CANCELLATION OF HMO CERTIFICATE OF AUTHORITY

Articles of Dissolution should not be filed with the Secretary of State until the cancellation of Certificate of Authority has been approved by the Texas Department of Insurance.

A. If the Company has enrollees or unpaid claims relating to enrollees, the Company must file a withdrawal plan and may not dissolve until all enrollees have been taken care of and unpaid claims have been extinguished.

B. Companies should use the following procedure to obtain verification that premium taxes and final annual statement filing fees have been paid in full.

The company must send its completed final premium tax return, final annual statement filing fee and any Texas premium taxes due to: State of Texas Comptroller’s Office, Open Records Division, 111 East 17th Street, Austin, Texas 78701. The Comptroller’s Office will provide Company Licensing with documentation that this has been completed. Please note this is required for dissolution and cancellation of Certificate of Authority.

The following documentation (an original and one copy of each item) must be submitted to the Texas Department of Insurance, Company Licensing & Registration Division:

Items to be submitted:

☐ 1. Financial Statement - The financial statement shall be as of the last day of the immediate calendar quarter or year preceding the filing for cancellation. The financial statement (quarter or annual) must be accompanied by an actuarial opinion. The opinion must state whether there are outstanding unpaid losses or not and comment on the likelihood that unreported claims would appear after the cancellation.

☐ 2. Statement to the effect that all debts, obligations, and liabilities of the HMO have been paid, discharged, or adequate provision has been made.

☐ 3. Shareholders’ consent to cancel.

☐ 4. Affidavit regarding pending litigation and contingent liabilities.

☐ 5. Proof of payment of premium and maintenance taxes through proposed effective date of cancellation.
6. Proof of payment of overhead assessment taxes through proposed effective date of cancellation. This can be obtained from TDI’s Accounting Division.

7. Statement declaring party authorized to receive statutory deposit upon release by this Department.

8. Filing fee of $50 (make check payable to the Texas Department of Insurance).

9. Note the last reporting year that the Company had Texas policyholders.

10. A detailed explanation as to what happened to the Texas business (i.e. reinsurance, withdrawal, run-off).

11. Note, if any of the above required TDI approval, please note the Commissioner’s Order and/or approval letter approving the transaction (i.e. reinsurance, withdrawal).

NOTE: Upon approval of the cancellation of Certificate of Authority by the department, Articles of Dissolution must be filed with the Texas Secretary of State and a copy provide to the department. The copy must be certified by the Secretary of State. The controlling cite for the articles of dissolution is Art. 6.06 of the Texas Business Corporations Act.

INCOMPLETE APPLICATIONS IMPEDE TIMELY REVIEW BY THE DEPARTMENT; THEREFORE, IT IS EXTREMELY IMPORTANT THAT APPLICATIONS ARE COMPLETE. Submit a complete filing to the Texas Department of Insurance, Company Licensing & Registration, MC 103-CL, P. O. Box 149104, Austin, TX 78714-9104. For questions or more information, call (512) 676-6385.

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.