



Texas Department of Insurance

Financial Regulation Division – Company Licensing and Registration Office, Mail Code 305-2C
333 Guadalupe • P.O. Box 149104, Austin, Texas 78714-9104
512-322-3535 telephone 512-490-1035 fax www.tdi.texas.gov

SURPLUS LINES COMPANY BUSINESS PLAN OUTLINE

NOTE: This outline is not intended to be all inclusive, but rather to be used as a guide to key elements that might be included in a business plan (Plan). Each Plan should be unique to a particular company and should contain sufficient detail to provide staff of the Texas Department of Insurance with adequate information about the viability of the company's operations. The Plan should be written in a style that a lay person could understand, yet contains the necessary technical information to be deemed comprehensive. The Plan is the sole responsibility of the company and adequacy of the Plan is a reflection upon the competency of the company's management.

I. OVERVIEW

Provide the following:

- a. The full name of the company submitting the Plan
- b. The name, phone number and email address of the individual responsible for preparing the Plan
- c. A current organizational chart, with a brief description of all members in the company's holding company system, including the primary business functions of each member
- d. A brief description of how the company is controlled including a list of all principals and key personnel
- e. The identity of the party performing the underwriting functions for the company. If this function has been delegated, state the manner of delegation and the relationship to the company
- f. A brief description of the underwriting controls used to accept or reject a potential policyholder

II. RECENT AND CURRENT OPERATIONS

Give a brief description of the company's operations:

- a. **The type of business the company intends to write in this State**
- b. The type of business currently being written, if different from that answer in II a.
- c. **The markets being targeted in this State, including the geographical areas**
- d. A schedule reflecting the commission structure for all lines of business

III. REINSURANCE

Provide the following regarding the company's reinsurance program:

- a. Describe any material change to the company's reinsurance program recently completed, or which is being contemplated
- b. Briefly describe the material aspects of the company's reinsurance program
- c. The company's maximum limit of liability (gross and net) by risk, line of business, etc

IV. INTERNAL CONTROLS

Provide the following regarding the Company's internal controls:

- a. Does the company have procedures or processes in place for reviewing the business produced by Texas surplus lines agents so that agents who consistently produce unprofitable business can be advised and/or so underwriting guidelines can be changed?
- b. Does the company have accounting procedures or processes in place for premiums from Texas surplus lines agents that provide timely updates on said premium?
- c. Does the company have procedures or processes in place for reviewing and accepting or denying claims?

V. FINANCIAL PROJECTIONS

Provide the following information regarding the company's overall plan:

- a. A projection covering a three-year period for business written by the Company
- b. **A projection covering a three-year period for business written in Texas**

NOTE: State all assumptions used in the preparation of the projections, including actuarial, commission and expenses, investment and interest rate and other significant assumptions. The projected quarterly financial statement should include a balance sheet, and state of income and capital of surplus account.

VI. ADDITIONAL INFORMATION

Provide the following information, if applicable:

- a. A specimen copy of a managing general agent agreement
- b. A copy of any operating and/or cost sharing agreement
- c. A copy of the investment strategy, letter(s) of credit, trust agreement(s) or similar arrangements that exist for the benefit of the company

NOTE: A COPY MUST BE FILED WITH THE SURPLUS LINES STAMPING OFFICE OF TEXAS

Original documents to:

Texas Department of Insurance
Company Licensing and Registration, MC 305-2C
333 Guadalupe
Austin, TX 78701
512-322-3535, FAX 512-490-1035
registrationteam@tdi.texas.gov

Duplicate copy to:

Surplus Lines Stamping Office of Texas
805 Las Cimas Parkway, Suite 150
Austin, TX 78746-5493
512-346-3274 ext 220, FAX 512-346-3422
evidence@slosot.org