

REQUIREMENTS FOR SUBMISSION OF EXPANSION APPLICATION FOR CERTIFICATE OF AUTHORITY BY FOREIGN AND ALIEN LEGAL RESERVE LIFE COMPANIES

ATTENTION: When submitting Expansion Application to the Department, email Amy Stuart at the email address below for current specific forms to be emailed to you.
Submit a complete and current Expansion Application Via the UCAA Expansion Application on an electronic basis.

Amy Stuart is the contact person for any Life, Accident & Health Expansion Application. Please contact Amy Stuart with any questions regarding this application.

Illinois Department of Insurance
Amy Stuart, Supervisor LAH Corporate
320 West Washington Street – 4th Floor
Springfield, IL 62767-0001

Amy.Stuart@illinois.gov

1. Applicable Laws and Regulations

Illinois Insurance Laws (215 ILCS)
 Illinois Regulations (50 IL. Adm. Code)

The Illinois Insurance Laws and the Illinois Regulations can be accessed at the following links:

<http://www.ilga.gov/legislation/ilcs/ilcs3.asp?ChapterID=22&ActID=1249>

<http://www.ilga.gov/commission/jcar/admincode/050/050parts.html>

2. Stock Companies: (Sections 13 and 111)

Minimum Capital Stock:	\$1,000,000
Minimum Surplus:	\$1,000,000

Or

Mutual Companies: (Sections 43 and 111)

Minimum Surplus	\$2,000,000
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3. Illinois Application for Certificate of Authority (*printed form emailed to you by Amy Stuart*) (Sec. 109).

4. Copy of Articles of Incorporation and all amendments, certified by the proper officer of the state or county under whose laws the company is incorporated (Sec. 110).

5. If an alien company, a copy of the appointment and authority of its United States Manager, certified by a proper officer of the company at its head office; a copy of Appointment of Trustee and Deed of Trust for U.S. Trust funds duly certified by the proper officer of the state of port of entry (Sec. 110 and 138).

6. Copy of By-Laws, certified by the *current* Secretary of the company (Sec. 110).

7. Illinois Appointment of Attorney Form (*printed form* emailed to you by Amy Stuart) authorizing service of process on the Director of Insurance (Sec. 112).
8. Include electronic copy of the Actuarial Opinion, and the Risk Based Capital Analysis on the Five-Year Historical Data Page. Provide the summary page that indicates whether or not the Actuarial Opinion is Unqualified or Qualified.
9. Copy of the most recent Report of Examination which was performed after the company's organization examination, certified by the home state insurance department.
10. Copy of annual audit of financial condition by an independent certified public accountant (50 IL. Adm. Code Part 925). Provide the summary page that indicates whether or not the audit was Unqualified or Qualified.
11. Copy of the current Certificate of Compliance from the home state insurance department.
12. Copy of the current Certificate of Deposit from the home state and or from any other states in which the company is licensed and has placed statutory deposits of securities for All Policyholders and Creditors, in an amount **of at least \$1,500,000 Fair Market Value in Securities**. With the Certificate of Deposit, provide the listing of the Securities on Deposit showing the types of securities, the maturity dates, the CUSIPs, and the Current Fair Market Value of the Securities on Deposit. This Securities listing is required to be provided to the Department to determine if the securities meet the statutory deposit requirements of this state for a company to obtain a Certificate of Authority.

Stock companies: (Sections 26 and 111)
 Mutual companies: (Sections 53 and 111)

13. NAIC Current Biographical Affidavits and Addendums that are sworn and notarized and submitted electronically. Electronic signature and Electronic Notarization are acceptable if electronic signature and notarization were acceptable to the domestic insurance Department. Affidavits should be from **all** officers, directors, and principal stockholders, as well as any individual or individuals who may have any controlling influence in the operation of the company (50 IL. Adm. Code Part 915) – Utilize the current PDF NAIC Biographical Affidavit forms and Addendums (UCAA Form 11) on the NAIC's UCAA page at http://www.naic.org/industry_ucaa.htm

The Department also requires that independent background reports on officers and directors be provided. **Independent Third-Party Background Investigation Reports are required for all officers and directors of the Applicant Organization – see NAIC UCAA website for list of approved third-party vendors to prepare these background reports.** https://naic.org/documents/industry_ucaa_third_party.pdf?37

Background Reports should either be in the Expansion Application, or such background reports can be electronically transmitted to the Illinois Department of Insurance through a secure upload. For instructions on uploading the background reports, email Amy Stuart at Amy.Stuart@illinois.gov

Please be advised, the insurance company must have staff with working knowledge and aptitude regarding Statutory Accounting and Reporting. The National Association of Insurance Commissioners' (NAIC) website at: http://www.naic.org/store_pub_accounting_reporting.htm#app_manual houses pertinent accounting and reporting information, including the NAIC *Accounting Practices and Procedures Manual* and the Annual and Quarterly Statement Blanks.

14. Include the copy of the holding company registration statement if such statement is filed with your domestic state.
15. Illinois Business Plan (Compose the Applicant's Business Plan addressing all of the items in the attached "Corporate Plan of Operations in Illinois")
16. Investment Practices
 - (a) Comment on company's investments, i.e. liquidity, concentration in types of investments or in a single corporation, return on investments, etc.
 - (b) **IF** your company were required to adhere to the Investment Section of the Illinois Code, are you aware of any such Section that your company would violate?
17. Complete the UCAA Questionnaire.
18. Current Management's Discussion and Analysis.
- 19. Non-refundable filing fee of \$5000.00 payable to the Illinois Department of Insurance. Mail check to Amy Stuart at the mailing address on the first page. The Expansion Application review cannot commence until the fee is received.**
20. Any Quarterly Statements filed with NAIC since the most recent Annual Statement.

CORPORATE PLAN OF OPERATIONS IN ILLINOIS – Narrative

Follow this Outline, thoroughly respond to each of the following items when preparing the Narrative to address the Applicant's proposed Business Plan within Illinois:

(Project items (3) years into the future regarding **ILLINOIS OPERATIONS**)

a. Product Lines – types of business to be solicited

- projected volume for each type or line of business
- each type of business as percent share of all types of business in Illinois
- expected market penetration
- descriptions of policies
- size of premium per policy

b. Marketing Strategy

- method of solicitation (agency, brokers, direct mail, etc.)
- expenses of procuring business
- agent/broker compensation (first year, other years)
- definition of market (who and where in Illinois)

c. Breakdown of Operating Expenses

- ratios of expenses to premiums by type of business for solicitation, general expenses, other large sub-items
- summarization for all types of business

d. Copies of any Service or Management Agreements and MGA Agreements and Producer Control Agreements

- explain purpose, duration, etc.

e. Business Expectations

- loss ratios
- comment on differences between experience in other states and expectations in Illinois
- reinsurance protection to be acquired

f. Corporate Plans

- what, if anything, is unique or exceptional concerning this company, or the manner the company plans to service policyholders
- what exceptional contribution can the company make to the Illinois Market Place
- how will the company's premium rates compare to known premium rates in Illinois

g. Surplus Adequacy Considerations

- will RBC levels remain above the company action event level?
- provide RBC projections prepared or verified by a qualified actuary, actuarial firm or certified public accounting firm
- contingency plans for maintaining acceptable RBC level
- extent of outside debt servicing requirements and projections (for mutuals with guaranty fund or guaranty capital)

➤ At http://www.naic.org/industry_ucaa.htm , the **UCAA Expansion Application for Life/Health companies or for Health companies is available. The Three-Year Pro-Forma Financial Statements Excel spreadsheet found in the UCAA Expansion Application should be fully completed and any assumptions utilized should be provided** .