

# UNIFORM CERTIFICATE OF AUTHORITY APPLICATION

## EXPANSION APPLICATION

The Expansion Application to the Uniform Certificate of Authority Application (UCAA) is for use by an Applicant Company that wishes to expand into one or more Uniform States. The Applicant Company may file Expansion Applications simultaneously in as many states as desired. Prior to submitting an application in a foreign state, the Applicant Company should inform the state of domicile of its plans in the foreign state(s).

Based on the circumstances of a particular application, it may be necessary for the reviewing state to request additional information.

The UCAA Expansion Application has three sections designed to guide the Applicant Company through the admission process:

- I. [Application Review Process](#)
- II. [Filing Requirements](#)
- III. [How to File](#)

The goal of the UCAA is to provide a streamlined approval process. However, some states have [state-specific filing requirements](#) based on either statutory requirements or internal procedures. All Applicant Companies must be familiar with the insurance laws of the state to which they submit an application. Please see the [UCAA home page](#) for information on obtaining a copy of the laws, regulations and bulletins for each state.

Direct any questions about the uniform admission process or [state-specific filing requirements](#) to the contact shown on the list of [Addresses and Contact Information for Submission of Applications](#). To assure a prompt review, the Applicant Company should review the instructions, [state charts](#) and [Frequently Asked Questions \(FAQs\)](#) prior to contacting each state with questions before submitting the application.

### **Expansion Application Section I Application Review Process**

The Expansion Application is an abbreviated version of the UCAA designed to allow solidly performing companies that are in good standing in all admitted states to gain admission into new states quickly and easily. It is the goal of all Uniform States to complete their review of Expansion Applications within 60 calendar days with receipt of a complete application. The 60-day review process includes two weeks to determine if the application is complete and acceptable. A completed application includes all required information detailed in the expansion application instructions, any state specific requirements and filing fees. During the remaining time span, the application will receive a financial and operational review. The states may not achieve the 60-day processing goal in instances where substantial follow-up is required or in states with limited resources or in instances when the Applicant Company files an application during peak business periods, such as year-end and annual statement filing periods.

Based on the circumstances of a particular application, it may be necessary for the reviewing state to request additional information. Anytime the state requests additional information, the state suspends the 60-day review goal until it receives the requested information. The purpose of the Expansion Application is to streamline application processing and the states will make every effort to process an Expansion Application as quickly as possible. For an electronic application, the state may request that the Applicant Company amend their application. While an electronic application is in amended status, the state cannot view or access the expansion application and therefore the 60-day goal is suspended until the company resubmits their application. Refer to the [Electronic User Guide](#) for instructions on amending an electronic application

Refer to the [Company Licensing Best Practices Handbook](#), for more information regarding the review process.

### **Proprietary Information**

Both regulators and the Applicant Company should note that communications with insurance regulatory agencies in conjunction with the Expansion Application concerning proprietary information about the Applicant Company may be deemed confidential. States may only share information determined to be confidential with other persons as authorized by law. By law, the state will not disclose to the public any information determined to be proprietary and trade secret. Each Applicant Company needs to expressly identify all information in the application and in any subsequent correspondence that the Applicant Company considers proprietary or trade secret.

Please do not hesitate to contact the appropriate state insurance regulators with any questions before filing any Uniform Application.

### **Step One: Filing the Application**

The Applicant Company may submit an Expansion Application anytime during the year. States will immediately review the Expansion Application to ensure that the Applicant Company submits the application in the required format as outlined in these instructions.

Generally, within two weeks from the date the state receives the application, the state will notify the Applicant Company whether or not the state has accepted the application for filing. If the state accepts the application for filing, the state will assign an official filing date.

The state will contact the Applicant Company if it does not accept the application for filing due to a deficiency in the application's format. Depending upon the nature of the deficiency, the state may give the Applicant Company two weeks from the date of receipt of notification to correct the deficiency. Some states may return to the Applicant Company applications that are deficient and not accepted for filing. For electronic applications, the expansion state will provide a "closed" status date, indicating that the filing has been returned and no further review will take place.

### **Step Two: Application Review**

An Expansion Application will undergo a rigorous financial and operational review in each state to which the Applicant Company submits the application.

At the conclusion of each state’s substantive review, the state will grant the Applicant Company a Certificate of Authority, it will allow the Applicant Company to withdraw the application or it will deny the application. Each state independently reaches a decision to either approve or deny an Expansion Application. It is entirely possible that some states might approve an Expansion Application and other states might deny the application.

If any state denies the application, that state will notify the Applicant Company and provide a detailed explanation for the denial. After the denial, if the Applicant Company wishes to re-file an Expansion Application, the state will require a new application and filing fee.

When the state has denied or asked the Applicant Company to withdraw the electronic expansion application, the state will provide a “closed” status date. Refer to the electronic [Expansion Application User Guide](#), for detailed information.

Since only established companies can use an Expansion Application, the states assume that the Applicant Company has a basic understanding of the Certificate of Authority review process. Please refer to the [Primary Application](#) or the [Company Licensing Best Practices Handbook](#) for a more detailed explanation of the process. The Applicant Company is strongly encouraged to review the [state charts](#), and [FAQs](#) prior to contacting the states with questions before submitting an application for review.

## **Expansion Application Section II Filing Requirements**

This section provides a guide to understanding the focus of each document of the Expansion Application. However, there typically are multiple purposes for the documents. Therefore, it is important that applications be complete.

**All documents submitted in support of the application must be current. However, in certain instances, some states have limited latitude to accept older documents, although generally no more than five (5) years old. Please [contact the states individually](#) if there are questions about a specific document.**

All forms required for the Expansion Application are located under the Expansion Application tab in the [UCAA Forms Section](#).

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## 1. **Application Form and Attachments**

The application must identify all lines of insurance ([Form 3](#)) the Applicant Company is currently licensed to transact and all lines of insurance the Applicant Company is requesting authority to transact, as identified by the Applicant Company's plan of operation. The Applicant Company must be authorized in their domiciliary state for the lines of business requested in the application. Submit a completed checklist ([Form 1E](#)) and original executed application form ([Form 2E](#)) as Item 1 of the application. A cover letter may be included as a component of Item 1 of the application. The Applicant Company should review the [Seasoning Requirements chart](#) for each state where the company plans to expand.

## 2. **Filing Fee**

Include a filing fee for each application state. Please issue a separate check for each state. The payee name and the instructions for submitting the filing fee are included in the [Filing Fees - Primary and Expansion Applications](#) chart. Please note that due to [retaliatory statutes](#), the ultimate amount of fees in any state may be more than the amount indicated in the chart. For electronic applications, mail the filing fee check to the submission state and attach a copy of the electronic application checklist as supporting documentation. Submit/upload a copy of the Applicant Company's check as Item 2 of the application.

## 3. **Minimum Capital and Surplus Requirements**

The application must show that the Applicant Company meets each state's statutory minimum capital and surplus requirements. In some states, the minimum capital and surplus requirements are determined by the classes of insurance that the Applicant Company is requesting authority to transact and the classes of insurance the Applicant Company is authorized to transact in all other jurisdictions. The state will determine the level of surplus required after considering the Applicant Company's product line, operating record and financial condition. Compliance with the statutorily prescribed minimum surplus requirement may not be sufficient for all applicants. The [Minimum Capital and Surplus Requirements](#) chart identifies the minimum capital and surplus requirements for each Uniform State. The chart also provides a contact person or a link to a state-specific format or RBC requirements and instructions. An explanation of the Applicant Company's compliance with the capital and surplus requirements is Item 3 of the application.

#### 4. **Statutory Deposit Requirements**

Some states require that a statutory deposit be on file in the domiciliary state. The [Statutory Deposit Requirements](#) chart on the UCAA website provides specific requirements and identifies those states that require deposits by foreign insurers and proof of a Statutory Deposit in the domiciliary state. A foreign insurer is an insurer that is domiciled in another state. Please refer to the [Certificate of Compliance and Certificate of Deposit Requirements](#) chart on the UCAA website for specific requirements for the date of issuance of the Certificate of Deposit ([Form 7](#)) from the file date of the application. Unless otherwise indicated, the statutory deposit is for the benefit of all policyholders. In the states where proof is required, the Certificate of Deposit ([Form 7](#)) prepared by its state of domicile is Item 4 of the application.

For electronic applications, the domiciliary state should upload or complete the certificates in the electronic filing.

#### 5. **Name Approval**

Each state has different guidelines and procedures for name approval. The [Name Approval Requirements](#) chart serves as a guide for the various name approval requirements of each Uniform State. The Applicant Company should check with each state separately to ensure compliance with all applicable name approval requirements. Where applicable, provide evidence of name approval request as Item 5 of the application.

#### 6. **Plan of Operation**

The plan of operation has three components, a brief narrative, proforma financial statements/projections (Form 13) and a completed Questionnaire ([Form 8](#)). The narrative should include significant information not captured as a part of the Questionnaire that the company submits in support of the application. The proforma is one of the three (3) components in the Plan of Operation. The forms are located under the Expansion Application tab. There is a proforma for Life, Property/Casualty, Health and Title companies. Provide a company-wide, three-year proforma balance sheet and income statement. The proforma workbook should be the same business type as the financial statement blank filed with the NAIC. For the lines requested, provide three-year premium and loss projections by line for the application state. Projections must 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.

The proforma when applied to the expansion application is projected data. As such, the projected amounts need not balance with historical NAIC financial filings. The projected data, however, should be relevant to the Applicant Company's history of growth and losses as contemplated by the NAIC *Accounting Practices and Procedures Manual*.

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. The proforma is completed on an annual basis, typically for a three-year time period, however, some states may require five years. The proforma should start with the first full year of operation that the Applicant Company anticipates actively writing business in the state(s) receiving the

application. When providing five years of projections, the Applicant Company can provide two excel workbooks.

The completed Questionnaire and all attachments are Item 6 of the application.

## **7. Holding Company Act Filings**

If the Applicant Company is a member of a holding company system, the application must include either the most recent Holding Company Act (HCA) filings, including the Annual Form “B” Registration Statement and related Form F, or a statement substantially similar to the NAIC [Insurance Holding Company System Regulatory Act \(#440\)](#). The filing should include all attachments, exhibits and appendices referenced in the HCA filings. Submit the HCA filings as Item 7 of the application and include all attachments and any amendments up to the filing date of the application.

## **8. Certificate of Compliance**

The application must include a Certificate of Compliance. Please refer to the [Certificate of Compliance and Certificate of Deposit Requirements](#) chart for specific requirements for the date of issuance of the Certificate of Compliance ([Form 6](#)) from the file date of the application. The domiciliary state must complete the Certificate of Compliance ([Form 6](#)) which is Item 8 of the application. For electronic submission, the domiciliary state should upload or complete the certificate in the electronic filing.

## **9. Reports of Examination**

The application must include a copy of the Applicant Company’s most recent Report of Financial Examination from its domiciliary state. The Applicant Company must also note all more recent examinations completed by any state, including market conduct examinations, and include a description of each examination. Refer to the [Reports of Examination Requirements](#) chart for the state’s exam “as of” date. The Report of Financial Examination and a list of more recent examinations with descriptions is Item 9 of the application.

## **10. Statutory Memberships**

In some states, the Applicant Company is required to join one or more rating, guaranty or other organizations before transacting insurance. Generally, the authorized lines of insurance the Applicant Company can transact govern statutorily mandated memberships. Please be sure to check with each application state to inquire about any statutory memberships required before transacting insurance. The [Statutory Membership Requirements](#) chart is on the UCAA website. Submit documentation supporting membership application(s) in states where required, as Item 10 of the application.

## **11. Public Records Package**

Most states have requirements to disclose information to the public under a Public Records Act. To meet these public disclosure requirements certain items must accompany the application. While these documents may or may not be part of the substantive review, please be sure to include the documents with the application. The [Public Records Package](#) chart provides the



state's listing of items that can be provided in electronic format and which items are held confidential. Submit all documents listed for the application state as Item 11 of the application.

## 12. NAIC Biographical Affidavits

- A. The Applicant Company is required to submit an NAIC Biographical Affidavit ([Form 11](#)) in connection with pending or future application(s) for licensure or a permit to organize with a department of insurance in one or more states. The Applicant Company must submit an NAIC Biographical Affidavit 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). Individuals with ten percent (10%) or more beneficial ownership in the Applicant Company or Applicant Company's ultimate controlling person who do not file a biographical affidavit should file a copy of the Disclaimer of Control and approval from the domiciliary regulator.
- B. The UCAA defines "Independent Third-Party" as:
- (i) A consumer reporting agency ("CRA") overseen by the Federal Trade Commission ("FTC") and, therefore, subject to the FCRA, which have been vetted and is currently on the approved list;
  - (ii) Has the ability to perform international background investigations; and
  - (iii) One whose officers and directors have no material affiliation with the Applicant Company other than stock ownership amounting to less than one percent (1%) of total stock outstanding, unless prior approval is given by the department of insurance to which application is being made.
- C. The NAIC Biographical Affidavit requests information with respect to your employment history, education, personal information and character. The NAIC Biographical Affidavit also includes the Disclosure and Authorization Concerning Background Reports Form (the "Disclosure & Authorization Form"). The signature of the Affiant on the Disclosure & Authorization Form permits an Independent Third-Party to conduct an independent third-party verification on the Affiant.
- D. The NAIC Biographical Affidavit includes three types of the Disclosure & Authorization Form. 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.
- E. The NAIC Biographical Affidavit is used to evaluate the suitability, competency, character and integrity of the Affiant in connection with an Applicant Company's pending or future application(s) for licensure or a permit to organize with a department of insurance in one or more states.

The Independent Third-Party uses information contained in the NAIC Biographical Affidavit as a tool to perform an independent third-party verification to determine an individual's fitness and propriety. The independent third-party verification may contain

information bearing on the Affiant's character, general reputation, personal characteristics, mode of living and credit standing (if required by the state). The Independent Third-Party Vendors shall use the independent third-party verification to create a background report (the "Background Report").

- F. The Disclosure & Authorization Form is valid for a maximum of six months. Additionally, an Affiant may revoke the authorization at any time by delivering a written revocation to the Applicant Company. Refer to the Disclosure & Authorization Form for further information.
- G. The Background Reports are subject to the Fair Credit Reporting Act ("FCRA"). Pursuant to FCRA, the state departments of insurance and an Applicant Company who is seeking admission are "users" of consumer reports. The FCRA requires that the Applicant Company provide the Affiant with a copy of the "Summary of Your Rights Under the Fair Credit Reporting Act." Applicant Company's 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](#). Background Reports are valid for six months from the signature date of the affidavit. Any alteration to the original biographical affidavit or updated signature will require a newly prepared background report.
- H. The Applicant Company and state departments of insurance 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 states and Third-Party Vendors should maintain the Background Reports procured under the Disclosure & Authorization Form as confidential. A copy of the FCRA is located at [here](#).
- I. The department of insurance in the state where an Applicant Company files, or intends to file an application and the Applicant Company may require the Background Report. An Affiant who desires a copy of their Background Report, may request a copy from the Applicant Company or the CRA as indicated on the Disclosure & Authorization Form. Refer to the Disclosure & Authorization Form for further information.
- J. Please check the [Fingerprint and Biographical Affidavit Requirements chart](#) for those states that require additional background information, such as fingerprints, in place of, or in addition to, NAIC Biographical Affidavits. If applying in one of those states, necessary fingerprints and processing fees should be included.

Refer to the [UCAA homepage](#) for a list of currently approved [Independent Third-Party Vendors for Background Reports](#).

NAIC Biographical Affidavits must be completed on the most **current form [Word | PDF]**, in effect at the time the affidavit was signed and the affiant shall not sign the Affidavits more than six months before the date the Applicant Company files the application. Each question on the biographical affidavit must have a response. If an answer is "None", then so state. Incomplete biographical affidavits could delay the background investigation report and result in a delay of the application review by the state.



Submit original Biographical Affidavits (Form 11 [\[Word | PDF\]](#)) that contain the Disclosure & Authorization Forms to the state department(s) of insurance as Item 12 of the application.

### **13. Uniform Consent to Service of Process**

Many jurisdictions require that the Applicant Company designate the insurance commissioner or a resident agent to receive service of process on behalf of the Applicant Company. In addition, the Applicant Company must designate a person or entity to receive a forwarded service of process after the commissioner receives the served documents. The Uniform Consent to Service of Process and the Resolution Authorizing Appointment of Attorney ([Form 12](#)) are required for this purpose. However, four states do not accept the Uniform Consent to Service of Process form. Those states are: California, Massachusetts, Virginia and Wisconsin. For those states, please see the [State-Specific Requirements](#) for any information regarding this subject. Pennsylvania does not accept service of process and does not require a form. The Uniform Consent to Service of Process and Resolution Authorizing Appointment of Attorney is Item 13 of the application.

### **14. State-Specific Information**

Some jurisdictions may have additional requirements that the Applicant Company must meet other than that required above. Before completing a UCAA Expansion Application, the Applicant Company should review the [State-Specific](#) information for the listing of requirements for the state to which an application is being submitted. State-Specific items are Item 14 of the application.

## **Expansion Application Section III**

### **How to File**

To facilitate the prompt review of the Expansion Application, please ensure that the application adheres to the formatting instructions provided in this section. The state will not accept for filing any applications that fail to meet these formatting requirements.

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#### **1. Communication Between Applicant Company and Agency**

Once a state has accepted an Expansion Application for filing, the state will notify the Applicant Company of the filing date and provide the agency contact person. The state will provide the

names, addresses, email (if available) and telephone numbers of the individual(s) assigned to the application.

Before receiving the name of the agency contact person, the Applicant Company may contact the agency personnel in the [Addresses and Contact Information for Submission of Application](#) chart to obtain information regarding the status of an Expansion Application.

## **2. Questions**

Section II, Filing Requirements, provides detailed guidelines regarding both the type and format of information required for the Expansion Application. In most cases, the state provides an agency contact person for each item in the Filing Requirements section before receiving the name of the agency contact person, the Applicant Company may contact the agency personnel on the [Addresses and Contact Information for Submission of Application](#) chart to obtain information regarding the status of or questions for Expansion Application. In the electronic application UCAA email, a state distribution list is provided once the submission states are selected. Refer to the [User Guide](#) for instructions/location of the distribution list.

## **3. Application Checklist**

The Application Checklist ([Form 1E](#)) provides a guide for assembling a complete application. Complete the Checklist before submitting an Expansion Application for review. Hard copy applications should include a completed Checklist to the top of each application. The Checklist is automatically completed in the electronic application and cannot be changed/edited.

## **4. Application and Supporting Documents**

Hard copy applications should include one copy of the Checklist, completed application and all supporting documentation to each reviewing state. Each item identified in Section II Filing Requirements should have a cover sheet as specified below.

Each cover sheet should be on paper suitable for use as a cover sheet, such as binder divider pages. For the electronic application, the cover letter should be uploaded to the appropriate attachment button provided.

Tab each cover sheet on the right-hand side of the page with a number corresponding to the document's item number in the "Filing Requirements" section of the Expansion Application.

If a particular item is not included with the cover sheet, attach a written explanation to the cover sheet stating the reason the item has not been included. These are examples of why the Applicant Company may not attach a particular item to the cover sheet:

- "Item not applicable to this application for the following reason ... (state reason)."
- "Item has been attached separately because of size."

The electronic application includes all required items listed in Section II Filing Requirements. The Applicant Company should include a cover sheet to explain any item that is state specific or requires additional explanation.

## 5. **Addresses for Submission of Application**

Submit the application by mailing it to the appropriate address noted on the, [Addresses and Contact Information for Submission of Application](#) chart. Electronic applications are automatically available to the expansion state once the application is “finished.” See the [Electronic Application User Guide](#) for specific details regarding submission of the application.

## 6. **Updates/Changes**

The Applicant Company is responsible for informing states of any significant changes that occur or that the Applicant Company discovers during the application review period. Examples of significant changes include: changes in officers and directors, material acquisition or disposal of assets, changes in reinsurance, acquisition of the insurer, redomestication of the insurer, regulatory actions taken against the insurer, change in current business plan, etc.

The Applicant Company must supply revised forms promptly if any changes occur that materially affect the accuracy of the forms filed in support of the application. For example, the Applicant Company must forward new quarterly statements as soon as they become available.

In addition, all carriers admitted to transact insurance in any Uniform State are required to maintain their Certificate(s) of Authority in good order to ensure ongoing compliance with all applicable laws, regulations and bulletins.

For electronic applications, the Applicant Company can either amend their electronic filing or provide additional updated information via the UCAA email. Refer to the [Electronic Application User Guide](#) for additional instructions on amending and resubmitting an original filing.

## 7. **Filing Fee**

The [filing fees](#) chart provides the state’s fee and filing instructions for each application type.

## 8. **Forms**

All forms are available under the specific application tab. For electronic application, all forms are generated for each application type.

## 9. **State-Specific Information**

Some jurisdictions may have additional requirements that the Applicant Company must meet before the state can issue a Certificate of Authority. Before completing a UCAA Expansion Application, the Applicant Company should review a list of requirements for the state to which the Applicant Company is applying. These requirements are located under [State-Specific Requirements](#) on the UCAA homepage.