



**CHECKLIST FOR
TOTAL AND PARTIAL REINSURANCE AGREEMENTS
Involving at Least One Texas Domestic Insurance Company**

This checklist should be used when at least one of the insurance companies involved in the reinsurance transaction is a TEXAS domestic insurance company. The statutory cites applicable in this matter include, TEX. INS. CODE, art. 3.10, 3.42, 4.07, 5.75-1, 21.43, and 21.26. Please note that reinsurance transactions that affect 100% of the entire outstanding business of the ceding insurer ALWAYS require prior approval via a Commissioner's Order.

The documents required to be filed for this transaction should be filed in quadruplicate (one original and three copies). Corporate documents and agreements must be signed by the appropriate officials of each company and contain original signatures.

Texas domestic insurance companies in certain instances MAY BE required to dissolve after all of its business has been reinsured. If the reinsured (ceding) company is domiciled in a state other than Texas, it may maintain its Certificate of Authority in Texas after the transaction.

Please note that the reinsuring (assuming) company must be licensed in Texas and must be authorized to write the same lines of business as the business being transferred by the ceding company.

GENERAL DOCUMENTS REQUIRED

- 1. **MINUTES OF COMPANY MEETINGS** – (FOR TOTAL REINSURANCE TRANSACTIONS ONLY) The minutes of the meetings of the Board of Directors of the companies involved must reflect Board of Directors' approval of the reinsurance agreements and give officers of the company the authority to execute the reinsurance agreement.
- 2. **MINUTES OF STOCKHOLDERS' MEETING OR SHAREHOLDERS' RESOLUTION** – (FOR TOTAL REINSURANCE TRANSACTIONS ONLY) One of these items is required ONLY if a sale or transfer of all or substantially all of the assets is contemplated (Texas Business Corporations Act, Article 5.10). If the reinsured company's Certificate of Authority will be canceled because of the total reinsurance transaction, one of these documents is required. The minutes of the meeting must state the number of shares eligible to vote and the number of shares voting for and against the proposal. If any of the stockholders of either insurance company exercised their right of dissent, a copy of their dissent letter must be included with the filing.
- 3. **REINSURANCE AGREEMENT** – Format and content must be as follows:
 - a. The agreement must be signed by duly appointed executive officer(s) of each company.
 - b. Policies to be reinsured must be specifically designated (type of policy, form number, etc.).
 - c. If there will be any changes in the policy coverage, provisions, rights or privileges, or in the actuarial reserving basis, the agreement must describe these changes in detail.
 - d. A Certificate of Assumption must be incorporated by reference and attached as an exhibit (see attached instructions).
 - e. The agreement must specify a “date certain” for the effective date and contain the date by which all of the Assumption Certificates will be delivered or mailed. For group policies, each individual certificate holder must receive an Assumption Certificate.

- 4. **CERTIFICATE OF ASSUMPTION** – Please refer to checklist.
- 5. **SETTLEMENT AGREEMENT** – Provide a copy of the Settlement Agreement reflecting the acquisition cost.
- 6. **DISCLOSURE OF ASSETS** – There must be a full disclosure of any currently owned assets which potentially may be rendered not-admitted by virtue of the consummation of the reinsurance agreement.
- 7. **BALANCE SHEETS AND FINANCIAL INFORMATION** – Please submit a three column pro forma balance sheet, for each party to the transaction. The first column presenting account balances with an as of date pre-reinsurance, the second column presenting the effect (plus, minus, etc.) of the transaction on each account balance, and the third column presenting account balances with an as of date post-reinsurance.
- 8. **ANTI-TRUST LETTER** – (FOR TOTAL REINSURANCE TRANSACTIONS ONLY) A letter must be furnished from the legal counsel representing each party stating, in his/her opinion, the reinsurance would not violate any state or federal laws dealing with anti-trust or restraint of trade practices.
- 9. **CERTIFIED COPIES OF DOMICILIARY STATE APPROVAL** – If one of the companies involved in the transaction is a foreign insurance company, please provide evidencing in the form of certified copies, that the appropriate domiciliary authority has approved the reinsurance transaction. If no approval is required in the state of domicile, provide an original letter from the domiciliary state insurance department stating such.
- 10. **FILING FEE** – The filing fee for a total reinsurance agreement is \$750. The filing fee for a partial reinsurance agreement is \$150. The transaction will not be processed without receipt of the required fee.
- 11. **APPOINTMENT OF AGENTS** – If applicable, agents of the reinsured company should be reappointed by the reinsuring company. Please provide a copy of the letter, which will be utilized, for notification purpose.
- 12. **STATUTORY DEPOSIT** – (FOR TOTAL REINSURANCE TRANSACTIONS ONLY) If the reinsured company has a statutory deposit with the State of Texas, provisions should be made for the transfer or release of such deposit if the reinsured company's Certificate of Authority is to be canceled.
- 13. **DISSOLUTION OR CANCELLATION OF REINSURED COMPANY (if applicable)**
 - a. **DOMESTIC INSURERS** – If the reinsured company is a Texas domestic insurer, it must file dissolution documents, under certain circumstances. Refer to the Dissolution Checklist for domestic insurers.
 - b. **FOREIGN INSURERS** – A foreign insurance company may retain its Certificate of Authority in Texas or choose to have it canceled. The original (with gold seal) Certificate of Authority must be surrendered, a final financial statement must be filed, and confirmation from the Texas Comptroller's Office that all Texas premium taxes and final statement filing fees have been filed and paid by the foreign insurer must be submitted.

INCOMPLETE APPLICATIONS IMPEDE TIMELY REVIEW BY THE DEPARTMENT; THEREFORE, IT IS EXTREMELY IMPORTANT THAT APPLICATIONS ARE COMPLETE. SUBMIT A COMPLETE FILING TO THE TEXAS DEPARTMENT OF INSURANCE, COMPANY LICENSING & REGISTRATION DIVISION, MC 305-2C, P. O. BOX 149104, AUSTIN, TX 78714-9104. FOR QUESTIONS OR MORE INFORMATION, CALL (512) 322-4370.

THESE GUIDELINES ARE GENERAL IN NATURE AND DO NOT SUPERCEDE STATUTE OR REGULATION. THEY ARE NOT INTENDED TO BE ALL INCLUSIVE AND ADDITIONAL DOCUMENTATION MAY BE REQUESTED.