

**Date:** February 2, 2026  
**To:** All Texas Domestic and Commercially Domiciled Health Maintenance Organizations Licensed to Transact Business in Texas  
**From:** Amy Garcia, CFE  
Chief Analyst, Financial Analysis Section  
**Subject:** **Calculation of Ordinary and Extraordinary Dividends and Other Distributions**

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28 Texas Administrative Code (TAC) § 7.213 (Form E) contains an error explained below which impacts the calculation of dividends by Health Maintenance Organizations (HMOs). In the interim pending the update of the TAC, please use the corrected text when filing Form E:

**28 TAC § 7.213(b)(4)(A)(v) (I)&(II)**

An HMO should **not** use net gain from operations as specified in (v) (I); instead, an HMO is required to use net income as specified in (v) (II). The use of net income in the calculation for HMOs is prescribed by Texas Insurance Code § 823.107(a)(2).

**Corrected Text**

- (I) Net gain from operations before realized capital gains as of preceding December 31 for Life and Title: \$**
- (II) Net income as of preceding December 31 for other than Life and Title: \$**

Please contact your assigned financial analyst should you have questions about filing Form E, Notice of Ordinary and Extraordinary Dividends and Other Distributions.