



## **REQUIREMENTS FOR ORGANIZING AND LICENSING OF A HOME PROTECTION COMPANY**

**(It is suggested that anyone interested in forming a new Home Protection Company should first inform the Bureau of Insurance, State Corporation Commission, of their plans and general intentions.)**

Applicant must be either a Virginia corporation or a foreign corporation subject to regulation and laws in its state of domicile which are substantially similar to that of the Virginia law. **A personal meeting with Bureau staff members prior to submission of an application is strongly encouraged; please call (804) 371-9636 to schedule an appointment with the appropriate representative.** Except as provided in 38.2-2602 of the Virginia Code, no Home Protection Company may be engaged in any business other than that of a Home Protection Company.

If the applicant is to be a Virginia corporation, it must secure a Certificate of Incorporation from the Clerk's Office, State Corporation Commission, (804) 371-9733. This may be done by filing Articles of Incorporation and paying the necessary fees. Information pertaining to this process may be obtained at [www.scc.virginia.gov/clk](http://www.scc.virginia.gov/clk).

If the applicant is a foreign corporation, it must secure a Virginia Certificate of Authority from the Clerk's Office, State Corporation Commission. Again, information may be obtained at [www.scc.virginia.gov/clk](http://www.scc.virginia.gov/clk). This is in addition to the license.

Upon licensure, a home protection company must maintain a net worth of not less than 20% of the premiums charged on contracts currently in force, subject to a minimum of \$100,000 and a maximum of \$4,000,000. No license applicant with a net worth of less than \$100,000 will be eligible for admission. The amount of net worth required for initial licensure will be determined by the Bureau during its review of the application.

Prior to licensure, applicants must deposit securities having a current market value of not less than \$50,000 nor more than \$500,000 with the Treasurer of Virginia pursuant to 38.2-1045 of the Virginia Code. The amount of the deposit required of each applicant will be determined after the Bureau concludes its review of the application. Acceptable for deposit are securities which are legal investments under the laws of Virginia for public sinking funds or for other public funds, in accordance with §§ 2.2-4500 and 4501, respectively.

All applicants must file with the application a copy of the home protection contract(s) and rates to be used in Virginia.

Each application must be accompanied by a non-refundable \$500.00 check made payable to the Treasurer of Virginia as payment of the Application Fee.

All applicants should be especially aware of Virginia Code 38.2- 2613, which states in pertinent part:

**“...except as otherwise specifically provided in this chapter or where the context requires other wise, all of the provisions of this title that apply to property and casualty insurers shall apply in every respect apply to home protection companies licensed under this chapter.”**

#### Bureau Contact

Applicants should direct all questions regarding the requirements for licensing to the following person:

Jim B. Ware  
Senior Financial Analyst  
State Corporation Commission  
Virginia Bureau of Insurance  
P.O. Box 1157  
Richmond, VA 32218  
Telephone: (804) 371-9801  
Facsimile: (804) 371-9511  
[Jim.Ware@scc.virginia.gov](mailto:Jim.Ware@scc.virginia.gov)

**COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION  
BUREAU OF INSURANCE  
P. O. BOX 1157  
RICHMOND 23218**

**APPLICATION FOR LICENSE AS A HOME PROTECTION COMPANY**

A corporation desiring to engage in business as a Home Protection Company pursuant to the provisions of Chapter 26 of Title 38.2 of the Code of Virginia and must make application for a license by providing, at minimum, the following information:

1. The name, address, and telephone number of the corporation.
2. FEIN# \_\_\_\_\_
3. Does the corporation operate or propose to use an assumed/trade name, trademarks or emblems which, it is felt, are distinctive and not so similar to the names, trademarks and emblems of any other business in Virginia as will tend to mislead or confuse the public? If "Yes", please provide a list.
4. If a foreign corporation, the applicant must address whether it is subject to regulation and licensing by its state of domicile under laws which are substantially similar to those of Virginia (give details and attach copy of domiciliary law).
5. A copy of its articles of incorporation and any amendments, as well as a copy its by-laws with any amendments, certified to under seal by the secretary.
6. The name, title, and address of each officer and director.
7. A properly executed biographical affidavit for each officer and director using the standard NAIC form. Affidavits must be current and shall not be signed by the affiant more than one year prior to the date the application is filed. In addition, each affidavit must be certified by an independent third party that has conducted a comprehensive review of the affiant's background and has certified that the biographical affidavit has no inaccurate or conflicting information and no material omissions. An independent third party is one that has no affiliation with the license applicant and is in the business of providing background checks or investigations, such as DAC, Equifax, Owens Online or Proudfoot. The form can be accessed through the NAIC's website at [http://www.naic.org/industry\\_ucaa.htm](http://www.naic.org/industry_ucaa.htm).
8. If a foreign corporation, the latest financial statement of the applicant, signed by two officers and acknowledged before a notary public. To be acceptable in Virginia, this statement must be prepared in accordance with Annual Statement Instructions and Accounting Practices and Procedures adopted by the National Association of Insurance Commissioners. In addition, the statement must contain an opinion from a qualified actuary regarding the adequacy of policy and claim reserves.
9. If a domestic corporation, pro forma financial statements (balance sheet and income statement) through at least three years. Statements must be prepared in accordance with statutory insurance accounting principles. **(NOTE: projections and/or rates must be based on reasonable assumptions and certified by an independent actuary**

**satisfactory to the Commission as to their reasonableness and/or sufficiency. All assumptions must be included with financial statements.)**

10. If a foreign corporation, the latest Report on Examination made by the insurance authorities of the company's domiciliary state. The balance sheet date of the report must be no greater than three years prior to the date of the application.
11. If a foreign corporation, a copy of its latest audited financial report, certified by an outside auditing firm. Included are any management letters or recommendations prepared by the independent certified public accountants.
12. Is this corporation engaged or will it engage in any business other than that of a Home Protection Company?
13. A Home Protection Company is subject to reserve requirements prescribed by §38.2-1312 (unearned premium reserve) as well as by §38.2-1314 (loss reserves), and also to the minimum total reserves standards prescribed by 38.2-2606 of the Code of Virginia. Please include a description of the applicant's reserving methods.
14. Has a license issued to this corporation or any of its officers, directors, or employees to engage in the business of a Home Protection Company ever been denied, suspended, or revoked by any state? If yes, show names, dates, places, and reasons for action.
15. Is the applicant actively engaged in the home protection business in any other states or jurisdictions?
16. Has any officer, director, or employee ever been arrested, indicted, or convicted for any crime in any jurisdiction other than for traffic violations? If yes, please give details.
17. Does this corporation have employees or contractual arrangements sufficient to provide services undertaken by it, and agree to accept requests for service twenty-four hours per day, seven days per week?
18. A description of this corporation's method of operation and manner of doing business.

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Applicant)

By: \_\_\_\_\_  
(Name and Signature)

\_\_\_\_\_  
(Title)