

No. 08-1013

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

Date: DEC 11 2008

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 and 271.001-271.006, and TEX. LABOR CODE ANN. §§ 403.002, 403.003, 405.003, 407.103, 407A.301, and 407A.302.

Based upon available information, the Department staff's recommendations, and in accordance with the applicable requirements in the Texas Insurance Code and Texas Labor Code, the Commissioner has set the following rates for maintenance taxes and fees assessed on correctly reported gross premiums for calendar year 2008 for the lines of insurance specified:

in accordance with TEX. INS. CODE ANN. § 252.002, the rate is .237 of 1.0% for fire insurance and allied lines, including inland marine;

in accordance with TEX. INS. CODE ANN. § 253.002, the rate is .112 of 1.0% for casualty insurance, and fidelity, guaranty and surety bonds;

in accordance with TEX. INS. CODE ANN. § 254.002, the rate is .063 of 1.0% for motor vehicle insurance;

in accordance with TEX. INS. CODE ANN. § 255.002, the rate is .072 of 1.0% for workers' compensation insurance;

in accordance with TEX. LABOR CODE ANN. § 403.003, the rate is 1.232% for workers' compensation insurance;

in accordance with TEX. LABOR CODE ANN. § 405.003, the rate is .009 of 1.0% for the workers' compensation research and evaluation group,

in accordance with TEX. LABOR CODE ANN. § 407A.301, the rate is 1.232% for workers' compensation insurance;

in accordance with TEX. LABOR CODE ANN. § 407A.302, the rate is .072 of 1.0% for workers' compensation insurance; and

in accordance with TEX. INS. CODE ANN. § 271.004, the rate is .115 of 1.0% for title insurance.

Based on Department staff's recommendation, the Commissioner has determined that the maintenance tax assessed for calendar year 2008 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's recommendation, the Commissioner has set the following maintenance tax rates for calendar year 2008 for the following entities:

in accordance with TEX. INS. CODE ANN. § 258.003, the rate is \$.36 per enrollee for single service health maintenance organizations, \$1.08 per enrollee for multi-service health maintenance organizations, and \$.36 per enrollee for limited service health maintenance organizations;

in accordance with TEX. INS. CODE ANN. § 259.003, the rate is .104 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;

in accordance with TEX. LABOR CODE ANN. § 405.003, each certified self-insurer shall pay a maintenance tax for the workers' compensation research and evaluation group in calendar year 2009 at a rate of .009 of 1.0% of the tax base calculated pursuant to TEX. LABOR CODE ANN. § 407.103(b), which shall be billed to the certified self-insurer by the Texas Department of Insurance – Division of Workers' Compensation;

in accordance with TEX. LABOR CODE ANN. § 405.003 and § 407A.301, each workers' compensation self-insurance group shall pay a maintenance tax for the workers' compensation research and evaluation group at a rate of .009 of 1.0% of

the group's gross premium for the group's retention, excluding premium collected by the group for excess insurance; and

in accordance with TEX. LABOR CODE ANN. § 407.103 and § 407.104, each certified self-insurer shall pay a self-insurer maintenance tax in calendar year 2009 at a rate of 1.232% of the tax base calculated pursuant to TEX. LABOR CODE ANN. § 407.103(b), which shall be billed to the certified self-insurer by the Texas Department of Insurance – Division of Workers' Compensation.

The Commissioner has determined that the rates of assessment are all at or 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.

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).

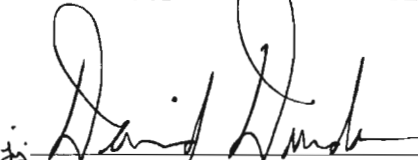
The Commissioner published a notice in the Texas Register of an informal meeting to solicit comments on the proposed rates of assessment from interested persons, to provide an opportunity for interested persons to request a hearing, although a hearing is not required before the rates of assessment are imposed, and to provide instructions on obtaining the proposed rates of assessment from the Chief Clerk's office for review before the meeting. The Commissioner held the informal meeting on November 13, 2008. The Department did not receive a request for a hearing.

THEREFORE, the Commissioner 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 for all entities except workers' compensation certified self-insurers shall be payable and due to the Comptroller of Public Accounts, 111 E. 17th Street, Austin, TX 78774-0100 on March 1, 2009.

The Commissioner FURTHER ORDERS that the taxes assessed in accordance with this Order for workers' compensation certified self-insurers shall be payable and due to the Texas Department of Insurance, Mail Code 9999, 333 Guadalupe Street, PO Box 149104, Austin, TX 78714-9104 on the 60th day after the issuance of a certificate of authority to self-insure and on the 60th day after the annual renewal date of the certificate of authority.

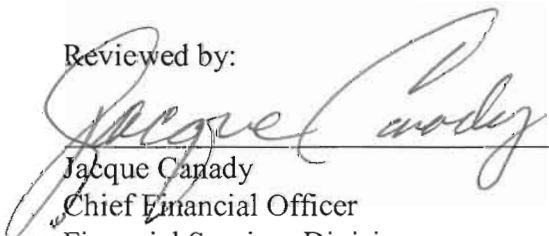
MIKE GEESLIN
COMMISSIONER OF INSURANCE


By: DAVID DURDEN
Temporary Acting Commissioner
Via Commissioner's Order No. 08-0999


Recommended by:


Joe Meyer
Deputy Chief Financial Officer
Financial Services Division

Reviewed by:


Jacque Canady
Chief Financial Officer
Financial Services Division

Reviewed by:


Eric Moorad
Staff Attorney, Financial Counsel Section
Legal Services Division