

Applicant Name _____

NAIC No. _____
FEIN: _____

Uniform Certificate of Authority Application

QUESTIONNAIRE

For Adding or Deleting Lines of Business to an Existing Certificate of Authority

Directions: Complete **Section I** (questions 1 – 21) for adding new lines of business. Complete **Section II** (questions 22 through 25) for deleting lines of business. Each "Yes" or "No" question is to be answered by marking an "X" in the appropriate space. All questions should be answered. If an applicant denotes a question as "Not Applicable" (N/A) an explanation must be provided. Other answers and additional explanations or details may be provided in writing attached to the affidavit. Please complete this form and file it with the company's application to change lines of business to its Certificate of Authority.

Section I

1. Has the applicant merged or consolidated with any other company within the last five years?

Yes ____ No ____

2. Have any of the following taken place since the date of the company's most recent Annual Statement?

- A. Is applicant presently negotiating for or inviting negotiations for any transaction as described in question 1 above?

Yes ____ No ____

- B. A change of management or control?

Yes ____ No ____

- C. Does the applicant contemplate a change in management or any transaction which would normally result in a change of management within the next 12 months?

Yes ____ No ____

If the answer to any question is Yes, provide the details in writing and attach to the Questionnaire.

3. A. Has the applicant's certificate of authority to do business in any state been suspended or revoked within the last five years?

Yes ____ No ____

- B. Has its application for admission to any state been denied within the last five years?

Yes ____ No ____

- C. Has its application to add lines of business to its Certificate of Authority in any state been denied within the last five years?

Yes ____ No ____

If the answer to any of the above question is Yes, provide the details in writing and attach to the Questionnaire.

Applicant Name _____

NAIC No. _____

FEIN: _____

4. Since the date of the most recent Annual Statement, has any person who is presently an officer, director, or shareholder of applicant, been convicted of, or pleaded guilty, or nolo contendere to, a felony charge for theft, larceny or mail fraud, or of violating any corporate securities statute or any insurance statute?

Yes ___ No ___

If Yes, provide the details in writing and attach to the Questionnaire.

5. Is applicant presently engaged in a dispute with any state or federal regulatory agency?

Yes ___ No ___

If Yes, provide the details in writing and attach to the Questionnaire.

6. Is applicant a plaintiff or defendant in any legal action other than one arising out of policy claims?

Yes ___ No ___

If Yes, provide a summary of each case and attach to the Questionnaire.

7. Has the applicant, within 18 months last preceding the date of this affidavit, entered into any material transactions, as defined in the NAIC Model Law on Material Transactions, with any affiliate, officer, director, trustee, or shareholder which have not been approved in writing by the state of domicile? Material transactions include: loans, transfers of assets, purchases of assets, reductions of liabilities, or reinsurance transactions.

Yes ___ No ___

If Yes, provide the details in writing and attach to the Questionnaire.

8. Please explain the insurer's experience, expertise or background regarding the requested lines of business. This explanation should be specific and include documentation which shows the amount of time the company has written this product, premium volumes, profitability of the company, applicable managerial experience and other information which demonstrates that the company has experience in writing the requested line of business sufficient to satisfy the seasoning or experience requirements of the state in which the application is being submitted.

9. Provide a list of any affiliated parties that will be involved in the marketing, underwriting, servicing, administration, premium financing, claims adjustment or claims payment for the requested lines of business.

10. Provide a detailed description of the applicant's sales techniques for the requested lines of business. The description should include:

A. Information regarding recruitment and training of sales representatives.

B. Identification as to whether the applicant will be a direct writer or will use agents, brokers, or a combination thereof.

C. Explanation of the compensation and control to be provided by the applicant to its agents, brokers or sales personnel.

D. Identification of any specific agency, third party administrator, or managing general agent, and a copy of the agreement.

Applicant Name _____

NAIC No. _____

FEIN: _____

11. For each state in which the applicant is filing, provide the following for the requested lines of business:
- A. The product lines to be sold by the applicant,
 - B. The applicant's marketing plan, including a description of the financial, corporate, or other connections productive of insurance,
 - C. The applicant's current and expected competition (both regionally and nationally) and
 - D. Include a detailed explanation as to how the applicant will develop, purchase, control and supervise its advertising.

A general description of the classes to be transacted is not an adequate response. For example, if the applicant plans to market credit life and disability products tailored for use by credit unions, simply stating that it will transact credit life and disability is inadequate.

12. If a parent, subsidiary, and/or affiliated insurer is already admitted for the classes of insurance requested in the pending application, differentiate the products and/or markets of the applicant from those of the admitted insurer(s).
13. Explain in detail how (a) the applicant's policies will be underwritten, including the issuance of policies and endorsements (b) policies will be cancelled and (c) premiums and other funds will be handled, including:
- A. Identify the entity that will perform each of these functions.
 - B. If personnel performing these functions will be shared with another entity, or if another entity will be performing these functions, provide an explanation of this arrangement.
14. Explain in detail how the applicant will adjust and pay claims.
- A. Identify the entity that will perform the applicant's claims adjusting and claims payment functions.
 - B. If personnel for claims adjusting or claims payment will be shared with another entity, or another entity will be performing the applicant's claims adjusting and claims payment, please explain this arrangement, including any affiliation with the applicant.
 - C. Provide detailed information as to how and by whom claim reserves will be set and modified.
 - D. Does applicant pay any representative given discretion as to the settlement or adjustment of claims under life or disability policies, whether in direct negotiation with the claimant or in supervision of the person negotiating, a compensation which is in any way contingent upon the amount of settlement of such claims?

Yes ___ No ___

If Yes please provide a detailed explanation and attach to Questionnaire.

15. Is applicant a member of a group of companies that shares any of the following:
- A. Common facilities with another company or companies
Yes ___ No ___
 - B. Services (e.g. accounting personnel for financial statement preparation)
Yes ___ No ___

If the answer to any of the above is Yes please provide a detailed explanation and attach to Questionnaire.

Applicant Name _____

NAIC No. _____

FEIN: _____

16. Provide a company-wide (3) year pro forma balance sheet and income statement. For the lines being requested, provide (3) year premium and loss projections by line for the state in which additional lines of business have been requested. Projections should support all aspects of the proposed plan of operation, including reinsurance arrangements and any delegated function agreements. Include the assumptions used to arrive at these projections.
17. Provide an explanation of any reinsurance that will be entered into, or that is currently in place covering the requested lines of business. Provide details and attach to the Questionnaire.
18. Are any of the applicant's policies being sold in connection with mutual funds or investments in securities?
Yes ____ No ____ Not Applicable ____

If Yes, supply details including all sales literature which refers to the insurance and mutual fund or other investment plan connection.

19. If applicant is applying for authority to write Variable Annuities, provide the following:
- a) Copy of any third party management or service contracts
 - b) Commission schedules
 - c) Five-year sales and expense projections
 - d) A statement from the insurer's actuary describing reserving procedures including the mortality and expense risks which the insurer will bear under the contract
 - e) Statement of the investment policy of the separate account
 - f) Copy of the variable annuity prospectus properly filed with the SEC
 - g) Copies of the variable annuity laws and regulations of the state of domicile
 - h) Copy of the variable annuity contract and application
 - i) A description of any investment advisory services contemplated relating to Separate Accounts
 - j) Board of Directors resolution authorizing the creation of the separate account.
20. If applicant is applying for authority to write Variable Life Insurance, provide the following:
- a) Copy(ies) of variable life policy(ies) the company intends to issue
 - b) Name and experience of person(s) or firm(s) proposed to supply consulting, investments, administrative, custodial or distribution services to the company
 - c) Disclose whether each investment advisor i) is registered under the Investment Advisers Act of 1940, or ii) is an investment manager under the Employee Retirement Income Security Act of 1974, or iii) whether the insurer will annually file required information and statements concerning each investment advisor as required by its domiciliary state.)
 - d) Copy of the variable life prospectus properly filed with the SEC
 - e) Statement of the investment policy of any separate account, and the procedures for changing such policy
 - f) Copies of the variable life insurance laws and regulations of the state of domicile
 - g) A statement from the insurer's actuary describing reserving procedures including the mortality and expense risks which the insurer will bear under the contract.
 - h) Standards of suitability or conduct regarding sales to policyholders
 - i) Statement authorizing the creation of the separate account (i.e. Board resolution)
 - j) Statement specifying the standards of conduct with respect to the purchase or sale of investments of separate accounts (i.e. Board resolution)

Applicant Name _____

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21. If applicant is applying for authority to write Life Insurance, has applicant at any time within the last five years, irrespective of changes in management, taught or permitted its agents to sell insurance by using any of the following devices, or representations resembling any of the following:

A "centers of influence" and "advisory board,"

Yes___ No___

B. a charter or founder's policy,

Yes___ No___

C. a profit sharing plan,

Yes___ No___

D. only a limited number of a certain policies will be sold in any given geographical area;

Yes___ No___

E. "profits" will accrue or be derived from mortality savings, lapses and surrenders, investment earnings, savings in administration;

Yes___ No___

F. a printed list of several large American or Canadian insurers showing the dollar amounts of "savings", "profits" or "earnings" they have made in such categories.

Yes___ No___

If the answer to any of the above is Yes, supply a complete set of all sales material including the sales manual, all company instructional material, brochures, illustrations, diagrams, literature, "canned" sales talks, copies of the policies which are no longer in use, list of states where such methods were used and the date (by year) when they were used, the approximate amount of insurance originally written in each state on each policy form thusly sold, the amount currently in force, and the lapse ratio on each form year by year and cumulatively in gross to the present date.

Section II

22. Utilizing the information contained in Form 3 list all of the lines of business that the company requests to be deleted from its Certificate of Authority.

23. Provide a detailed explanation for the company's request to delete these lines of business.

24. For each state, indicate the number of policyholders by line of business that will be non-renewed or cancelled if the company's request to delete lines of business is approved.

Provide documentation that the company has complied with all requirements for removal of lines of business from its Certificate of Authority, and withdrawal from the specified state.