

No. 2020-6630

**Official Order
of the
Texas Commissioner of Insurance**

Date: 12/29/2020

Subject Considered:

Assessment of Maintenance Tax Rates and Fees

General remarks and official action taken:

The subject of this order is the assessment of maintenance tax rates and fees under Insurance Code §§ 201.001(a)(1), (b), and (c); 201.052(a), (d), and (e); 251.001; 252.001–252.003; 253.001–253.003; 254.001–254.003; 255.001–255.003; 257.001–257.003; 258.002–258.004; 259.002–259.004; 271.002–271.006; and 964.068; Labor Code §§ 403.002, 403.003, 403.005, 405.003(a)–(c), 407.103, 407.104(b), 407A.301, and 407A.302, and 28 TAC § 1.414 to generate revenue for TDI's operating account. The applicable Insurance Code, Labor Code, and Administrative Code provisions provide for adjusting the rates of assessment for maintenance taxes and fees each calendar year.

TDI adopted amendments to 28 TAC § 1.414 on December 9, 2020, providing for the Commissioner to set maintenance tax rates and fees by order annually. TDI held a stakeholder meeting to discuss the proposed rates on October 27, 2020.

TDI's maintenance tax revenue need is calculated as the amount of revenue needed to reach the targeted year-end fund balance, taking into account the beginning balance, expected non-maintenance tax revenues, and estimated expenditures. For each line of insurance, the assessment rate is calculated by dividing the revenue need by the estimated premium volume or assessment base. If the calculated rate is above the statutory rate, the rate is set at the statutory maximum and any revenue shortfall is spread to the other maintenance tax lines, increasing the revenue need and tax rates for the remaining lines.

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Based on available information; TDI staff recommendations; and the requirements of the Insurance Code, Labor Code, and 28 TAC § 1.414, the Commissioner has determined the rates of assessment and fees.

The Commissioner assesses the rates for maintenance taxes and fees on correctly reported gross premiums of insurers for calendar year 2020, for the following lines of insurance:

- (1) for motor vehicle insurance, under Insurance Code § 254.002, the rate is 0.042 of 1%;
- (2) for casualty insurance and fidelity, guaranty, and surety bonds, under Insurance Code § 253.002, the rate is 0.053 of 1%;
- (3) for fire insurance and allied lines, including inland marine, under Insurance Code § 252.002, the rate is 0.254 of 1%;
- (4) for workers' compensation insurance, under Insurance Code § 255.002, the rate is 0.068 of 1%;
- (5) for workers' compensation insurance, under Labor Code § 403.003, the rate is 2.0%;
- (6) for workers' compensation insurance, under Labor Code § 405.003, the rate is 0.037 of 1%;
- (7) for workers' compensation insurance, under Labor Code § 407A.301, the rate is 2.0%;
- (8) for workers' compensation insurance, under Labor Code § 407A.302, the rate is 0.068 of 1%; and
- (9) for title insurance, under Insurance Code § 271.005, the rate is 0.052 of 1%.

The Commissioner assesses the rate for the maintenance tax on correctly reported gross premiums for calendar year 2020 for life, health, and accident insurance and the gross considerations for annuity and endowment contracts, under Insurance Code § 257.002, at 0.040 of 1%.

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The Commissioner assesses rates for maintenance taxes for calendar year 2020 for following entities:

- (1) under Insurance Code § 258.003, the rate is \$0.29 per enrollee for single service health maintenance organizations, \$0.87 per enrollee for multiservice health maintenance organizations, and \$0.29 per enrollee for limited service health maintenance organizations; and
- (2) under Insurance Code § 259.003, the rate is 0.008 of 1% of the reported gross amount of administrative or service fees for third-party administrators.

The Commissioner assesses the rate for maintenance tax under Labor Code § 405.003 for each certified self-insurer to fund the Workers' Compensation Research and Evaluation Group in calendar year 2021 at a rate of 0.037 of 1% of the tax base. The rate was calculated under Labor Code § 407.103(b) and will be billed to the certified self-insurer by the Division of Workers' Compensation.

The Commissioner assesses the rate for maintenance tax under Labor Code § 405.003 and § 407A.301 for each workers' compensation self-insurance group to fund the Workers' Compensation Research and Evaluation Group in calendar year 2021 at a rate of 0.037 of 1% of the tax base. The rate was calculated under Labor Code § 407.103(b).

The Commissioner assesses the rate for self-insurer maintenance tax under Labor Code § 407.103 and § 407.104 for each certified self-insurer in calendar year 2021 at a rate of 2.0% of the tax base. The rate was calculated under Labor Code § 407.103(b) and will be billed to the certified self-insurer by the Division of Workers' Compensation.

Order

It is ordered that the maintenance tax rates and fees assessed in this order are adopted.

The Commissioner further orders that the maintenance taxes and fees assessed in this order for all entities, except workers' compensation certified self-insurers, are payable and due to the Comptroller of Public Accounts on March 1, 2021.

The Commissioner further orders that the taxes assessed under this order for certified self-insurers will be billed to the certified self-insurer by the Division of Workers' Compensation.

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The Commissioner further orders that the assessments in this order are in addition to any other charges that may be made under the Insurance Code and Labor Code.

Commissioner of Insurance

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By: Doug Slape
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Doug Slape
Chief Deputy Commissioner
Tex. Gov't Code § 601.002
Commissioner's Order No. 2018-5528

Recommended by:

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