

# Texas Annual Insurance Maintenance, Assessment and Retaliatory Report Instructions

(For Licensed Insurance Companies and Miscellaneous Organizations)

All statutory references are to the Texas Insurance Code unless otherwise indicated.

The maintenance taxes and other assessments that support the Texas Department of Insurance (TDI), the Division of Workers' Compensation/ Office of Injured Employee Counsel (DWC/OIEC) and other governmental entities are **due on March 1, based on premiums from the previous calendar year or on the due date of your National Association of Insurance Commissioners (NAIC) Annual Statement.**

## NEGATIVE PREMIUMS

A company that writes any combination of life, accident and health insurance or annuity business can 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 must be reported as zero.

A company that writes property and casualty coverage and/or accident and health coverage CANNOT 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 must be reported as zero.

## Specific Instructions

**NOTE:** References to National Association of Insurance Commissioners (NAIC) Annual Statement information are only a guideline. Any reported information must be complete and consistent with Texas statute and rule requirements.

## NON-TAXABLE PREMIUMS

Although the statutory definition of gross premium excludes certain items, these amounts must be reported on Form 25-205, Computation of Non-Taxable Insurance Premiums. Refer to Sections 221.002(c)(4) and 222.002(c)(1) and (2). As a result, the insurer or health maintenance organization is entitled to deduct those amounts, as well as any other non-taxable premiums, from gross premiums to arrive at net taxable premiums for Items 1 through 9.

## PROPERTY AND CASUALTY COMPANIES AND DOMESTIC SURPLUS LINES INSURERS

**Item 1 - Fire and Allied Lines (Chapter 252)** - Enter the total premiums reported on Lines 1, 2.1, 2.2, 2.4, 2.5, 3, 4, 5.1, 9 and 12 of NAIC Annual Statement, State Page, Column 1 **less** Column 3.

**Item 2 - Casualty and Fidelity (Chapter 253)** - Enter the total premiums reported on Lines 5.2, 6, 10, 11, 17.1 through 17.3, 18 and 23 through 30 of NAIC Annual Statement, State Page, Column 1 **less** Column 3, and **less** any premiums reported on Line 17.1 and 17.2 for the **unregulated professional liability** lines listed in the *Property and Casualty Filings Made Easy Guide-Part 5 of 9*, available online at [www.tdi.texas.gov](http://www.tdi.texas.gov). Casualty and fidelity must also include **auto warranty premiums** reported on Lines 17.1 and 17.2 and **unemployment insurance premiums** reported on Line 28.

**Item 3 - Motor Vehicle (Chapter 254)** - Enter the total premiums reported on Lines 19.1 through 19.4, 21.1 and 21.2 of NAIC Annual Statement, State Page, Column 1 **less** Column 3. Vendor's single interest physical damage premiums are included on Line 21.1.

**Items 4, 5 and 6 - Workers' Compensation (Chapter 255, Sections 407A.302, TLC), Division of Workers' Compensation (DWC) / Office of Injured Employee Counsel (OIEC) (Sections 403.002, 403.003 and 407A.301, TLC) and Workers' Compensation Research (Section 405.003, TLC)** - Enter the premiums *before applying any deductible credits* (i.e., premiums plus deductible credits). **Refer to TAC, Ch. 34, Section 3.828 for additional information.**

**Item 7 - Accident and Health (Chapter 257)** - Enter the total premiums reported on Lines 13, 14 and 15.1 through 15.5 and 15.7 of NAIC Annual Statement, State Page, Column 1.

## LICENSED CAPTIVE INSURANCE COMPANIES

**Items 1, 2, 3 and 7 (Section 964.068)** - A captive insurance company that has received a certificate of authority from the Texas Department of Insurance is subject to maintenance tax under Insurance Code, Subtitle C, Title 3, on the correctly reported gross premiums from writing insurance on risks located in this state as applicable to the individual lines of business written by the captive insurance company.

## LIFE, ACCIDENT AND HEALTH COMPANIES

**Item 7 - Accident and Health (Chapter 257)** - Enter the total premiums reported on NAIC Annual Statement, Schedule T, Line 44, Column 4.

**Item 8 - Life and Annuity (Chapter 257)** - Enter the total premiums reported on NAIC Annual Statement, Schedule T, Line 44, Column 2. In addition, include all amounts from Schedule T, Columns 3, 5 and 7, 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)** - Enter the gross life and accident and health premiums received.

## TITLE COMPANIES

**Item 10 - Title Company (Chapter 271)** - Enter the total of premiums reported on NAIC Annual Statement, Schedule T, Line 44, Column 3, Column 4 and Column 5.

## THIRD PARTY ADMINISTRATORS (TPA)

**Item 11 - TPA (fees) (Chapter 259)** - Enter 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, 1575, 1576, 1579 and 1601. 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.

A TPA that administers workers' compensation benefit plans must be licensed by the TDI as a TPA and is subject to the TPA maintenance tax. Exclusions to the definition of an administrator can be found under Section 4151.002, Insurance Code.

**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 12, 13 and 14 HMO - Basic, single and Limited Health Care Services (Chapter 258)** - 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. From these quarterly totals subtract the number of enrollees for whom revenues were reported on the Computation of Non-Taxable Insurance Premiums (Form 25-205). Divide the total of the four quarters' net taxable enrollees 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 (OPIC) ASSESSMENT**

The assessment is collected annually under Chapter 501, to defray the cost of administering and operating the OPIC. Include policies for all premiums reported in the NAIC Annual Statement **except** policies written for coverage under Chapters 1551, 1575, 1576, 1579 and 1601. **A captive insurance company licensed under Chapter 964, a domestic surplus lines insurer licensed under Chapter 981, and a domestic or foreign risk retention group established under Chapter 2201, are not subject to this assessment. Refer to TAC, Ch. 34, Section 3.832 for additional information.** The number of policies should be entered in Column A as follows:

**Item 15 - 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 16 - 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 17 - 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 18 - 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 19 - 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 20 - Long Term Care Facility Surcharge Fee (Section 2203.351)** - There is no surcharge fee at this time.

**ANNUAL STATEMENT FILING FEE**

**Item 22 - Annual Statement Filing Fee** - Insurance companies and miscellaneous organizations are required to file an Annual Statement with the TDI. 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 <b>and</b> P & C Carriers, including domestic surplus lines insurers, writing accident & health .....	250.00*
Local Mutual Aid Associations .....	250.00*
Burial Associations .....	250.00*
Statewide Mutual Assessment Companies .....	250.00*
P & C Carriers, including domestic Surplus lines insurers, <b>NOT</b> 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
Licensed Captive Insurance 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.**

**RETALIATORY TAX**

**Item 23 - Retaliatory Tax (Chapter 281)** - Retaliatory tax is applicable to foreign and alien insurers licensed to do business in Texas. The retaliatory tax is not imposed upon a foreign risk retention group. Enter the total retaliatory tax due from the *Retaliatory Worksheet* (Form 25-200), Item 31.

**CAPTIVE INSURANCE COMPANIES**

**Item 24 (Section 964.071(c))** - Enter the amount of any tax waiver granted by the Commissioner of Insurance against maintenance taxes due. Include a copy of the Commissioner's Order or other documentation from the TDI evidencing the tax waiver.

**PENALTY AND INTEREST**

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

**Item 26 - Penalty and Interest (Subtitle B, Title 2, Tax Code, Sections 111.060 and 111.061)**

- 1 - 30 days late: Enter penalty of 5% (.05) of Item 25.
- 31 - 60 days late: Enter penalty of 10% (.10) of Item 25.
- Over 60 days late: Enter penalty of 10% (.10) of Item 25 plus interest calculated at the rate published in Pub. 98-304, available on the Comptroller's website at [www.comptroller.texas.gov/taxes/file-pay/interest.php](http://www.comptroller.texas.gov/taxes/file-pay/interest.php) or call 877-447-2834.

For more information, call 800-252-1387.  
Details are also available online at [www.comptroller.texas.gov](http://www.comptroller.texas.gov).