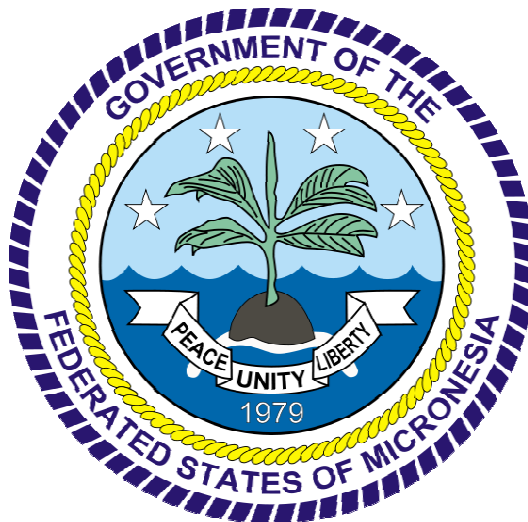


CERTIFICATE OF AUTHORITY APPLICATION PACKAGE

FOR

CAPTIVE INSURANCE COMPANY



INSURANCE BOARD

FEDERATED STATES OF MICRONESIA

Townplaza Building, Suite 12

P.O. Box K-2980

Kolonia, Pohnpei, FM 96941

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April 2014

**FEDERATED STATES OF MICRONESIA
APPLICATION PACKAGE
CAPTIVE INSURANCE COMPANY**

GENERAL INFORMATION

This document and its contents represent the basic application materials that should be used to expedite the evaluation and licensing of a prospective captive insurance company and captive insurance manager pursuant to 37 FSMC Chapter 10.

The application package contains the following:

<u>Description</u>	<u>Form</u>
Steps in Forming FSM Captive Insurance Company	A-1
Instructions for Captive Insurance Company Application	B-1
Application for Admission	C-1
Business Plan Components:	
A. Supplementary Data/Application:	
- For Class 1	D-1
- For Class 2	D-2
- For Class 3 Core	D-3(C)
- For Class 3 Member	D-3(M)
- For Class 4	D-4
B. Economic Feasibility Study	E-1
C. Captive Strategic Plan (Five –Year)	F-1
Biographical Affidavit	G-1
Application as an Independent Certified Public Accountant for Captive	H-1
Application as an Insurance Manager for Captive Insurance Business	I-1
Irrevocable Letter of Credit – Draft Wording	J-1
Resolution of Board of Directors Consenting to Service of Process - Draft Wordings	K-1

GENERAL STEPS IN FORMING A CAPTIVE INSURANCE COMPANY IN THE FEDERATED STATES OF MICRONESIA

Generally, two steps are required to establish a captive insurance company in the Federated States of Micronesia. First, the captive insurance company must be incorporated. Incorporation of captive insurance companies is administered by the FSM Department of Justice, Registrar of Corporations. Feel free to contact them directly. Second, the captive insurance company, after it is incorporated, must be licensed. Licensing of captive insurance companies is under the purview of the FSM Insurance Board.

This application package is for captive insurance companies applying for license. General steps:

1. The captive applicant should arrange an introductory meeting with the FSM Insurance Board. The prospect captive applicant should endeavor to present a brief explanation on “who, why, what, where, when and how”. The name of the captive applicant should be clear during this meeting to avoid delays.
2. Prepare documents necessary for incorporation. The services of a licensed captive manager and local legal counsel may be desirable to expedite the incorporation process. There are licensed captive managers and various legal firms in the FSM readily available to assist you.
3. Prepare documents necessary for application to the FSM Insurance Board (see Application for Admission or C-1 Schedule for a list of documents required). Remember to include the Schedule H-1 (application for authorization as independent CPA), Schedule I-1 (captive insurance manager), Schedule K-1 (resolution of board of directors for consenting to service of process), and relevant Schedule D, among other documents as necessary such as loss reserve and loss expense reserve specialist certification (independent actuarial report). **Note:** if your captive manager is already licensed in the FSM, you do not need to complete I-1 Schedule.
4. Submit one (1) original and one (1) electronic copy of all documentation required in items 2 and 3 above to the Insurance Commissioner. Include USD \$500 non-refundable application fee, payable to the FSM Insurance Board, FSM Government.
5. All application forms must be completed entirety and thoroughly. All supporting documents must be labeled according to the application Form and the respective question for which such a supporting document represents. An independent reviewer may be engaged to assist in the review of the application, the reasonable cost of which will be charged to the applicant.
6. Applicants are highly encouraged to include an “Executive Summary” in their application package when filed.
7. Evidence on capitalization must be filed with the Board as soon as possible and prior to licensure.
8. License fee is USD \$500.00 and must be paid prior to the release or issuance of license or Certificate of Authority.
9. License is valid until March 31 each year and must be renewed by this date with the renewal license fee of USD \$500.00, payable to the FSM Insurance Board, FSM Government.

GENERAL STEPS IN FORMING A CAPTIVE INSURANCE MANAGEMENT FIRM:

A captive manager may apply and be licensed together with a captive insurance company applicant, or independently from a captive insurance company. A captive manager may apply for license even if it is not managing a captive insurance company.

1. If you are applying for captive manager’s license independent from any captive applicant, Form I-1 and Form G-1 must be completed and filed with all supporting documents.

**Federated States of Micronesia
Insurance Board**

INSTRUCTIONS FOR CAPTIVE INSURANCE COMPANY APPLICATION

General

The application package should generally be completed after the introductory meeting between the prospective captive applicant and the Insurance Board. The objective of the introductory meeting is for familiarity and to assist in addressing any issues or concerns.

The application must be completed at its entirety and should include all material requested together with a non-refundable application fee of USD \$500 payable to the "Insurance Board, FSM Government". Incomplete submissions can significantly delay the application process, and in some cases, may be returned or filed as incomplete. As a result, it is strongly recommended that the anticipated independent captive insurance manager or an appropriate consultant with proven experience in the successful formation and licensing of captives be actively involved in the preparation and submission of the captive application. All supporting documents must be labeled according to the application Form and the respective question for which such a supporting document is intended.

The applicant should consider filing the application with an "Executive Summary". Also the application should be accompanied with a cover letter signed by the authorized officer.

The FSM Insurance Board may utilize an Independent Captive Application Reviewer to assist in the captive application review and licensing process. The fee for this reviewer will be borne by the captive applicant.

CHANGES TO APPLICATION AND BUSINESS PLAN:

The documents and forms included in this package should also be utilized for submitting requests for changes to the initial or currently approved captive application business plan for which the captive is licensed. Depending on the change of business plan, there may be a need for an independent actuarial report (loss reserve and loss expense reserve specialist), especially for additional line(s).

**Insurance Board
FEDERATED STATES OF MICRONESIA**

CAPTIVE INSURANCE COMPANY APPLICATION FOR ADMISSION

1. Name of proposed captive: _____
Alternate name: _____

2. Type/Class of Captive:
Class 1: _____
Class 2: _____
Class 3 (Core): _____
Class 3 (Member): _____
Class 4 _____

3. Name, address and telephone number of Principal Representative _____

Address and telephone number of Principal Office (if different than the Principal Representative): _____

In Federated States of Micronesia: _____
Elsewhere: _____

4. Attach a Board of Directors' Resolution of the parent company of the captive applicant bearing the corporate seal, or alternative acceptable corporate sealed document designating individuals(s) to:

a) Establish captive and vote the stock of the captive shareholders.

b) Negotiate a Letter of Credit, Repayment Agreement and/or Continuing Guaranty Agreement

5. List ultimate beneficial owner(s) of the captive. If more than one owner, describe the relationship(s) between them.

6. Attach a copy of the most recent Audited Financial Statements, Annual Report and other required public filings for each beneficial owner.

7. If Letter of Credit are to be used, show name and address of bank and amount(s) Form J-1 (enclosed), **MUST** be used.

8. Name, address, telephone, and email address of:

a) Captive Manager:

- b) Lawyer:
 - c) CPA:
 - d) Actuary:
9. Name and resident address of each captive director. *(Note: also a Biographical Affidavit (G-1 Form) must be submitted for each Captive Director).*
 10. List title, name, and resident address of each captive officer. *(Note: also a Biographical Affidavit (G-1 Form) must be submitted for each Captive Officer).*
 11. Include the following information with this Application:
 - a. Name, address, and telephone number of person to be contacted regarding this application.
 - b. Copy of proposed captive's Charter and By-laws, if the captive applicant is currently in the incorporation process; otherwise a copy of the certified Articles of Incorporation, Certificate of Incorporation and Charter (incorporation documents). Approved incorporation documents must be filed with the Board as soon as possible.
 - c. A non-refundable application check of USD \$500.00 made payable to: FSM Insurance Board, Government of the Federated States of Micronesia, with the applicant's name noted on the check or remittance portion of the check.
 - d. An Economic Feasibility Study by an independent actuary approved by the Insurance Commissioner
 - e. Comprehensive Narrative Business Plan, Pro-Forma Financial Projections (Normal or Expected and Adverse) and any other relevant documentation and information.
 - f. An independent loss reserve and loss expense reserve specialist (actuary) opinion or report.

I, THE AUTHORIZED OFFICER OF THE APPLICANT, CERTIFY TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL OF THE INFORMATION GIVEN IN THIS APPLICATION IS TRUE AND CORRECT AND THAT ALL ESTIMATES GIVEN ARE TRUE ESTIMATES BASED UPON FACTS WHICH HAVE BEEN CAREFULLY CONSIDERED AND ASSESSED.

Name _____ Date _____

(Signature of Authorized Director) (Title)

**Insurance Board
FEDERATED STATES OF MICRONESIA**

CLASS 1: SUPPLEMENTARY DATA
CAPTIVE’S PARENT, SUBSIDIARIES, AFFILIATES AND PARTICIPANTS

1. Provide operating names of parent, subsidiaries and affiliates.
2. Is the parent owned or controlled by another? NO ____ YES _____. If “yes” provide the name.
3. Type of business:
4. Legal status and domicile:
5. Countries in which the parent, subsidiaries, affiliates and participants do business:
6. Combined annual gross revenues and number of employees:
7. Provide past three years audited financial statements (Annual Reports) on the parent:
8. Describe long range (five years) plans with respect to:
 - a. Mergers/Acquisitions by Parent
 - b. Disposition or Reorganization
9. Attach a schedule of current corporate insurance coverage.

**Insurance Board
FEDERATED STATES OF MICRONESIA**

**CLASS 2: SUPPLEMENTARY DATA
CAPTIVE'S PARENT, AFFILIATES, ASSOCIATIONS, AND RELATED THIRD-PARTIES**

1. Provide operating names of parent, subsidiaries and affiliates.
2. Is the parent owned or controlled by another? NO ____ YES _____. If "yes" provide the name.
3. Type of business:
4. Legal status and domicile:
5. Countries in which the parent, subsidiaries, affiliates and participants do business:
6. Combined annual gross revenues and number of employees:
7. Provide past three years audited financial statements (Annual Reports) on the parent:
8. Describe long range (five years) plans with respect to:
 - a. Mergers/Acquisitions by Parent
 - b. Disposition or Reorganization
9. Attach a schedule of current corporate insurance coverage.
10. Will the captive applicant assume risks of related third-party business?
 - a. Yes _____
 - b. No _____
11. Is there an existing contractual arrangement or will there be a contractual arrangement between the Related Third-Party business and parent and/or affiliate of the captive?
 - a. Yes _____
 - b. No _____
12. What are the financial requirements for a Related Third-Party to qualify for the Program?
13. What are the exit procedures for a Related Third-Party to leave the Program?
14. What procedures are in place for handling ongoing liabilities for Related Third-Parties which withdraw from the Program?

**Insurance Board
FEDERATED STATES OF MICRONESIA**

CLASS 3: MCC CORE MEMBER CAPTIVE INFORMATION
SUPPLEMENTARY DATA

1. Provide operating names of parent, subsidiaries and affiliates.
2. Is the parent owned or controlled by another? NO ____ YES _____. If “yes” provide the name(s).
3. Type of business:
4. Legal status and domicile:
5. Countries in which the parent, subsidiaries, affiliates and participants do business:
6. Combined annual gross revenues and number of employees of parent:
7. Provide past three years audited financial statements (Annual Reports) on the parent:
8. Describe long range (five years) plans with respect to:
 - a. Mergers/Acquisitions by Parent
 - b. Disposition or Reorganization
9. Attach a schedule of current corporate insurance coverage.
10. What are the requirements for becoming a Member Captive in the MCC Program?
11. What are the exit procedures for a Member Captive to leave the MCC Program?
12. Will the captive applicant assume risks of related third-party business?
 - a. Yes _____
 - b. No _____
13. Is there an existing contractual arrangement or will there be a contractual arrangement between the Related Third-Party business and parent and/or affiliate of the captive?
 - a. Yes _____
 - b. No _____
14. What are the financial requirements for a Related Third-Party to qualify for the Program?
15. What are the exit procedures for a Related Third-Party to leave the Program?
16. What procedures are in place for handling ongoing liabilities for Related Third-Parties which withdraw from the Program?

**Insurance Board
FEDERATED STATES OF MICRONESIA**

**CLASS 3: MCC MEMBER CAPTIVE INFORMATION
SUPPLEMENTARY DATA**

Name of the Core Class 3 Licensee: _____

1. Provide operating names of the applicant's parent, subsidiaries and affiliates.
3. Is the parent owned or controlled by another? NO ____ YES _____. If "yes" provide the name(s).
4. Type of business:
5. Legal status and domicile:
6. Countries in which the parent, subsidiaries, affiliates and participants do business:
7. Combined annual gross revenues and number of employees of parent:
8. Provide past three years audited financial statements on the parent, if any:
9. Describe long range (five years) plans with respect to:
 - a. Mergers/Acquisitions by Parent
 - b. Disposition or Reorganization
10. Attach a schedule of current corporate insurance coverage.
11. What are the exit process and procedure for leaving the MCC Program?

**Insurance Board
FEDERATED STATES OF MICRONESIA**

CLASS 4: SUPPLEMENTARY DATA

CAPTIVE PARENT, SUBSIDIARY, AFFILIATES, RELATED THIRD-PARTIES, AND UNAFFILIATED BUSINESS

1. Provide operating names of parent, subsidiaries and affiliates.
2. Is the parent owned or controlled by another?
3. Type of business.
4. Legal status and domicile.
5. Countries in which the parent, subsidiaries, affiliates, and third-parties (related, unaffiliated or others) do business.
6. Combined annual gross revenues and number of employees of parent of the Class 4 captive.
 - a. If the program will insure/reinsure third party (related, unaffiliated or others), also provide annual gross revenue and number of employees of each third party:
 - b. Legal status and domicile of third party (related, unaffiliated or other):
 - c. Type of business of third party (related, unaffiliated or other):
7. Describe long range (five years) plans with respect to:
 - a. Mergers/Acquisitions by Parent
 - b. Disposition or Reorganization
8. Attach a schedule of current corporate insurance coverage for Class 4 captive and any third parties (related, unaffiliated or others).
9. What are the requirements for a third party (related, unaffiliated or others) to join in the Program?
10. What are the financial requirements for a third party (related, unaffiliated or others) to qualify for the program?
11. Will collateral or other requirements be required of a third party (related, unaffiliated or others)?
12. What are the exit procedures for a third party (related, unaffiliated or others) to leave the program?

13. What procedures are in place for handling ongoing liabilities of third party (related, unaffiliated, or others) which withdraw from the Program?
14. Does the captive intend to assume reinsurance from unaffiliated businesses? If so, describe the captive's process and procedure for underwriting the unaffiliated business risks, the percentage and amount of net retention, retrocession, aggregate stop loss, and excess of loss.

**Insurance Board
Federated States of Micronesia**

ECONOMIC FEASIBILITY STUDY

1. What is the premise for the captive? Describe the general purpose and main objectives of the captive being created.
2. What will be the initial capital for the proposed captive? How will this be funded? (i.e. cash, Letter of Credit, other).
3. Describe the net limits and retentions, by line, which will be assumed by the proposed captive. How much of the underlying liability will be ceded to reinsurers?
4. Please provide a brief discussion of the assumptions underlying the determination of the premium rates and projected premium growth. Include the following items within your discussion:
 - a. Basis for determining rates.
 - b. Projected premium growth.
5. Display estimated gross premium income, net premium income after reinsurance ceded, expenses and taxes for the first five years of operation.
6. Please provide the following information and a brief discussion of any unusual or unique circumstances for each year presented in the accompanying pro formas:
 - a. Net Premium/Capital ratios:

 - b. Preliminary test for regulatory compliance:
 - Minimum Capital.
7. While it is realized that the forecast of losses is subject to the outcome of unknown future contingent events, the underlying assumptions regarding incurred losses must be reasonable within today's economic environment. Please provide a brief discussion of the assumptions used in regard to the following:
 - a. Economic/inflationary adjustments
 - b. Expected number of claims
 - c. Allocated loss expense ration
 - d. Unallocated loss expense ratio
 - e. Policy regarding discounting or reserves
 - f. Method by which IBNR losses are treated.

8. Please provide a brief discussion and series of exhibits regarding the investment philosophy and cash flow position of the proposed captive. This discussion should include:
 - a. Cash flow exhibits
 - b. Interest rate assumptions
 - c. Portfolio assumptions

15. Pro-forma Balance Sheet:

- a. Assets
 - i. Cash
 - ii. Investments
 - iii. Real Property
 - iv. Other
- b. Liabilities
 - i. Loss Reserves
 - ii. Other
 - iii. Paid Capital
- c. Retained Earnings
- d. Tax impacts
- e. Underwriting Profit/Loss
- f. Dividends (Paid or Declared)
- g. Capital and Surplus

**Insurance Board
Federated States of Micronesia**

**CAPTIVE STRATEGIC PLAN
(FIVE-YEAR)**

A. GENERAL

1. Give proposed name for captive insurance company. Include alternate name in the event the original choices cannot be registered.
2. What is the proposed date for commencement of business?
3. State ending date of financial reporting year (calendar/fiscal).

B. ACCOUNTING AND FINANCIAL

1. Indicate which of the following will be located in FSM
 - a. _____ General Ledger
 - b. _____ General Journal
 - c. _____ Subsidiary Ledgers (referred to in General Ledger)
 - d. _____ Cash Books – Receipts and Disbursements
 - e. _____ Premium Registers
 - f. _____ Loss Registers
 - g. _____ Reinsurance Reports
 - h. _____ Daily Reports of Claim Files
 - i. _____ Copies of Policies
 - j. _____ Copies of Reinsurance Treaties and Agreements
2. Give names and locations of all banks which the captive proposes to use.
3. Provide details of capitalization, including number of shares, per value, classes of shares, registered owners, additional paid in capital and total contributed capital and surplus.
4. Have cash flow projections considered the possibility of negative cash flow if claim patterns are adverse? How will this be handled?
5. How will deficiencies in required capital be handled or resolved, if needed?
6. Please describe methods, including formula and time frames, contemplated in the return of premium to policyholders in the form of dividends, or distribution of profits to shareholders.

7. Describe any loans which the captive has made or contemplated making to any director, officer, shareholder or employee of the captive or any related or affiliated company and any investments in any related or affiliated company.
8. Describe the contingency plan in the event the captive becomes insolvent, if the parent or sponsor is taken over by another company, or if it is decided to voluntarily close down the captive operation.

C. INSURANCE/REINSURANCE

1. What specific lines of business are to be written by the captive?
2. Does the parent own or have an investment in other captives? If yes, list name(s) and domicile(s). Will the proposed FSM captive conduct any reinsurance business with this (these) captive(s)? If yes, describe fully.
3. Does the proposed captive intend to assume and/or cede any insurance risks with any licensed captive? If yes, describe fully, including name(s), domicile(s), coverage, limits, percentage and amount of gross and net retentions, etc.
4. Describe excess insurance or reinsurance arrangements above the captive's net retentions, up to policy limits. Separately describe excess of loss and aggregate stop loss requirements.
 - a. Will any portion of the limits above the net retention not be insured or reinsured?
 - b. Provide the names and domiciles of insurance and reinsurance companies and respective brokers or intermediaries for the program.
5. Does the captive intend to insure risks of unaffiliated business? If so, describe the captive's procedures for underwriting these risks, including but not limited to coverage, limits, percentage and amount of gross and net retentions, retrocession, aggregate stop loss, excess of loss, etc.
6. Who will prepare the Reinsurance Contract?
7. In addition to the usual reinsurance terms, certain special clauses are needed. Indicated if the contract wording includes:
 - a. Cancellation clause with period of notice which exceeds 30 days that period stipulated in the original policy, with a copy to the Insurance Commissioner.
 - b. Prompt reimbursement clause of losses paid which exceed the reinsurance premium due.

- c. Authority to the company to pay and settle claims without approval of the reinsurer who shall be obligated for its share of the loss.
 - d. Empowerment clause for the company to immediately draw upon Letters of Credit in the event of breach of any of provisions of the reinsurance contract.
 - e. Reinsurer's liability surviving cancellation clause with respect to claims presented thereafter.
8. State the method by which business will be obtained. (i.e. by the captive's own employees, by brokers, by both.)
9. Attach a specimen copy of each policy form including all endorsements to be used for each line of coverage.
10. If the captive will be reinsuring a front (ceding) company, please provide the following information:
- a. Name and domicile of the front company.
 - b. Net retention of the fronting company.
 - c. Allocation factors for premiums to be retained by the front company and ceded to the captive.
 - d. Indicate the fronting fee in dollars and as percent of gross primary premium.
11. Claims Administration:
- a. Claims Administrator:
Name: _____
Address: _____
Telephone: _____
 - b. Describe claims management program and loss control or safety measures.
 - c. Who will develop claims statistical and accounting data, and how will it be used?

INSURANCE BOARD
FEDERATED STATES OF MICRONESIA

CAPTIVE INSURANCE COMPANY
BIOGRAPHICAL AFFIDAVIT
(Print or Type)

Name of Captive Insurance Company: _____
Existing Licensee: _____

Captive Status: Application Pending:

* * * * *

To: Insurance Commissioner, Federated States of Micronesia

In connection with the above-named company, I herewith make representation and disclosures about myself.

Attach a separate sheet if necessary.

If answer is **"NONE"** or **"NO EXCEPTIONS"**, so state. Do not use **"N/A"**

1. Affiant's Full Name: _____
 Social Security Number: _____
 (If not available, then complete the following):
 Passport Number: _____
 Country of Issue: _____
 Expiration Date: _____
2. Other names used at any time: _____
3. Date of Birth: _____ Place of Birth: _____
4. Education and Degrees: _____
 High School: _____
 College: _____
 Graduate or Professional: _____
 (List all educational institutions and locations on additional sheet, if necessary).

5. Member of Professional Societies or Associations (list):

6. I control directly or indirectly, or own legally or beneficially 10% or more of the outstanding stock (in voting power) of the following insurers, brokerage, insurance services or risk management consultation firms:

7. Present Chief Occupation:

Position/Title:	How Long:
Employer's Name:	
Address:	
Length of Employment	Where:

8. Other jobs, positions, directorates, or officerships held at present:

9. Employment Record:

Date:	Employer & Address:	Title:
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10. For the last 10 years, I have lived at the following address(es):

11. I have never been adjudicated as bankrupt, except as follows:

12. I have never been convicted or had a sentence imposed, or suspended or had a pronouncement of a sentence suspended or been pardoned for conviction of or pleaded guilty of or nolo contendere to any information or an indictment charging any felony, or charging a misdemeanor involving embezzlement, theft or larceny, mail fraud, or charging a violating of any corporate securities statute or any insurance law, nor have I been the subject of any cease and desist order or any disciplinary proceedings of any regulatory agency, except as follows:

13. I have neither been refused a professional license issued by any public or governmental licensing agency or regulatory authority, nor has such a license held by me ever been suspended or revoked, except as follows:

14. I presently hold or have held in the past, the following professional, occupational, or vocational license issued by a public or governmental licensing agency or authority (state date license issued, issuer of license, date terminated, reason for termination):

15. I have never been an officer, director, trustee, investment committee member, key employee, or controlling stockholder of an insurer which, while I occupied any such position or in the 12 months subsequent or capacity with respect to it, became insolvent or was placed in conservatorship, or was enjoined from or ordered to cease and desist from violating any securities or insurance law, except as follows:

16. The Certificate of Authority or license to do business of any insurance company of which I was an officer or director or key management person has never been suspended or revoked while I occupied such position or in the 12 months subsequent, except as follows:

17. No insurer of which I was an officer, director, or key management person at the time or 12 months subsequent has ever been denied or refused or voluntarily withdrawn its application for a license or certificate or authority, except as follows:

I, the affiant, hereby certify under penalty as provided by law that the foregoing statements are true and correct to the best of my knowledge and belief.

Dated and signed this _____ day of _____, 20____ at _____

(Signature of Affiant) *(Print Name of Affiant)* *(Title)*

INSURANCE BOARD
FEDERATED STATES OF MICRONESIA

**APPLICATION AS AN INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANT FOR CAPTIVE INSURANCE BUSINESS**
(Print or Type)

Name of Captive Insurance Company: _____

Captive Status: Pending Application: _____ Existing Licensee: _____

* * * * *

To: Insurance Commissioner, Federated States of Micronesia

I hereby apply as a/an:

Individual: _____ Partnership: _____ Corporation: _____ Other: _____

Attach a separate sheet if necessary.

If answer is “NONE” or “NO EXCEPTIONS”, so state. Do not use “N/A”

IF APPLICANT IS AN INDIVIDUAL
(Complete Items 1 through 10)

1. Full Legal Name: _____

2. Business Address: _____
(P.O. Box and Physical Street)

(City or Town) (State) (Zip Code) (Phone) (Fax)

3. Personal Data:

a. Residence Address: _____

b. Date of Birth: _____/_____/_____

c. Social Security Number: _____-_____-_____

(If not available, then complete the following):

Passport Number: _____

Country of Issue: _____

Expiration Date: _____

d. Education and Degree(s):

High School: _____

College: _____

Graduate or Professional: _____

4. List all insurance and/or captive auditing experience (attached additional sheets as necessary).
5. Has applicant ever been arrested, or indicted for and/or convicted of any crime or offense other than a traffic violation? NO___ YES___. If “yes,” submit full particulars of each case and disposition thereof.
6. Do you control directly, or own legally or beneficially the outstanding stock of any insurers, brokerage firm, insurance services or risk management consulting firm? NO___ YES___. If “yes”, provide details:
7. Do you currently hold or have held any type of insurance license?
- | (Type) | (State) | (Expiration Date) |
|--------|---------|-------------------|
| | | |
9. Have you ever had a license or privilege refused or revoked by any Insurance Authority or other Regulatory Authority from any jurisdiction? NO___ YES_____. If “yes” give details:
9. Are you currently licensed by any jurisdiction as a CPA?
- a) If yes, name of jurisdiction:
- b) How long?

10. Has your license as a CPA in this jurisdiction or any other jurisdictions ever been suspended or revoked? NO ___ YES ___. If “yes”, give details.

I hereby certify that my responses to the above are true and complete; (Also, include a complete Biographical Affidavit).

Signed: _____ Date: _____

Subscribed and sworn to before me this _____ Day of _____ 20 ____.

Signature of Notary Public: _____

NOTARY SEAL Notary Public authorized by law to administer oaths.

My commission expires on: _____

IF APPLICANT IS OTHER THAN AN INDIVIDUAL
(Complete items 11 through 14)

11. Name of Partnership, Corporation, etc.

Business Address:

Federated States of Micronesia Business ID No.:

Telephone:

12. Describe insurance and/or auditing experiences (attach additional sheets as necessary):

13. Indicate insurance experience of partner, manager, supervisor, etc. of individual(s) responsible for auditing captive(s):

14. Will you assign only individuals that have a minimum of two years insurance auditing experience? Yes: _____ No: _____. If no, please provide explanation.

I hereby certify that my responses to the above are true and complete.

Signed: _____ Date: _____

Subscribed and sworn to before me this _____ Day of _____ 20 ____

Signature of Notary Public: _____

NOTARY SEAL

Notary Public authorized by law to administer oaths.

My commission expires on: _____

INSURANCE BOARD
FEDERATED STATES OF MICRONESIA

Application as an Insurance Manager for Captive Insurance Business

- 1. Name of captive insurance management firm: _____
- 2. Business address: _____ Phone No. _____
- 3. Name, telephone and fax numbers, and e-mail address for the captive insurance manager’s authorized representative:

- 4. Is the Applicant a
 - corporation partnership limited liability company
 - other form of business entity _____
 - a. Date of incorporation or formation: _____
 - b. Place of incorporation or formation: _____
- 5. During the past five years, has the Applicant operated under any different name, or has the Applicant purchased, consolidated or merged with any other business, or has the Applicant been purchased?
 No Yes If yes, please explain: _____

- 6. Provide the address where captive insurance management services will be performed, if different from #2 above.

- 7. Please provide the following information about the Applicant:
 - a. Location where insurance captive records will be maintained, if different from #2 above: _____
 - b. Names and titles of all staff (complete Biographical Affidavit) for each, except clerical staff):
 - i. Principals/partners: _____
 - ii. Officers/Professional Staff: _____
 - iii. Clerical and all others: _____

- c. Number of captive insurance companies under management: _____
- d. Names of all domiciles where licensed or approved as a captive insurance manager: _____

8. State captive insurance management services provided directly by the Applicant.

9. State captive insurance management services Applicant intends to subcontract to third parties (include copies of such agreements). _____

10. Does the Applicant currently carry any of the following types of insurance: Directors and Officers Liability, Errors and Omissions, or Fidelity/Crime?
- No Yes If yes, please attach policy.
11. After inquiry of all professional employees at the date of this application, have any of them ever been the subject of a regulatory reprimand or disciplinary action, refused admission or approval, or lost any license as a result of professional activities.
- No Yes If yes, please explain:

12. Has the Applicant ever been denied approval as a captive insurance manager in any jurisdiction?
- No Yes If yes, please explain: _____

13. After inquiry of all directors, officers, principals, partners, and professional employees at the date of the application, have any claims or suits ever been made against the Applicant or any of the directors, officers, principals, partners, or employees arising out of professional arising out of professional services?
- No Yes If yes, please explain: _____

14. State whether any director, officer, principal, partner or professional employee has any ownership interest in any captive insurance company under management. _____

15. State whether any director, officer, principal, partner or professional employee serve as a board member on any captive insurance company it currently manages or will manage.

16. State whether any director, officer, principal, partner or professional employee performs or intends to perform any services other than captive insurance management services to a captive insurance company under management or to a shareholder of a captive insurer.

I, HAVING THE AUTHORITY TO EXECUTE THIS APPLICATION, HEREBY SWEAR OR AFFIRM UNDER PENALTY OF LAW THAT THE INFORMATION PROVIDED HEREIN IS, TO THE BEST OF MY KNOWLEDGE, COMPLETE AND TRUTHFUL IN ALL RESPECTS. I FURTHER UNDERSTAND THAT THE SUBMISSION OF FALSE OR INACCURATE INFORMATION SHALL BE GROUNDS FOR DENIAL OF APPROVAL TO ACT AS A MANAGER OF CAPTIVE INSURANCE COMPANIES IN FSM.

Dated and signed this _____ day of _____, 20_____.

(Signature of Affiant)

(Print Name of Affiant)

Subscribed and sworn before me this _____ day of _____, 20_____.

(Notary Seal)

(Notary Public Signature)

**INSURANCE BOARD
FEDERATED STATES OF MICRONESIA**

**CAPTIVE INSURANCE COMPANY
IRREVOCABLE LETTER OF CREDIT**

Date _____

Letter of Credit No. _____

Insurance Commissioner
FSM Insurance Board
Government of Federated States of Micronesia
Town Plaza Building, Suites 12
P.O. Box K-2980
Kolonias, Pohnpei State, FM 96941

Commissioner:

1. We hereby establish our **IRREVOCABLE LETTER OF CREDIT** in your favor for the account of: _____

_____ up to the aggregate amount of \$ _____ available by your draft(s) drawn on us, at sight, bearing the number of this **IRREVOCABLE LETTER OF CREDIT NO.**

_____ This **LETTER OF CREDIT** shall expire at our: [Address], (Attn: Standby Letter of Credit Department)

_____ At our close of business as of _____, unless as hereinafter extended.

2. This **LETTER OF CREDIT** is issued pursuant to the provisions of _____ on behalf of the above-mentioned:

_____ *(name of captive applicant)* which is applying for a license to engage in the insurance business in the Federated States of Micronesia as a captive insurance company.

_____ We understand and agree that _____ *(name of captive applicant)* has no obligation to reimburse us and we have no right to set off against any funds held by us for _____ *(name of captive applicant)*

**INSURANCE BOARD
FEDERATED STATES OF MICRONESIA**

**RESOLUTION OF BOARD OF DIRECTORS OF INSURER
CONSENTING THAT SERVICE OF PROCESS ON THE
INSURANCE COMMISSIONER OF THE FEDERATED STATES OF
MICRONESIA BE VALID SERVICE ON THE INSURER**

RESOLVED, by the Directors of _____ (*name of captive insurance company*), a captive insurer organized under the laws of Federated States of Micronesia and authorized to do business in the Federated States of Micronesia (hereinafter called the “Insurer”), that, pursuant to the requirements of the laws of the Federated States of Micronesia, the said Board of Directors for and on behalf of said Insurer does hereby:

- (1) Consent that service of process be made upon the Insurance Commissioner of the FSM Insurance Board of the Federated States of Micronesia (always for the time being), in any action or proceeding against said insurer at any time brought or pending in Federated States of Micronesia upon any cause of action arising in or growing out of business transacted in Federated States of Micronesia;
- (2) Consent that service so made shall be valid and effective service upon said Insurer; and
- (3) Stipulate that such consent shall be and is hereby made irrevocable so long as the license of said Insurer shall remain in force in the Federated States of Micronesia or any loss remains unpaid therein.

[Name] ss.

_____, being duly sworn, deposes and says that: He is the Secretary of the _____; the foregoing is a true copy of the resolution adopted at the meeting of the Board of Directors of the: _____, held _____, 20_____: a quorum of said Board was present at the said meeting.

Secretary: _____

Subscribed and sworn to before me this _____ day of _____, 20____.

My commission expires: _____