



Texas Department of Insurance

Financial, Financial Analysis & Examinations, Mail Code 303-1A

333 Guadalupe St • Austin, Texas 78701

512-322-5002 telephone • 512-322-5082 fax • www.tdi.state.tx.us

To All Companies Writing Fire And Allied Lines Insurance of Texas

Provisional Application Form for the Payment of Dividends or Profit Sharing with Policyholders Under Fire and Allied Lines Policies of Insurance

Enclosed is a Provisional Application Form for the payment of dividends or the sharing of profits with policyholders. This form is to be used by companies in applying to the Texas Department of Insurance for permission to pay dividends to or to share their profits with policyholders of Fire and Allied Lines, Homeowners and Farm and Ranchowners Policies of Insurance as provided in Articles 5.41, 21.31, and 21.32 of the *Texas Insurance Code* as amended.

Homeowners and Farm and Ranchowners dividends may only be paid on the combined Fire and Allied Lines and Casualty Line premium and may not be paid separately by line of insurance.

Please complete and file with this office.

Financial Analysis and Examinations
Kristine Ehrlich
333 Guadalupe St MC 303-1A
Austin TX 78701

Phone: (512) 322-5030

Fax: (512) 322-5082

Enclosure

NAME OF COMPANY _____

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 Fire and Allied Lines insurance only-**
preceding year ending December 31, 20____. \$ _____

4 Total policyholders' dividends paid in **Texas for Fire and Allied Lines, Homeowners and Farm and Ranchowners 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 Fire and Allied Lines, Homeowners and Farm and Ranchowners Insurance:**
\$ _____

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

a What is the rate of dividend being paid **Fire and Allied Lines, Homeowner and Farm and Ranchowner** policyholders? _____%

b What is the rate of dividend being paid Fire and Allied Lines, Homeowner and Farm and Ranchowner policyholders **outside of Texas** on policies currently expiring _____%

c Do you pay the sum rate of dividend to all of your Texas Fire and Allied Lines, Homeowner and Farm and Ranchowner policyholders? 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____.

*Includes Fire and Allied and Casualty Lines of Insurance for H.O. and F.R.O.

**List in detail all Fire and Allied Lines Classes and H.O. and F.R.O. percentages, attach separately if necessary.

NAME OF COMPANY _____

Texas Fire and Allied Lines Experience Fire:	LATEST 1 YEAR	LATEST 5 YEARS
Earned Premiums	\$ _____	\$ _____
*Incurred Losses	\$ _____	\$ _____
Loss Ratio	_____ %	_____ %
Extended Coverage:		
Earned Premiums	\$ _____	\$ _____
*Incurred Losses	\$ _____	\$ _____
Loss Ratio	_____ %	_____ %
+Homeowners & Farm and Ranchowners:		

Earned Premiums	\$ _____	\$ _____
*Incurred Losses	\$ _____	\$ _____
Loss Ratio	_____ %	_____ %

Nationwide Fire and Allied Lines Experience Fire:

Earned Premiums	\$ _____	\$ _____
*Incurred Losses	\$ _____	\$ _____
Loss Ratio	_____ %	_____ %

Extended Coverage:

Earned Premiums	\$ _____	\$ _____
*Incurred Losses	\$ _____	\$ _____
Loss Ratio	_____ %	_____ %

+Homeowners & Farm and Ranchowners:

Earned Premiums	\$ _____	\$ _____
*Incurred Losses	\$ _____	\$ _____
Loss Ratio	_____ %	_____ %

* Losses to include all Loss Adjustment Expenses
 + Include both Property and Casualty premiums and losses.

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).