

No. 06-1289

OFFICIAL ORDER
of the
COMMISSIONER OF INSURANCE
of the
STATE OF TEXAS
AUSTIN, TEXAS

Date: DEC 13 2006

Subject Considered:

RATES OF ASSESSMENT FOR MAINTENANCE TAXES

General remarks and official action taken:

On this day the Commissioner of Insurance (the "Commissioner") considered the appropriate rates of assessment for certain maintenance taxes imposed by the Texas Insurance Code and the Texas Labor Code, specifically TEX. INS. CODE ANN §§ 201.001, 251.001, 252.001-252.003, 253.001-253.003, 254.001-254.003, 255.001-255.003, 257.001-257.003, 258.001-258.004, 259.001-259.004, 260.001-260.003 & 271.001-271.006 & TEX. LABOR CODE ANN §§ 403.002, 403.003, 407.103, 407A.301, and 407A.302.

Based on Department staff recommendation, the Commissioner has set the following rates for maintenance taxes and fees assessed on correctly reported gross premiums for calendar year 2006 for the lines of insurance specified:

in accordance with TEX. INS. CODE ANN. § 252.002, the rate is .236 of 1.0% for fire insurance and allied lines, including inland marine;

in accordance with TEX. INS. CODE ANN. § 253.002, the rate is .117 of 1.0% for casualty insurance, and fidelity, guaranty and surety bonds;

in accordance with TEX. INS. CODE ANN. § 254.002, the rate is .058 of 1.0% for motor vehicle insurance;

in accordance with TEX. INS. CODE ANN. § 255.002 the rate is .059 of 1.0% for workers' compensation insurance;

in accordance with TEX. LABOR CODE ANN. § 403.003, the rate is 1.128% for workers' compensation insurance;

in accordance with TEX. LABOR CODE ANN. § 407A.301 the rate is 1.128% for workers' compensation insurance;

in accordance with TEX. LABOR CODE ANN. § 407A.302, the rate is .059 of 1% for workers' compensation insurance; and

in accordance with TEX. INS. CODE ANN. § 271.004, the rate is .1 of 1.0% for title insurance.

Based on Department staff recommendation, the Commissioner has determined that the maintenance tax assessed for calendar year 2006 is .040 of 1.0% on the correctly reported gross premiums for life, health, and accident insurance and the gross considerations for annuity and endowment contracts, in accordance with TEX. INS. CODE ANN. § 257.002.

Based on Department staff recommendation, the Commissioner has set the following maintenance tax rates for calendar year 2006 for the following entities:

in accordance with TEX. INS. CODE ANN. § 258.003, the rate is \$.41 per enrollee for single service health maintenance organizations, \$1.23 per enrollee for multi-service health maintenance organizations, and \$.41 per enrollee for limited service health maintenance organizations;

in accordance with TEX. INS. CODE ANN. § 259.003, the rate is .11 of 1.0% of the correctly reported gross amount of administrative or service fees for third party administrators;

in accordance with TEX. INS. CODE ANN. § 260.002, the rate is .036 of 1.0% of correctly reported gross revenues for nonprofit legal service corporations issuing prepaid legal service contracts; and

in accordance with TEX. LABOR CODE ANN. § 407.103, each certified self-insurer shall pay a self-insurer maintenance tax in calendar year 2007 at a rate of 1.128% of the tax base calculated pursuant to Labor Code § 407.103(b), which shall be billed to the certified self-insurer by the DWC.

The Commissioner has determined that the rates of assessment are at or all below the maximums set out in the applicable statute.

In setting the rate of maintenance tax assessment for insurance companies, the Commissioner has not considered revenue or expenditures related to the operation of the self-insurer program under Chapter 407 of the TEX. LABOR CODE ANN.

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In setting the rate of maintenance tax assessment for workers' compensation insurance, the commissioner has taken into account the factors set out in TEX. INS. CODE ANN. § 403.003(a) and has not considered the revenue or expenditures set out in TEX. INS. CODE ANN. § 403.003(b).

The Commissioner has determined that the enactment of Senate Bill 14, 78th Legislature, Regular Session, relating to certain insurance rates, forms, and practices, did not affect the calculation of the maintenance tax rates or the assessment of the taxes.

The Commissioner published a notice in the Texas Register of a formal meeting to solicit comments on the proposed rate of assessment from interested persons, to provide an opportunity for interested persons to request a hearing, although a hearing is not required before the rate of assessment is imposed, and to provide instructions on obtaining the proposed rate of assessment from the the Chief Clerk's office for review before the meeting. The Commissioner held the formal meeting on November 30, 2006. The Department did not receive a request for a hearing.

THEREFORE, the Commissionder ORDERS that the rates of assessment set out above be, and are, hereby adopted.

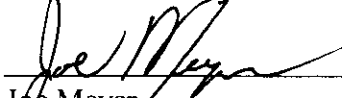
The Commissioner FURTHER ORDERS that the taxes assessed in accordance with this Order shall be payable and due to the Comptroller of Public Accounts, Austin, TX 78774-0100 on March 1, 2007.

By entering this Order, the Commissioner is advising the Comptroller of the applicable rates of assessment in compliance with TEX. INS. CODE ANN. § 251.002 & TEX. LABOR CODE ANN. § 403.003.



MIKE GEESLIN
COMMISSIONER OF INSURANCE

Recommended by:

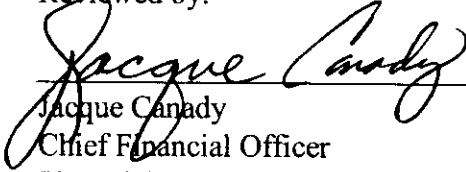


Joe Meyer
Deputy Chief Financial Officer
Financial Services Division

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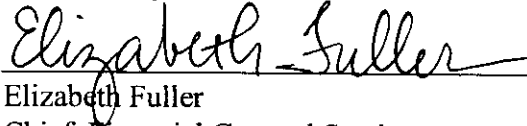
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Reviewed by:



Jacque Canady
Chief Financial Officer
Financial Services Division

Reviewed by:



Elizabeth Fuller
Chief, Financial Counsel Section
Legal Services Division