

The Insurance License

Certificate of Authority

Insurers must first obtain a Certificate of Authority and an Insurance License from the Insurance Commissioner before transacting business in the Commonwealth.

To file for a Certificate of Authority, a completed Application for Certificate of Authority must be submitted to the Insurance Commissioner along with the following:

- A copy of Annual Statement as of the 31st of December of the prior year
- If a foreign insurer or a domestic reciprocal insurer, an Agreement and Power of Attorney appointing the Insurance Commissioner as its attorney to receive service of legal process. Attach to the Agreement and Power of Attorney a certified copy of a resolution adopted by the insurer's board of directors consenting to the appointment of the Insurance Commissioner to receive service of legal process
- If a foreign or alien insurer, an Agreement and Power of Attorney appointing a resident agent to receive service of legal process. The general agent must be authorized to appoint subagents and solicitors. For alien insurers, this general agent must also be authorized to countersign on all policies
- If an alien insurer, a copy of the appointment and authority of its U. S. manager, certified by its proper officer
- If a foreign or alien insurer, a certificate from the public official of its state or country of domicile showing that it is duly organized and is authorized to transact the classes of insurance proposed to be transacted
- An Affidavit of Compliance with the Commonwealth Insurance Act of 1983
- Certificate from proper official of security deposit
- Copy of report of the last examination made of the insurer certified by the insurance supervisory official of its state of domicile or entry into the U.S.
- Other documents or stipulations as the commissioner may require
- Payment fee of three hundred dollars (\$300) for a Certificate of Authority
- Articles of Incorporation and By-laws (for review)
- Copy of applicant's rate schedules or rate plans to be implemented in the CNMI
- Two (2) specimen copies of each policy form to be used in the CNMI. All policies and provisions therein shall be printed in a type of which the face is not smaller than ten-points. Evidence of domiciliary state's approval is required
- Original Certificate of Good Standing from the state of domicile

Registering the Corporation

Within ninety (90) days of the granting of the Certificate of Authority, the insurer must register the corporation with the Registrar of Corporations. The Registrar of Corporations will require evidence of payment of the filing fee of one hundred dollars (\$100) with the CNMI Treasury.

Insurance License

After obtaining a Certificate of Authority, the general agent must submit to the Office of the Insurance Commissioner an Application for Insurance License. The fee for the Insurance License is seventy-five dollars (\$75). The application must be accompanied by an Appointment of General Agent form which authorizes the Insurance Commissioner to appoint sub-agents and solicitors, accept service of legal process, and countersign insurance policies. The Insurance License is valid for one (1) year and may be renewed annually.

Sub-agent, Broker, Surplus Lines Broker and Adjuster Licenses

The Insurance Section also licenses sub-agents (appointed by general agent), brokers, surplus lines brokers, and adjusters. Each of these licenses requires a fee of one hundred dollars (\$100) except for the Sub-Agent License with a fee of seventy-five dollars (\$75). The licenses are good for one (1) year and renewable annually.

Solicitor License

The application for solicitors or persons that sell insurance and collect premiums is different from that for general agents, sub-agents, brokers, surplus lines brokers, and adjusters. A completed Application for Solicitor License must be submitted along with an Appointment of Solicitor certificate.

The Solicitor License is valid for one (1) year and renewable annually. The filing fee for the Solicitor License is fifty dollars (\$50).

Capital Requirements for Domestic and Alien Insurers

All Insurers Except Life Insurers: All domestic insurers must have a minimum paid-in capital of twenty-five thousand dollars (\$25,000) for the transaction of any one (1) class of insurance authorized other than life insurance. For each additional class of insurance to be transacted other than life insurance, there must be an additional paid-in capital of fifteen thousand dollars (\$15,000). Insurers having paid-in capital of one hundred thousand dollars (\$100,000) may transact any or all classes of insurance authorized, except life insurance. The paid-in capital requirement must be paid in cash.

Life Insurers: Domestic insurers proposing to transact or transacting life insurance must have a minimum paid-in capital of one hundred thousand dollars (\$100,000) in addition to the minimum paid-in capital required for other classes of insurance. As with all other insurers, the paid-in capital requirement must be paid in cash.

Reserve Requirements for Life Insurers

All domestic life insurers authorized to transact life insurance must keep and maintain minimum reserves for its life policies based upon Standard Ordinary Mortality Tables acceptable to the Insurance Commissioner and interest at three and a half percent (3.5%) per annum.

The minimum reserve requirement must be maintained and kept on deposit in any bank(s) or other financial institution(s) in the CNMI approved by the Insurance Commissioner. Deposits must be legal money of the United States or allowable investment securities, or any combination of such money and securities.

Mandatory Participation in Assigned Risk Plan

CNMI Public Law 11-55 requires all motor vehicle insurance providers to participate in the Assigned Risk Plan. The Assigned Risk Plan provides minimum motor vehicle liability insurance to persons or parties unable to obtain such coverage. Participating insurance providers are called by the Insurance Commissioner to provide persons or parties applying under the Plan with the minimum coverage. Insurance providers must complete the Application for Insurance Provider License and pay a fee of \$250 to be part of the Assigned Risk Plan.

Reporting Requirements

All insurers must submit on or before April 1st of each year, annual financial statements, a form approved by the National Association of Insurance Commissioners, as of the 31st day of December of the prior year.

For more information on obtaining a Banking or an Insurance License, contact:

Banking and Insurance Division
CNMI Department of Commerce
Caller Box 10007
Capitol Hill, Saipan, MP 96950
Tel.: (670) 664-3064-Saipan; 532-9478-Rota; 433-0853-Tinian
Fax: (670) 664-3067-Saipan; 532-9510-Rota; 433-0678-Tinian
Website: www.commerce.gov.mp

Source: Commonwealth Development Authority Investment Guide