



## Checklist for Total and Partial Assumption Reinsurance Agreements Involving at Least One Texas Domestic Insurance Company

*NOTE: If the assumption reinsurance arrangement does not involve Texas business or policyholders located in Texas, no filing is required.*

This checklist should be used when at least one of the insurance companies involved in the assumption reinsurance of Texas insurance business or policyholders located in TX is a TEXAS domestic insurance company. The statutory cites applicable in this matter include, Texas Insurance Code, chapters 493, 202, and 884. Please note that reinsurance transactions that affect 100% of the entire outstanding business of the ceding insurer **ALWAYS** requires prior approval.

Submit one copy of the filing; original signatures are not needed. Electronic submissions may be sent to [CLRFilings@tdi.texas.gov](mailto:CLRFilings@tdi.texas.gov) formatted as a bookmarked .pdf file. Filing fees must be submitted by mail or in person.

Texas domestic insurance companies in certain instances *may be* required to dissolve after all of its business has been reinsured (i.e. stipulated premium companies). If the reinsured (ceding) company is domiciled in a state other than Texas, it may maintain its Certificate of Authority in Texas after the transaction.

Please note that the reinsuring (assuming) company must be licensed in Texas and must be authorized to write the same lines of business as the business being transferred by the ceding company.

For certificates of assumption/endorsement filings, please see [TDI form LAH302](#).

### General Documents Required

- 1. COVER LETTER – Cover letter should clearly explain the transaction, and note all parties involved (specify which are affiliated). Note the intentions of all parties post transaction. Note if the assumption reinsurance transaction is a partial or total (i.e. 100% of all the ceding company’s direct insurance exposure) and if a total, the ceding company’s go forward plan (i.e. maintain a shell or cancel license/dissolve entity). Include the date that any related assumption certificate or endorsement was filed with the Life/Health Division of TDI. Note if the assets or liabilities relevant to the transaction are material or > than 10% of the assuming party’s total PHS. Note if there is a settlement agreement/arrangement of consideration between parties involved. Address any notification/reappointment of affected agents. Note any parties that have assets deposited/pledged to TDI and management’s expectations related to such deposits. Address any due diligence issues (i.e. disclose any currently owned assets which may be potentially rendered non-admitted as a result of the assumption reinsurance).

The cover letter should be signed by a company officer, and include a phone number and email for the appropriate company contact person.

- 2. REINSURANCE AGREEMENT – Format and content must be as follows:
  - a. The agreement must be signed by duly appointed executive officer(s) of each company.
  - b. Number of policies to be reinsured; policies to be reinsured must be specifically designated (type of policy, form number, etc.).
  - c. If there will be any changes in the policy coverage, provisions, rights or privileges, or in the actuarial reserving basis, the agreement must describe these changes in detail.
  - d. A Certificate of Assumption must be incorporated by reference and attached as an exhibit.

- e. The agreement must specify a “date certain” for the effective date and contain the date by which all of the Assumption Certificates will be delivered or mailed. For group policies, each individual certificate holder must receive an Assumption Certificate.
3. SETTLEMENT AGREEMENT (if applicable) – Provide a copy of the Settlement Agreement reflecting the acquisition cost.
4. DISCLOSURE OF ASSETS (if applicable) – There must be a full disclosure of any currently owned assets which potentially may be rendered not-admitted by virtue of the consummation of the reinsurance agreement.
5. BALANCE SHEETS AND FINANCIAL INFORMATION (applicable if related total assets or liabilities of the business being ceded is >10% of assuming party’s total PHS or > 25% of ceding party’s total assets) – submit a four column balance sheet reflecting historical numbers from the most recently filed annual or quarterly statement. The first column should reflect the ceding party’s financial position pre-transaction, the second column should reflect assuming party’s financial position pre-transaction, the third column should reflect the effect of the transaction on the applicable balance sheet accounts, and the fourth column should reflect the financial position of the assuming carrier post-transaction.
6. COPIES OF DOMICILIARY STATE APPROVAL – If one of the companies involved in the transaction is a foreign insurance company, provide evidence that the appropriate domiciliary authority has approved the reinsurance transaction. If no approval is required in the state of domicile, provide an original letter from the domiciliary state insurance department stating such.
7. FILING FEE – The filing fee for a total reinsurance agreement is \$750. The filing fee for a partial reinsurance agreement is \$150. **The transaction will not be processed without receipt of the required fee.**
8. APPOINTMENT OF AGENTS (if applicable) – Agents of the reinsured company should be reappointed by the reinsuring company. Please provide a copy of the letter, which will be utilized, for notification purpose.
9. STATUTORY DEPOSIT (if applicable) – If the reinsured company has a statutory deposit with the State of Texas, provisions should be made for the transfer or release of such deposit if the reinsured company's Certificate of Authority is to be canceled.
10. DISSOLUTION OR CANCELLATION OF REINSURED COMPANY (if applicable)
- a. DOMESTIC INSURERS – If the reinsured company is a Texas domestic insurer, it must file dissolution documents, under certain circumstances. Refer to the Dissolution Checklist for domestic insurers, [TDI form FIN351](#).
- b. FOREIGN INSURERS – A foreign insurance company may retain its Certificate of Authority in Texas or choose to have it canceled. If management intends to cancel the Certificate of Authority, refer to the [NAIC’s UCAA Corporate Amendments Application, Section XI, Filing Requirements \(State of Withdrawal/Complete Surrender of Certificate of Authority\)](#).

*THESE GUIDELINES ARE GENERAL IN NATURE AND DO NOT SUPERCEDE STATUTE OR REGULATION. THEY ARE NOT INTENDED TO BE ALL INCLUSIVE AND ADDITIONAL DOCUMENTATION MAY BE REQUESTED.*

INCOMPLETE APPLICATIONS IMPEDE TIMELY REVIEW BY THE DEPARTMENT. IT IS EXTREMELY IMPORTANT THAT APPLICATIONS ARE COMPLETE. Submit a complete filing to the Texas Department of Insurance, Company Licensing and Registration Office, Mail Code 103-CL, PO Box 149104, Austin, Texas 78714. For questions, or more information, call (512) 676-6385.