



South Carolina Department of Insurance

Division of Financial Services
Office of Financial Analysis
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MARK SANFORD
Governor

SCOTT RICHARDSON
Director of Insurance

General Qualifying Requirements And Application Procedures For a Foreign Eligible Surplus Lines Insurer

Outlined below are the general requirements to be met by a Foreign Eligible Surplus Lines Insurer (the "Applicant") to qualify to transact business in South Carolina. Reference should be made to Title 38, Chapter 45 of the Code of Laws of South Carolina (the "Code"), a copy of which can be accessed at <http://www.scstatehouse.net/code/t38c045.doc>.

1. The application material must be submitted by a licensed resident broker. See S.C. Code Ann. Section 38-45-90. The sponsoring broker, under his/her business letterhead, must state that the Applicant will offer coverages not available through duly licensed companies, and must specifically describe the coverages which will be undertaken. Once the Applicant is added to this Department's list of Foreign Eligible Surplus Lines Insurers, any licensed resident broker can file an individual submission request for approval of a risk located in this State.
2. The Applicant must have a minimum total capital and surplus of \$15,000,000.
3. The Applicant must have been examined as recently as December 31 of the second year preceding the most recent annual statement date using the guidelines outlined in the NAIC Examiners Handbook. The examination must cover a period of operation of not less than one full calendar year. A certified copy of the Report on Examination must be submitted with the application. This requirement may be waived if the applicant demonstrates that a.) it is currently rated "A- (Excellent)" or better by A.M. Best or b.) that it is affiliated with an insurer which is currently licensed and in good standing in this State.
4. The Applicant must be authorized by its Charter and state of domicile to write the lines of business for which authority is requested. See S.C. Code Ann. Section 38-1-20 (37.5) for the lines of business the Applicant can write.
5. Retaliatory provisions are authorized pursuant to S.C. Code Ann. Section 38-7-90.

If the Applicant meets these general requirements, please submit the items listed below. **Do not send a partial or incomplete application; it will be returned.**

A. Form No. 1000A – "Application for Certificate of Authority - Surplus Lines."

B. A Biographical Affidavit on each officer and director of the Applicant and its ultimate controlling entity. Use SCID Form 1000B and photocopy as needed. The NAIC Biographical Affidavit form is acceptable.

C. A Holding Company Registration Statement, including an audited financial report, on the Applicant's ultimate controlling entity.

D. The two most recent Annual Statements, including Management's Discussion & Analysis and the Statement of Actuarial Opinion, prepared on the NAIC convention form bearing original signatures and notarization. Quarterly Statements must be submitted until the application is approved or disapproved.

E. A certified copy of the Applicant's most recent Report on Examination and a letter from a responsible officer of the applicant which addresses corrective actions taken to comments or recommendations contained within the Report.

F. An audited financial statement, prepared by a Certified Public Accountant on a statutory accounting basis, as of the most recent December 31.

G. Certified copies of the Applicant's Charter and Bylaws.

H. A Certificate of Compliance from the Applicant's home state showing the lines of business for which it is authorized.

I. Form No. 1008 – “South Carolina Insurance Department Affidavit of Compliance.”

J. South Carolina Form No. 1027ESLI – “Appointment of the Director of Insurance of South Carolina as its Attorney to Accept Service.”

K. A letter from the insurance department of the Applicant's state of domicile which shows the following requirements which would have to be met by a South Carolina eligible surplus lines insurer applying for a certificate of authority in the Applicant's state of domicile: capital and surplus; seasoning; application fee; licensing fees; and deposits. See S.C. Code Ann. Section 38-7-90.

L. The Applicant must submit a copy of its most recent NAIC IRIS ratios, explanatory comments for each unusual ratio, and steps taken or contemplated by management to bring each unusual ratio back to within the usual ranges for that ratio.

M. Pro forma balance sheets and income statements and projected nationwide and South Carolina direct premium writings by line of business for the next three years.

The application should be directed to the attention of:

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