



Lone Star Lines

The Quarterly Publication of the Surplus Lines Stamping Office of Texas

Stamping Office Odds & Ends

Texas Commissioner's Bulletin B-0025-02, issued May 22nd, discusses the establishment of mandatory anti-money laundering programs for insurance companies under the federal USA Patriot Act of 2001. Insurers are currently exempted from these programs while the U.S. Treasury examines the nature of money-laundering risk inherent in the insurance industry. This exemption is due to expire by October 24, 2002.

VThe Texas Department of Insurance (TDI) has available for review on its website an "Informal Working Draft" of amendments to regulations for the licensing of surplus lines agents. The proposals are intended to clarify which employees in a surplus lines agency must hold an individual surplus lines license. The amendments essentially provide that all persons "negotiating, soliciting, effecting, procuring, or binding" surplus lines insurance; persons receiving direct commission or "variance in compensation" based on the volume of surplus lines premium; or persons supervising unlicensed clerical and administrative staff in a surplus lines agency must themselves hold an individual surplus lines license. Also, a surplus lines agency must notify TDI of each individual agent employed by the agency. Visit TDI's website at www.tdi.state.tx.us to see the proposal.

VThe 2003 session of the Texas Legislature promises to be a difficult one for the insurance industry. Following the migration of more than 90% of all homeowners coverage to non-rate regulated companies and growing problems in (continued, [Odds & Ends > page2](#))

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Reminder...

STAMPING FEE RATE IS NOW .15%!!

As you were notified in a Stamping Office bulletin (SO-2002-07), the Commissioner of Insurance has issued an order lowering the stamping fee rate to .15% (.0015) for all new and renewal surplus lines insurance

policies with effective dates on or after July 1, 2002. The new rate also applies to policy date extensions after July 1. Policies effective prior to this date will run to expiration at the prior rate of .25%. **H**

Introductory Meetings Held to Discuss E-Filing System

The Stamping Office, in conjunction with our developers Renaissance Systems, Inc., recently conducted orientation meetings in Houston and Dallas to provide agents and their technology professionals



with an overview of the designed functionality of the Electronic Filing System (EFS). The meetings permitted agents to match that functionality to their business needs and inform us of any shortcomings. We were pleased with the positive interest and enthusiasm shown by the participants, as well as their suggestions for improvements. For those unable to attend the meetings, visit our website at www.slsot.org for a printable PDF version of the presentation. A summary of the questions and answers is also available. The project is on schedule, with recent completion of both system requirements and high-level design. Periodic updates will be accessible on our website. H

Odds & Ends

..continued from page 1

both availability and affordability, the market has become a political lightning rod. Both Texas gubernatorial candidates and many legislators are promising legislation to more tightly regulate homeowners insurance. Also, the state's biennial budget could be facing a shortfall of more than \$5 billion. The insurance industry's pockets are often some of the first to be picked when the Legislature looks for additional sources of revenue.

V The Stamping Office has processed more than \$1.1 billion through June 30th of this year, a 69% increase over 2001. Total Texas surplus lines premium for 2002 will probably approach \$2.25 billion.

V Nathan Holt has tendered his resignation from the Stamping Office Board of Directors. He served as an industry representative on the Board.

V Surplus lines bonds for non-resident agents remain a potential barrier to states' compliance with the agent licensing reciprocity provisions of the Gramm-Leach-Bliley Act. Certain states, notably CA, AK, and WA, insist on retaining these bonds, viewing them as important consumer protection instruments. In the majority of states, the bonds assure payment of outstanding premium taxes owed and are rarely (if ever) called. Texas regulations currently provide the Commissioner the authority to waive the bond. Procedurally, TDI is no longer requiring non-resident applicants to file proof of a surety bond in order to obtain a surplus lines license. However, the bond does remain a requirement for licensing of resident agents. H

Employee News



Estrada



Manor



Aldhizer



Florez

We welcome the following new employees to the Stamping Office this quarter: Diana Estrada and Sonya Manor joined the Document Processing Department as Record Prep Clerks. Roberta Aldhizer and Yvonne Flores were employed as Data Entry Clerks in the Data Entry Department. H

SLSOT Filing Fundamentals Workshop

September 5, 11, 26

No Registration Fees!

The SLSOT presents these workshops at no charge to attendees.

Continuing Education Credit

Attendees will receive a certificate for 2 CE credit hours from TDI and TSBPA for the CPA credit if needed.

The Surplus Lines Stamping Office of Texas presents free educational filing workshops in September, designed for agency staff responsible for the reporting of surplus lines policies to the Stamping Office. We especially invite any staff new to the filing process and all agencies that receive numerous "tags" from our office. We will cover a broad range of topics, from the basic fundamentals of how to file to more advanced, complex problem resolutions. We will also preview the electronic filing system currently under development.

Who should attend?

- Staff responsible for filing policies
- Staff new to the filing process
- Agencies receiving numerous "tags"

What will be covered?

- Submission requirements
- Avoiding "tags"
- Resolving ineligible securities
- Correcting errors
- Preview of electronic filing system

San Antonio

September 5, 2002
Registration: 12:45 p.m.
Workshop: 1:30 p.m. - 3:30 p.m.
San Antonio Convention Center
200 E. Market Street
San Antonio, Texas 78205

Houston

September 11, 2002
Registration: 8:45 a.m.
Workshop: 9:30 a.m. - 11:30 a.m.
Adam's Mark Hotel
2900 Briarpark Drive
Houston, Texas 77042

Arlington

September 26, 2002
Registration: 8:45 a.m.
Workshop: 9:30 a.m. - 11:30 a.m.
Arlington Convention Center
1200 Ballpark Way
Arlington, Texas 76011

Workshop Locations

Register online at www.slsot.org
by August 30, 2002

Helpful Hints

n Limit the number of staples on each item, preferably one on the left hand corner.

n When submitting items with premium, be sure the premium is also listed on the Transmittal and Verification Slip.

n Tax and stamping fee are to be shown separately on each applicable item. Do not add them together.

n Agent of record letters should be typed on your agency letterhead. Please include the name of the previous agent in the letter.



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Comparison of SLSOT Premium Processed by Line of Business

Annual Statement Line of Business	Premium through 6/02	Premium through 6/01	Percent Change
1 Fire (incl. allied lines)	\$321,341,201	\$160,460,843	100.3%
2 Allied lines	\$19,380,477	\$4,933,758	292.8%
3 Farmowners multiple peril	\$517,504	\$877,431	-41.0%
4 Homeowners multiple peril	\$33,069,999	\$19,409,679	70.4%
5 Commercial multiple peril	\$13,440,944	\$8,805,420	52.6%
8 Ocean marine	\$4,474,670	\$2,522,905	77.4%
9 Inland marine	\$24,538,054	\$17,078,024	43.7%
11 Medical malpractice	\$28,364,706	\$13,492,168	110.2%
12 Earthquake	\$38,101	\$53,205	-28.4%
13 Group accident & health	\$61,444,045	\$40,097,126	53.2%
15 All other A&H	\$23,672	\$17,350	36.4%
17 Other liability	\$487,719,658	\$301,148,173	62.0%
18 Products liability	\$18,278,461	\$9,911,674	84.4%
19.2 Other priv pass auto lia	\$90,681	\$11,386	696.4%
19.4 Other comm. auto liab	\$36,909,017	\$19,617,865	88.1%
21.1 Priv pass auto physical	\$463,469	\$479,825	-3.4%
21.2 Comm auto phys.damage	\$34,118,807	\$26,873,234	27.0%
22 Aircraft (all perils)	\$1,644,542	\$939,627	75.0%
23 Fidelity	\$183,503	\$573,990	-68.0%
24 Surety	\$302,822	\$33,964	791.6%
26 Burglary & theft	\$1,230,823	\$1,390,500	-11.5%
27 Boiler & machinery	\$252,067	\$11,047	2181.9%
28 Credit	\$25,083,005	\$29,463,386	-14.9%
31 Aggregate/other business	\$1,305,745	\$89,725	1355.3%
TOTAL	\$1,114,215,973	\$658,292,305	69.3%

Note: Due to rounding figures may not total

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The "Lone Star Lines" is published quarterly by the Surplus Lines Stamping Office of Texas for surplus lines agents, companies, and others involved in surplus lines business.

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We invite readers to suggest topics for articles that may be of interest to others. Any submissions or inquiries should be sent to the following address:

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You can locate a text copy of this and previous issues of this newsletter on our web site at:
<http://www.slsot.org/slsotpub.htm>

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