME:		S.S.#:	
STREET:	CITY:	STATE:	ZIP:
POSITION:		OWNERSHIP %:	
NAME:		S.S.#:	
STREET:	CITY:	STATE:	ZIP:
POSITION:		OWNERSHIP %:	
NAME:		S.S.#:	
STREET:	CITY:	STATE:	ZIP:
POSITION:		OWNERSHIP %:	
NAME:		S.S.#:	
STREET:	CITY:	STATE:	ZIP:
POSITION:		OWNERSHIP %:	
NAME:		S.S.#:	
STREET:	CITY:	STATE:	ZIP:
POSITION:		OWNERSHIP %:	
NAME:		S.S.#:	
STREET:	CITY:	STATE:	ZIP:
POSITION:		OWNERSHIP %:	

SECTION 3 - EXHIBITS

EXHIBIT A – A copy of the by-laws of the applicant certified by the secretary of the corporation. The certification must be original and dated within ninety days of submission.

EXHIBIT B – A plan of operation which clearly indicates the method of operation of the applicant including all of the following items. If not strictly following the order as listed below, the plan should include an index which references the page where each of the listed items can be found.

- 1) The types and limits of insurance that the applicant will be providing. Use detailed product descriptions.
- 2) The amount and liquidity of its assets relative to the risks to be assumed by the applicant.
- 3) A description of the applicant's reinsurance program. Include the identities of reinsurers and copies of any draft or finalized agreements.
- 4) A description of the applicant's underwriting policy and procedures. You must include an explanation of who will perform this function.
- 5) A description of the applicant's claims handling procedures. You must include an explanation of who will perform this function.
- 6) A description of the applicant's investment policy. Please include an explanation of who will be making the investment decisions on behalf of the applicant.
- 7) A discussion of the overall soundness of the plan of operation of the applicant.
- 8) A description of the program(s) to be used by the application for providing for loss prevention by its parent or member organizations.
- 9) A description of the applicant's rate making policies and procedures. Include an explanation of who will be performing this function.
- 10) A description of all functions that will be performed by persons other than employees of the applicant along with the identity of each entity performing those services (i.e. third party administrators, managing general agents or other management entities).
- 11) Any other relevant information to illustrate that the applicant will be able to meet its policy obligation.

EXHIBIT C – A detailed pro-forma financial statements for a period of three years from the date of beginning business. The statement shall include a projected balance sheet, income statement and cash flow statement. The statement shall be prepared in the format provided by the Louisiana Department of Insurance.

EXHIBIT D – A copy of a feasibility study or other analysis of the proposed business plan of the applicant performed by a qualified actuary.

EXHIBIT E – If the applicant is an association captive, you must provide a safekeeping or trust receipt from a bank doing business within Louisiana or from a savings and loan association chartered to do business in Louisiana indicating that the applicant has deposited one hundred thousand dollars (\$100,000.00) in money or acceptable bonds (Acceptable bonds are defined as bonds issued by the United States Government or the State of Louisiana or any political subdivision of the State of Louisiana) with that institution and pledged said deposit to the Commissioner of Insurance. The banks have the necessary pledge forms. Do not contact this Office to request the form.

EXHIBIT F – A statement giving the nature and source of the funds used to capitalize the applicant. Please include copies of all loan or other agreements used to obtain the funds used in the capitalization and initial funding of the applicant.

SECTION 3 – EXHIBITS CONTINUED

EXHIBIT G – Copies of the forms of contracts to be used for all entities who will be managing the operations of the applicant but who are not direct employees of the applicant.

EXHIBIT H – A detailed description of the corporate organizational structure of the applicant, its parent company and all affiliates. This description should include a chart showing the full name, domicile and ownership percentages for any persons (whether natural or artificial) owning 10% or more of the applicant and all affiliated entities up to and including the ultimate controlling person. For a sample chart please go to our web site at <http://www.ldi.state.la.us/Licensing/Company/index.htm>.

EXHIBIT I – A completed biographical affidavit for each officer and each director of the applicant and for all natural persons who own, directly or indirectly 10% or more of the applicant.

EXHIBIT J - Fingerprint cards for all officers and all directors of the company and all individuals owning 10 percent or more of the company. The FBI/NCIC standard cards should be used and may be obtained from most local law enforcement offices. See the application instructions for information regarding the waiver of this requirement.

EXHIBIT K - Investigative reports for all persons for whom biographical affidavits were supplied. See the application instructions for more information regarding the procedure for obtaining these reports and for an explanation of the requirements for the waiver of this requirement.

SECTION 4 - ADDITIONAL INFORMATION

1) Provide the name, address, telephone number and email address of the qualified and experienced certified public accountant or firm engaged by the applicant to prepare the annual audited financial statement to the Commissioner. Indicate whether the person is employed or contracted.

Phone: _____ Email: _____

Employee

Contracted

2) Provide the name, address, telephone number and email address of the qualified and experienced actuary or firm engaged by the applicant to perform reviews and evaluations of the operations of the applicant. Indicate whether the person is employed or contracted.

Phone: _____ Email: _____

Employee

Contracted

3) Give the name, address and telephone number and email address of the person engaged by the applicant to manage the affairs of the applicant. Indicate whether the person is employed or contracted.

Phone: _____ Email: _____

Employee

Contracted

SECTION 6 - ADDITIONAL INFORMATION CONTINUED

4) Give the name address telephone number and email address of the contact person with the financial institution in which the funds of the applicant are on deposit.

Phone: _____ Email: _____

5) Provide the STATUTORY address of the applicant.

6) Provide the MAILING address of the applicant.

7) Provide the mailing address for the MAIN ADMINISTRATIVE office of the applicant.

SECTION 6 - ADDITIONAL INFORMATION CONTINUED

8) Provide the **PHYSICAL ADDRESS** where the books and records of the applicant will be maintained.

9) If available, give the toll free number to which the Department may refer consumers for inquiries. If separate telephone numbers are provide for claims, policy inquiries or other services, please indicate the purpose of each number.

10) If available, give the URL or World Wide Web address of the applicant.

The answers to questions 11 and 12 will be used for statistical and informational purposes. The response to this question will have no bearing on the Department's decision in the matter of this application.

11) Does the applicant company have in place a plan, program or procedure designed to promote the employment and/or participation of minorities, women and/or persons with disabilities?

YES

NO

If yes, provide an explanation of this plan, program or procedure below or attach a copy to this application.

12) Does the applicant have a program to prevent insurance fraud?

YES

NO

If yes, provide a detailed explanation of the plan which should include but not be limited to the following:

- a) A description of current programs aimed at preventing insurance fraud in which the company is directly involved. Identify whether these programs are specific to Louisiana or countrywide.
- b) An analysis of each program's success. Provide hard data, if available, which measure the success of each program.
- c) The company's future plans aimed at preventing insurance fraud in Louisiana.
- d) Last year's budget and the current year's budget underlying programs aimed at preventing insurance fraud. Include a count of human resources directly allocated to programs aimed at preventing fraud.

Give the name, address and phone number of a person within the company who can be contacted to provide additional information regarding the company's fraud program.

Phone: _____ Email: _____

ATTESTATION

STATE OF

COUNTY OR PARISH OF

BEFORE ME, the undersigned authority, personally appeared

who, after being duly sworn, did depose and state he/she has personal knowledge of the information submitted with this application and that all information contained in this application and all attachments thereto is, to the best of his/her knowledge, true, complete and correct. Furthermore, all of the terms, agreements, and conditions involving this applicant and its officers, directors and owners of 10% or more of the application, whether written or verbal, have been disclosed to the Louisiana Department of Insurance and any changes in existing agreements and any new agreements shall be disclosed to the Department in the form of a notarized statement within 48 hours of the change.

Signature of Board Member

Printed Name of Board Member

Signature of Board Member

Printed Name of Board Member

Signature of Board Member

Printed Name of Board Member

Signature of Board Member

Printed Name of Board Member

Signature of Board Member

Printed Name of Board Member

Signature of Notary

Printed Name of Notary Public

My Commission Expires _____

Signature of Witness

Printed Name of Witness

Signature of Witness

Printed Name of Witness

NOTARIAL SEAL