

**Subchapter A. Examination and Financial Analysis**  
**28 TAC §7.66**

**1. INTRODUCTION.** The Commissioner of Insurance adopts new §7.66, concerning requirements for the filing of the 2009 annual statements, the 2010 quarterly statements, other reporting forms, and electronic data filings with the Department and the National Association of Insurance Commissioners (NAIC). The new section is adopted with changes to the proposed text published in the March 5, 2010 issue of the *Texas Register* (35 TexReg 1929).

**2. REASONED JUSTIFICATION.** The new section is necessary to specify the filing requirements for insurers and other regulated entities for the 2009 annual statement, the 2010 quarterly statements, other reporting forms, and electronic data filings, with the Department and the NAIC. The requirements are applicable to insurers, health maintenance organizations (HMOs), nonprofit legal service corporations, Texas Health Insurance Risk Pool, Texas Fair Plan Association and Texas Windstorm Insurance Association, and certain other regulated entities authorized to do the business of insurance in this state. These insurers, HMOs, and other regulated entities are referred to collectively as “carriers” in this adoption. The adopted requirements include the reporting forms and instructions to be used by carriers when reporting their year-end 2009 and the first three quarters of the 2010 calendar year financial condition and business operations and activities. These reporting forms are adopted by reference.

The adopted requirements also include the requirement that carriers file the completed reporting forms, including diskettes or electronic filings, with the Department and/or the NAIC as directed in the adopted new section. The reporting forms include the (i) 2009 annual statement blanks, (ii) 2010 quarterly statement blanks, (iii) Schedule SIS, (iv) management discussion and analysis, (v) supplemental compensation exhibit, (vi) overhead assessment exemption form for insurance company examination expenses, (vii) analysis of surplus, (viii) separate accounts, (ix) supplemental information for county mutual insurance companies and HMOs, (x) release of contributions, (xi) reserve summary, (xii) inventory of insurance in force, (xiii) summary of insurance in force, and (xiv) statements of actuarial opinions. The information provided on the completed forms is necessary to enable the Department to monitor the solvency, business activities, and statutory compliance of the carriers. The adopted requirements also specify the dates by which certain reports are to be filed. The adopted new section specifies that the term "Texas Edition" refers to the blanks and forms adopted by the Commissioner. Most of the adopted forms have been promulgated by the NAIC and are used in other states. The use of these forms promotes uniformity and efficiency in the regulation of insurance companies and other entities regulated by the Department. The required documents will provide financial information to the public and regulatory agencies. The information will be used by the Department to monitor the financial condition of carriers to ensure financial solvency and compliance with applicable laws and accounting requirements.

Simultaneously with the adoption of this new section, the Department is adopting the repeal of existing §7.66, which is also published in this issue of the *Texas Register*.

The Department has made non-substantive changes to the proposed text as published. None of the changes, however, materially alter issues raised in the proposed rule, introduce new subject matter, or affect persons other than those previously on notice. The Department has determined that non-substantive changes are necessary in the following provisions as proposed.

Section 7.66(a) as proposed contains an inaccurate reference to “2010 quarterly statement blanks” that should be “2010 quarterly statements.” The adopted subsection reads “(a) Scope. This section specifies the requirements for insurers and other regulated entities for filing the 2009 annual statement, the 2010 quarterly statements, other reporting forms, and electronic data filings, . . . .” The language is in lieu of the proposed language reading “(a) Scope. This section specifies the requirements for insurers and other regulated entities for filing the 2009 annual statement, the 2010 quarterly statement blanks, other reporting forms, and electronic data filings, . . . .”

Section 7.66(d) as proposed contains five inaccurate references to 2009 that should be to 2010 in reference to health quarterly statements; health quarterly statement instructions; life, accident and health quarterly statements; and life, accident and health quarterly statement instructions. Adopted §7.66(d) in pertinent part reads: “Insurers described under this subsection may elect to file on the 2009 Health Annual Statement for year-end 2009, and on the 2010 Health Quarterly Statement for the three quarters of 2010, if the insurer passes the Health Statement Test as outlined in the

"2009 Annual Statement, Health Instructions." If a reporting entity qualifies under this subsection to use the 2009 Health Annual Statement, it must continue to use that annual statement for a minimum of three years or obtain written approval from the department to change to another type of annual statement. Insurers filing the 2009 Life, Accident and Health Annual Statement, the 2010 Life, Accident and Health Quarterly Statements, and the supplemental forms and reports identified in these subsections shall complete filings in accordance with the "2009 Annual Statement Instructions, Life, Accident and Health," and the "2010 Quarterly Statement Instructions, Life, Accident and Health," as applicable. Life insurers meeting the test set forth in this subsection to file the 2009 Health Annual Statement and the supplemental forms and reports identified in these subsections shall complete filings in accordance with the "2009 Annual Statement Instructions, Health," and the "2010 Quarterly Statement Instructions, Health," as applicable. . . ." (emphasis added)

A non-substantive change is also necessary in §7.66(d)(1)(L) as adopted to correct a typographical error in the Insurance Code citation. Section 7.66(d)(1)(L) as proposed includes a reference to "the Insurance Code §451.151." This reference is corrected in adopted §7.66(d)(1)(L) to read "the Insurance Code §401.151."

A non-substantive change is also necessary in the second sentence of §7.66(d)(4)(B) as adopted to correct a typographical error. The second sentence of §7.66(d)(4)(B) as proposed includes an erroneous reference to the phrase "regard to" between the phrases "relating to" and "asset adequacy analysis". The erroneous reference to the phrase "regard to" is removed in the second sentence of adopted

§7.66(d)(4)(B) to read: “In addition, for those companies not exempted from the asset adequacy analysis pursuant to §3.1608 of this title, the Statement of Actuarial Opinion must follow the applicable provisions of §§3.1601 - 3.1608 of this title that are not covered in the “2009 Annual Statement Instructions, Health”, including those provisions relating to asset adequacy analysis.”

In §7.66(e) as adopted, it is necessary to delete a redundant and inaccurate reference to “any Mexican casualty insurance company licensed under the Insurance Code Chapter 984.” Section 7.66(e) specifies requirements for property and casualty insurers but does not specify the requirements for Mexican casualty insurance companies licensed under the Insurance Code Chapter 984. Section 7.66(l), which is adopted without any change to the proposed requirements, specifies requirements for these types of insurers.

Section 7.66(f) as proposed contains one inaccurate reference to 2000 that should be to 2009 in reference to fraternal annual statement instructions. Adopted §7.66(f) in pertinent part reads: “The forms and reports identified in this subsection shall be completed in accordance with the “2009 Annual Statement Instructions, Fraternal,” and the “2010 Quarterly Statement Instructions, Fraternal,” as applicable.”

Two nonsubstantive changes also have been made to the proposed text in §7.66(f)(4)(A). First, a nonsubstantive change has been made to the proposed text in §7.66(f)(4)(A) to add an inadvertently omitted section symbol before the phrase “3.1608 of this title” in §7.66(f)(4)(A) as adopted. Second, a nonsubstantive change has been made to the proposed text in §7.66(f)(4)(A) to replace the phrase “Life, Accident and

Health” with the word “Fraternal” in §7.66(f)(4)(A) as adopted. Adopted §7.66(f)(4)(A) reads: “The Statement of Actuarial Opinion, attached to the 2009 Fraternal Annual Statement, must follow the applicable provisions of §§3.1601 - 3.1608 of this title, except for companies exempted from the asset adequacy analysis pursuant to §3.1608 of this title. For those companies exempted from the asset adequacy analysis pursuant to §3.1608 of this title, the format provided by instructions 1 – 12 of the “2009 Annual Statement Instructions, Fraternal”, must be followed.”

Section 7.66(g) as proposed contains one inaccurate reference to 2008 that should be to 2009 in reference to title annual statement instructions and one inaccurate reference to 2009 that should be to 2010 in reference to title quarterly statement instructions. Section 7.66(g) as proposed also inadvertently omits a quotation mark. Adopted §7.66(g) in pertinent part reads: “The reports and forms identified in this subsection shall be completed in accordance with the “2009 Annual Statement Instructions, Title,” and the “2010 Quarterly Statement Instructions, Title,” as applicable.

An additional nonsubstantive change has been made to the proposed text in §7.66(h) to add an inadvertently omitted quotation mark before the phrase “2010 Quarterly Statement Instructions, Health,” in §7.66(h) as adopted.

### **3. HOW THE SECTION WILL FUNCTION.**

**§7.66(a). Scope.** Section 7.66(a) provides that the purpose of the section is to specify the requirements for insurers and other regulated entities (carriers) for filing the 2009 annual statement, the 2010 quarterly statements, other reporting forms, and

electronic data filings with the Department and the National Association of Insurance Commissioners (NAIC). Carriers are required to submit the filings in order to report information concerning their financial condition and business operations. Adopted Section 7.66(a) specifies the carriers to which the section applies. Section 7.66(a) also addresses the necessary reporting forms, including (i) the adoption by reference of the 2009 annual statement blanks, the 2010 quarterly statement blanks, and the related instruction manuals published by the NAIC, and other supplemental reporting forms specified in the section; (ii) how the forms may be obtained; and (iii) how the forms can be filed.

**§7.66(b). Definition.** Section 7.66(b) provides that the term "Texas Edition" refers to the blanks and forms promulgated by the Commissioner.

**§7.66(c). Conflicts with other laws.** Section 7.66(c) specifies the hierarchy in the applicability of laws in the event of a conflict between the Insurance Code, this new section, other Department regulations, and the NAIC instructions specified in the new section.

**§7.66(d) – (l). Filing requirements for the various types of carriers.** Section 7.66(d) - (l) specify the forms, instructions and filing requirements for the various types of carriers: **subsection (d):** life; life and accident; life and health; accident; accident and health; mutual life; or life, accident and health insurance company; stipulated premium company; group hospital service corporation, and the Texas Health Insurance Risk Pool; **subsection (e):** fire; fire and marine; general casualty; fire and casualty; or U.S. branch of an alien insurer; county mutual insurance company; mutual insurance

company other than life; Lloyd's plan; reciprocal or inter insurance exchange; domestic risk retention group; life insurance company that is licensed to write workers' compensation; any farm mutual insurance company that filed a property and casualty annual statement for the 2008 calendar year or had gross written premiums in 2009 in excess of \$6 million; domestic joint underwriting association; the Texas Mutual Insurance Company; the Texas Windstorm Insurance Association; and the Texas FAIR Plan Association; **subsection (f):** fraternal benefit societies; **subsection (g):** title insurers; **subsection (h):** health maintenance organizations; **subsection (i):** farm mutual insurers not subject to the provisions of §7.66(e); **subsection (j):** statewide mutual assessment associations, local mutual aid associations, mutual burial associations, and exempt associations; **subsection (k):** nonprofit legal service corporations; and **subsection (l):** Mexican casualty insurance companies licensed under the Insurance Code Chapter 984.

**§7.66(m). Other financial reports.** Section 7.66(m) provides that the Department may request financial reports other than those specified in the section.

**4. SUMMARY OF COMMENTS.** The Department did not receive any comments on the proposed new section.

**5. STATUTORY AUTHORITY.** The new section is adopted under the following provisions of the Insurance Code. Sections 802.001 - 802.003 and 802.051 - 802.056 authorize the Commissioner to make changes in the forms of the annual statements

required of insurance companies of any kind, as shall seem best adapted to elicit a true exhibit of their condition and methods of transacting business and require certain insurers to make filings with the National Association of Insurance Commissioners. Chapters 2201, 2210 and 2211, and §§841.255, 842.003, 842.201, 842.202, 843.151, 843.155, 861.254, 861.255, 862.001, 862.003, 882.001, 882.003, 883.002, 883.204, 884.256, 885.401, 885.403 - 885.406, 887.009, 887.060, 887.401 - 887.407, 911.001, 911.304, 912.002, 912.201 - 912.203, 912.301, 941.252, 942.201, 961.002, 961.003, 961.052, 961.202, 982.004, 982.251 - 982.254, 982.101, 982.103, 984.101 - 984.103, 984.153, 984.201, 984.202, 1301.009, 1506.057, 2551.001, and 2551.152 require the filing of financial reports and other information by insurers and other regulated entities and provide specific rulemaking or regulatory authority to the Commissioner relating to those insurers and other regulated entities. Sections 982.001, 982.002, 982.004, 982.052, 982.102 - 982.104, 982.106, 982.108, 982.110 - 982.112, 982.201 - 982.204, 982.251 - 982.255, and 982.302 - 982.306 specify the conditions under which foreign and alien insurers are permitted to do business in this state and require foreign and alien insurers to comply with the provisions of the Insurance Code. Sections 844.001 - 844.005, 844.051 - 844.054, and 844.101 specify statutory requirements relating to approved nonprofit health corporations and certificate holders (i.e., approved nonprofit health corporations holding certificate of authorities issued under the Insurance Code, Title 2, Chapter 844), and authorize the Commissioner to adopt rules to implement the Insurance Code, Title 2, Chapter 844, except as provided by the Insurance Code §844.101(b). Section 421.001 requires insurers to establish adequate reserves and

requires the adoption of each current formula recommended by the National Association of Insurance Commissioners for establishing reserves applicable to each line of insurance. Section 32.041 requires the Department to furnish the statement blanks and other reporting forms necessary for companies to comply with the filing requirements. Section 36.001 provides that the Commissioner of Insurance may adopt any rules necessary and appropriate to implement the powers and duties of the Texas Department of Insurance under the Insurance Code and other laws of this state.

## **6. TEXT.**

### **§7.66. Requirements for Filing the 2009 Annual Statements, the 2010 Quarterly Statements, Other Reporting Forms, and Electronic Data Filings with the Texas Department of Insurance and the NAIC.**

(a) Scope. This section specifies the requirements for insurers and other regulated entities for filing the 2009 annual statement, the 2010 quarterly statements, other reporting forms, and electronic data filings with the department and the National Association of Insurance Commissioners (NAIC) necessary to report information concerning the financial condition and business operations and activities of insurers. This section applies to all insurers and certain other regulated entities authorized to do the business of insurance in this state and includes, but is not limited to, life insurers; accident insurers; life and accident insurers; life and health insurers; accident and health insurers; life, accident and health insurers; mutual life insurers; stipulated premium insurers; group hospital service corporations; fire insurers; fire and marine

insurers; U.S. branches of alien insurers; Mexican casualty insurers; general casualty insurers; fire and casualty insurers; mutual insurers other than life; statewide mutual assessment companies; local mutual aid associations; mutual burial associations; exempt associations; county mutual insurers; Lloyd's plans; reciprocal and inter-insurance exchanges; domestic risk retention groups; domestic joint underwriting associations; title insurers; fraternal benefit societies; farm mutual insurers; health maintenance organizations; nonprofit health corporations; nonprofit legal services corporations; the Texas Health Insurance Risk Pool; the Texas Mutual Insurance Company; the Texas Windstorm Insurance Association; and the Texas FAIR Plan Association. The commissioner adopts by reference the 2009 annual statement blanks, the 2010 quarterly statement blanks, and the related instruction manuals published by the NAIC, and other supplemental reporting forms specified in this section. The forms are available from the Texas Department of Insurance, Financial Analysis Division, Mail Code 303-1A, P. O. Box 149104, Austin, Texas 78714-9104. The NAIC annual and quarterly statement blanks and other NAIC supplemental reporting forms can be printed or filed electronically using annual statement software available from vendors. Insurers and other regulated entities shall properly report to the department and the NAIC by completing, in accordance with applicable instructions, the appropriate hard copy annual and quarterly statement blanks, other reporting forms, and electronic data filings.

(b) Definition. In this section "Texas Edition" refers to the blanks and forms promulgated by the commissioner.

(c) Conflicts with other laws. In the event of a conflict between the Insurance

Code, any currently existing department rule, form, instructions, or any specific requirement of this section and the NAIC instructions listed in this section, the Insurance Code, the department rule, form, instruction, or the specific requirements of this section shall take precedence and in all respects control.

(d) Filing requirements for life, accident and health insurers. Each life; life and accident; life and health; accident; accident and health; mutual life; or life, accident and health insurance company; stipulated premium company; group hospital service corporation; and the Texas Health Insurance Risk Pool shall complete and file the blanks, forms, or electronic data filings as directed in this subsection. This subsection does not apply to entities licensed as health maintenance organizations under the Insurance Code Chapter 843. Insurers specified in this subsection and engaged in business authorized under the Insurance Code Chapter 843 may have additional reporting requirements under subsection (h) of this section. Insurers described under this subsection may elect to file on the 2009 Health Annual Statement for year-end 2009, and on the 2010 Health Quarterly Statement for the three quarters of 2010, if the insurer passes the Health Statement Test as outlined in the "2009 Annual Statement, Health Instructions." If a reporting entity qualifies under this subsection to use the 2009 Health Annual Statement, it must continue to use that annual statement for a minimum of three years or obtain written approval from the department to change to another type of annual statement. Insurers filing the 2009 Life, Accident and Health Annual Statement, the 2010 Life, Accident and Health Quarterly Statements, and the supplemental forms and reports identified in these subsections shall complete filings in

accordance with the "2009 Annual Statement Instructions, Life, Accident and Health," and the "2010 Quarterly Statement Instructions, Life, Accident and Health," as applicable. Life insurers meeting the test set forth in this subsection to file the 2009 Health Annual Statement and the supplemental forms and reports identified in these subsections shall complete filings in accordance with the "2009 Annual Statement Instructions, Health," and the "2010 Quarterly Statement Instructions, Health," as applicable. The electronic filings of these forms or reports with the NAIC shall be in accordance with the NAIC data specifications and instructions for electronic filing and shall include PDF format filing. The filings for insurers described in this subsection are as follows:

(1) Domestic insurer reports and forms in paper copy to be filed only with the department as follows:

(A) 2009 Life, Accident and Health Annual Statement, including the printed investment schedule detail, due on or before March 1, 2010 (stipulated premium companies, April 1, 2010);

(B) 2009 Life, Accident and Health Annual Statement of the Separate Accounts for the 2009 calendar year (required of companies maintaining separate accounts), due on or before March 1, 2010;

(C) 2010 Life, Accident and Health Quarterly Statements, due on or before May 15, August 15, and November 15, 2010. A Texas stipulated premium company, unless specifically requested to do so by the department, is not required to file quarterly data filings with the NAIC if it meets all three of the following conditions:

(i) it is authorized to write only life insurance on its certificate of authority;

(ii) it collected premiums in the prior calendar year of less than \$1 million; and

(iii) it had a profit from operations in the prior two calendar years;

(D) 2009 Health Annual Statement, including the printed investment schedule detail, due on or before March 1, 2010 if the company qualifies as described in this subsection;

(E) 2010 Health Quarterly Statements, due on or before May 15, August 15, and November 15, 2010 if the company qualifies as described in this subsection;

(F) All the paper copies of the annual and quarterly supplements prepared and filed on dates specified in the forms and instructions;

(G) Management's Discussion and Analysis, due on or before April 1, 2010;

(H) Statement of Actuarial Opinion, due on or before March 1, 2010 (stipulated premium companies, April 1, 2010). The actuarial opinion shall be prepared in accordance with paragraph (4) of this subsection;

(I) Schedule SIS, due on or before March 1, 2010. This filing is also required if filing a Health Annual Statement, as applicable;

(J) Supplemental Compensation Exhibit, due on or before March 1,

2010 (stipulated premium companies, April 1, 2010). This filing is also required if filing a Health Annual Statement, as applicable;

(K) The Texas Health Insurance Risk Pool shall file the 2009 Health Annual Statement, and the 2010 Quarterly Statements as follows:

(i) 2009 Health Annual Statement with only pages 1 - 6, and Schedule E Part 1, Part 2, and Part 3 to be completed and filed on or before March 1, 2010;

(ii) 2010 Health Quarterly Statements, with only pages 1 - 6, Schedule E, Part 1-Cash, and Part 2 – Cash Equivalents to be completed and filed on or before May 15, August 15, and November 15, 2010; and

(iii) The Texas Health Insurance Risk Pool is not required to file any reports, diskettes, or electronic data filings with the NAIC.

(L) Texas Overhead Assessment Exemption Form (Texas Edition), due on or before March 1, 2010 (stipulated premium companies, April 1, 2010). This form is to be filed only by domestic insurance companies that have qualified pension contracts under the Insurance Code §401.151; otherwise, this form should not be filed; and

(M) Analysis of Surplus (Texas Edition) for life, accident and health insurers, due on or before March 1, 2010 (stipulated premium companies, April 1, 2010).

(2) Foreign companies filing only electronically with the NAIC and not filing a paper copy with the department shall file a signed jurat page with the department

in lieu of filing the entire paper filing.

(3) Electronic filings with the NAIC by domestic and foreign insurers:

(A) 2009 Life, Accident and Health Annual Statement electronic filing and PDF filing, due on or before March 1, 2010 (stipulated premium companies, April 1, 2010);

(B) 2009 Life, Accident and Health Annual Statement of the Separate Accounts electronic filing and PDF filing, due on or before March 1, 2010;

(C) 2010 Life, Accident and Health Quarterly Statement electronic filings and PDF filings, due on or before May 15, August 15, and November 15, 2010. A Texas stipulated premium company, unless specifically requested to do so by the department, is not required to file quarterly electronic data filings with the NAIC if it meets all three of the following conditions:

(i) it is authorized to write only life insurance on its certificate of authority;

(ii) it collected premiums in the prior calendar year of less than \$1 million; and

(iii) it had a profit from operations in the prior two calendar years.

(D) All annual and quarterly supplemental electronic filings together with the related PDF filings (except for Schedule SIS and Supplemental Compensation Exhibit which are filed by domestic insurers only with the department in paper copy) due on the dates specified in the forms and instructions; and

(E) Statement of Actuarial Opinion, due on or before March 1, 2010 (stipulated premium companies, April 1, 2010). The actuarial opinion shall be prepared in accordance with paragraph (4) of this subsection.

(4) Statement of Actuarial Opinion required by paragraphs (1)(H) and (3)(E) of this subsection shall be prepared in accordance with the following:

(A) For companies filing the 2009 Life, Accident and Health Annual Statement, the Statement of Actuarial Opinion, attached to the 2009 Life, Accident and Health Annual Statement, must follow the applicable provisions of §§3.1601 - 3.1608 of this title (relating to Actuarial Opinion and Memorandum Regulation), except for companies exempted from the asset adequacy analysis pursuant to §3.1608 of this title. For those companies exempted from the asset adequacy analysis pursuant to §3.1608 of this title, the format provided by instructions 1 – 12 of the “2009 Annual Statement Instructions, Life, Accident and Health”, must be followed.

(B) For companies filing the 2009 Health Annual Statement, the Statement of Actuarial Opinion, attached to the 2009 Health Annual Statement, must follow the “2009 Annual Statement Instructions, Health.” In addition, for those companies not exempted from the asset adequacy analysis pursuant to §3.1608 of this title, the Statement of Actuarial Opinion must follow the applicable provisions of §§3.1601 - 3.1608 of this title that are not covered in the “2009 Annual Statement Instructions, Health”, including those provisions relating to asset adequacy analysis.

(C) Any company required by §3.4505(b)(3)(G) of this title (relating to General Calculation Requirements for Basic Reserves and Premium Deficiency

Reserves) to opine on the application of X factors, shall attach this opinion to the 2009 Life, Accident and Health Annual Statement or the 2009 Health Annual Statement, as applicable.

(5) The commissioner reserves the right to request paper copies of any paper or electronic filings made by foreign companies in their state of domicile or the NAIC.

(6) A foreign insurer that is classified as a commercially domiciled insurer under the Insurance Code §823.004 shall file an Analysis of Surplus (Texas Edition) for life, accident and health insurers with the department, on or before March 1, 2010.

(e) Requirements for property and casualty insurers. Each fire; fire and marine; general casualty; fire and casualty; or U.S. branch of an alien insurer; county mutual insurance company; mutual insurance company other than life; Lloyd's plan; reciprocal or inter insurance exchange; domestic risk retention group; life insurance company that is licensed to write workers' compensation; any farm mutual insurance company that filed a property and casualty annual statement for the 2008 calendar year or had gross written premiums in 2009 in excess of \$6 million; domestic joint underwriting association; the Texas Mutual Insurance Company; the Texas Windstorm Insurance Association; and the Texas FAIR Plan Association shall complete and file the following blanks, forms, and diskettes or electronic data filings as described in this subsection. The forms and reports identified in this subsection shall be completed in accordance with the "2009 Annual Statement Instructions, Property and Casualty," and the "2010 Quarterly Statement Instructions, Property and Casualty," as applicable. The electronic

filings with the NAIC shall be in accordance with the NAIC data specifications and instructions and shall include PDF format filing, as applicable. The filings for insurers described in this subsection are as follows:

(1) Domestic insurer reports and forms in paper copy to be filed only with the department as follows:

(A) 2009 Property and Casualty Annual Statement, due on or before March 1, 2010, including the printed investment schedule detail;

(B) 2010 Property and Casualty Quarterly Statements, due on or before May 15, August 15, and November 15, 2010;

(C) 2009 Combined Property/Casualty Annual Statement, due on or before May 1, 2010. This statement is required only for those affiliated insurers that wrote more than \$35 million in direct premiums as a group in calendar year 2009, as disclosed in Schedule T of the Annual Statement(s);

(D) All the paper copies of the annual and quarterly supplements prepared and filed on dates specified in the forms and instructions;

(E) Statement of Actuarial Opinion, due on or before March 1, 2010, and prepared in accordance with the "2009 Annual Statement Instructions, Property and Casualty";

(F) Schedule SIS, due on or before March 1, 2010;

(G) Supplemental Compensation Exhibit, due on or before March 1, 2010;

(H) Texas Overhead Assessment Exemption Form (Texas Edition),

due on or before March 1, 2010. This form is to be filed only by domestic insurance companies that have qualified pension contracts under the Insurance Code §401.151; otherwise, this form should not be filed;

(I) Texas Supplement for County Mutuals (Texas Edition) (required of Texas county mutual insurance companies only), due on or before March 1, 2010;

(J) Texas Supplemental "A" for County Mutuals (Texas Edition) (required of Texas county mutual insurance companies only), due on or before March 1, 2010;

(K) Analysis of Surplus (Texas Edition) for property and casualty insurers except Texas county mutual insurance companies, due on or before March 1, 2010;

(L) Actuarial Opinion Summary prepared in accordance with §7.9 of this subchapter (relating to Examination of Actuarial Opinion for Property and Casualty Insurers);

(M) The Texas Windstorm Insurance Association shall complete and file the following:

(i) 2009 Property and Casualty Annual Statement, due on or before March 1, 2010;

(ii) 2010 Property and Casualty Quarterly Statements, due on or before May 15, August 15, and November 15, 2010; and

(iii) Management's Discussion and Analysis, due on or before April 1, 2010.

(iv) The Texas Windstorm Insurance Association is not required to file any reports with the NAIC.

(N) The Texas FAIR Plan Association shall complete and file the following:

(i) 2009 Property and Casualty Annual Statement, due on or before March 1, 2010;

(ii) 2010 Property and Casualty Quarterly Statements, due on or before May 15, August 15, and November 15, 2010;

(iii) Statement of Actuarial Opinion, due on or before March 1, 2010, and prepared in accordance with the "2009 Annual Statement Instructions, Property and Casualty";

(iv) Actuarial Opinion Summary prepared in accordance with §7.9 of this subchapter; and

(v) Management's Discussion and Analysis, due on or before April 1, 2010.

(vi) The Texas FAIR Plan Association is not required to file any reports with the NAIC.

(2) Foreign property and casualty insurers filing only electronically with the NAIC and not filing a paper copy with the department shall file a signed jurat page with the department in lieu of filing the entire paper filing.

(3) Electronic filings by domestic and foreign insurers to be filed with the NAIC:

(A) 2009 Property and Casualty Annual Statement electronic filing and PDF filing, due on or before March 1, 2010;

(B) 2010 Property and Casualty Quarterly Statement electronic filings and PDF filings, due on or before May 15, August 15, and November 15, 2010;

(C) All annual and quarterly supplemental electronic filings together with the related PDF filings (except for electronic Schedule SIS and Supplemental Compensation Exhibit, required of domestic insurers only) due on the dates specified in the forms and instructions;

(D) Electronic combined insurance exhibit, due on or before May 1, 2010;

(E) Combined annual statement electronic filing and PDF filing, due on or before May 1, 2010; and

(F) Statement of Actuarial Opinion, due on or before March 1, 2010, and prepared in accordance with the "2009 Annual Statement Instructions, Property and Casualty".

(4) The commissioner reserves the right to request paper copies of any paper or electronic filings made by foreign companies in their state of domicile or the NAIC.

(5) A foreign insurer that files an application with the department for approval of a policyholder dividend shall file an Analysis of Surplus (Texas Edition) for property and casualty insurers with the application.

(6) A foreign insurer that is classified as a commercially domiciled insurer

under the Insurance Code §823.004 shall file an Analysis of Surplus (Texas Edition) for property and casualty insurers with the department, on or before March 1, 2010.

(f) Requirements for fraternal benefit societies. Each fraternal benefit society shall complete and file the following blanks, forms, and electronic data filings for the 2009 calendar year, and the first three quarters for the 2010 calendar year. The forms and reports identified in this subsection shall be completed in accordance with the "2009 Annual Statement Instructions, Fraternal," and the "2010 Quarterly Statement Instructions, Fraternal," as applicable. The electronic data filings with the NAIC shall be in accordance with the NAIC data specifications and instructions and shall include PDF format filing. The filings for insurers described in this subsection are as follows:

(1) Domestic insurer reports and forms in paper copy to be filed only with the department, as follows:

(A) 2009 Fraternal Annual Statement, including the printed investment schedule detail, due on or before March 1, 2010;

(B) 2009 Fraternal Annual Statement of the Separate Accounts (required of companies maintaining separate accounts), due on or before March 1, 2010;

(C) 2010 Fraternal Quarterly Statements, due on or before May 15, August 15, and November 15, 2010;

(D) All the paper copies of the annual and quarterly supplements prepared and filed on dates specified in the forms and instructions;

(E) Management's Discussion and Analysis, due on or before April

1, 2010;

(F) Statement of Actuarial Opinion, due on or before March 1, 2010, and prepared in accordance with paragraph (4) of this subsection;

(G) Supplemental Compensation Exhibit, due on or before March 1, 2010;

(H) Texas Overhead Assessment Exemption Form (Texas Edition), due on or before March 1, 2010. This form is to be filed only by domestic insurance companies that have qualified pension contracts under the Insurance Code §401.151; otherwise, this form should not be filed; and

(I) Analysis of Surplus (Texas Edition) for fraternal benefit societies, due on or before March 1, 2010.

(2) Foreign fraternal insurers filing only electronically with the NAIC and not filing a paper copy with the department shall file a signed jurat page with the department in lieu of filing the entire paper filing.

(3) Electronic filings by domestic and foreign insurers to be filed with the NAIC:

(A) 2009 Fraternal Annual Statement electronic filing and PDF filing, due on or before March 1, 2010;

(B) 2009 Fraternal Annual Statement of the Separate Accounts electronic filing and PDF filing, due on or before March 1, 2010;

(C) 2010 Fraternal Quarterly Statement electronic filings and PDF filings, due on or before May 15, August 15, and November 15, 2010;

(D) All annual and quarterly supplemental electronic filings together with the related PDF filings (except for the Supplemental Compensation Exhibit) due on the dates specified in the forms; and

(E) Statement of Actuarial Opinion, due on or before March 1, 2010, and prepared in accordance with paragraph (4) of this subsection.

(4) Statement of Actuarial Opinion required by paragraph (1)(F) and (3)(E) of this subsection shall be prepared in accordance with the following:

(A) The Statement of Actuarial Opinion, attached to the 2009 Fraternal Annual Statement, must follow the applicable provisions of §§3.1601 - 3.1608 of this title, except for companies exempted from the asset adequacy analysis pursuant to §3.1608 of this title. For those companies exempted from the asset adequacy analysis pursuant to §3.1608 of this title, the format provided by instructions 1 – 12 of the “2009 Annual Statement Instructions, Fraternal”, must be followed.

(B) Any company required by §3.4505(b)(3)(G) of this title to opine on the application of X factors, shall attach this opinion to the 2009 Fraternal Annual Statement, as applicable.

(5) The commissioner reserves the right to request paper copies of any paper or electronic filings made by foreign companies in their state of domicile or the NAIC.

(6) A foreign insurer that is classified as a commercially domiciled insurer under the Insurance Code §823.004 shall file an Analysis of Surplus (Texas Edition) for fraternal benefit societies with the department on or before March 1, 2010.

(g) Requirements for title insurers. Each title insurance company shall complete and file the following blanks and forms for the 2009 calendar year, and the first three quarters of the 2010 calendar year. The reports and forms identified in this subsection shall be completed in accordance with the "2009 Annual Statement Instructions, Title," and the "2010 Quarterly Statement Instructions, Title," as applicable. The electronic version of the filings with the NAIC identified in this subsection shall be in accordance with the NAIC data specifications and instructions and shall include PDF format filing. The filings for insurers described in this subsection are as follows:

(1) Domestic insurer reports and forms in paper copy to be filed only with the department as follows:

(A) 2009 Title Annual Statement, including printed investment schedule details, due on or before March 1, 2010;

(B) 2010 Title Quarterly Statements, due on or before May 15, August 15, and November 15, 2010;

(C) All the paper copies of the annual and quarterly supplements prepared and filed on dates described in the forms and instructions;

(D) Management's Discussion and Analysis, due on or before April 1, 2010;

(E) Statement of Actuarial Opinion, due on or before March 1, 2010;

(F) Supplemental Compensation Exhibit, due on or before March 1, 2010;

(G) Schedule SIS, due on or before March 1, 2010;

(H) Texas Overhead Assessment Exemption Form (Texas Edition), due on or before March 1, 2010. This form is to be filed only by domestic insurance companies that have qualified pension contracts under the Insurance Code §401.151; otherwise, this form should not be filed; and

(I) Analysis of Surplus (Texas Edition) for title companies, due on or before March 1, 2010.

(2) Foreign companies filing electronically with the NAIC and not filing a paper copy with the department shall file a signed jurat page with the department in lieu of filing the entire paper filing.

(3) Electronic filings with the NAIC by domestic and foreign insurers:

(A) 2009 Title Annual Statement electronic filings and PDF filings, due on or before March 1, 2010;

(B) 2010 Title Quarterly Statement electronic filings and PDF filings, due on or before May 15, August 15, and November 15, 2010;

(C) All annual and quarterly supplemental electronic filings together with the related PDF filings (except for Schedule SIS and Supplemental Compensation Exhibit which are only filed by domestic insurers with the department in paper copy) due on the dates specified in the forms and instructions;

(D) Management Discussion and Analysis, due on or before April 1, 2010; and

(E) Statement of Actuarial Opinion, due on or before March 1,

2010.

(4) The commissioner reserves the right to request paper copies of any paper or electronic filings made by foreign companies in their state of domicile or the NAIC.

(5) A foreign insurer that is classified as a commercially domiciled insurer under the Insurance Code §823.004 shall file an Analysis of Surplus (Texas Edition) for title insurers on or before March 1, 2010.

(h) Requirements for health maintenance organizations. Each health maintenance organization licensed pursuant to the Insurance Code Chapter 843 shall complete the 2009 Health Annual Statement, and the 2010 Quarterly Statements. Insurers that are subject to life insurance statutes and are permitted or allowed to do the business of health maintenance organizations shall file the Texas HMO supplement forms as part of their annual and quarterly statement filings. The forms and reports required in this subsection shall be completed in accordance with the "2009 Annual Statement Instructions, Health," and the "2010 Quarterly Statement Instructions, Health," as applicable. The Texas supplemental forms required in this subsection and provided by the department shall be completed in accordance with the instructions on the forms. The electronic data filings with the NAIC shall be in accordance with NAIC data specifications and instructions and shall include PDF format filing. The Texas specific electronic filings regarding HMO data requested by the department shall be filed in accordance with the instructions provided by the department. The filings for insurers described in this subsection are as follows:

(1) Domestic and foreign insurer reports and forms in paper copy to be filed only with the department:

(A) 2009 Health Annual Statement, including printed investment schedule detail, due on or before March 1, 2010;

(B) 2010 Health Quarterly Statements, due on or before May 15, August 15, and November 15, 2010. With each quarterly filing, include an up-to-date and completed Schedule E, Part 3 – Special Deposits, utilizing the format from the 2009 Health Annual Statement;

(C) Management's Discussion and Analysis, due on or before April 1, 2010; and

(D) Statement of Actuarial Opinion, due on or before March 1, 2010, prepared in accordance with the "2009 Annual Statement Instructions, Health."

(2) Domestic insurer reports and forms to be filed with the department:

(A) Supplemental Compensation Exhibit in paper copy only, due on or before March 1, 2010;

(B) Texas Overhead Assessment Exemption Form (Texas Edition) in paper copy only, due on or before March 1, 2010. This form is to be filed only by domestic insurance companies that have qualified pension contracts under the Insurance Code §401.151; otherwise, this form should not be filed;

(C) Texas HMO Supplement Annual (Texas Edition), in paper copy and electronic filing, containing annual data for calendar year 2009, to be completed according to the instructions provided by the department, due on or before March 1,

2010.

(D) Texas HMO Supplement Quarterly (Texas Edition), in paper copy and electronic filings, containing quarterly statement data for calendar-year 2010, to be completed according to the instructions provided by the department, due on or before May 15, August 15, and November 15, 2010.

(3) Electronic filings with the NAIC by domestic and foreign insurers:

(A) 2009 Health Annual Statement electronic filing, and PDF filing, due on or before March 1, 2010;

(B) 2010 Health Quarterly Statement electronic filing and PDF filing, due on or before May 15, August 15, and November 15, 2010;

(C) All annual and quarterly supplemental electronic filings together with the related PDF filings (except for Schedule SIS and Supplemental Compensation Exhibit which are only filed by domestic insurers with the department in paper copy) due on the dates specified in the forms and instructions;

(D) Statement of Actuarial Opinion, due on or before March 1, 2010, prepared in accordance with the "2009 Annual Statement Instructions, Health;" and

(E) Management Discussion and Analysis, due on or before April 1, 2010.

(i) Requirements for farm mutual insurers not subject to the provisions of subsection (e) of this section. Farm mutual insurance companies not subject to subsection (e) of this section shall file the following blanks and forms for the 2009

calendar year with the department only, on or before March 1, 2010:

(1) Annual Statement (Texas Edition);

(2) Texas Overhead Assessment Exemption Form (Texas Edition). This form is to be filed only by domestic insurance companies that have qualified pension contracts under the Insurance Code §401.151; otherwise, this form should not be filed; and

(3) Statement of Actuarial Opinion, unless exempted under §7.31 of this subchapter (relating to Annual Statement Instructions for Farm Mutual Insurance Companies).

(j) Requirements for statewide mutual assessment associations, local mutual aid associations, mutual burial associations and exempt associations. Each statewide mutual assessment association, local mutual aid association, mutual burial association and exempt association shall complete and file the following blanks and forms for the 2009 calendar year with the department only, on or before April 1, 2010:

(1) Annual Statement (Texas Edition) (exempt companies are required to complete all pages except lines 22, 23, 24, 25, and 26 on page 3, the special instructions at the bottom of page 3, and pages 4 - 7);

(2) Texas Overhead Assessment Exemption Form (Texas Edition). This form is to be filed only by domestic insurance companies that have qualified pension contracts under the Insurance Code §401.151; otherwise, this form should not be filed;

(3) Release of Contributions Form (Texas Edition);

(4) 3-1/2 Percent Chamberlain Reserve Table (Reserve Valuation) (Texas

Edition);

(5) Reserve Summary (1956 Chamberlain Table 3-1/2 Percent) (Texas

Edition);

(6) Inventory of Insurance in Force by Age of Issue or Reserving Year

(Texas Edition); and

(7) Summary of Inventory of Insurance in Force by Age and Calculation of Net Premiums (Texas Edition).

(k) Requirements for nonprofit legal service corporations. Each nonprofit legal service corporation doing business as authorized by a certificate of authority issued under the Insurance Code Chapter 961 shall complete and file the following blanks and forms for the 2009 calendar year with the department only. An actuarial opinion is not required. The following forms are to be filed on or before March 1, 2010:

(1) Annual Statement (Texas Edition); and

(2) Texas Overhead Assessment Exemption Form (Texas Edition). This form is to be filed only by domestic insurance companies that have qualified pension contracts under the Insurance Code §401.151; otherwise, this form should not be filed.

(l) Requirements for Mexican casualty insurance companies. Each Mexican casualty insurance company doing business as authorized by a certificate of authority issued under the Insurance Code Chapter 984, shall complete and file the following blanks and forms for the 2009 calendar year with the department only. All submissions shall be printed or typed in English and all monetary values shall be clearly designated in United States dollars. The form identified in paragraph (1) of this subsection shall be

completed to the extent specified in paragraph (1) of this subsection and in accordance with the "2009 Annual Statement Instructions, Property and Casualty." An actuarial opinion is not required. It is the express intent of this subsection that it shall not repeal or otherwise modify or amend any department rule or the Insurance Code. The following blanks or forms are to be filed on or before March 1, 2010:

(1) 2009 Property and Casualty Annual Statement; provided, however, only pages 1 - 4, and 104 (Schedule T) are required to be completed;

(2) A copy of the balance sheet and the statement of profit and loss from the Mexican financial statement (printed or typed in English);

(3) A copy of the official documents issued by the Comision Nacional de Seguros y Fianzas approving the 2009 annual statement; and

(4) A copy of the current license to operate in the Republic of Mexico.

(m) Other financial reports. Nothing in this section prohibits the department from requiring any insurer or other regulated entity from filing other financial reports with the department.

**CERTIFICATION.** This agency hereby certifies that the adopted section has been reviewed by legal counsel and found to be a valid exercise of the agency's legal authority.

Issued at Austin, Texas, on \_\_\_\_\_, 2010.

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Gene C. Jarmon  
General Counsel and Chief Clerk  
Texas Department of Insurance

**IT IS THEREFORE THE ORDER** of the Commissioner of Insurance that new §7.66 specified herein, concerning requirements for the filing of the 2009 annual statements, the 2010 quarterly statements, other reporting forms, and electronic data filings with the Department and the National Association of Insurance Commissioners (NAIC), is adopted.

**AND IT IS SO ORDERED.**

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MIKE GEESLIN  
COMMISSIONER OF INSURANCE

ATTEST:

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Gene C. Jarmon  
General Counsel and Chief Clerk

COMMISSIONER'S ORDER NO. \_\_\_\_\_