SECTION 1 – APPLICANT INFORMATION

Purpose

This section identifies the proposed captive insurer, its ownership, organizational structure, and primary contact information.

Instructions

- Complete each applicable question.
- Enter 'N/A' if not applicable.
- Attach additional pages as needed.
- Submit supporting documentation with this section.

Question 1 - Proposed Captive Insurer/Cell

Proposed Legal Name: _____

Has the proposed name been approved by the Alabama Department of Insurance in accordance with ALA Code § 27-31B-5)? Send request to: examinationdivision@insurance.alabama.gov. Confirm with Secretary of State.

☐ Yes ☐ No

Date of Name Approval: _____

Attach the Department's Name Approval Letter with this application.

Question 2 - Primary Contact for this Application:

Contact Name	
Company	
Title	
Mailing Address	
City	
State	
ZIP Code	
Telephone	
Email Address	

Question 3 - Name and Address of Parent(s)/Sponsor(s)/Beneficial Owner(s) of proposed captive (attach additional sheets, if necessary):

Contact Name	
Company	
Title	
Mailing Address	
City	
State	
ZIP Code	

Telephone	
Email Address	

Question 4 - Net Worth of Parent(s)/Sponsor(s)/Beneficial Owner(s) of proposed captive:

_____

Question 5 - Please explain the relationship among parent(s)/beneficial owner(s), etc.

_____

Question 6 - Provide a copy of the Annual Report and/or Personal Financial Statement(s) of the Parent(s)/Sponsor(s)/Beneficial Owner(s) of proposed captive. (Documents will be considered confidential pursuant to ALA Code § 27-31B-3.)

Question 7 - Type of Proposed Captive:

___ Pure
___ Association
___ Cell
___ Industrial
___ Agency
___ Special Purpose
___ Branch
___ Protected Cell Core
___ Coastal Captive
___ RRG
___ Reinsurance

If the applicant is a Cell seeking approval to operate under a licensed Protected Cell captive, identify the licensed core the cell will operate under:

Core: _____

If the applicant is an Agency Captive, identify the licensed producer(s) that will own or control the captive:

Producers: _____

Question 8 - Organizational Form of Proposed Captive

___ Stock
___ Reciprocal
___ Mutual
___ LLC

Question 9 – Principal Place of Business: Please include the address within the State of Alabama of proposed captive as required by ALA Code § 27-31B-3:

_____

_____

a. Will the Books and Records be maintained at the same location: Yes___ No___
If not, please _____

b. Does the application include the $240 application fee and the $200 Examination Fee

SECTION 2 – CORPORATE ORGANIZATION

Purpose

This section identifies the individuals responsible for the governance and management of the proposed captive insurer. The Alabama Department of Insurance uses this information to evaluate the applicant's corporate governance structure and determine whether the proposed directors and officers satisfy applicable statutory and regulatory requirements, in accordance with

Instructions

- Complete each applicable field.
- Attach additional pages if additional space is required.
- Submit a completed Biographical Affidavit **(Form AL-C-BIO)** for each director and officer required by the Department.
- If any individual serves in multiple capacities, identify each position held.

Question 1 — Organizational Structure

Provide a brief description of the proposed corporate structure.

_____

_____

☐ Organizational Chart Attached

Question 2 — Board of Directors

Provide the information below for each proposed director.
Note: At least one director must be a resident of Alabama, as required by applicable Alabama law: Ala. Code § 27-31B-8.

Director Information	Director #1	Director #2	Director #3	Director #4	Director #5
Full Name					
Employer					
Occupation/Title					
Position with Captive					

Mailing Address					
Biographical Affidavits					
E-Mail Address					
Alabama Resident (Y/N)					

☐ **Additional Director Schedule Attached**

Question 3 — Officers

Provide the information below for each proposed officer:

Officer Information	Officer #1	Officer #2	Officer #3	Officer #4	Officer #5	Officer #6
Full Name						
Position						
Employer						
Telephone						
Mailing Address						
Email Address						
Biographical Affidavit Attached (Y/N)						

☐ **Additional Officer Schedule Attached**

Question 4 — Alabama Resident Director

Name	
Position	
Address	
Telephone	
Email Address	

Question 5

If the proposed captive is to be an Industrial Insured Captive, provide the following information:

a. Prove the Name and Address of each full-time employee acting as an Insurance Manager or Buyer. Include additional pages if necessary.

NAME	ADDRESS

b. Aggregate annual premiums: _____

c. Number of full-time employees: _____

Question 5 — Biographical Affidavits

☐ Directors ☐ Officers ☐ Captive Manager

☐ Individuals owning or controlling ten percent (10%) or more of the applicant

☐ Other individuals requested by the Department

Section 2 Checklist

Requirement	Applicant
Board of Directors completed	☐
Alabama resident director identified	☐
Officers completed	☐
Organizational structure described	☐
Organizational chart attached (if applicable)	☐
Biographical affidavits completed	☐
Additional schedules attached (if applicable)	☐
Are there at least three (3) incorporators or two (2) organizers. Is one a Resident of AL? Authority Ala. Code § 27-31B-8	☐
Is the Registered Agent an Alabama Resident? Authority: Ala. Code § 27-31B-3	

Progress

Section 2 of 7 Complete → Proceed to Section 3 – Capitalization and Financial Information

SECTION 3 – CAPITALIZATION AND FINANCIAL RESOURCES

Purpose

This section provides information regarding the proposed captive insurer's capitalization, surplus, ownership structure, and financial resources. The information submitted will assist the Alabama Department of Insurance in evaluating the applicant's financial capacity and compliance with applicable capitalization requirements.

Instructions

- Complete all applicable questions.
- If a question does not apply, enter "N/A."

- Attach additional schedules where necessary.
- If a Letter of Credit is used to satisfy any portion of the capitalization requirement, complete the applicable questions below and submit the required documentation.

Question 1 — Capitalization

Description	Amount
Initial Capital	$ _____
Initial Surplus	$ _____
Total Capital and Surplus	$ _____

☐ If this is a Pure Captive, has the parent company submitted its financial statements?

Question 2 — Form of Capital Contribution

☐ Cash/Surplus Note

☐ Letter of Credit

☐ Securities

☐ Other (describe) _____

Question 3 — Financial Institution

Authority: Ala. Code § 27-31B-8(b)(5).

Financial Institution	
Address	
Contact Person	
Telephone	
Email Address	

Question 4 — Additional Capital (if applicable)

Describe any additional capital contributions. (Include Investment Plan if form is other than cash or Letter of Credit): Form of capital: _____

Financial Institution	
Address	
Contact Person	
Telephone	
Email Address	

Question 5 — Stock Information

Authority: Ala. Code § 27-31B-8(g)

Class of Stock	Authorized Shares	Par Value	Selling Price

a. Location of Stock Records: _____

Question 6 — Mutual or Reciprocal Applicants

Amount Contributed Surplus: $ _____

Question 7 — Letter(s) of Credit

Type of Letter of Credit	
Amount	
Issuing Bank	
Bank Address	
Issued in Favor Of	
Form AL-C-LOC Attached Yes or No	

Question 8 — Investment Plan

☐ Investment Plan Attached (if applicable)

Section 3 Checklist

Requirement	Applicant
Capital information completed	☐
Surplus information completed	☐
Financial institution identified	☐
Stock information completed (if applicable)	☐
Mutual/Reciprocal information completed (if applicable)	☐
Letter of Credit information completed (if applicable)	☐
Investment plan attached (if applicable)	☐

Progress: Section 3 of 7 Complete → Proceed to Section 4 – Service Providers

SECTION 4 – SERVICE PROVIDERS

Purpose

This section identifies the professional service providers that will assist in the formation, administration, financial reporting, actuarial support, claims administration, legal representation, and reinsurance activities of the proposed captive insurer.

Instructions

Complete this section for each proposed service provider.

If a service provider has not yet been selected, enter 'Pending' and provide the anticipated selection date.

Attach executed service agreements or engagement letters, if available.

If an agreement has not been executed, explain why and provide the anticipated execution date.

Question 1 — Service Provider Summary – In a separate attachment, provide the following information for each Service Provider:

Service	Company/Firm	Primary Contact	Telephone	Email	Mailing Address
Captive Manager					
Attorney					
Claims Administrator					
Certified Public Accountant					
Actuary					
Reinsurance Broker					
Reinsurance Intermediary					

Question 2 — Service Agreements

Service Provider	Agreement Attached	Not Yet Executed	Expected Date
Captive Manager	☐	☐	
Attorney	☐	☐	
Claims Administrator	☐	☐	
Certified Public Accountant	☐	☐	
Actuary	☐	☐	
Reinsurance Broker	☐	☐	
Reinsurance Intermediary	☐	☐	

If an agreement has not been executed, explain:

_____

_____

Question 3 — Professional Qualifications

CPA Alabama Certificate Number	
CPA Alabama Permit Number	
Permit Expiration Date	
Reinsurance Intermediary Alabama License Number	
Attorney – ASB#	
Actuary – Attach Form AL-C-ACT, if not already approved	

Question 4 — Additional Information

Provide any additional information regarding the proposed service providers. For example, are any of the service providers affiliated with the proposed captive insurer or any member of its holding company system?

_____

_____

Section 4 Checklist

Requirement	Applicant
All service providers identified	☐
Contact information completed	☐
Service agreements attached (if available)	☐
Pending agreements explained	☐
CPA information completed (if applicable)	☐
Attorney - Alabama license information completed (if applicable)	☐

Reinsurance Broker Agreement	☐
Reinsurance Intermediary Agreement	☐
Actuary - Approved	☐

Progress

Section 4 of 7 Complete → Proceed to Section 5 – Business Plan

SECTION 5 – BUSINESS PLAN

Purpose

This section provides an overview of the proposed captive insurer's operations. The Business Plan should demonstrate how the proposed captive insurer intends to operate, manage risk, and maintain financial soundness. The applicant should provide sufficient details to enable the Department to evaluate the proposed operations.

Instructions

Complete each applicable question.
If additional space is required, attach additional pages.
Attach a complete Business Plan.
The responses provided in this section should be consistent with the Business Plan and Feasibility Study.

Question 1 — Executive Summary

Provide a concise summary of the proposed captive insurer that describes the purpose for forming the captive, its primary business objectives, the type of captive insurer being organized, and the types of insureds it will insure. The summary should provide the Department with a clear overview of the proposed insurance program and the applicant's reasons for seeking licensure in Alabama.

Question 2 — Proposed Insurance Operations

The business plan shall include, at a minimum, a discussion of the following topics regarding the proposed operations of the captive. The items listed below are not intended to be exhaustive, and the Department may require additional information as necessary to evaluate the application.

- Lines of Insurance
- Types of Risks
- Proposed Policyholders
- Geographic Area of Operation
- Expected Effective Date

Question 3 — Underwriting Program

The business plan shall include, at a minimum, a discussion of the following underwriting matters. The list below is **not all-inclusive** and does not limit the Department's authority to request additional information or documentation during its review.

- Underwriting philosophy
- Risk selection
- Coverage offered
- Policy limits
- Deductibles
- Underwriting authority
- Underwriting guidelines attached

Question 4 — Claims Administration

Who will administer claims? Is this Person/Company an affiliate of the proposed captive insurer?

_____

Is a Third-Party Administrator used?

☐ Yes ☐ No

If yes, please provide the name of the Third-Party Administrator:

_____

Describe the claims handling process.

_____

Question 5 — Reinsurance Program

☐ Fronting Carrier

☐ Quota Share

☐ Excess of Loss

☐ Stop Loss

☐ Facultative

☐ Other

Name of Reinsurer(s): _____

Is the primary insurer/reinsurer licensed in Alabama? Yes or No. Please circle one.

Do the reinsurance policies require that the Commissioner and Insured be given a 90-day notice prior to the cancellation or modification of the policy? Yes or No. Please circle one.

☐ Reinsurance Summary and Term Sheet attached.

Question 6 — Investment Policy

The business plan shall include a detailed description of the proposed investment policy. The discussion should explain the applicant's investment objectives, strategies, guidelines, and controls, and demonstrate how the investment program will support the captive insurer's financial condition, liquidity needs, and overall business objectives

- Investment objectives
- Liquidity considerations
- Investment authority
- Investment manager

☐ Investment Policy Attached

Question 7 — Risk Management Program

Describe the applicant's risk management program, including the policies, procedures, and internal controls that will be implemented to identify, assess, monitor, and mitigate the risks associated with the captive insurer's operations and insurance program.

- Loss prevention
- Safety
- Risk monitoring
- Internal controls

Question 8 — Organizational Structure

☐ Organizational Chart Attached

Describe the management structure. _____

_____

Question 10 — Additional Information

Provide any additional information that may assist the Department.

_____

_____

Question 9 — Five-Year Business Projections

☐ Complete Financial Projections Attached

Section 5 Checklist

Has the company included a detailed Plan of Operation with supporting data including the following in the application? If applicable, the following must be included in the Business Plan to avoid delays:

Requirement	Applicant
Executive Summary completed	☐
Insurance Operations described	☐
Underwriting Program described	☐
Claims Administration described	☐
Reinsurance Program described – **Term Sheet included**	☐
Investment Policy attached, if applicable	☐
Risk Management Program described	☐
Organizational Chart attached	☐
Five-Year Projections attached	☐

1. Risks to be insured (Five-year projected period)
2. Fronting company if operating as a reinsurer
3. Expected net annual premium income (Five-year projected period)
4. Maximum retained risk (per loss and annual aggregate) (Five-year projected period)
5. Rating program
6. Reinsurance program
7. Organization and responsibility for loss prevention and safety, including the main procedures followed and steps taken to deal with events prior to possible claims
8. Loss experience for the past five years together with projections for the ensuing five years
9. Organizational chart
10. Financial projections on an expected and worst-case scenario (Five-year projected period). **Must be in Excel Spreadsheet Format**

Progress

Section 5 of 7 Complete → Proceed to Section 6 – Feasibility Study

SECTION 6 – FEASIBILITY STUDY

Purpose

The purpose of the feasibility study is to demonstrate that the proposed captive insurer can operate in a safe and financially sound manner under the assumptions presented in the application. The

feasibility study should support the Business Plan and provide sufficient information for the Alabama Department of Insurance to evaluate the financial viability of the proposed captive insurer.

Instructions

- Attach a complete feasibility study.
- The feasibility study should be consistent with the Business Plan.
- Financial projections should reconcile to the Business Plan.
- Supporting schedules should be clearly identified.

Question 1 — Executive Summary

Provide a brief summary of the feasibility study; at a minimum, the following must be included:

• Purpose
• Scope
• Major assumptions
• Overall conclusions

Question 2 — Financial Assumptions

Assumption	Description
Premium Growth	
Exposure Growth	
Inflation	
Investment Yield	
Expense Assumptions	
Other	

Question 3 — Pricing Methodology

Describe how premium rates were developed.

☐ Actuarial methodology
☐ Pricing assumptions
☐ Source of data
☐ Credibility
☐ Other supporting information

Question 4 — Capital Adequacy

Describe how the proposed capitalization was determined.

Include:

• Initial capitalization
• Expected surplus
• Capital support
• Surplus adequacy

Question 5 — Sensitivity Analysis

Describe any sensitivity analyses or alternative scenarios included in the feasibility study.

(Examples may include slow-growth, worst-case, or limit-of-loss scenarios.)

Question 6 — Supporting Exhibits

☐ Premium Development

☐ Loss Development

☐ Expense Analysis

☐ Investment Assumptions

☐ Other

Question 7 — Additional Information

Provide any additional information or supporting analysis that the applicant believes is relevant to the Department's evaluation of the feasibility study and the proposed captive insurer.

This information may include any assumptions, considerations, or other material factors not otherwise addressed in the feasibility study that would assist the Department in evaluating the applicant's financial viability and long-term operational success.

Question 8 — Financial Projections

See below

Section 6 Checklist

Requirement	Applicant
Feasibility Study Attached	☐
Financial Assumptions Included	☐
Pricing Methodology Included	☐
Capital Adequacy Included	☐
Five-Year Projections Included	☐
Sensitivity Analysis Included	☐
Supporting Exhibits Included	☐
Spreadsheet Models Included (if applicable)	☐

When applicable, the following must be included in the Feasibility Study to avoid delays:

- Slow growth/no growth scenario
- Insolvency scenario (i.e., what loss ratio would cause the company to become insolvent or require a capital infusion)
- Limit Loss scenario (a scenario that includes at least one loss at policy limits)
- **TO AVOID DELAYS, Pro formas must be in Excel with formulas and footnotes.**
- Loss payment pattern

- Premium earning pattern
- Actuarially justified development of rates with supporting exhibits in Excel
    - For Accident & Health products: PMPM claim costs with supporting schedules in Excel
    - For Property & Casualty products: development of price per exposure with supporting schedules in Excel

Progress

Section 6 of 7 Complete → Proceed to Section 7 – Corporate Documents

SECTION 7 – CORPORATE DOCUMENTS

Purpose

This section identifies the organizational and governing documents that establish the legal existence, governance, and operating authority of the proposed captive insurer. These documents assist the Alabama Department of Insurance in determining whether the applicant has been properly organized and whether its governing documents are consistent with the proposed Business Plan and applicable Alabama law.

Instructions

- Attach all applicable organizational and governance documents.
- If a document has not yet been executed, indicate "Pending" and provide the anticipated completion date.
- If a document is not applicable to the proposed captive insurer, enter "N/A".

Question 1 — Organizational Documents

Document	Attached	Pending	Not Applicable
Articles of Incorporation	☐	☐	☐
Articles of Association or Rules of Governance	☐	☐	☐
Subscribers' Agreement (for Reciprocal Insurers)	☐	☐	☐
Certificate of Formation	☐	☐	☐

Has an organizational chart been provided? Yes or No. Please circle one.

Question 2 — Governance Documents

Document	Attached	Pending	Not Applicable
Bylaws	☐	☐	☐
Operating Agreement	☐	☐	☐
Shareholders' Agreement	☐	☐	☐
Subscribers' Agreement	☐	☐	☐
Board Resolution Authorizing Application	☐	☐	☐

a. Do the Bylaws comply with Ala. Code § 27-31B-(l)? Yes or No. Please circle one.
b. Does the language in the Bylaws require the Board of the Captive Insurer to meet at least one time each year in Alabama? Yes or No. Please circle one.
c. An executed Form AL-C-ASP must be included with the application designating the proposed Captive's Alabama resident agent to accept service of process.

Question 3 — Ownership Documentation

☐ Stock Register

☐ Membership Register

☐ Ownership Schedule

☐ Other Supporting Documentation

Question 4 — Agreement to Submit to Examinations

An executed Form AL-C-EXM must be included with the application.

Required Attachments

Attachment	Included
Articles of Incorporation/Organization	☐
Bylaws	☐
Operating Agreement (if applicable)	☐
Shareholders' Agreement (if applicable)	☐
Subscribers' Agreement (if applicable)	☐
Organizational Chart	☐
Ownership Documentation	☐
Board Resolution (if applicable)	☐

Progress - Section 7 of 7 Complete

Certification

An authorized representative of the applicant must certify that the information submitted in this application is true, correct, and complete to the best of his or her knowledge and belief.

Applicant Name	
Captive Insurer	
Title	
Signature	
Date	

Notary (if required by the Department)
State: _____ County: _____
Subscribed and sworn before me this ___ day of _____, 20___.
Notary Public: _____