



ANALYSIS OF SURPLUS
File with 2006 Property and Casualty Annual Statement

File this Form if TX P&C domestic company, commercially domiciled P&C company, or foreign P&C company filing a policyholder dividend in TX.

 Company Name

From _____ **to** _____
 Insert inception or genesis date Insert date of current financial statement

Cumulative Surplus
 [use () for
 decreases of surplus]

The amounts below are cumulative- from inception

1.	Net income before dividends to policyholders and before federal income taxes	\$ _____
2.	Dividends to policyholders	_____
3.	Federal and foreign income taxes incurred	_____
4.	Nonadmitted assets	_____
5.	Provision for reinsurance	_____
6.	Dividends to stockholders - cash	_____
7.	Dividends to stockholders - paid in stock other than return of surplus paid in	_____
8.	Cumulative effect of changes in accounting principles	_____
9.	_____	_____
10.	_____	_____
11.	_____	_____
	Earned Surplus Total	_____

Special surplus funds:

12.	_____	_____
13.	_____	_____
14.	_____	_____
15.	Statutory guaranty fund	_____
16.	Gross paid in and contributed surplus	_____
17.	Surplus arising from sale of surplus debentures, etc.	_____
18.	Surplus debentures paid off or retired, etc.	_____
19.	Surplus arising from increase in book value of real estate	_____
20.	Dividends to stockholders paid in stock by return of surplus paid in	_____
21.	Unrealized capital <u>gains gross</u> *	_____
22.	Unrealized capital <u>losses gross</u> **	_____
23.	Unrealized foreign exchange adjustment <u>gains gross</u> ***	_____
24.	Unrealized foreign exchange adjustments <u>losses gross</u> ****	_____
25.	Change in net deferred income tax _____	_____
26.	_____	_____
27.	_____	_____
28.	Net surplus at date of current financial statement exclusive of capital	_____

* Enter the excess of market value over book value for all securities with a gain position at current financial statement date.
 ** Enter the excess of book value over market value for all securities with a loss position at current financial statement date.
 *** Enter the excess, if any, of the foreign exchange rate at the statement date over book value of foreign currency assets.
 **** Enter the excess, if any, of the book value of foreign assets over the foreign exchange rate at the statement date.

Analysis of Surplus - General Guidelines:

The analysis of surplus form allocates net surplus into component parts since inception of the company, exclusive of capital. The main purpose of this form is to determine the amount of earned surplus.

Positive earned surplus is required before dividends can be paid under TX Insurance Code articles 21.31, 21.32 and 21.32A. Exclusive of capital, surplus is viewed in two broad categories - it is either contributed or it is earned. The form is basically structured in 3 parts; (a) earnings (lines 1 - 11), (b) surplus contributions (lines 15-18), and (c) unrealized gains and losses (lines 22, 23, 24). To calculate earned surplus add lines 1 – 11. There may be other transactions that also affect earnings, but are not included in current year earnings lines 1-11, such as prior period adjustments. These would be write-in items and would be added to the earned surplus calculation. This form excludes unrealized gains and losses and change in net deferred income tax in the calculation from earned surplus.

Note: Some items on this form require historical information (e.g. net income), while other information can be derived from the annual statement itself as a change from one period to another (e.g. nonadmitted assets).