



Texas Department of Insurance
Financial, Financial Analysis & Examinations: Mail Code 303-1A
 Attn: Kristine Ehrlich
 333 Guadalupe St, Austin, Texas 78701
 512-322-5030 • www.tdi.state.tx.us

Texas Casualty Dividend Disbursement Application

DATE _____

NAME OF COMPANY _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

Application is hereby made to the Commissioner of Insurance by the undersigned officers of the above named insurance carrier for authority under the provisions of the *Texas Insurance Code*, Article 5.07, 5.08 and 5.09 (Motor Vehicle); Article 5.20 (Casualty Rate Law) or article 5.60(c) (Workers' Compensation) and other applicable statutes to pay dividends to their Texas policyholders in accordance with the information set out and sworn to herein.

The following information was taken from the company's latest annual statement and covers the period ending
 December 31, _____

Admitted Assets (1) \$ _____

Total Liabilities (2) \$ _____

Surplus as Regards Policyholders:

Capital Paid Up \$ _____

Special Surplus Funds: \$ _____

Gross Paid In and Contributed Surplus \$ _____

Guaranty Fund \$ _____

Surplus \$ _____

Total Surplus as Regards Policyholders: \$ _____

Gain Loss from Underwriting \$ _____

Gain Loss from Investments \$ _____

Gain Loss Other Income \$ _____

Dividends to Policyholders \$ _____

Net Income, Before Taxes \$ _____

Federal Taxes Incurred \$ _____

Net Income, after Taxes \$ _____



Texas Department of Insurance

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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 Insert inception or genesis date to 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 gains gross*
22. Unrealized capital losses gross**
23. Unrealized foreign exchange adjustment gains gross***
24. Unrealized foreign exchange adjustments losses gross****
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).

General

1 Has the Board of Directors of the company applying for dividend authority in this application passed a resolution declaring **1)** the sums of money to be disbursed and **2)** the classes to be included and excluded?

Yes No

2 Does your company fully understand that:

a) no dividends may be promised or guaranteed to your policyholders?

Yes No

b) dividends shall be disbursed only from the "earned" surplus?

Yes No

c) dividends for Automobile and General Casualty lines of insurance shall be disbursed uniformly by classes?

Yes No

d) the policy contract for the line or lines of insurance for which dividend authority is requested must contain the standard participation language approved by the Texas Department of Insurance for the type of company (Stock, Mutual, Lloyds or Reciprocal)?

Yes No

e) no dividend may be paid until expiration of the policy?

Yes No

f) expired policies (whether or not renewed by your company), canceled policies, coverages or units of exposure are entitled to an earned dividend?

Yes No

g) earned dividends may not be used by the company to extend or renew policies without the consent of the insured?

Yes No

Companies may extend or renew policies by application of earned dividends, on individual company forms* or billings*, which meet the following minimum requirements:

1) the insured must be given written notice of his right to either accept his earned dividend (if he does not desire to renew), or agree to the application of his earnee dividend to an extension or renewal policy.

2) the amount of the earned dividend and the number of days the policy is to be extended must be shown in the notice.

h) a dividend application should be submitted to the Commissioner of Insurance annually?

Yes No

i) after a company receives approval to pay dividends, should the company desire to discontinue paying dividends, change its rate of dividend, or change classes for which approval was previously given, the Commissioner shall be notified by letter and if additional funds are needed to pay dividends covering policies expiring during the period approved, an amended application must be filed requesting approval of the additional amount?

Yes No

3 Explain below the procedure and control exercised by your company to see that all dividends paid by your company are actually received by the policyholders:

Article 5.07, 5.08 and 5.09, Texas Insurance Code-Proposed Dividends for Automobile Insurance

| Texas Automobile Experience | LATEST 1 YEAR | LATEST 5 YEARS |
|--|----------------------|-----------------------|
| Bodily Injury and Property Damage Liability: | | |
| Earned Premiums | \$ _____ | \$ _____ |
| Incurred Losses (including loss adjustment expenses) | \$ _____ | \$ _____ |
| Loss Ratio | _____ % | _____ % |
| Physical Damage: | | |
| Earned Premiums | \$ _____ | \$ _____ |
| Incurred Losses (including loss adjustment expenses) | \$ _____ | \$ _____ |
| Loss Ratio | _____ % | _____ % |
| Nationwide Automobile Experience | | |
| Bodily Injury and Property Damage Liability: | | |
| Earned Premiums | \$ _____ | \$ _____ |
| Incurred Losses (including loss adjustment expenses) | \$ _____ | \$ _____ |
| Loss Ratio | _____ % | _____ % |
| Physical Damage: | | |
| Earned Premiums | \$ _____ | \$ _____ |
| Incurred Losses (including loss adjustment expenses) | \$ _____ | \$ _____ |
| Loss Ratio | _____ % | _____ % |

Article 5.60 (c), Texas Insurance Code-Proposed Dividends for Workers' Compensation Insurance

- 1 Total policyholders' dividends paid in **all states for all lines-** preceding year ending December 31, 20____. \$ _____
- 2 Total policyholders' dividends paid in **Texas for all lines-** preceding year ending December 31, 20____. \$ _____
- 3 Total policyholders' dividends paid in **all states for Workers' Compensation only-** preceding year ending December 31, 20____. \$ _____
- 4 Total policyholders' dividends paid in **Texas for Workers' Compensation only-** preceding year ending December 31, 20____. \$ _____
- 5 Total policyholders' dividends proposed to be disbursed in **all states for all lines of insurance:** \$ _____
- 6 Total policyholders' dividends proposed to be disbursed in **all states for Workers' Compensation insurance:** \$ _____
- 7 Total proposed dividends to be paid **Texas Workers' Compensation policyholders:** \$ _____

8 The sum shown under 7 above, except for dividends accrued but unpaid, is to apply to dividends on policies expiring between _____, 20____, and _____, 20_____.

| Texas Workers' Compensation Experience: | LATEST 1 YEAR | LATEST 5 YEARS |
|--|----------------------|-----------------------|
| Earned Premiums | \$ _____ | \$ _____ |
| Incurred Losses (including loss adjustment expenses) | \$ _____ | \$ _____ |
| Loss Ratio | _____ % | _____ % |
| | | |
| Natiowide Workers' Compensation Experience: | | |
| Earned Premiums | \$ _____ | \$ _____ |
| Incurred Losses (including loss adjustment expenses) | \$ _____ | \$ _____ |
| Loss Ratio | _____ % | _____ % |

Article 5.20, Texas Insurance Code-Proposed Dividends for Casualty Insurance (Employers' Liability, Boiler and Machinery, Burglary and Theft, Plate Glass, General Liability, Fidelity, Surety and Guaranty Bonds and Miscellaneous Lines)

1 Total policyholders' dividends paid in **all states for all lines-** \$ _____
preceding year ending December 31, 20____.

2 Total policyholders' dividends paid **in Texas for all lines-** \$ _____
preceding year ending December 31, 20____.

3 Total policyholders' dividends paid **in all states for *** _____ **insurance only-**
preceding year ending December 31, 20____. \$ _____

4 Total policyholders' dividends paid **in Texas for *** _____ **insurance only-**
preceding year ending December 31, 20____. \$ _____

5 Total policyholders' dividends proposed to be disbursed in **all states for all lines of insurance:**
\$ _____

6 Total policyholders' dividends proposed to be disbursed in **all states for *** _____
insurance: \$ _____

7 Total proposed dividends to be paid **Texas *** _____ **insurance policyholders:**
\$ _____

a What is the rate of dividend being paid Texas * _____ policyholders? _____ %

b What is the rate of dividends paid * _____ policyholders outside of Texas on policies
currently expiring? _____ %

c Do you pay the same rate of dividend to all of your Texas * _____ policyholders?
If no, explain below or on a separate page. Yes No

8 The sum shown under 7 above, except for dividends accrued but unpaid, is to apply to dividends on policies expiring
between _____, 20____, and _____, 20____.

*Where the asterisks appear, insert the coverage for which dividend disbursements are being requested. If more than one line is involved, copy this sheet and complete for each line.

Article 5.20, Texas Insurance Code-Proposed Dividends for Casualty Insurance (Employers' Liability, Boiler and Machinery, Burglary and Theft, Plate Glass, General Liability, Fidelity, Surety and Guaranty Bonds and Miscellaneous Lines)

| *Texas _____ Experience INSERT GENERAL CASUALTY SUB-LINE | LATEST 1 YEAR | LATEST 5 YEARS |
|--|---------------|----------------|
| Earned Premiums | \$ _____ | \$ _____ |
| Incurred Losses (including loss adjustment expenses) | \$ _____ | \$ _____ |
| Loss Ratio | _____ % | _____ % |
| Physical Damage: | | |
| Earned Premiums | \$ _____ | \$ _____ |
| Incurred Losses (including loss adjustment expenses) | \$ _____ | \$ _____ |
| Loss Ratio | _____ % | _____ % |
| *Nationwide _____ Experience INSERT GENERAL CASUALTY SUB-LINE | | |
| Earned Premiums | \$ _____ | \$ _____ |
| Incurred Losses (including loss adjustment expenses) | \$ _____ | \$ _____ |
| Loss Ratio | _____ % | _____ % |
| Physical Damage: | | |
| Earned Premiums | \$ _____ | \$ _____ |
| Incurred Losses (including loss adjustment expenses) | \$ _____ | \$ _____ |
| Loss Ratio | _____ % | _____ % |

*Execute separate form for each sub-line.

NAME OF COMPANY _____

CITY _____

STATE _____

Affidavit Supporting Application for Authority to Pay Casualty Dividends to Policyholders

State of _____

County of _____

Before me, the undersigned authority, this day personally appeared:

_____, TITLE

of the said carrier, being duly sworn each for himself/herself deposes and says that he/she is the above-described officer of said carrier, and to the best of his/her knowledge and belief affiant deposes and says that the foregoing attached "Texas Casualty Dividend Disbursement Application" contains true and correct information as disclosed by the books and records of said insurance carrier; that all reserves have been set up in accordance with laws applicable, and the rules of the Commissioner of Insurance and the Texas Department of Insurance of the State of Texas and the rules of the proper supervisory authorities of all states in which said carrier is authorized to transact an insurance business; that reference is hereby made to the Annual Statement made to and approved by the Texas Department of Insurance as of December 31, 20____, and that the financial condition of said carrier is such that said carrier can pay the dividends applied for in the attached "Proposed Dividends" out of the surplus profits earned from its business and that such carrier, after paying the dividends applied for herein, will be possessed of admitted assets in excess of all liabilities including capital stock or guaranty fund.

SIGNATURE _____

DATE _____

ADDRESS _____

CITY _____

STATE _____

ZIP _____

Subscribed and sworn to before me by _____

this _____ day of _____, 20_____.

NOTARY PUBLIC _____

COUNTY _____