

**DOMESTIC/FOREIGN INSURERS BULLETIN NO. 2  
QUALIFICATIONS FOR ADMISSION OF FOREIGN AND  
ALIEN INSURANCE COMPANIES**

Original No. 75-17  
Adopted July 30, 1975  
Amended April 15, 1992  
Amended September 28, 2001

**GENERAL:**

The following guidelines pertain to the qualifications required of foreign and alien insurance companies seeking admission or approval into the State of Delaware. This is only an outline and it is stressed that conformity with all provisions of the Insurance Laws of the State of Delaware is required. Copies of the Code are available from the National Insurance Law Service, 21625 Prairies Street, Chatsworth, CA 91311 and McCombs and Company, Inc., P.O. Box 47, Jenkintown, PA 19046\*. Automatic updated material service after every legislative session is provided by these companies.

\*Editors's Note: McCombs and Company, Inc., no longer provides copies of the Delaware Insurance Code. The following service now provides copies of the Code, Related Statutes, Insurance Regulations, and Insurance Bulletins:

BHM Insurance Services, L.L.C.  
P.O. Box 25130  
Wilmington, DE 19899  
Telephone: (302) 678-8795

In addition to the material referred to in this bulletin, 18 Del. C., Section 515, states in part that applicants furnish..."such additional information as the Commissioner may reasonably require..." We feel the purpose of this requirement is to assure that the issuance of a Certificate of Authority is based not only upon a determination of successful financial operation but also on a determination that such operation will be in the public interest. This dual responsibility will be reflected in our review of all companies and we look forward to continued cooperation in this regard.

Any special provisions or requirements concerning foreign company admission to the applicant's domiciliary state will be applied on a retaliatory basis pursuant to 18 Del. C., Section 532. It is the company's responsibility to see that same are complied with when applying for admission to Delaware.

The admission fee of \$700 (subject to retaliatory tax) should be submitted with the application. Please be sure the application is complete before forwarding any documents. Also, we direct your attention to Domestic Insurers Bulletin No. 3.

**I. Insurance Code (Title 18 Delaware Code):**

We call your attention to the following specific Chapters of the Insurance Law which we suggest be carefully reviewed:

- (a) Ch. 5 - Authorization of Insurers and General Requirements
- (b) Ch 39 - Casualty Insurance Contracts - All proposed auto insurance writers should be totally familiar with uninsured motorists, cancellation and non-renewal procedures.
- (c) Ch 47 - Financing of Insurers -Gives Insurance Department regulation over stock sales for formation of an insurance company, holding company, etc. whether new financing or subsequent financing. Pertains to all insurance affiliated stock offerings made in Delaware, whether company is licensed or not.

**II. Specific Company and Coverage Information:**

- (a) Fraternal Benefit Societies Refer to 18 Del. C., Chapter 61.
- (b) Reciprocal Insurers Refer to 18 Del. C., Chapter 57.
- (c) Workers' Compensation Insurers - Must apply for authorization from Industrial Accident Board, 820 North French Street, State Office Building, 6th Floor, Wilmington, Delaware 19801, and make necessary deposit as outlined below in Deposit Section. Designate same on application if line is desired and further information will be forwarded to you at the appropriate time.
- (d) Variable Annuity Designations - Consult Regulations 1 and 44 for specific requirements .

**III. Deposits:**

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 Section 1504 and Domestic/Foreign Insurers Bulletin No. 1.

Alien Insurers:

Must maintain on deposit in this State or another state a surplus of assets in cash or securities eligible for deposit of a value not less than the combined capital and surplus of a like foreign insurer. Deposit should be held in trust for benefit of all policyholder's and creditors in the United States or of all insurer's policyholders in the United States (Section 514).

**SECURITIES DEPOSITED IN DELAWARE SHOULD BE REGISTERED IN THE NAME OF THE INSURANCE COMMISSIONER, STATE OF DELAWARE, IN TRUST FOR THE COMPANY.**

**IV. Financial Requirements:**

Minimum Financial Requirements for admission to Delaware are found in 18 Del. C., Section 511.

**V. Material to be submitted and Admission Procedures:**

As part of an application for Certificate of Authority, the following documents should be submitted to the Department for review:

1. Charter, Certificate of Incorporation or Articles of Incorporation.
2. Constitution By-Laws and regulations (certified by company secretary).
3. Certificate of Compliance.
4. Certificate of Deposit.
5. Most Recent Annual Statement.
6. Most Recent Report of Examination.
7. Completed Application.
8. Completed Power of Attorney Form.
9. Designation of Officials Authorized to Appoint and Terminate Agents within State.
10. Admission Fee of \$700. Check made payable to Insurance Commissioner, State of Delaware. If Fraternal, fee of \$25 for filing Annual Statement with admission application (\$700 fee does not apply).

11. If Life Company, Certificate of Valuation of Reserves.
12. If Reciprocal, Copy of Power of Attorney of Attorney-In-Fact (certified).
13. If Alien Company, Copy of appointment and authority of its U.S. Manager (certified by officer having custody of records).
14. Copy of Reinsurance Agreement.
15. Copy of Management or Exclusive Agency Contracts.