

## Instructions for filing CPA audited financial report and related filings for the year 2021

[Chapter 401](#) of the Texas Insurance Code (TIC) requires an annual audit by an independent certified public accountant of the financial condition of each insurer licensed to do business in the State of Texas. If you qualify for exemption to file the audited financial report, please submit the [affidavit for exemption form](#) to the Financial Analysis office.

### The following items must be filed on or before: 12/31

1. **Intent form** ([TIC Section 401.014](#)). Register with the Commissioner the name and address of the accountant retained to prepare the audited financial report. Texas Domestic file with TDI using the [Intent form](#). Foreign insurers should file with state of domicile, if required to do so.
2. **Registration of Accountant** ([TIC Section 401.014](#)). File a letter (also known as awareness letter) signed by the accountant indicating awareness of the requirements of the rules and regulations of the insurance department of the insurer's state of domicile that relate to accounting and financial matters and affirming that an Opinion will be expressed on the financial statements in terms of their conformity to the Statutory Accounting Practices permitted by that department. Foreign insurers should file with state of domicile, if required to do so.
3. **Letter to the Commissioner requesting approval to file a Combined or Consolidated Audited Financial Report** ([TIC Section 401.016](#)). Submit to TDI if any insurer in the group is domiciled in Texas. Foreign insurers should file copy with state of domicile, if required to do so.

### The following items must be filed on or before: 06/01 (Texas multi-state)\* or 06/30 (Texas only)\*\*

1. **Audited Financial Reports Exemption Affidavit** ([TIC Section 401.006](#)). File the [affidavit for exemption form](#) if requesting an exemption from filing audited financial reports. Companies are exempt from filing CPA audited financial reports if they write **both** less than \$1 million in direct Texas premiums and less than \$1 million in nationwide assumed reinsurance premiums.
2. **Audited Financial Report** ([TIC Section 401.009](#)). Texas domestics file with TDI and electronically with the NAIC. Foreign insurers file electronically with the NAIC.
3. **Accountants Letter of Qualifications** ([TIC Section 401.013](#)). The audited financial report must be accompanied by the accountant's letter of qualifications stating the accountant's general background and experience, and the experience of each individual assigned to prepare the audit.

\* Texas multi-state – domesticated in Texas and one of the following applies:

- a) Writes in more than one state.
- b) Reinsures business covering risks in at least two states.

\*\* Texas only – licensed only in Texas and all affiliates (if any) do business only in Texas.

**The following items must be filed on or before: 08/01 (Texas multi-state)\* or 08/31 (Texas only)\*\***

1. **Communication of Internal Control Related Matters Noted in Audit** ([TAC Section 7.88\(j\)\(1\)](#)). A written communication prepared by an accountant pursuant to AICPA standards and guidelines that describe any unremediated material weaknesses in its internal controls over financial reporting noted during the audit.
2. **Management's Report of Internal Control Over Financial Reporting** ([TAC Section 7.88\(n\)\(2\)](#)). Prepare a report of internal controls over financial reporting if annual direct written and assumed premiums, excluding premiums reinsured with the Federal Crop Insurance Corporation and the National Flood Insurance Program, of \$500 million or more.
3. **Significant Deficiencies in Internal Control** ([TIC 401.019](#)). File a report of Significant Deficiencies in Internal Control with a written description of remedial actions taken or proposed to correct significant deficiencies. **File pursuant to AICPA standards and guidelines. Required of Texas domestics and foreign insurers.**

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**Audited financial reports must be submitted only on the basis of Statutory Accounting Principles. In addition, [28 TAC Section 7.85](#) applies to all audited financial reports with audit dates of December 31, 1995 or later, except such reports filed pursuant to [TIC Section 401.007](#).**

**Items that can be submitted electronically through the [Financial Filing Submission Portal](#):**

1. Intent form.
2. Registration of accountant (awareness letter).
3. Accountant's letter of qualifications.
4. Audited financial report.
5. Communication of internal control related matters noted in audit.
6. Management's report of internal control over financial reporting.

For questions regarding the portal, refer to [frequently asked questions](#). For additional questions, send an email to [FinancialAnalysis@tdi.texas.gov](mailto:FinancialAnalysis@tdi.texas.gov).