

Withdrawal Guidelines

To withdraw or cease writing a line or lines of insurance in the state of Texas an insurance company needs **prior** approval of the Commissioner of Insurance (refer to [Texas Insurance Code \(TIC\), 827](#) and [Title 28 of the Texas Administrative Code \(TAC\) 7.1801 - 7.1808](#)). In general, there are five (5) types of withdrawals:

1. Total withdrawal from the State of Texas;
2. Deletion of a line or lines of insurance from the Certificate of Authority;
3. Cease writing a line of insurance, including non-renewal of personal or commercial lines;
4. Reduction of annual premium in a line or lines of insurance by 75% or more; or
5. Reduction of annual premium in a personal line of motor vehicle comprehensive or residential property insurance by 50% or more.

Exceptions

No approval is required in the following exceptions, but the insurance company must notify the Department when:

1. the company is transferring business to a company within the same insurance holding company system *; or
2. the line of business is written by a stipulated premium company unless such line is written pursuant to [TIC 827.002T](#).
3. an insurance company is not acting on its own initiative in effecting a total withdrawal from a line of insurance when it acts pursuant to a Commissioner's disciplinary or administrative directive or Order, or when the insurance company acts pursuant to a directive of a supervisor, conservator, or receiver. If any out-of-state directive or Order is not provided to the Commissioner within 30 days of the issuance of any such directive or Order, the insurance company will be held to have acted on its own initiative.

*Exception does not apply to a transfer of business to an affiliated Lloyds, county mutual, farm mutual, or reciprocal exchange company. The transfer of business among affiliates is to be seamless. It can be done by an assumptive reinsurance filing with TDI, in which all the business is transferred to the affiliate on a certain date. If the transfer will be done at renewal of policies, there should be no re-underwriting of the affected policyholders. The entire group of impacted insureds should be offered coverage by the affiliate insurance company.

Approval of the withdrawal plan is required **before** notifications of termination or non-renewal are sent to agents or policyholders.

A separate withdrawal plan must be filed for each insurance company intending to withdraw that meets the criteria under TIC Chapter 827 ([INSURANCE CODE CHAPTER 827. WITHDRAWAL AND RESTRICTION PLANS](#)) and TAC 7.1804(b) (When a Plan is Required [Rules & Meetings](#))

Additional securities may be required to be deposited in Texas in the name of the Commissioner of Insurance upon finding that there is reasonable cause to conclude that interests of Texas policyholders would be best served by such deposit.

If the company wishes to surrender its Certificate of Authority at the end of the withdrawal period:

- A Certificate of Authority cannot be canceled until all policyholder obligations are met as provided in the plan of withdrawal.
- A company that has outstanding Texas policyholder liabilities or policies in force, will not receive approval for cancellation of the Certificate of Authority or dissolution of charter.
- A company whose Certificate of Authority has not been canceled must continue to make all statutory filings and pay all statutory fees and assessments until such time as the Certificate of Authority is canceled.
- Statutory deposits will not be released until all policies are terminated or expired and all outstanding losses are paid.

► Items to be submitted

Withdrawal Plan

A withdrawing insurance company must file a plan of orderly withdrawal, the plan must be signed by at least one officer of the insurer and must contain the following:

- (1) Identification, in accordance with the line of insurance designations in §7.1803 (What Constitutes a Line of Insurance [Home - Rules & Meetings](#)), of the line or lines of insurance being withdrawn.
- (2) Identification of the policy forms by number and type affected by the withdrawal.
- (3) The dates the insurance company intends to begin and complete its withdrawal.
- (4) An explanation of the reasons for the withdrawal.

(What other options did the insurance company consider other than non-renewing policyholders? What are the insurance company's plans going forward?)

- (5) Provisions for notifying all the affected Texas policyholders and certificate holders of the dates of the beginning and completion of the total or substantial withdrawal and how the withdrawal will affect them, including, but not limited to:
 - (A) A copy of the notice and an explanation of how the notice will be provided to policyholders and certificate holders. All notices and other related correspondence to the affected insureds should include a reference to www.helpinsure.com for property and

casualty lines or www.texashealthoptions.com for health and also reference TDI's Consumer Protection Help Line at 1-800-252-3439.

- (B) Either affirmation that such notice will be provided within 30 days of the approval of the withdrawal plan or a request to provide the notice at some other specified date or time, and such request must be approved by the Commissioner; and
 - (C) Identification of any provision of the TIC or TAC under which notice is mandated.
- (6) Provisions for meeting all the insurance company's contractual obligations, including, but not limited to:
- (A) Notification of all affected agents of the date the insurance company intends to begin and complete the withdrawal (disclose if the affected agents are exclusive or independent);
 - (B) For fire and casualty insurance companies, a statement affirming compliance with the provisions of TIC 4051, Subchapter H, relating to cancellation of agency contracts [INSURANCE CODE CHAPTER 4051. PROPERTY AND CASUALTY AGENTS](#));
 - (C) For insurance companies writing liability coverage, a statement affirming the insurance company's compliance with the provisions of TIC Chapter 551, Subchapter B, relating to cancellation and nonrenewal of certain liability insurance coverage [INSURANCE CODE CHAPTER 551. PRACTICES RELATING TO DECLINATION, CANCELLATION, AND NONRENEWAL OF INSURANCE POLICIES](#); and
 - (D) For insurance companies writing property and casualty coverage, a statement affirming the insurance company's compliance with the provisions of TIC Chapter 551, Subchapter C, relating to cancellation and nonrenewal of certain property and casualty policies [INSURANCE CODE CHAPTER 551. PRACTICES RELATING TO DECLINATION, CANCELLATION, AND NONRENEWAL OF INSURANCE POLICIES](#);
 - (E) For insurance companies writing guaranteed renewable or noncancelable coverage, a statement affirming the insurance company's compliance with the provisions of TIC 1202.051 [INSURANCE CODE CHAPTER 1202. CANCELLATION AND CONTINUATION OF POLICIES IN GENERAL](#), relating to cancellation and nonrenewal of certain property and casualty policies.
- (7) Provisions for providing service to the insurance company's Texas policyholders and claimants. (Will the company or the agents assist affected policyholders in finding coverage? If so, what is the proposed process under consideration?)
- (8) Information on Texas business, including:
- (A) the total annual premium volume and the number of policies and certificates and covered persons in Texas for each line to be withdrawn in Texas by county for each line to be


withdrawn and the estimated total annual premium volume and number of policies and certificates and covered persons in Texas by county after withdrawal;;

- (B) an estimate of what percentage of the market for each affected line of insurance in each county the withdrawal impacts;
 - (C) any other information necessary to assist the Commissioner in determining whether a market availability problem is created by the withdrawal; and
 - (D) if an insurer is unable to provide the exact number of policies and certificates and covered persons, the insurer must provide estimates and explain how the estimates were determined;
- (9) Provisions for identifying policyholders or certificate holders of special circumstances.
 - (10) Identification of any third-party contracts which may provide for the continuity of care to enrollees of special circumstances.
 - (11) Number of and estimated amount of all losses outstanding in Texas, including claims incurred but not reported.
 - (12) A plan to handle the losses specified in paragraph (11) of this subsection, including, but not limited to:
 - (A) identification of what assets will be available for paying outstanding incurred but not reported claims, claims in the course of settlement, and associated loss adjustment expenses; and
 - (B) identification of who specifically will administer the run-off of the business
 - (13) If Texas policyholders or certificate holders are to be reinsured, the filing of a reinsurance under all statutory and regulatory requirements and, when applicable, the filing of an assumption certificate;
 - (14) Provisions for meeting any applicable statutory obligations, including, but not limited to:
 - (A) payment of any guaranty fund assessments;
 - (B) participation in any assigned risk plan, pool, fund, facility, or joint underwriting arrangement; and
 - (C) payment of any taxes.
 - (15) A list of any other products the insurance company will continue to offer in Texas; and
 - (16) affirmation that the insurer will comply with §7.1808 of this title (relating to Requirements To Resume Writing Insurance [TAC 7.1808](#)).

The withdrawal plan must contain non-renewal notices, here are examples of plain language nonrenewal notices:

- [Example 1 – change to Notice to Policyholder 1](#)
- [Example 2 – change to Notice to Policyholder 2](#)
- [Example 3 – change to Notice to Policyholder 3 With Offer](#)
- [Example 4 – change to Notice to Agent](#)

For questions on these examples, contact the Property and Casualty Lines office at 512-676-6710 or email PropertyCasualty@tdi.texas.gov

 Email the withdrawal filing to CLRFilings@tdi.texas.gov