

FREQUENTLY ASKED QUESTIONS

It is important to read the UCAA instructions, FAQs and state charts BEFORE calling the states with questions that can be answered by information found on the UCAA web page.

General UCAA

Question 1: **Suitcase Mutual Insurance Company, a Texas domestic, wants to apply for a Certificate of Authority in Kansas. Which application package should it use?**

Answer: Expansion Application.

Question 2: **Pretzel Insurance Company, a Florida domestic, wants to redomesticate to Indiana. Which application package should it use?**

Answer: Primary Application.

Question 3: **The firm of Dewey, Cheetam & Howe would like to form a new insurer. Which application package should it use?**

Answer: Primary Application.

Question 4: **Offshore Insurance Company, an alien insurer would like to utilize New York as a port of entry. Which application package should it use?**

Answer: Primary Application.

Question 5: **How should I organize the UCAA application?**

Answer: Refer to the instructions on the [UCAA webpage](#) for the specific application type instructions under "How to File". If the application is not prepared in accordance with those instructions, the application will be returned to you.

Question 6: **How does a Prescription Drug Plan sponsor become licensed?**

Answer: In order to become licensed, the PDP must complete a primary application and file the appropriate forms in hard copy to their respective Department of Insurance. The requirements for each state may be located on the NAIC website.

www.naic.org/industry_ucaa.htm or [State Specific Information](#)

For state-specific questions on PDP licensure please contact the state directly:

www.naic.org/documents/industry_ucaa_PDP_State_List.pdf

Question 7: **When two companies are merging, which company is the Applicant Company?**

Answer: The corporate amendment should be filed under the surviving company's name. When filing electronically and both companies are insurers, provide the non-surviving company's name in the drop-down field when a "merger" change type is selected. For internal state purposes, some states requirements deem the Applicant to be the non-survivor. Check State Specific pages for more information.

Question 8: **When filing a merger application and the surviving (Applicant Company) and non-surviving companies are not authorized for the same lines of authority, which application should the Applicant Company use?**

Answer: If the non-surviving company has more lines of business than the surviving company and the surviving company does intend to write those lines, then the surviving company must also select the Adding or Deleting lines of business change type in conjunction to their merger application, requesting the additional lines (Form 3) being transacted by the non-surviving

FREQUENTLY ASKED QUESTIONS

company which the surviving company is not currently authorized to write. If the non-surviving company has more lines than the surviving company and the surviving company does not intend to transact those lines, then a detailed explanation must be provided in a cover letter included with the merger application.

Question 9: What if the Applicant Company (survivor) is not licensed in the same states as the non-surviving entity?

Answer: The Applicant Company (survivor) will need to file an expansion application with the state. If the surviving company does not apply for a license in the non-surviving entity's authorized state, it cannot transact business there and Form 17, Statement of Withdrawal, will need to be filed on behalf of the non-surviving entity.

Electronic Application

Question 10: Which applications can be filed electronically?

Answer: All foreign state applications can be filed electronically. This includes expansion applications and non-domiciliary corporate amendment applications.

Question 11: What are the advantages to completing the UCAA application electronically?

Answer: The electronic application is an information-based application as opposed to a form-based application. This means it will decrease the time and effort in completing the form by pre-populating duplicate information.

Question 12: Our Company name has changed (XYZ Co.) but the electronic application shows the old company name (ABC Co), when is the company name updated?

Answer: Once your company has received domiciliary state approval for the name change and prior to beginning your corporate amendment application, forward a copy of the approval or new certificate of authority via email to Jennifer Heinz at jheinz@naic.org.

Question 13: Company ABC Ins. Co. has merged with XYZ Ins. Co and XYZ Ins. Co. is the surviving insurance company. Should the NAIC be notified before beginning a corporate amendment application?

Answer: Yes, once approval of the merger has been received from your domiciliary state, copies of the approval should be sent to Jennifer Heinz at jheinz@naic.org prior to starting the application.

Question 14: Our Company has redomesticated from Missouri to Kansas, however, the electronic application states that Kansas is not our domiciliary state. When is the domiciliary state updated?

Answer: Once your company has received approval from your new domestic state (KS) for the redomestication and acknowledgement from your old domestic state (MO), the new certificate of authority and approval letter, as well as the acknowledgment should be forwarded to Jennifer Heinz at jheinz@naic.org.

Question 15: Our company is filing a change of control corporate amendment application as a result of a change in our ultimate controlling parent. Should the NAIC be notified of the change prior to beginning the corporate amendment application?

Answer: Yes, copies of the domiciliary state approval, new certificate of authority and a post-acquisition Schedule Y should be sent to Jennifer Heinz at jheinz@naic.org.

FREQUENTLY ASKED QUESTIONS

Question 16: **Why do the forms appear differently in the electronic application than the downloaded forms on the UCAA web site?**

Answer: The electronic application is an information-based application. The forms are broken down by importance and duplicate information is pre-populated into the other forms automatically. To view the form in its entirety, select the view/print/download button on the main menu of the electronic application.

Question 17: **Where do I attach the files for the Public Records Package?**

Answer: If the State does not require original signatures or certified copies then the attachments should be placed in the state specific requirements attachment button. Refer to the State Specific section on the UCAA home page. http://www.naic.org/industry_ucaa.htm

Question 18: **How should a document or attachment be named when uploaded into the electronic application?**

Answer: To reduce a delay in the review of your application, it is extremely important to name your document with the appropriate identifiers. When applying to multiple states include the state abbreviation in the file name, for example: MO_Min_Cap_Surplus, to identify the minimum capital and surplus requirements for the state of Missouri. It is also important to include this title on the actual document; either as a footnote or header identifying the document when printed, so it is easily identifiable.


For Example: Form 8_Q15 (E) to indicate a response to Form 8 Questionnaire, Question 15, Part E.

Question 19: **Should the President, Secretary or Treasurer each have a separate login to complete the electronic signature in the UCAA application on Form 2 and Form 12?**

Answer: The instructions state that one of the three officers must sign and attest to the application form (Form 2) and the Form 12 and Resolution require officer signature. The electronic application requires a signature by mark. The officer may have a separate log in or the company representative may complete the signature by mark on behalf of the officer.

Note a copy of Form 2 or 12 can be printed and signed by the officer to be retained for your company records.

Question 20: **Can an application be deleted from the electronic application?**

Answer: Prior to submission, an application can be deleted by clicking on the trashcan icon  on the Application Selection screen.

After the initial submission, applications cannot be deleted.

Question 21: **Can additional change types be added to a Corporate Amendment application?**

Answer: No. The Change Type Selection screen is available the first time you "Start" a Corporate Amendment application. If you need to add more change types to your application, then you should delete the existing application (if prior to submission) and begin a new one to include the necessary change types.

FREQUENTLY ASKED QUESTIONS

Amending the Electronic Application

Question 22: When should I amend an application?

Answer: An application should be amended if your update changes the information on any UCAA form, the proforma or corporate record, not including state specific forms. When amending the application please note the following important information:

- 1) The amendment explanation will be included in the body of the email notification that is sent directly to all states included in the original application.
- 2) Once your changes have been made to the application, you must return to the Main Menu and “Finish” the application. All applications in amended status are NOT viewable by the state(s), this means that your application is not being reviewed.

Question 23: I applied to multiple states and I’ve been requested to provide an updated attachment for a particular state even though half of the other states have already approved the application, should I amend the application for only one state?

Answer: No, when an electronic application is amended, the amendment will be for all states included in the original application. Keep in mind that the UCAA email can be sent to a particular/specific state with the attachment.

Form 1 – Checklist

Question 1: What does the section and item number mean on the Primary, Expansion and Corporate Amendment application checklist?

Answer: The section refers to the filing requirement for each application type in the corresponding instructions. The item number corresponds with the Table of Contents under the filing requirements. It is important to always read the application instructions prior to beginning an application.

Form 2 – Application

Question 1: What if the surviving company wants to change its name to incorporate the names of both merged companies?

Answer: The Applicant Company should also select the “name change” option for the corporate amendment change type. The new company name should be included on Form 2C for proposed new name of surviving Applicant Company.

Form 3 – Lines of Business

Question 1: When selecting “adding a line of business” can the Applicant Company select any line they wish to write in the foreign state?

Answer: The Applicant Company should select lines of authority that they are authorized to write in their domestic state.

Question 2: When requesting to delete a line of business in my domiciliary state, should I notify the foreign states if I’m licensed for the same line of business in the foreign state(s)?

Answer: Yes, you should notify the foreign state via a corporate amendment Delete Lines of Business application. You must maintain authorization in your domestic state for any line you are authorized to transact in a foreign state.

FREQUENTLY ASKED QUESTIONS

Form 6 – Certificate of Compliance

Question 1: Where do I attach the Certificate of Compliance (Form 6)?

Answer: The Certificate of Compliance (Form 6) should be attached via the State Specific attachment button if your domiciliary state does not automatically complete it electronically. Refer to the [Certificate of Compliance and Certificate of Deposit Requirements chart](#). The application checklist will only acknowledge Form 6 if it has been attached or completed electronically by the domiciliary state, not via the state specific attachment button.

Form 7 – Certificate of Deposit

Question 1: Where do I attach the Certificate of Deposit (Form 7)?

Answer: The Certificate of Deposit (Form 7) should be attached via the State Specific attachment button if your domiciliary state does not automatically complete it electronically. Refer to the [Certificate of Compliance and Certificate of Deposit Requirements chart](#). The application checklist will only acknowledge Form 7 if it has been attached or completed electronically by the domiciliary state, not via the state specific attachment button.

Form 8 – Questionnaire

Question 1: Regarding the Questionnaire, there are several questions that require a detailed explanation. Can I respond by saying, “Refer to the Narrative and/or to the Plan of Operation”?

Answer: The goal of a Uniform State is to process a UCAA application within a specified timeframe. The timeframes vary depending on the type of UCAA application. Much time is lost when the reviewing state has to search for an answer to a very specific question. Please respond to these specific questions by attaching a written explanation to the Questionnaire, which references the item number in the Questionnaire.

Question 2: Why is the electronic Questionnaire numbered differently than the downloaded version on the UCAA web site?

Answer: The Questionnaire in the electronic application does not provide a question for the Proforma. There is an attachment button specifically for the Proforma. The hardcopy will have an additional numbered question than the electronic Questionnaire.

Form 11 – Biographical Affidavit

The information contained in the Biographical Affidavit is used to validate the educational, employment and criminal history of the Affiant. The results of the validation process are used by the State Insurance Departments to assess competency, character, experience and integrity of the personnel responsible for the insurer. An Independent Third-Party, chosen by the Affiant from the list of vendors located on the [UCAA website](#), performs the validation/verification process, and submits the results directly to the State Insurance Department(s) in the form of a Background Investigative Report.

Note, failure to disclose certain items in the Biographical Affidavit may increase the processing time of an application and slow an insurer’s speed to market. When in doubt, always disclose. If there is any doubt about the accuracy of an answer, the question should be answered in the positive and an explanation provided.

FREQUENTLY ASKED QUESTIONS

Question 1: Should I submit the UCAA Application even though it is not complete? We expect the independent verification of the NAIC Biographical Affidavits within three to four weeks.

Answer: The cover letter should indicate the that third-party verification reports should be delivered by XX date. Verification reports should be delivered directly to the DOI within 4 weeks from the submission date of the application.

Question 2: XYZ Insurance Company is part of a holding company whose stock is traded on the New York Stock Exchange (NYSE) or the NASDAQ stock market. According to the Proxy Statement of the holding company, a corporate entity owns 10% or more of the shares of stock of the holding company for investment purposes only. How do I file the biographical affidavits for this entity's officers and directors?

Answer: A company has two choices: 1) provide biographical affidavits from each of the officers and directors of the corporate entity owning the shares; or 2) provide a copy of the Disclaimer of Control and Approval that were filed with the domiciliary regulator. A disclaimer generally consists of disclosing all manners of affiliation, including 1) the number of authorized, issued and outstanding voting securities held, 2) the number and percentage of shares of the holding company's voting securities that are held of record or known to be beneficially owned by the person (or corporation) disclaiming control and all affiliates, and the number of such shares concerning which there is a right to acquire, directly or indirectly; 3) all other relationships and bases for affiliation between the holding company and the person (or corporation) disclaiming control and all affiliates of such person, including material contracts; and 4) a statement explaining why such person should not be considered to control the insurer. This information may have been previously filed with the Applicant Company's domiciliary state as part of the insurer's Holding Company Act Form B registration statement. If biographical affidavits are not provided, the reviewing state may request them during the course of the review.

Question 3: Who must submit the NAIC Biographical Affidavit and why is it necessary?

Answer: The NAIC Biographical Affidavit must be submitted on behalf of all officers, directors and key managerial personnel of the Applicant Company and individuals with a ten percent (10%) or more beneficial ownership in the Applicant Company or the Applicant Company's ultimate controlling person ("Affiant"). It is used to evaluate the suitability of the Affiant in connection with an Applicant Company's pending or future application(s) for licensure or a permit to organize with an Insurance Department in one or more states.

The information contained in the NAIC Biographical Affidavit is used as a tool to perform an independent third-party verification where certain items must be verified. The independent third-party verification may contain information bearing on the Affiant's character, general reputation, personal characteristics, mode of living and credit standing. The independent third-party verification shall be utilized to create a background report (the "Background Report").

An exception to the requirement for biographical affidavit is that individuals with a ten percent (10%) or more beneficial ownership in the Applicant Company or the Applicant Company's ultimate controlling person ("Affiant") should provide a copy of the Disclaimer of Affiliation/Control filed with the domiciliary state for the corporate entity and the action taken by the domiciliary regulator. A disclaimer generally consists of disclosing all manners of affiliation, including 1) the number of authorized, issued and outstanding voting securities held, 2) the number and percentage of shares of the holding company's voting securities that

FREQUENTLY ASKED QUESTIONS

are held of record or known to be beneficially owned by the person (or corporation) disclaiming control and all affiliates, and the number of such shares concerning which there is a right to acquire, directly or indirectly; 3) all other relationships and bases for affiliation between the holding company and the person (or corporation) disclaiming control and all affiliates of such person, including material contracts; and 4) a statement explaining why such person should not be considered to control the insurer. This information should have been previously filed with the company's domiciliary state. If biographical affidavits are not provided, the reviewing state may request them during the course of the review. Refer to the state specific information link for states that cannot accept the domiciliary state's disclaimer.

Question 4: What type of information is requested in the NAIC Biographical Affidavit?

Answer: The NAIC Biographical Affidavit requests information with respect to your employment history, education, personal information and character.

Question 5: Can the Applicant Company use the same biographical affidavit previously submitted by an affiliate within the same group?

Answer: No, a separate biographical affidavit is required for each Applicant Company within a group. The biographical affidavit must include the company name, NAIC company code and FEIN.

Question 6: Can a biographical affidavit and third-party background report more than six months old be used in a new application?

Answer: No, biographicals and background checks more than six (6) months old are not acceptable and a newly completed biographical affidavit with a current date must be submitted. Biographical affidavits signed within six months of the application submission date may be used for new applications for the same Applicant Company. If you are submitting an application for an affiliated company a new biographical affidavit would be required.

Question 7: Which Disclosure & Authorization Form should be utilized?

Answer: The NAIC Biographical Affidavit includes three types of Disclosure & Authorization Forms. There are three different Disclosure & Authorization Forms since certain state laws, regulations and rules require different kinds of disclosures and wording within such form. An Affiant must sign the corresponding Disclosure & Authorization Form(s) for the respective state(s) where the affiant has lived or worked within the last ten (10) years. Refer to the Disclosure & Authorization Forms for further information.

Question 8: Is the biographical affidavit required to be notarized when the affidavit is signed?

Answer: Yes, the date of the affiant's signature and the date of the notary's signature should be the same date.

Question 9: How long is the Disclosure & Authorization Form valid?

Answer: The Disclosure & Authorization Form is valid for a maximum of six (6) months and, in certain instances, only valid for one pending application. Additionally, an Affiant may revoke the authorization at any time by delivering a written revocation to the applicant. Refer to the Disclosure & Authorization Form for further information.

Question 10: Are the Background Reports subject to the Fair Credit Reporting Act?

Answer: The Background Reports are subject to the federal Fair Credit Reporting Act ("FCRA"). Pursuant to FCRA, the state departments of insurance and an applicant who is seeking

FREQUENTLY ASKED QUESTIONS

admission are considered “users” of consumer reports. The FCRA requires that the Affiant be provided with a copy of the “Summary of your Rights Under the Fair Credit Reporting Act.” Applicants should provide a copy of the “Summary of your Rights under the Fair Credit Reporting Act” to each Affiant. This summary can be found at the Federal Trade Commission (“FTC”) website at <https://www.consumer.ftc.gov/articles/pdf-0096-fair-credit-reporting-act.pdf>

Applicants and state Insurance Departments are required to comply with FCRA, especially as it relates to confidentiality of the information contained in such consumer reports. To the extent required by law, the Background Reports procured under the Disclosure & Authorization Form should be maintained as confidential. A copy of FCRA can be found at: <https://www.ftc.gov/enforcement/rules/rulemaking-regulatory-reform-proceedings/fair-credit-reporting-act>

Question 11: Who is permitted to receive a copy of the Background Report?

Answer: The Background Report may be received by an Insurance Department in any state where an Applicant Company files or intends to file an application, and to the applicant. Affiants, who desire a copy of their Background Report, may request a copy from the applicant or the consumer reporting agency (“CRA”) as indicated on the Disclosure & Authorization Form. Refer to the Disclosure & Authorization Form for further information.

Question 12: Is any other information or documentation required to be submitted to a state Insurance Department?

Answer: Please check the Fingerprint and Biographical Affidavit Requirements chart [\[PDF\]](#) or state specific information for additional requirements. If applying in a state(s), necessary fingerprint cards and processing fees should be included.

Original NAIC Biographical Affidavits, which contain the Disclosure & Authorization Form, should be submitted to the state Insurance Department(s) as Item 13 of your application.

Question 13: What is an Independent Third-Party?

Independent Third-Party is defined as:

- (a) A consumer reporting agency (“CRA”) by the Federal Trade Commission (“FTC”) and therefore subject to the FCRA;
- (b) Has the ability to perform international background investigations;
- (c) One whose officers and directors have no material affiliation with the applicant other than stock ownership amounting to less than 1% of total stock outstanding, unless prior approval is given by the department of insurance to which application is being made; and
- (d) Has agreed to comply with the NAIC Background Reporting Best Practices and Guidelines.

Question 14: Does it matter which agency I use for obtaining an independent third-party background report?

Answer: Only an agency listed on the NAIC/UCAA website (Third-Party Vendors for Background Reports) can be used. It is the applicant’s responsibility to choose an appropriate agency from the NAIC list; one whose officers and directors have no material affiliation with the applicant other than stock ownership amounting to less than 1% of total stock outstanding, unless prior approval is given by the department of insurance to which application is being made. All agencies on the list have been vetted and approved by the Biographical Third-Party

FREQUENTLY ASKED QUESTIONS

Review (E) Subgroup. The state should reject the background report from any agency not listed on the NAIC list and it will be the applicant's responsibility to obtain an approved vendor.

Question 15: Is it necessary to submit the NAIC Biographical Affidavit for a new officer, director or key managerial position?

Answer: Some of the states require the NAIC Biographical Affidavit for a change in key managerial positions or for a new officer or director. Please refer to the chart located on the NAIC website for Fingerprint and Biographical Affidavit Requirements. Requirements after licensure are listed on the right-hand side of the chart.

Question 16: The NAIC Biographical Affidavit was recently amended, will the states still accept the previous version, or will I need to redo all previously completed biographical affidavits?

Answer: The uniform states are aware that, from time to time, the forms may be amended by the National Treatment and Coordination (E) Working Group and that a transition period is necessary when affiants are in the process of submitting an application and affidavit(s) were completed prior to the revision date. The states should accept the form up to twelve (12) months from the revision date, when applications are in process or submitted prior to the revision date. Use the revised biographical affidavit form for all applications started on or after the form's revision date.
Refer to the UCAA website for a list of Independent Third-Party Vendors for Background Reports.

Question 17: Where do I attach the Biographical Affidavit within the electronic application?

Answer: Any attachment button can be used to attach the Biographical Affidavit. Be sure to name your files appropriately so they are easily identified. The file name should include the title of the affiant, i.e. officer, director, etc.

Completing the Biographical Affidavit

Question 18: Is it acceptable to leave a question or item blank if I don't know the answer, or if the question or item does not apply, or that the answer is none?

Answer: No, you must answer **each** and **every** question or item. If the answer is none, state "None". If the question or item does not apply, then state, "Not Applicable" or "N/A". By not responding to each question or item, you risk the various State Insurance Departments requesting an affidavit from you regarding your having not responded to that question or item. A deficient or incomplete biographical affidavit submitted for a Background Report could result in a delay of the application review process.

Question 19: I am completing a primary application. We do not yet know the address and telephone number of the insurer. What information should I include?

Answer: Following the name of the present or proposed entity, insert, "To be determined" as your answer.

Question 20: The form does not allow enough space to respond to the questions or items. What should I do?

Answer: Addendum pages are included and are to be used for additional responses carried over from the affidavit. Cross-reference and label your responses to the biographical affidavit question or item number. Addendum pages should be signed by the affiant.

FREQUENTLY ASKED QUESTIONS

If attachments are included as addendums, then attachments must also be labeled accordingly and signed by the affiant.

Question 21: When the question or item requires that I attach a copy of the complaint or settlement document or other similar document, do I need to just include it with the Biographical Affidavit?

Answer: Yes, but also indicate a cross reference on the document to the question or item in the Biographical Affidavit.

If attachments are included as addendums, then attachments must also be labeled accordingly and signed by the affiant.

Biographical Affidavit Questions:

Item 1a

Question 22: I never utilize my full name. I always utilize my initials when signing documents in an official capacity. No one would recognize me if I complete the form as indicated.

Answer: You must complete the form in the manner as indicated; that is, full name, no initials.

Item 2a

Question 23: I was a citizen of the United States and moved to another country where I am now a citizen. I don't know if I am still a citizen of the United States or not. How should I respond to this question?

Answer: You need to research the matter and provide a response.

Item 2b

Question 24: I have citizenship in several countries. Do I have to list all of the countries?

Answer: Yes, even though the question may only allow for the listing of one country.

Item 3

Question 25: I have several occupations. Item 4 of the Biographical Affidavit does not appear to allow for this. How should I respond?

Answer: If there is not room in the space to list your other occupations, you may provide a supplemental sheet cross-referencing the item number, i.e., Item 4.

Item 4

Question 26: I have several businesses with various addresses, but primarily work out of my home. Which address or addresses should I utilize?

Answer: The address or addresses where the business or businesses are actually located.

Question 27: I primarily work out of my home in New Jersey, though the business is located in New York. Which telephone number should I utilize?

Answer: The telephone number(s) where you receive and make your business calls.

Item 5

Question 28: I do not recall the exact dates that I attended college. Can I just guess?

FREQUENTLY ASKED QUESTIONS

Answer: No, because if you guess and are wrong, when the service that provides an independent certification of your Biographical Affidavit, or the independent third-party vendor completing the background report, verifies the information and submits their findings to the State Insurance Departments, a discrepancy will be noted. You may be required by the various State Insurance Departments to submit a notarized affidavit explaining the discrepancy; an unnecessary request had you researched the matter before guessing.

Question 29: What should be listed in “Other Training”? For example, I took some classes and received a certification to administer CPR and also to teach aerobics. Should I list this training?

Answer: Apply judgment in your response. The intent is to list professional training. For example, you took a training class and exam(s) to become a licensed Financial Planner.

Question 30: I do not recall the telephone number of the foreign school that I attended. Can I just leave this information off the form?

Answer: No, you need to respond to the question or item completely, even if it involves research.

Item 6

Question 31: I used to be a member of a professional association. Do I still need to list the name of the association even though I am no longer active?

Answer: No.

Question 32: I am not a member of a professional society or association. Can I just leave this item blank?

Answer: No, you must fill in a response to each question or item on the form. Remember; utilize “N/A”, if not applicable, or state, “None”, if your answer is none.

Question 33: I am active in my community and am a member of several community associations. Do I list them all?

Answer: No, only list memberships that pertain to your current or past occupation. State “None” if your answer is none.

Item 7

Question 34: I have been asked to be a director of the company, I anticipate being named an officer in the immediate future. How should I respond to this item?

Answer: List your position(s) as of the date you signed the biographical affidavit.

Item 8

Question 35: I do not want my current employer to be contacted as part of the verification or background investigative process. Do I still have to provide the information?

Answer: Yes.

Question 36: I do not have the fax number or telephone number of the entity that I worked for 18 years ago. I do not even know if the entity is still in business. What should I do?

Answer: Again, research the matter and provide a response for each blank in the question or item. If you cannot locate the information, then state so in your answer; do not leave the question or item blank.

FREQUENTLY ASKED QUESTIONS

Item 9a

Question 37: It was 20 years ago that I was in a position that required a fidelity bond and there was a claim made on the bond, but I was not personally named in the claim. Do I have to disclose the information?

Answer: Your response should indicate you were in a position that required a fidelity bond. Then, you should disclose the claim and indicate that you were not personally named in the claim.

Item 10

Question 38: I do not know the telephone number of the Securities and Exchange Commission. Can I just leave the space next to Non-Insurance Regulatory Phone Number blank?

Answer: No, please research the matter and provide a response.

Question 39: Thirty years ago, I held a Broker's license while I was working at Lloyds of London. I do not recall the license number, whether it has expired, the address of the issuer or the license, etc. Should I reflect this license on the form, even though I have such limited information surrounding the license?

Answer: Yes, provide as much information as possible, and also research the matter as best as you can. After completing your research, to those items that still do not know the answer to, just indicate you do not know.

Item 11d

Question 40: Over 30 years ago, when I was a teenager, I was arrested and charged with Driving Under the Influence ("DUI"). Do I have to disclose this?

Answer: If the arrest occurred in a jurisdiction that did not deem the DUI charge a civil traffic offense, but a criminal offense, you would need to disclose. In many states, a DUI is not considered a civil traffic offense, but a criminal offense.

Question 41: When I was 19, I walked out of a store with an item, it was an accident, but I was charged with shoplifting. The charges were ultimately dropped, and I believe my record was expunged and besides, it happened so long ago when I was a youngster. Do I need to disclose?

Answer: If you know for a fact that your record was expunged, you do not need to disclose this information. If you are not sure if the record was expunged, it is best to disclose, and the fact that you were 19 is irrelevant.

Item 11h

Question 42: We had an employee that sued the company five years ago regarding alleged unpaid wages. The company was named in the suit, as well as me and two other directors. Do I need to disclose this matter?

Answer: Yes, you were named. The instructional paragraph to item 12 of the Biographical Affidavit says, "Have you ever".

Item 11i

Question 43: I was personally involved in violating a small loan law, not intentionally; however, an official other than the Comptroller alleged the violation. Do I need to disclose this matter since the party alleging the violation was not a "Comptroller", per se?

FREQUENTLY ASKED QUESTIONS

Answer: Absolutely, disclose the information.

Item 11j

Question 44: When I went through my divorce, a foreclosure action was filed against me and my wife with regards to our home. It was not all my fault. Do I need to disclose this, especially since my wife was also named?

Answer: Yes.

Item 12

Question 45: I have established a Trust for each of my minor children to hold the stock of our family owned insurance company until they are 21 years of age. There are three children, and each child holds 13% of the stock. I am just Trustee, my ownership is 5%, but I can vote the children's stock. Do I have to disclose this?

Answer: Yes, you as an individual have the ability to vote 10% or more of the outstanding stock.

Item 13

Question 46: Within the holding company system, I own shares of stock of our Claims Management Company, a Managing General Agency, A Risk Management Company and a Computer Software Company. What do I need to disclose, if anything? My direct ownership percentage is 5% for each entity. Do I need to disclose anything?

Answer: No, refer to the definition of control in item 13 of the Biographical Affidavit.

Item 14

Question 47: I am personally in the midst of a bankruptcy proceeding at this time. Do I need to disclose the proceeding; it is still ongoing.

Answer: We suggest you disclose, and indicate the proceeding is ongoing.

Item 15a

Question 48: Prior to my being promoted to a key managerial position within the company, the company had its Certificate of Authority denied in Puerto Rico. This occurred six months ago. My promotion occurred last month. Do I need to disclose this information?

Answer: No, because at the time of the denial, you were not in the managerial position.

Item 15b

Question 49: Six months after I left the XYZ Insurance Company, where I held the position of Director, the company had their Certificate of Authority suspended, but it occurred twelve (12) years ago. Do I need to disclose?

Answer: Yes. The instructional paragraph to item 16 of the Biographical Affidavit would require that you disclose because the event occurred within twelve (12) months of your departure.

Item 15c

Question 50: Do I need to disclose market conduct fines imposed by the various State Insurance Departments? We had an incident where we utilized an unapproved form; 12 states fined us. This is a lot of information to disclose. What should we do?

Answer: Disclose.

FREQUENTLY ASKED QUESTIONS

Biographical Affidavit Questions – Supplemental Personal Information:

Item 2a

Question 51: **I have been married several times. Do I have to list all my former names?**

Answer: Yes, answer the question completely.

Item 2b

Question 52: **Do I need to include just my nickname? For example, my peers know me as J.R., not John Robert Smith. Do I need to just fill in J.R. or J.R. Smith?**

Answer: J.R. Smith

Question 53: **I have utilized several aliases throughout the years. I prefer to keep this information confidential. Am I required to disclose this information?**

Answer: Yes.

Form 12 – Uniform Consent to Service of Process

Question 1: **Is an email address required on Form 12?**

Answer: Yes. If the form asks for an email address, then the applicant should provide one.

Question 2: **What information should be included on Exhibit B of the Uniform Consent to Service of Process?**

Answer: Refer to Exhibit A for the Consent to Service of Process for the state requirement. If required, provide the resident agent information; otherwise, include the company's home/statutory address if the state insurance commissioner is to receive the Service of Process on Exhibit B. This is the contact information that will be used to forward the Service of Process to the company.

Question 3: **What do the dates mean on the Resolution Authorizing Appointment of Attorney?**

Answer: The resolution date is the date that the Board of Directors gave authority, unless otherwise stated, to the president or secretary of the company to authorize the Uniform Consent to Service of Process. The resolution adopted effective date is the same date as the resolution date or date designated by the Board of Directors. The authorization date is the date that the Board of Directors met and would be included in their minutes. The authorization date could be the same or different than the resolution date and resolution adopted effective date.

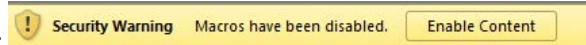
Form 13 – Proforma

The proforma is one of three components in the Plan of Operation. The information contained within the proforma is used to project balance sheet and income statement amounts for companies who are forming a new insurer or redomesticating to a new state (primary application), expanding into a new state (expansion application) or amending their certificate of authority (corporate amendment – adding lines of business or merger of two or more foreign insurers). The proforma should include three full years of projected data that is relevant to the Applicant Company's history of growth and losses. The proforma excel spreadsheets and additional instructions are included on the [UCAA website](#).

FREQUENTLY ASKED QUESTIONS

Intro Tab:

Question 1: What does the Security Warning at the top of the worksheet mean? or Do the Macros have to be enabled to use the worksheet?



Answer: The proforma workbook runs macro functions to create each state worksheet. Yes, click on the “Enable Content” button to run the necessary macros.

Question 2: Where and what years are entered for the proforma being completed? What years should I enter for the projections?

Answer: The Intro tab lists a table for years 1-3. Enter the first full year YYYY in the Year 1 line. The Year 2 and Year 3 will then populate with the next two consecutive years. These years will populate to the other pages of the proforma workbook.

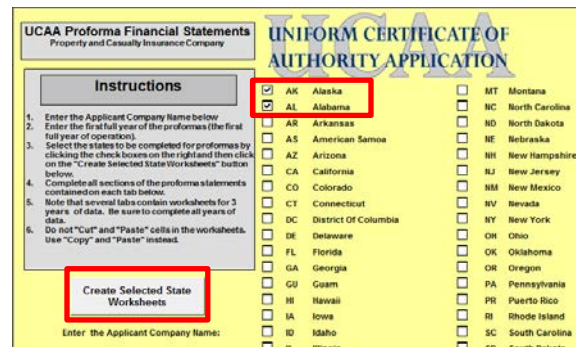
Year 1:	2017
Year 2:	2018
Year 3:	2019

For example, if 2017 is entered in Year 1, then Year 2 and Year 3 will populate with 2018 and 2019.

Question 3: How are the individual state pages created for premiums and losses?

Answer: Select the check box next to each applicant state.

After selecting the states, click on the Create Selected State Worksheets button. This will run the macros and create an individual state page for selected state.

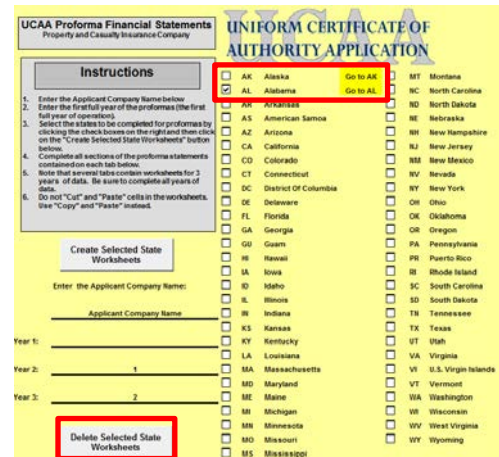


Hyperlinks will also be listed next to each state name on the Intro tab that will take the user directly to that state worksheet.

Question 4: How do I delete a state page?

Answer: If a state page is created in error, click on the check box of the state that needs to be deleted and then click on the Delete Selected State Worksheets button.

A warning screen will display, with an x next to the state(s) that are to be deleted. Confirm that the state page should be deleted. Click Yes to confirm. The macros will run and the selected state(s) page(s) will be removed.



Balance Sheet:

Question 5: What does the balance sheet provide?

Answer: The balance sheet provides regulators with a high level review of the type and quality of assets that the Applicant Company holds, including the asset mix and liquidity levels and liabilities.

FREQUENTLY ASKED QUESTIONS

Question 6: Should projected reserves be included?

Answer: Projected reserves should be provided in concert with the appropriate actuarial methodologies and provided assumptions.

Question 7: What should the Capital and Surplus amounts reflect?

Answer: Capital and surplus amounts should meet the requirements of the applicant state(s) where the Applicant Company is seeking admission or licensure. It is recommended that the Applicant Company's initially funded capital and surplus reflect the amount needed in its first year of projected data. Be advised, that a state's required minimum capital and surplus quality is cash or cash equivalents and should be considered non-working capital. Funds in excess of the minimum capital requirements needed to operate the Applicant Company i.e. claim payments, claim handling expenses, and any other expenses that may be required prior to admission/licensure.

Question 8: Is a projected Risk Based Capital (RBC) required?

Answer: Yes, the total capital and surplus and authorized control level amount must be included on the balance sheet page. These amounts will then be used to calculate the projected RBC ratio. Any RBC ratio below 300% will be considered a hazardous financial condition

P & L Statement:

Question 9: Are expenses included in the P&L page?

Answer: Yes, the nationwide P&L page should include the expenses.

Premium Ratios:

Question 10: What is the purpose of the Premium Ratio worksheet?

Answer: Premium ratios are an important regulatory tool that allows regulators to analyze and evaluate the Applicant Company's writing leverage and how much an Applicant Company relies on reinsurance.

Question 11: What should be included on the assumptions page?

Answer: The assumptions page should include the name and credentials of the person preparing the projections.

The health proforma should include a schedule, charges or other information that addresses the rates and premiums used to establish written and earned premium.

Question 12: What should be included on the state pages?

Answer: For Expansion and Primary applications, the state pages should include all of the lines of business in which the company is applying for permission to write. For corporate amendment applications, the state pages should include all business that is currently being written and any lines that are being applied for permission to write.

Nationwide Premium by LOB (Aggregate of Authorized & Expansion/Add LOB):

Question 13: What should be included in the nationwide page?

Answer: The nationwide page will calculate automatically based on the authorized and state page worksheets. The authorized and state tabs include projected premiums by line of business for a three-year period for those states in which the company is already licensed

FREQUENTLY ASKED QUESTIONS

and authorized to write business and three years of projected premiums by line of business for those states in which the company is applying to be licensed and authorized.

Question 14: **What should be included in the nationwide projections?**

Answer: Nationwide Premiums by LOB (as expressed by line of business) should support the aggregate numbers reflected in the projected financial statements as an aggregate of projected activity in all States (both where the Applicant Company is applying and actively operating).

Question 15: **What information should be included in the state pages?**

Answer: Each state's projection (State Tab) as expressed by line of business should reflect activity only relevant for the state(s) where the Applicant Company is applying. Each state tab represents the business that is being applied to write and/or the company is authorized to write will be written in that state. Each applicant state is concerned with their individual state and the overall nationwide business of the Applicant Company.

Tips and Tricks

Question 16: **What if a state requires more than three years of projected data?**

Answer: If an applicant state requires more than three years of projected data, add the remaining years to a separate proforma workbook for that state.

Question 17: **Our company plans to begin writing business on June 1. What years should be used in the proforma?**

Answer: The proforma should include three full years of business. The state may want a partial year projection if the company plans to write for a partial year. An additional explanation on when the company plans to begin writing business can be included in the assumptions section of the proforma and in the plan of operation.

Question 18: **Is a proforma needed for a Corporate Amendment – Deleting Lines of Business application?**

Answer: A proforma is not required for a Corporate Amendment – Deleting Lines of Business application unless specifically requested by the applicant state. However, the Applicant Company must prove/indicate that all liabilities related to that line of business have been extinguished prior to applying for deletion of the line.

Question 19: **Why is the proforma needed for a Corporate Amendment – Merger of Two of More Foreign Insurers application?**

Answer: The proforma is needed to show the assets, liabilities and writings of the merged surviving company. It should reflect the increase in liabilities taken on by the surviving company.

Question 20: **Our company is licensed in only one state but writes business as a surplus line's insurer in other states. We are now looking to expand into a new state as a licensed insurer. Should we only include business written for the states in which we are licensed, or should we also include the business written as a surplus line's insurer in the proforma?**

Answer: Include all business written, including business written on a surplus line's basis. For regulatory review purposes, all business written that affects the insurer's bottom line should be included in the proforma.

FREQUENTLY ASKED QUESTIONS

Question 21: Who should complete the proforma?

Answer: The proforma should be completed by statutory accounting or financial reporting professionals that should be available to answer any questions or concerns from reviewing regulatory staff.

Question 22: How long is the proforma valid?

Answer: Proformas should be valid during the course of the review but may be used by regulators to compare an Applicant Company's performance following admission/licensure. The proforma should be submitted based on current estimates projecting the first three years of business. If the application review continues into the following year, or other changes occur, new financials and proforma information may need to be submitted to the state.

Question 23: What proforma workbook should be used?

Answer: The proforma workbook used should be the same business type as the financial statement blank filed with the NAIC. ([Primary Application](#); [Expansion Application](#); [Corporate Amendment Application – Adding Lines of Business](#); [Corporate Amendment Application – Merger of Two or More Foreign Insurers](#))

Question 24: Why are the spreadsheet cells password protected in the Proforma?

Answer: The proforma worksheet is a somewhat complicated form and it is extremely important not to accidentally overwrite the existing formulas. If copying or importing information into the proforma from another document, be sure to copy and "paste special" instead of just "paste". Paste special will allow the option of selecting paste values only instead of paste formula. If paste is used the formulas imbedded in the excel spreadsheet will not work and you will need to begin the process over again or email your excel workbook to the NAIC to be reconfigured.

Form 14 – Change of Address/Contact Notification Form

Question 1: Is an email address required on Form 14?

Answer: Yes. If the form asks for an email address, then the applicant should provide one.

Question 2: When submitting a Change of Statutory Home Office Address Corporate Amendment can a Change of Address/Contact Notification (Form 14) also be submitted within the same application?

Answer: Form 14, Change of Address/Contact Notification is a separate electronic application, but it can be included as an attachment for a Change of Statutory Home Office Address Corporate Amendment electronic application. Form 14 is located on the UCAA Web site as a Word doc. Complete this form, save to your hard drive and attach using the State Specific attachment button.

Question 3: Do I list my company phone number for change of mailing address on Form 14, Change of Mailing Address/Contact Notification Form?

Answer: No, list the company's main administrative phone number. This should be the same number that is listed on the Jurat page of your company's financial filings.