



MANAGEMENT/SERVICE/COST SHARING/TAX-ALLOCATION/RENTAL/LEASE AGREEMENT CHECKLIST

INSURER:

	Required provisions per Tex. Adm. Code § 7.204(a)(2)(D)	Location in the Agreement
1.	Provision identifying the party(s) providing services and describing the services provided. <i>(Examples of services under tax agreement: Parent performing tax calculations, preparing and filing the consolidated return, remitting taxes to IRS, collecting refunds, representing the tax consolidation group before the IRS, reporting, recordkeeping. Examples of services under lease agreement: Lessor providing facilities/equipment for the business operations of lessee.)</i>	
2.	Provision for allocation of expenses on an equitable basis in conformity with customary insurance accounting principles consistently applied <i>(and IRS regulations if federal tax agreement)</i> . Identify and describe the method of allocation.	
3.	Provision for timely settlement at least every 90 days with a specified due date in compliance with the Accounting Practices and Procedures Manual published by the National Association of Insurance Commissioners. <i>(For a federal tax agreement, all payments between Insurer and affiliate should correlate with payments due to the IRS and receipt of refunds from the IRS.)</i>	
4.	Insurer shall not advance funds to affiliate except to pay for the services defined in the agreement. <i>(Example for tax agreement: Insurer shall not advance funds to Parent except in accordance with the provisions of this agreement.)</i>	
5.	Insurer will maintain oversight for the functions provided to it by affiliate and will monitor those services annually for quality assurance.	
6.	Books and records of Insurer are defined to include all books and records developed or maintained under or related to the agreement.	
7.	All books and records of Insurer are and remain the property of Insurer and are subject to the control of Insurer.	
8.	All funds and invested assets of Insurer are the exclusive property of Insurer, held for the benefit of Insurer, and are subject to the control of Insurer.	

	Required provisions per Tex. Adm. Code § 7.204(a)(2)(D)	Location in the Agreement
9.	Provision specifying standards for termination of the agreement with and without cause. <i>(Example for tax agreement: This agreement shall remain in effect for each consolidated return year, unless terminated by the mutual written agreement of all of the parties. In the event any party ceases to be affiliated within the Group, this agreement automatically terminates only with respect to that member. This agreement shall also terminate if the Group fails to file a consolidated federal income tax return for any tax year of this agreement. Each party to this agreement may terminate this agreement without cause, but only with respect to such party, upon 30 days prior written notice. Each party to this agreement may terminate this agreement for cause, but only with respect to such party, upon 10 days prior written notice if the reason for such cause has not been cured during the notice period. Notwithstanding the termination of this agreement, its provisions will remain in effect with respect to any period of time during the tax year in which termination occurs for which the income of the terminating party must be included in the consolidated federal income tax return.)</i>	
10.	Provision specifying that the Insurer will be indemnified in the event of gross negligence or willful misconduct by the affiliate providing the services. <i>(Example for tax agreement including TAC 7.204(a)(2)(E) requirement: Insurer shall be adequately indemnified by Parent in the event the IRS levies upon the assets of Insurer for unpaid taxes in excess of the amounts paid by Insurer pursuant to the terms of this agreement and for any loss suffered by Insurer resulting from or related to the gross negligence or willful misconduct of Parent.)</i>	
11.	If Insurer is placed in receivership or seized by the commissioner under Tex. Ins. Code Chapter 443 <i>(or applicable State Receivership Act if commercially domiciled)</i> :	
	a. all of the rights of the insurer under the agreement extend to the receiver or commissioner AND	
	b. all books and records developed or maintained under and related to this agreement will immediately be made available to the receiver or the commissioner and must be turned over to the receiver or commissioner immediately upon the receiver or the commissioner's request.	
12.	Affiliate has no automatic right to terminate the agreement if Insurer is placed in receivership pursuant to Tex. Ins. Code Chapter 443 <i>(or applicable State Receivership Act if commercially domiciled)</i> .	
13.	Affiliate will continue to maintain any systems, programs, or other infrastructure supporting this agreement notwithstanding a seizure by the commissioner under Tex. Ins. Code Chapter 443 <i>(or applicable State Receivership Act if commercially domiciled)</i> , and will make them available to the receiver, as applicable, for so long as affiliate continues to receive timely payment for services rendered <i>(or Insurer performs its obligations under this agreement if tax agreement.)</i>	

NOTE: The Required Provisions may be inserted into an Insurance Regulatory Provisions Section in the Contract.