

TEXAS ANNUAL INSURANCE MAINTENANCE, ASSESSMENT AND RETALIATORY REPORT INSTRUCTIONS

(For Licensed Companies and Miscellaneous Organizations)

The Texas Insurance Code (TIC) and the Texas Labor Code (TLC) provide for the collection of maintenance taxes and other assessments to support the Texas Department of Insurance, the Division of Workers' Compensation / Office of Injured Employee Counsel (DWC / OIEC), and other governmental entities. The taxes/assessments are collected annually for insurance transacted during the calendar year, January 1 through December 31. The report and payment are **due on March 1 of the following year or on the due date of your Annual Statement filed with the Texas Department of Insurance (TDI).**

NEGATIVE PREMIUMS

A company that writes any combination of life, accident, and health insurance or annuity business may net their premiums/annuity considerations between these lines of business if one or more contain negative premiums or negative considerations. Any resulting negative amounts for either Item 7 or 8 are to be reported as zero.

A company that writes property and casualty coverage and/or accident and health coverage MAY NOT offset the negative premiums in one category of property and casualty against another category of property and casualty or against their accident and health premiums. Negative premiums on any line item are to be reported as zero.

SPECIFIC INSTRUCTIONS

NOTE: Statutory references are and will be changing due to the recodification of the Texas Insurance Code. References to NAIC Annual Statement information is only a guideline. A reported information must be complete and consistent with Texas tax statutes and rule requirements

PROPERTY AND CASUALTY COMPANIES

- Item 1 Fire and Allied Lines (Chapter 252, TIC)** - Enter the total premiums reported on Lines 1, 2.1, 2.2, 2.3, 3, 4, 5.1, 9, and 12 of NAIC Annual Statement, State Page, Column I **less** Column 3. **Note: Texas recognizes the Federal Preemption for Multi-peril Crop Insurance reinsured through the Federal Crop Insurance Corporation (FCIC). Do not include these premiums in Item 1.**
- Item 2 Casualty and Fidelity (Chapter 253, TIC)** - Enter the total premiums reported on Lines 5.2, 6, 10, 11, 17, 18, and 23 through 28 of NAIC Annual Statement, State Page, Column I **less** Column 3, and **less** any premiums reported on Line 17 for the **professional liability** lines listed in the *Property and Casualty Filings Made Easy* manual and Commissioner's Bulletin Number B-0024096 that are exempt from regulation under Chapter 5, subchapter B, TIC. **Auto warranty premiums** are to be included on Line 17. **Unemployment insurance premiums** are to be included on Line 28.
- Item 3 Motor Vehicle (Chapter 254, TIC)** - Enter the total premiums reported on Lines 19.1 through 19.4, 21.1 and 21.2 of NAIC Annual Statement, State Page, Column I **less** Column 3. Vendor's single interest physical damage premiums are to be included on Line 21.1.
- Items 4, 5, and 6 Workers' Compensation (Chapter 255, TIC & Sec. 407A.302, TLC), Division of Workers' Compensation / Office of Injured Employees Counsel (DWC / OIEC) (§§403.002, 403.003 & 407A.301, TLC), and Workers' Compensation Research (§405.003, TLC)** - Enter the premiums *prior to applying any deductible credits* (i.e., premiums plus deductible credits). **Refer to TAC, Ch. 34, § 3.828 for additional information.** The Research and Oversight Council on Workers' Compensation Insurance was abolished and the workers' compensation research function was transferred to the Texas Department of Insurance, effective October 20, 2003.
- Item 7 Accident and Health (Chapter 257, TIC)** - Enter the total premiums reported on Lines 13, 14, and 15.1 through 15.6 of NAIC Annual Statement, State Page, Column 2 **less** Column 4, and **less non-taxable accident & health premiums** reported on the *Computation of Non-Taxable Premiums* (Form 25-205), Column C, Items 2(a), 2(c), 2(d), 3, 4, 5, 6, and 8.

LIFE, ACCIDENT, AND HEALTH COMPANIES

- Item 7 Accident and Health (Chapter 257, TIC)** - Enter the total premiums reported on NAIC Annual Statement, Schedule T, Line 44, Column 4, **less non-taxable accident & health premiums** reported on the *Computation of Non-Taxable Premiums* (Form 25-205) Column C, Items 2(a), 2(c), 2(d), 3, 4, 5, 6, and 8.
- Item 8 Life and Annuity (Chapter 257, TIC) - Life and Annuity (Art. 4.17, TIC)** - Enter the total premiums reported on NAIC Annual Statement, Schedule T, Line 44, Column 2, **less non-taxable life premiums** reported on the *Computation of Non-Taxable Premiums* (Form 25-205) Column A, Items 2(a), 2(b), 2(d), 3, 4, 5, and 6. In addition, include all amounts from Schedule T, Columns 3, 5 and 6, that were applied to purchase annuity contracts during the year, regardless of whether or not morbidity or mortality rates apply to these amounts. To the degree that deposit-type accounts represent amounts deposited to accumulate interest or investment earnings, these deposits are not subject to maintenance tax until such time as the funds are actually applied to purchase annuity contracts.
- Item 9 Local Mutual Aid Associations (Chapter 257, TIC)** - Enter in Column A of the Texas Annual Insurance Maintenance Tax Report (Form 25-102), the gross life and accident and health premiums received **less non-taxable life and accident and health premiums** reported on the *Computation of Non-Taxable Premiums* (Form 25-205), Columns A and C, Items 2(a) and 2(b).

NON-PROFIT LEGAL SERVICES CORPORATIONS

- Item 10 Non-Profit Prepaid Legal Services (Chapter 260, TIC)** - Enter in Column A of the Texas Annual Insurance Maintenance Tax Report (Form 25-102), the gross revenues received for the issuance of pre-paid legal services contracts in Texas.

TITLE COMPANIES

- Item 11 Title Company (Chapter 271, TIC)** - Enter in Column A of the Texas Annual Insurance Maintenance Tax Report (Form 25-102), the total of premiums reported on NAIC Annual Statement, Schedule T, Line 44, Column 3, Column 4, and Column 5.

THIRD PARTY ADMINISTRATORS

Item 12 TPA (fees) (Chapter 259, TIC) - Enter in Column A of the Texas Annual Insurance Maintenance Tax Report (Form 25-102), the total amount of administrative or service fees received **less** any administrative or service fees received for qualified plans under the Employee Retirement Income Security Act of 1974 (ERISA), and **less** fees received from the administration of plans under Chapters 1551, 1601, and 1575, TIC. Administrative or service fees include all consideration, fees, assessments, payments, reimbursements, dues, and any other compensation, monetary or otherwise, received for services as an administrator during the taxable year. TPAs that have a valid agent's license should **NOT** include sales commissions received.

HEALTH MAINTENANCE ORGANIZATIONS

Health Maintenance Organizations are subject to maintenance tax on each enrollee. An enrollee includes each plan participant **and** each dependent covered under the plan.

Items 13, 14, and 15 HMO - Basic, single, and Limited Health Care Services (Chapter 258, TIC) - Determine the correctly reported number of HMO enrollees covered by basic, single, or limited health service certificates or contracts at the end of each quarter. Add these quarterly totals; then subtract the number of enrollees for whom revenues were reported on the Computation of Non-Taxable Premiums (Form 25-205), Column B, Item 2(c), 2(d), 3, 4, 5, and 8. Divide by 4 to determine the average number of enrollees. Enter the result under Column A of the Texas Annual Insurance Maintenance Tax Report (Form 25-102) in the appropriate item.

OFFICE OF PUBLIC INSURANCE COUNSEL (O.P.I.C.) ASSESSMENT

The assessment is collected annually under Chapter 501, TIC, to defray the cost of administering and operating the Office of Public Insurance Counsel. Include policies for all premiums reported in the NAIC Annual Statement **except** policies written for coverage under Chapters 1551, 1601, and 1575, TIC. **Refer to TAC, Ch. 34, § 3.832 for additional information.** The number of policies should be entered in Column A as follows:

Item 16 All lines of property and casualty policies - Enter the total number of policies in force in Texas **at the end of the calendar year.** If you do not have any policies in force at the end of the year, enter "0."

Item 17 Accident and health policies/certificates of coverage - Enter the total number of **new** Texas accident and health individual policies and/or certificates of coverage under a group policy written for delivery and placed in force with initial premium paid in full during the calendar year. If you do not have new policies, enter "0."

Item 18 Life policies/certificates of coverage - Enter the total number of **new** Texas individual policies and/or certificates of coverage under a group policy written for delivery and placed in force with the initial premium paid in full during the calendar year. If you do not have new policies, enter "0."

Item 19 HMO policies/certificates of coverage - Enter the total number of **new** Texas individual policies and/or certificates of coverage under a group policy written for delivery and placed in force with the initial premium paid in full during the calendar year. If you do not have new policies, enter "0."

Item 20 Title Policies - Enter the total number of owner policies and/or mortgagee policies **written during the calendar year** on property located in Texas for which the full basic premium was charged. If you do not have any policies written during the calendar year, enter "0."

Item 21 Long Term Care Facility Surcharge Fee (Article 21.49-3d) - There is no surcharge fee due to the fact that no bond has been issued or debt incurred for the long term care facility to date.

ANNUAL STATEMENT FILING FEE

Item 23 Annual Statement Filing Fee - Insurance companies and miscellaneous organizations are required to file an Annual Statement with the Texas Department of Insurance. The Comptroller collects the Annual Statement filing fee for certain licensed companies and miscellaneous organizations.

Reciprocal Exchanges	\$250.00
Foreign Registered Risk Retention Groups	250.00
Health Maintenance Organizations	250.00
Life, A & H Carriers, and P & C Carriers writing accident & health	250.00 *
Local Mutual Aid Associations	250.00 *
Burial Associations	250.00 *
Statewide Mutual Assessment Companies	250.00 *
Non-Profit Legal Services Corporations	200.00
P & C Carriers NOT writing accident & health	20.00
Stipulated Premium Companies	20.00
Farm Mutual Companies	20.00
County Mutual Companies	20.00
Title Companies	20.00
Domestic Risk Retention Groups	20.00
Lloyds Companies	Exempt
Third Party Administrators	Pay to the Department of Insurance
Accredited Reinsurer	Pay to the Department of Insurance
Trusted Reinsurer	Pay to the Department of Insurance

* **The Annual Statement filing fee for carriers with annual gross premiums in all states totaling less than \$450,000.00 is \$125.00.**

VALUATION FEE

The valuation fee is assessed on **Domestic Life Insurance** companies only. The valuation fee paid on this report may be taken as a credit to any premium tax due on next year's *Texas Annual Insurance Premium Tax Report* (Form 25-100).

Item 24 Valuation Fee (Chapter 202, TIC) - Multiply each million, or fraction thereof, of life insurance **in force** before reinsurance ceded at the end of the calendar year, **less** reinsurance assumed, by \$10.00. Enter the result in Column C of the Texas Annual Insurance Maintenance Tax Report (Form 25-102). **Refer to Instructions for Calculation of Valuation Fee (Form 98-335) for additional information.**

RETALIATORY TAX

Item 25 Retaliatory Tax (Chapter 281, TIC) - Retaliatory tax is applicable to foreign and alien insurers licensed to do business in Texas. Enter the total retaliatory tax due from the *Retaliatory Worksheet* (Form 25-200), Item 31.

PENALTY AND INTEREST

Penalty and/or interest is due whenever the tax/assessment due is paid after the due date.

Item 27 Penalty and Interest (Subtitle B, Title 2, Tax Code, §111.060 and 111.061)

- 1-30 days late: Enter penalty of 5% (.05) of Item 26.
- 31-60 days late: Enter penalty of 10% (.10) of Item 26.
- Over 60 days late: Enter penalty of 10% (.10) of Item 26 plus interest calculated at the rate published on Pub. 98-304, available online at <http://www.window.state.tx.us> or toll free at 1-877-44RATE4.