



Texas Department of Insurance  
**Financial, Financial Analysis & Examinations**, Mail Code 303-1A  
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**NOTICE OF DIVIDEND OR DISTRIBUTION PURSUANT TO 28 TAC §7.203(n)**

\_\_\_\_\_  
 (DATE)

Pursuant to 28 TAC §7.203(n) notice is hereby given that \_\_\_\_\_ (the "Domestic Insurer") has declared a dividend or distribution to shareholders in the amount of \$\_\_\_\_\_. The dividend or distribution was declared on \_\_\_\_\_ and is payable on \_\_\_\_\_ to shareholders of record on \_\_\_\_\_. The dividend or distribution is in compliance with the Insurance Code, Article 21.49-1, as indicated below.

1. Calculation.

- (A) Amount of current dividend or distribution \$\_\_\_\_\_
- (B) Dividends or distributions declared during preceding 12 months excluding current dividend or distribution.
 

<u>Date</u>	<u>Description</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
- (C) Total of (A) + (B) \$\_\_\_\_\_
- (D) Surplus as regards policyholders as of preceding December 31 for:
  - (i) Life (page 3, line 38, A/S) \$\_\_\_\_\_
  - (ii) Fire/Casualty (page 3, line 32, A/S) \$\_\_\_\_\_
  - (iii) Title (page 3, line 30, A/S) \$\_\_\_\_\_
- (E)
  - (i) Life - 10% of (D) \$\_\_\_\_\_
  - (ii) Fire/Casualty - 10% of (D) \$\_\_\_\_\_
  - (iii) Title - 20% of (D) \$\_\_\_\_\_

- (F) Net gain from operations of preceding December 31 for:
- (i) Life (page 4, line 33, A/S) \$ \_\_\_\_\_
  - (ii) Title (page 4, line 15, A/S) \$ \_\_\_\_\_
- Net Income as of preceding December 31 for:
- (i) Fire/Casualty (page 4, line 19, A/S) \$ \_\_\_\_\_
- (G) Enter greater of (E) or (F) \$ \_\_\_\_\_

2. Supporting Documentation

Attach an analysis of surplus form of the Domestic Insurer as of a date not earlier than the most recently filed monthly, quarterly, or annual statement. Provide a copy of pages 2, 3 and 4 of the most recently filed monthly, quarterly, or annual statement. Also, include documentation to support the standards specified in TEX. INS. CODE ANN. art. 21.49-1, § 4(b). (Do not use page 4 of this form for that purpose.)

3. Additional Requirements.

- (A) Identify property, including bank accounts, to be used to pay the dividend or distribution or to be converted to pay the dividend or distribution. \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
- (B) What is the insurer's ratio of capital and surplus to written premium for 12 months as of the end of the last calendar year? \_\_\_\_\_ What is the same ratio after deducting the total amount of the present dividend or distribution? \_\_\_\_\_
- (C) Does the company know of any reason (other than general business trends) that its earnings in the future will decrease? \_\_\_\_\_ Yes \_\_\_ No. If yes, identify and describe. \_\_\_\_\_  
 \_\_\_\_\_
- (D) Identify any investment or contribution by the insurer to subsidiaries made since the last calendar year or to be made in the immediate future. \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
- (E) Give a brief statement as to the effect upon the insurer's surplus and the reasonableness of remaining surplus after payment of dividend in relation to the insurer's outstanding liabilities and the adequacy of surplus relative to the insurer's financial needs. \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

4. It is further certified that there has been no material adverse change in the financial condition of the Domestic Insurer since the date of the most recent financial statement filed with Financial Analysis and Examinations of the Texas Department of Insurance and the payment of the dividend or distribution does not adversely affect the interest of policyholders.

5. It is further certified that the declaration or payment of the dividend or distribution does not violate any of the provisions of TEX. INS. CODE ANN. arts. 3.11, 21.31, 21.32, or 21.32A and that the amount of the dividend or distribution declared was calculated based on the amount of cash and the current fair market value of any other property to be paid or distributed.

Date: \_\_\_\_\_

\_\_\_\_\_  
NAME OF DOMESTIC INSURER

By: \_\_\_\_\_

(printed name) \_\_\_\_\_

Its: \_\_\_\_\_

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FOR TDI USE ONLY

Received \_\_\_\_\_ Completed \_\_\_\_\_ HCS# \_\_\_\_\_ Action \_\_\_\_\_

TDI# \_\_\_\_\_ NAIC# \_\_\_\_\_ Earned Surplus \_\_\_\_\_

Analyst \_\_\_\_\_

**FOR TDI USE ONLY**  
**CHECKLIST FOR ADEQUACY OF SURPLUS**  
**TEX. INS. CODE ANN. ART. 21.49-1, §4(b)**

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(DOMESTIC INSURER)

1. Is the size of the insurer as measured by its assets, capital and surplus, reserves, premium writings, insurance in force, and other appropriate criteria reasonable? \_\_\_\_Yes \_\_\_\_No
2. Is the extent to which the insurer's business is diversified among the several lines of insurance reasonable? \_\_\_\_Yes \_\_\_\_No
3. Is the number and size of risks insured in each line of business reasonable? \_\_\_\_Yes \_\_\_\_No
4. Is the extent of the geographical dispersion of the insurer's insured risks reasonable? \_\_\_\_Yes \_\_\_\_No
5. Is the nature and extent of the insurer's reinsurance program reasonable? \_\_\_\_Yes \_\_\_\_No
6. Is the quality, diversification, and liquidity of the insurer's investment portfolio reasonable? \_\_\_\_Yes \_\_\_\_No
7. Is the recent past and projected future trend in the size of the insurer's surplus as regards policyholders and the insurer's investment portfolio reasonable? \_\_\_\_Yes \_\_\_\_No
8. Is the surplus as regards policyholders reasonable to that maintained by other comparable insurers? \_\_\_\_Yes \_\_\_\_No
9. Are the insurer's reserves adequate? \_\_\_\_Yes \_\_\_\_No
10. Is the quality and liquidity of investments in subsidiaries made pursuant to TEX. INS. CODE ANN. art. 21.49-1, §6 reasonable? \_\_\_\_Yes \_\_\_\_No
11. Is the quality of the insurer's earnings and the extent to which the insurer's reported earnings include extraordinary items reasonable? \_\_\_\_Yes \_\_\_\_No

**ATTACH DOCUMENTATION TO SUPPORT YOUR ANALYSIS**