I. INCORPORATION:

Stock and Mutual companies must file a Certificate of Incorporation made under the requirements of the General Corporation Law of Delaware (Title 8, Del. C.). No specific requirements under Insurance (18 Del. C., Section 4903).

The above requirement relates only to incorporation and does not entitle a company to engage in the business of insurance. Such right may be exercised only after the issuance of a Certificate of Authority by the Insurance Commissioner (18 Del. C., Section 507).

II. MINIMUM FINANCIAL REQUIREMENTS FOR ISSUANCE OF CERTIFICATE OF AUTHORITY:

(a) Stock Company - See 18 Del. C., Chapter 5

(b) Mutual Company - See 18 Del. C., Chapter 49

III. DEPOSIT REQUIREMENTS, IN GENERAL:

Section 1503 contains eligibility criteria for deposits. This Department requires that minimum and special deposits be placed under an Escrow Agreement with any established Delaware bank or trust company pursuant to 18 Del. C., Section 1504.

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

IV. MINIMUM DEPOSIT:

A domestic insurer, other than a title insurer, must continuously maintain a deposit of not less than $100,000 (market value) through the Commissioner in cash or cash equivalents eligible pursuant to 18 Del. C., Section 1503, for the protection of all policyholders wherever located or all its policyholders in the United States or all its policyholders and creditors.

Title insurers must continuously maintain $25,000 on deposit.

V. SPECIAL DEPOSITS:

Companies authorized to write surety insurance -- $10,000

Companies authorized to write Workers’ Compensation and Employers’ Liability Insurance -- $100,000

The special deposit for surety is not required if the company possesses paid-in capital and surplus of $10,000,000 or more and continuously maintains on deposit in this State through the Commissioner, or in another state, cash or cash equivalents eligible for such deposit under the laws of this State or of such other state of a fair market value of not less than $400,000 for the protection of all its policyholders wherever located or of all its policyholders in the United States or of its policyholders and creditors.

Insurers must apply to the Industrial Accident Board for authorization to write Workers’ Compensation and Employers’ Liability Insurance. Companies must be familiar with 18 Del. C., Part III.
VI. **MATERIAL TO BE SUBMITTED FOR CONSIDERATION FOR CERTIFICATE OF AUTHORITY:**

Material to be submitted for consideration for a certificate of authority can be obtained from the Department’s website at [www.state.de.us/inscom](http://www.state.de.us/inscom). There are presently two application packages the Department will accept for processing and they are:

1. UCAA Primary Application; or
2. Delaware Domestic Admission Package.

Also, copies can be requested from the Department. The admission fee is $700.00.

VII. Upon satisfactory review of the requirements and materials set forth in I, II, III, IV, V, VI the Insurance Department will advise of same and request the remittance of the certificate of authority issuance fee of $100. Upon receipt of this fee, a Certificate of Authority will be issued to the Company.

Sample form of Escrow Agreement follows
Agreement made this _____ day of ______, 20___, by and between ______________________ and __________________________________________________ as Escrow Agent (the “Escrow Agent”).

WITNESSETH:

Pursuant to Section 513( ) of the Delaware Insurance Code, ________ is required to maintain on deposit in the State of Delaware for the protection of all its policyholders wherever located, except the deposits required by Delaware statute to be maintained solely for the benefit of Delaware policyholders, cash or cash equivalents in an amount and in a manner specified by the said Code and the Insurance Commissioner of the State of Delaware. It is intended that the deposit made and maintained pursuant to this Escrow Agreement satisfy the requirements of said Code and said Insurance Commissioner.

Now, THEREFORE, in consideration of the premises and the covenants herein contained, the parties hereto, intending to be legally bound, agree as follows:

(1) _______________ hereby agrees to deposit with the Escrow Agent cash or cash equivalents of a kind and of a value or amount sufficient to satisfy the applicable deposit requirements of the Delaware Insurance Code. This deposit (hereinafter referred to as the “Escrow Deposit”) shall consist initially of the cash or cash equivalents listed on Schedule A attached hereto. Thereafter, the Escrow Deposit shall consist of such other cash or cash equivalents as __________ may deliver to the Escrow Agent with written instructions that the same shall be part of the Escrow Deposit. The Escrow Agent shall hold the Escrow Deposit subject to the terms and conditions of this Escrow Agreement. In no event, shall the Escrow Agent have any responsibility to ascertain whether the Escrow Deposit satisfies the applicable deposit requirements of the Delaware Insurance Code.

(2) All cash or cash equivalents delivered by _________ as part of the Escrow Deposit shall be registered in the name of __________ and shall be accompanied by irrevocable transfer powers executed in blank, sufficient to allow the Escrow Agent to sell or deliver such cash or cash equivalents in accordance with this Escrow Agreement. The Escrow Agent may cause said cash or cash equivalents to be registered in the name of the Escrow Agent or its nominee. The cash or cash equivalents so deposited shall at all times be kept separate and distinct from all other deposits, so that at all times they may be identified as belonging to ________________.

(3) _________________ shall receive from time to time payments of any interest payments or other distributions upon any government obligations, corporate obligations included as a part of said Escrow Deposit, and the Escrow Agent shall collect interest payments or other distributions for the account of ________________ and the same shall not constitute part of the Escrow Deposit.

(4) _________________ shall have the right at any time and from time to time to withdraw from the Escrow Deposit any cash or cash equivalents provided, however, that at the time of such withdrawal ________________ shall replace the withdrawn cash or cash equivalents with cash or cash equivalents of market value at least as great as the withdrawn cash or cash equivalents.

(5) The purpose of the Escrow Deposit shall be the protection of the policyholders of ______________ wherever located, as determined by the Insurance Commissioner of the State of Delaware, except the deposits required by Delaware statute to be maintained solely for the benefit of Delaware policyholders. Except as set forth in Paragraph (4) above, the Escrow Agent shall deliver the Escrow Deposit only in accordance with the written order of the Insurance Commissioner of the State of Delaware and shall have no liability for any payment of delivery made by it in accordance with such written order.

(6) The Escrow Agent’s responsibility hereunder is limited to the safe holding of the cash or cash equivalents forming the Escrow Deposit, the collection of income therefrom and distribution with respect thereto, and the delivery thereof as set forth in this Escrow Agreement, and it shall be liable for its own negligence, dishonesty, willful misconduct or lack of faith, and indemnify ________________ for any loss resulting therefrom.
The Escrow Deposit shall at all times be kept separate and apart from other deposits with the custodian, so that the deposit may be identified as belonging solely to __________________.

____________________ agrees to pay all reasonable costs of fees charged by the Escrow Agent for acting as Escrow Agent hereunder.

IN WITNESS WHEREOF, the parties have executed this Escrow Agreement by their duly authorized corporate officers the day and year first above written.

COMPANY NAME

(CORPORATE SEAL)  BY:___________________________________________
TITLE:________________________________________
ATTEST:______________________________________

BANK

(CORPORATE SEAL)  BY:___________________________________________
TITLE:________________________________________
ATTEST:______________________________________

Attachments:  Schedule A-Compensation Agreement for Services as Custodian

SCHEDULE A
TO
ESCROW AGREEMENT BETWEEN

AND

ESCROW DEPOSIT

CASH OR CASH EQUIVALENTS     MARKET VALUE AT DATE

Receipt of the above cash or cash equivalents is acknowledged this __________ day of ______________, 20__.

BANK

BY:___________________________________________
TITLE:________________________________________
COMPENSATION AGREEMENT
FOR SERVICES AS CUSTODIAN

THE ANNUAL COMPENSATION IS SHOWN IN THE FOLLOWING SCHEDULES:

(1) ON EACH ISSUE OF _____________________:

$____________________ per $ ________________ on the first $ _______________
$____________________ per $ ________________ on the next $ _______________
$____________________ per $ ________________ on the next $ _______________
$____________________ per $ ________________ on the next $ _______________
$____________________ per $ ________________ all over $________________

MINIMUM CHARGE $___________________

(2) OTHERS:

MINIMUM CHARGE $___________________

(3) TRANSACTION FEE:

$___________________ for cash purchase and/or sale or other conversions. Additions or withdrawals of securities are not considered transactions.

(4) OUT-OF-POCKET EXPENSES SUBJECT TO REIMBURSEMENT.

(5) MINIMUM ANNUAL FEE: $___________________