



Monica J. Lindeen
Commissioner of Securities & Insurance
Montana State Auditor
840 Helena Ave
Helena, MT 59601

Phone: 406.444.2040
800.332.6148
Fax: 406.444.3497
www.csi.mt.gov

STATE OF MONTANA

CAPTIVE APPLICATION CERTIFICATE OF AUTHORITY

1. **Name of proposed captive:** _____

2. **Parent or Sponsor:** _____

3. **Name, address, and phone number of application contact person:**

4. **Federal Employee Identification Number**_____

5. **Type of captive:** Pure _____ Association _____ Industrial Insured _____
Captive Risk Retention Group _____ Protected Cell _____
Captive Reinsurance Company _____ Special Purpose Captive _____

6. **Business entity form:** Corporation _____ LLC _____ Partnership _____
Limited Partnership _____ LLP _____ Other (describe) _____

7. **Organization Form:** Stock _____ Mutual _____ Reciprocal _____ Other _____

8. **Address of captive's principal place of business in Montana:** _____

9. **Location of books and records:** _____

10. **Capital and/or Surplus of captive:**

(a) Capital \$ _____
 Surplus \$ _____
 Total \$ _____

(b) Location of shares of stock: _____

11. **Name and address of each owner of captive Percent of ownership**

_____	_____
_____	_____
_____	_____
_____	_____

12. **Explain relationship among owners:**

13. **If Letter of Credit is to be used:**

Name and Address of Bank	Amount
_____	_____
_____	_____

14. **Name and address of Captive Manager:** _____

15. **Name and address of Lawyer:** _____

16. **Name and address of Claims Handler:** _____

17. **Name and address of Certified Public Accountant:** _____

18. Name and address of Actuary: _____

19. Name and address of Reinsurance Broker/Intermediary: _____

20. For the captive’s directors, officers, and MGAs/MGUs, provide the following:

<u>Name</u>	<u>Position(s) with Captive</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

21. If applicant is an Industrial Insured Captive, provide the following:

(a) Name and address of each full-time employee acting as an insurance manager or buyer:

(b) Aggregate annual premium for insurance on all risks: \$_____

(c) Number of full-time employees: _____

22. Include the following with the application:

(a) Coverage/Limits/Reinsurance form (attached).

(b) \$200 application fee.

(c) \$300 license fee.

(d) A feasibility study by an actuary showing expected and adverse scenarios, along with confidence levels. The applicant understands that the Department may contract with an actuarial firm for a peer review of the feasibility study, with the cost of the peer review to be borne by the applicant.

(e) If the applicant selected **Association** in #5, give history, purpose, size and other details of the parent association.

(f) Complete and enclose the form entitled **Appointment of Attorney to Accept Service of Process**, available on the web as follows:

- If the applicant selected 'Captive Risk Retention Group' in #5, use the form located at: http://www.sao.mt.gov/captives/SOP_RRG.pdf

- If the applicant selected any choice except 'Captive Risk Retention Group' in #5, use the form located at:
http://www.sao.mt.gov/captives/SOP_Company.pdf

- (g) If the applicant selected **Corporation** in #6, then include draft articles of incorporation and draft bylaws.
- (h) If the applicant selected **LLC** in #6, then include draft articles of organization and a draft operating agreement.
- (i) If the applicant selected **Partnership** or **Limited Partnership** or **LLP** in #6, then include the registration, certificate, or any other relevant organizational documents.
- (j) If the applicant selected **Reciprocal** in #7, then include a certified copy of the power of attorney-in-fact and subscriber's agreement.
- (k) For each captive owner shown in #11, include a current financial report for the owner.
- (l) If #13 indicates that a Letter of Credit will be used, the State of Montana's approved Irrevocable Letter of Credit form must be used (attached).
- (m) For the Captive Manager shown in #14 and the Claims Handler shown in #16, include an unexecuted (draft) contract between the captive and each of these service providers.
- (n) For the service providers shown in #'s 14-19, list each service provider's responsibilities together with how fees for services rendered are to be charged.
- (o) For the CPA shown in #17, include a completed **Application for Authorization as an Independent Certified Public Accountant for Captive Insurance Business**. The form is attached. (Note: this item can be skipped if the CPA is already approved by the State of Montana).
- (p) For the Actuary shown in #18, include a completed **Application for Authorization to Certify Loss Reserves and Loss Expense Reserves for Captives**. The form is attached. (Note: this item can be skipped if the Actuary is already approved by the State of Montana).
- (q) A biographical affidavit for each individual listed in #20 (form attached).
- (r) Detailed Plan of Operation with supporting data including:
- (1) Risks to be insured – direct, assumed and ceded – by line of business.
 - (2) Name of fronting company, if operating as a reinsurer.
 - (3) Five-year projection of expected gross and net annual premium income by line of coverage (prorate first year).
 - (4) Five-year projection of maximum retained risk (per loss and annual aggregate).
 - (5) Investment policy and schedule of proposed investments.
 - (6) Rating and pricing guidelines and methodologies.

- (7) Reinsurance program.
- (8) Organization and responsibility for loss prevention and safety including the main procedures followed and steps taken to deal with events prior to possible claims.
- (9) Loss experience for past five years, together with projections for the ensuing five years.
- (10) Organization chart.
- (11) Five-year financial projections on an expected and worst case scenario.
- (12) Specimen policy form(s) and declarations page(s).
- (13) If the applicant is a risk retention group, describe how business will be produced (sold by company employees only, agency force, or describe other arrangements) and give details.

CERTIFICATION

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

Signature of Officer or Director: _____

Name & Title: _____ Date: _____