



August 6, 2025

Administrative Letter 2025-03

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

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.

To transact the business of insurance in Virginia, an insurance company must obtain both of the following:

1. A **license** issued through the Bureau in compliance with Title 38.2 of the Code; and
2. A **Certificate of Incorporation (domestic)** or a **Certificate of Authority (foreign/alien)** issued through the Clerk of the State Corporation Commission (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 of the Code as a Domestic, Foreign, or Alien Reciprocal Insurer, the insurance company **must also** file with the Bureau a written power of attorney appointing the Clerk of the Commission as agent of the reciprocal. The respective forms can be accessed [Reciprocal-poa-form-corporation.pdf](#) or [Reciprocal-poa-form-individual.pdf](#).

Qualifications for Both Domestic and Foreign Applicants

1. Subdivision B 3 of § 38.2-1024 of the Code requires the applicant to satisfy the Commission's prescribed minimum capital and surplus requirements, depending on the company type and statutes applicable to it.

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

Domestic or foreign reciprocals issuing assessable policies	At least \$1.6 million in surplus	§ 38.2-1206
Alien reciprocals issuing assessable policies	At least \$1.6 million in trusted surplus	§ 38.2-1206 ; § 38.2-1031

A licensed insurer will be impaired and subject to license suspension when its surplus falls below the statutory minimum. The applicant must have surplus of not less than \$500,000 **above** the relevant minimum to obtain a license. The Bureau will determine precise amounts of additional surplus through a risk-based assessment of the applicant's financial condition, operational performance, business plan, and means of financial support. This determination considers the line of insurance and factors cited in 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.
4. Subdivision B 4 of § 38.2-1024 of the Code requires the applicant to furnish financial statements and any other reports, certificates, or other documents the Commission considers necessary to 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 of the Code.
5. Subdivision B 5 of § 38.2-1024 of the Code requires assurances that the applicant "is solvent and its financial condition, method of operation, manner of doing business is such to satisfy the Commission that it can meet its obligations to all policyholders..." The following are 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 consider mitigating factors including, but not limited to, the surplus strength of the applicant and financial strength of a parent insurer licensed in Virginia.

- b. Foreign and alien insurers need active engagement in business like the license being requested in Virginia.
 - c. A definitive plan of operations for Virginia, including plans to commence direct writings in Virginia within one year after licensure.
 - d. A proven management team with adequate insurance expertise and experience.
 - e. 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.

Qualifications for Specific Applicant Types

Domestic Applicants

Prior to filing the NAIC's [Uniform Certificate of Authority Application \(UCAA\)](#) 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.
2. Applications must include a current, full report of an examination issued by the insurance supervisory official of the applicant's state of domicile or of entry. Reports of companies that have undergone significant changes in operations, ownership, or management since their most recent examination may be viewed as 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

Pursuant to subdivision 6 of § 38.2-4129 of the Code, 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.

Tentative Approval

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

1. The Clerk of the Commission; and
2. The financial institution designated by the Treasurer of Virginia as custodian for deposits required by Title 38.2 of the Code (except for fraternal benefit societies licensed under Chapter 41 of Title 38.2 of the Code); and
3. The Company Licensing 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 a decision rescinding tentative approval and ceasing further consideration of admission for licensure. Questions about this administrative letter may be directed to:

Company Licensing
Financial Regulation Division, Bureau of Insurance
State Corporation Commission
P. O. Box 1157
Richmond, VA 23218
BOICOLIC@scc.virginia.gov

Cordially,

/s/ Scott A. White

Scott A. White
Commissioner of Insurance