

**DEPARTMENT OF INSURANCE
STATE OF DELAWARE
841 SILVER LAKE BLVD.
DOVER, DELAWARE 19904**

ADMISSION REQUIREMENTS FOR DOMESTIC COMPANIES

GENERAL INFORMATION

1. **INCORPORATION** – Stock and Mutual companies must file a Certificate of Incorporation with the Delaware Secretary of State’s Office, Division of Corporations, pursuant to 8 Del. C. Section 101. A copy of the Certificate of Incorporation certified by the Secretary of State, Division of Corporations, must be filed with the Delaware Department of Insurance.

The above requirement relates only to incorporation, and does not entitle a company to engage in the business of insurance. Such right may be exercised only after the issuance of a Certificate of Authority by the Insurance Commissioner (18 Del. C. Section 505).

2. It is the responsibility of each company to maintain its application and all documents on a current basis. Any amendments to the Articles of Incorporation, By-Laws, changes in financial condition, etc., should be automatically submitted to supplement the pending application. Failure to do so may result in the application being terminated.

3. If the company applying for admission is an affiliate or a wholly-owned subsidiary of a company presently licensed in Delaware for the same lines of business, it is requested that an explanation be given as to the business purpose to be served by the applicant.

4. For authority to write Vehicle, membership in the Delaware Automobile Insurance Plan (Assigned Risk Plan) is required. [21 Del. C. Section 2905]

5. For authority to write Property, membership in the Insurance Placement Facility of Delaware (FAIR Plan) is required. [18 Del. C. Section 4106]

6. For authority to write Workers’ Compensation, membership in the Delaware Compensation Rating Bureau and the Industrial Accident Board is required.

Participation in the Delaware Employers’ Workplace Health and Safety Incentive Program is also required. The program will reward the employer for his/her conscientious efforts in reducing work-related injuries and illnesses by granting a premium credit to employers who maintain a recognizable health and safe workplace. A “healthy and safe workplace” will be determined by an inspection, at the insured’s request, by a licensed consulting firm authorized by the Delaware Department of Insurance. If the employer’s workplace qualifies, then a premium credit would be applied on the next policy anniversary date. A follow-up inspection will be conducted to insure the employer’s continuing compliance. The employer will pay the cost for the inspection.

7. The Delaware Insurance Laws, Rules and Regulations, Related Laws may be purchased from:

BMH Insurance Specialist, L.L.C.
P.O. Box 25130
Wilmington, Delaware 19899
(302) 578-8795

NILS Publishing Company
P.O. Box 2507
Chatsworth, CA 91311
(800)423-5910

8. Deposit requirements are found in 18 Del. C. Section 513. All domestic insurers, except title insurers, must deposit in Delaware a minimum of \$100,000 market value for the benefit and protection of policyholders and creditors. Domestic title insurers are required to maintain \$25,000 market value on deposit. Special deposits for Workers' Compensation (\$100,000 market value) and Surety (\$10,000 market value) are required for the benefit and protection of Delaware policyholders only. The \$10,000 Surety special deposit may be waived if the company has paid in capital and surplus of \$10,000,000 and continually maintain on deposit \$400,000 for the protection and policyholders and creditors.

Section 1503 contains eligibility criteria for deposits. All minimum and special deposits made must be placed under an Escrow Agreement with an established Delaware bank or trust company. [18 Del. C. Section 1504(a)] The Department has a list of banks that have been approved to establish escrow accounts for insurance companies licensed in the State.

If for any reason the market value of an insurer's deposit in this State required under Title 18 falls below the required amount, the insurer shall promptly deposit other or additional assets eligible for deposit sufficient to cure the deficiency. Determination of defiance of deposit rests upon the insurer.

9. Minimum Financial Requirements for issuance of a Certificate of Authority are described in 18 Del. C. Sections 511 and 4906.

10. If admitted, an annual examination by independent certified public accountants of the financial statements reporting the financial condition and the results of operations of insurer is required. This report is due on or before May 30th of each year pursuant to Department Regulation 50 along with:

- 1) the management letter;
- 2) report on internal control;
- 3) certification of loss reserves;
- 4) letter from the accountant stating that the accountant is aware of the provisions of the Insurance Code, Rules and Regulations of the Delaware Department of Insurance, and will express an opinion regarding their conformity to Delaware's statutory accounting practices, and
- 5) a summary of the account firm's expertise relative to the insurance industry.

11. Upon satisfactory review of the requested Admissions items listed on the attached, the Department will conduct an organizational examination at the company's expense and, if satisfactory, will forward the following to the company:

- 1) letter requesting \$100 issuance fee for Certificate of Authority; and annual Fraud Assessment fee of \$550; and**
- 2) request for deposits.**

The company shall complete and forward these items to the Department of Insurance as the final step in the admission process. Upon satisfactory review, a Certificate of Authority will be issued. Certificates of Authority are issued on a permanent basis, but must be continued annually by or on March 1 through payment of the annual continuation fee.

**Contact: Donna Wysopal
Admissions Coordinator
Delaware Department of Insurance
302-739-4251, Ext. 169
dwysopal@deins.state.de.us**

DOCUMENTS REQUIRED FOR CONSIDERATION OF CERTIFICATE OF AUTHORITY

- 1) Delaware Certificate of Incorporation, certified by the Delaware Secretary of State.
- 2) By-laws, certified by Corporate Secretary.
- 3) Statement of financial condition by Independent Accountant.
- 4) Biographical data (form enclosed) on each Officer & Director, and an Equifax Report on each Officer & Director.
- 5) Names of Anticipated Bureau and Statistical Organization Affiliations, if Proposed Property and Casualty Company.
- 6) Admittance Questionnaire (Form D-4 enclosed).
- 7) Completed Application for Insurance Company Certificate of Authority (Form 3P, attached).
- 8) Statement of Proposed Methods of Operation.
- 9) Completed Power of Attorney (form attached).
- 10) Executed Escrow Agreement with a Delaware bank for minimum and special deposits.
- 11) Application fee in the amount of \$700.
- 12) Copy of Reinsurance Agreement(s).
- 13) Receipt of Service of Process (Form D-1, attached).
- 14) Receipt of Bulletins (Form D-2, attached).
- 15) Identification of Location of Principal Office in Delaware.
- 16) If a Reciprocal, Certified Copy of Power of Attorney or Attorney-in-Fact.