

VA Administrative Letter No. ~~2002-7~~2025-3 (VA INS BUL), ~~2002~~2025 WL ~~33952036~~2206931 (VA INS BUL)

VA Administrative Letter No. ~~2002-7 (June 17, 2002)~~2025-3 (August 6, 2025)

This document ~~supersedes 1999-9~~supersedes 2002-7

~~This document is superseded by 2025-3~~

VIRGINIA INSURANCE BULLETINS AND RELATED MATERIALS
LETTERS

Administrative Letter ~~2002-7~~2025-3

~~June 17~~August 6, 20022025

TO: All Companies Seeking to be Licensed as Insurers in Accordance with Chapter 10, 12, 41, or 46 of Title 38.2 of the Code of Virginia-

FROM: ~~Alfred W. Gross~~Scott A. White

Commissioner of Insurance

DATE: ~~June 17~~August 6, 20022025

RE: REQUIREMENTS FOR DOMESTIC, FOREIGN, AND ALIEN INSURANCE COMPANIES SEEKING ADMISSION
TO DO BUSINESS IN VIRGINIA

The Bureau of Insurance (Bureau) processes company applications for admission to transact the business of insurance in this Commonwealth in accordance with provisions in Title 38.2 of the Code of Virginia (Code). A company applicant must satisfy all applicable statutory requirements.

This administrative letter withdraws Administrative Letter 2002-07.

~~Applications for admission to transact the business of insurance in this Commonwealth will be processed in accordance with provisions in Title 38.2 of the Code of Virginia. Satisfaction of all applicable statutes will be required. All references to a section, chapter or title shall be to the cited portion of the Code of Virginia.~~

~~THE PROVISIONS OF THIS ADMINISTRATIVE LETTER REPLACE THE PROVISIONS OF ADMINISTRATIVE LETTER 1999-9.~~

To transact the business of insurance in Virginia, an insurance company ~~which is domiciled outside the Commonwealth of Virginia~~ must obtain both of the following:

1. A ~~LICENSE~~license issued through the Bureau ~~of Insurance~~ in compliance with Title 38.2 of the Code ~~of Virginia~~; and
2. A ~~CERTIFICATE OF AUTHORITY~~Certificate of Incorporation (domestic) or a Certificate of Authority (foreign/alien) issued through the Clerk of the State Corporation Commission ~~in compliance with Title 13.1 of the Code of Virginia. However, reciprocal insurers (Commission).~~

The applicant must obtain tentative approval for its application for licensing by the Bureau before securing a Certificate of Incorporation or Certificate of Authority.

Service of Process

Each Virginia and foreign business entity that is authorized by the Commission to transact business in Virginia is required to continuously maintain in Virginia a registered agent to accept delivery or service of any process, notice, order or demand on behalf of the business entity.

Virginia does not accept the Uniform Consent to Service of Process form (UCAA Form 12).

Under certain provisions of the Code of Virginia, the Clerk of the Commission is appointed or is deemed to have been appointed the statutory agent of a business entity for the purpose of accepting service of process, notice, order or demand. The Code of Virginia specifies that unlicensed insurers, including unlicensed Surplus Lines insurers and Reciprocal insurers, deem the Clerk of the Commission as the statutory agent.

Additionally, if the insurance company is licensed under Chapter 12 of Title 38.2 ~~instead shall~~ of the Code as a Domestic, Foreign, or Alien Reciprocal Insurer, the insurance company **must also** file with the Bureau ~~of Insurance~~ a written power of attorney ~~on a form prescribed by the Commission~~, appointing the Clerk of the Commission as agent of the reciprocal. The respective forms can be accessed [Reciprocal-poa-formcorporation.pdf](#)

WESTLAW

Administrative Letter 2025-3, VA Administrative Letter No. 2025-3 (2025)

(<https://www.scc.virginia.gov/media/sccvirginiagov-home/regulated-industries/insurance/insurance-companies/for-companies/company-licensing-and-amendments--/reciprocal-poa-form-corporation.pdf>) or Reciprocal-

~~The applicant should submit an application with and be tentatively approved for licensing by the Bureau of Insurance before securing a Certificate of Authority.~~

~~QUALIFICATIONS~~

[poa-form-individual.pdf](#)

(<https://www.scc.virginia.gov/media/sccvirginiagov-home/regulated-industries/insurance/insurance-companies/for-companies/company-licensing-and-amendments--/reciprocal-poa-form-individual.pdf>).

***2 Qualifications for Both Domestic and Foreign Applicants**

1. ~~Section 38.2-1024~~ Subdivision B 3 of § 38.2-1024 of the Code of Virginia requires ~~that~~ the applicant to satisfy the Commission's prescribed minimum capital and surplus requirements. ~~Prescribed minimums include the minimal dollar amounts specified in the, depending on the company type and statutes applicable to it.~~

<u>Insurance Company Type</u>	<u>Minimum Capital and Surplus Requirements</u>	<u>Applicable Statute(s) – Title 38.2 of the Code</u>
<u>Stock</u>	<u>Fully paid in capital stock of at least \$1 million and surplus of at least \$3 million.</u>	<u>38.2-1028</u>
<u>Non-assessable mutual insurers (domestic or foreign)</u>	<u>At least \$4 million of surplus</u>	<u>38.2-1030</u>
<u>Non-assessable alien insurers</u>	<u>At least \$4 million of trusted surplus</u>	<u>38.2-1030; § 38.2-1031</u>
<u>Mutual Insurers issuing assessable policies</u>	<u>At least \$1.6 million in surplus</u>	<u>38.2-1029</u>
<u>Domestic or foreign reciprocal insurers issuing non-assessable policies</u>	<u>At least \$4 million in surplus</u>	<u>38.2-1213</u>
<u>Alien reciprocal insurers issuing non-assessable policies</u>	<u>At least \$4 million of trusted surplus</u>	<u>38.2-1213; § 38.2-1031</u>
<u>Domestic or foreign reciprocals issuing assessable policies</u>	<u>At least \$1.6 million in surplus</u>	<u>38.2-1206</u>
<u>Alien reciprocals issuing assessable policies</u>	<u>At least \$1.6 million in trusted surplus</u>	<u>38.2-1206; § 38.2-1031</u>

~~(a) Stock insurance companies must maintain capital and surplus at the minimum levels prescribed by § 38.2-1028.~~

~~(b) Non-assessable mutual insurers must maintain a surplus at the minimum levels prescribed by § 38.2-1030, or § 38.2-1029 if the company issues assessable policies.~~

~~(c) Non-assessable reciprocal insurers must maintain a surplus at the minimum levels prescribed by § 38.2-1213, or § 38.2-1206 if the company issues assessable policies.~~

~~(d) Alien insurance companies (stock and mutual) incorporated or organized outside the United States must maintain a trustee surplus at the minimum levels prescribed by § 38.2-1031.~~

~~Because a~~³~~A~~ licensed insurer will be impaired and subject to license suspension when its surplus falls below the statutory minimum, ~~the~~ The applicant must have surplus ~~above these minimums in order of not less than \$500,000~~ above the relevant minimum to obtain a license. ~~Precise~~The Bureau will determine precise amounts of additional surplus ~~will be determined by the Bureau~~ through a risk-based assessment of the applicant's financial condition, operational performance, business plan, and means of financial support. ~~The determinations shall consider class~~This determination considers the line of insurance and ~~also~~ factors cited in ~~§ 38.2-1024 B 5~~. ~~At a minimum, an applicant must have additional surplus of not less than \$500,000~~subdivision B 5 of § 38.2-1024 of the Code.

2. An applicant must pay a nonrefundable \$500 application fee. The Bureau may reject applications with missing or deficient documentation. After an application is accepted, the Bureau may deny applications with incomplete subsequent submissions or improperly executed documents.

3. All license applicants must include with their UCAA Primary Application pro forma financial projections and an actuarial certification regarding the methodology for determining premium reserves.

24. Section 38.2-1024Subdivision B 4 of § 38.2-1024 of the Code ~~of Virginia~~ requires the applicant to furnish financial statements and any other reports, certificates, or other documents the Commission considers necessary to ~~secure~~ensure a full and accurate knowledge of the applicant's affairs and financial condition. Financial statements should meet the requirements for annual statements in Section 38.2-1300 ~~addresses the scope and preparation of acceptable financial statements~~of the Code.

~~3. Section 38.2-1024.5.~~ Subdivision B 5 of § 38.2-1024 of the Code of Virginia requires assurances that the applicant ~~“...”~~ is solvent and its financial condition, method of operation, ~~and~~ manner of doing business ~~are~~ is such ~~as~~ to satisfy the Commission that it can meet its obligations to all policyholders...~~.”~~ The following are ~~essential~~ required for a qualified applicant.

~~(a).~~ Profitable operations as a direct writer for each of the three immediately preceding calendar years. For applicants that do not strictly comply with this standard, the Bureau, ~~—~~ at its discretion, ~~—~~ may ~~give due consideration to such~~ consider mitigating factors ~~as the severity, cause(s), and timing of statutory losses, including, but not limited to, the~~ surplus strength of the applicant; ~~and~~ and financial strength of a parent insurer licensed in Virginia; ~~etc.~~

~~(b).~~ Active. Foreign and alien insurers need active engagement in business ~~similar to that for which licensure~~ like the license being requested in Virginia ~~is requested.~~

~~(c).~~ A definitive plan of operations for Virginia, including plans to commence direct writings in Virginia within ~~six months~~ one year after licensure.

~~(d).~~ A proven management team with adequate insurance expertise and experience.

~~Acceptable submissions.~~ Submissions must reflect adherence to standards of accurate financial reporting and disclosure in conformity with annual and quarterly statement instructions, and accounting practices and procedures manuals adopted by the National Association of Insurance Commissioners (NAIC).

6. The Bureau intends to act on all applications within the timeframe goals designated by the UCAA program. During the review process, failure by an applicant to respond adequately to written inquiries and solicitations within 30 days are grounds for denial. Applications with incomplete or improperly executed documents are also subject to denial. The Bureau will make decisions based on an analysis of the required items as well as any other information requested.

*4 Qualifications for Specific Applicant Types

Domestic Applicants

Prior to filing the NAIC's Uniform Certificate of Authority Application (UCAA) (<https://content.naic.org/industry/ucaa>) Primary Application, all license applicants shall incorporate under either Article 3 of Chapter 9 of Title 13.1 of the Code (stock) or Article 3 of Chapter 10 of Title 13.1 of the Code (mutual). This requirement does not apply to reciprocal insurers licensed under Chapter 12 of Title 38.2 of Code.

Foreign and Alien Applicants

1. All license applicants are subject to a “seasoning” or “track record” requirement, defined as profitable operations as a direct writer for each of the three immediately preceding calendar years. For applicants that do not strictly comply with this standard, the Bureau—at its discretion—may consider mitigating factors, including, but not limited to, the surplus strength of the applicant, financial strength of a parent insurer licensed in Virginia, and affiliation with other insurers licensed in Virginia.

~~Application submissions~~ 2. Applications must include a current, full report of an examination ~~duly authenticated~~ issued by the insurance supervisory official of the applicant's state of domicile or of entry. ~~Acceptable reports of examination must be relevant for the applicant's current operations. Reports with balance sheet date more than three years prior to the date of the current NAIC annual statement may be viewed as immaterial for the purposes of the Bureau's analysis, and may result in refusal of a license. Similarly, reports~~ Reports of companies ~~which that~~ have undergone significant changes in operations ~~or growth, ownership, or management~~ since their most recent examination may be viewed as ~~immaterial~~ lacking relevance and may provide grounds for refusal of a license. Depending on circumstances, the Bureau may deny licensure an applicant whose exam report's balance sheet date is more than five years prior to the applicant's current annual statement.

3. An applicant should be actively engaged in the line(s) of insurance that the applicant wishes to write in Virginia.

4. An applicant must have a definitive plan to do business and commit to writing business within one year in Virginia following licensure.

5. Application submissions must include a full report of examination duly authenticated by the insurance supervisory official of the applicant's state of domicile or of entry. Fraternal Benefit Societies – Companies Subject to Chapter 41 of the Title 38.2 of the Code

~~*3~~

~~FRATERNAL BENEFIT SOCIETIES – COMPANIES SUBJECT TO CHAPTER 41 OF TITLE 38.2~~

Pursuant to subdivision 6 of § 38.2-4129 ~~6~~ of the Code ~~of Virginia~~, the Bureau requires applicants seeking licensure as a foreign or alien fraternal benefit society to comply with the standards and policies addressed in this administrative letter for insurers seeking admission under Chapters 10, 12, or 46 of Title 38.2 of the Code.

~~APPLICATION PROCEDURE~~ Tentative Approval

~~Unless otherwise prescribed by the Commission, a company interested in applying for admission to Virginia shall submit a Uniform Certificate of Authority Application (UCAA). Virginia participates in the NAIC's UCAA program, which is a process designed to allow insurers to file copies of the same application for admission in the states that participate in the program. Foreign and alien insurers seeking admission to Virginia should use the 'Expansion Application' format of the UCAA. All necessary UCAA forms and instructions can be obtained online from the NAIC at: www.naic.org/ueaa.~~

~~The Bureau may choose not to accept applications with missing or deficient documentation. Once accepted, applications with incomplete subsequent submissions or improperly executed documents are subject to denial. The Bureau will make a determination based on an analysis of the required items as well as any other information requested.~~

~~It is the intention of the Bureau to act on all applications within a reasonable time frame. During the review process, failure by an applicant company to respond adequately to written inquiries and solicitations within 30 days will be considered grounds for denial.~~

If ~~the application is approved~~, the Bureau determines an applicant qualifies for licensure, it will send the ~~company~~ applicant a letter of tentative approval, outlining ~~the any~~ remaining requirements for admission. These requirements typically consist of the submission of documents to three areas: ~~(~~

~~1) the~~ The Clerk of the ~~State Corporation~~ Commission; ~~(and~~

~~2) the~~ The financial institution designated by the Treasurer of Virginia as custodian for deposits required by Title 38.2 of the Code ~~of Virginia~~ (except for fraternal benefit societies licensed under Chapter 41 of Title 38.2 of the Code ~~of Virginia~~); and ~~(~~

~~*5 3) the~~ The Company Licensing ~~and Regulatory Compliance~~ Section of the Bureau.

Generally, an applicant is expected to complete these remaining requirements within 60 days following the date of tentative approval. Failure to do so may result in ~~denial of the application~~ a decision rescinding tentative approval and ceasing further consideration of admission for licensure. Questions about this administrative letter may be directed to:

~~Questions regarding the contents of this letter should be directed to:~~

~~Company Licensing and Regulatory Compliance~~

~~Financial Regulation Division, Bureau of Insurance~~

~~State Corporation Commission~~

~~P.O. Box 1157~~

~~Richmond, Virginia~~ VA 23218

~~(804) 371-9616~~

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