

Lone Star Lines

The Quarterly Publication of the Surplus Lines Stamping Office of Texas



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Premium Taxes Due March 1



Taxes on all 2009 surplus lines business are due to the Texas Comptroller of Public Accounts by March 1, 2010. If you held a surplus lines agent's license at any point in 2009, you are required to file a tax report, even if you wrote no business during the year. This applies to both individual and agency licensees. Remember that each agency must pay taxes based on its own internal accounting records, not on SLSOT's Annual Agent Report.

Last year the Comptroller made important revisions to the requirements for the electronic reporting and payment of taxes, as follows:

Tax Reporting

\$0 - \$49,999 in taxes - Electronic reporting through the Comptroller's WebFile system optional; paper tax forms acceptable

\$50,000 or more in taxes - Mandatory electronic reporting through WebFile

Tax Payment

\$10,000 - \$99,999 in taxes - Mandatory electronic payment using either TEXNET, WebEFT, or credit card through the WebFile system

\$100,000 or more in taxes - Mandatory electronic payment through TEXNET

Taxpayers for whom electronic reporting of premium tax information was mandatory last year will not receive a paper tax form from the Comptroller for the 2009 tax year. Instead, they will receive an e-mail reminder that the tax filing deadline is approaching.

Taxpayers for whom electronic reporting of premium tax information was not mandatory last year, but who chose voluntarily to file their taxes using the electronic reporting system, will receive a paper tax form this year, but not in the future. Tax forms were mailed to agents by the Comptroller in late January.

Refer all questions on using the electronic reporting system to the Comptroller at 800-442-3453. Additional information can be found on the Comptroller's Window on State Government website at <http://window.state.tx.us/>. ★

SLSOT BOARD OF DIRECTORS

2010

Commissioner Mike Geeslin has named Susan Gropp, Senior Vice President, Arcana Insurance Services, LP and Lana Parks, CPCU, President, The Parks Group as industry members, and Nancy Stucky, Risk Manager, The Mitchell Family Corp. as a public member. Each director will serve a 3-year term. Congratulations to the new appointees... we look forward to their participation on our Board!

Other members of the SLSOT Board of Directors include Phillip B. Dendy, Director, Risk Management, The University of Texas System; Gilbert C. Hine, Jr., CPCU, President, McClelland and Hine, Inc.; James Huckaby, ARM-P, Director of Risk Management, Mesquite Independent School District; Nikolas G. Kapatos, Sr. Vice President, Sterling Bancshares, Inc.; Len Kaplan, CPA, CIC, Executive Vice President & Chief Financial Officer, Delta General Agency Corporation; and William G. (Bill) Reynolds, President, Atlantic Casualty Insurance Company. ★



Gropp



Huckaby



Parks



Reynolds



Dendy



Hine



Kapatos



Kaplan



Stucky

The Passing of an Industry Leader: Joe Howse

The Stamping Office sadly announces the death of Mr. Joseph A. (Joe) Howse in Houston, on January 10, at the age of 90. Mr. Howse worked for the Cravens, Dargan Companies his entire career. He served as President of the Texas Surplus Lines Association from 1977-1978 and President of the American Association of Managing General Agents from 1981-1982. In 1987, Mr. Howse was appointed by the Texas State Board of Insurance to the first Board of Directors of the newly created Surplus Lines Stamping Office of Texas. Subsequently, he was elected the first Chairman of that Board, a position he held from 1987 through 1989. Along with such names as Jack Claitor and Avrohm Weisenberg, who also served on the first SLSOT Board, Joe Howse was viewed as one of the giants of the Texas surplus lines industry over the last quarter of the 20th Century. Mr. Weisenberg passed away in 1991, Mr. Claitor in 1994. The early success of the Stamping Office is due to these and other industry leaders.



We extend our sincere sympathy and prayers to the Howse family. ★

SLSOT Closes Post Office Box

SLSOT's P.O. Box is officially closed. Agents that mail policy information and other correspondence to the SLSOT must now use the physical address for shipments:

805 Las Cimas Parkway, Suite 150
Austin, Texas 78746-5493

As we have seen delays on delivery of USPS Priority Mail (up to 10 days in some cases) from our local post office, for expedited delivery to SLSOT we recommend use of a commercial express package service. ★

Surplus Lines Company Filing Requirements for 2010

The Texas Department of Insurance (TDI) will release soon the 2010 annual Evidence Filing Requirements Letter for surplus lines insurers. The Stamping Office will distribute the letter in a bulletin as soon as it becomes available. These filing requirements are in accordance with the Texas Insurance Code (Code) and related provisions of the Texas Administrative Code (Rules). The Code and Rules require TDI to maintain a "Surplus Lines Insurers List" compiled from the information submitted by insurers that meet the eligibility provisions. The minimum capital and surplus requirement remains at \$15 million. All surplus lines insurers wishing to retain or gain Texas surplus lines eligibility must file complete and legible evidence by the due dates contained in the TDI letter. The evidence filed must clearly identify the insurer. The first filing deadline for foreign (U.S.) insurers is March 31, 2010. Please note that certain evidence can be transmitted electronically. Insurers failing to file required evidence in a timely manner may be subject to removal from the insurers list and have "Restricted Eligibility" imposed until the requirement deficiency is corrected. Restricted eligibility allows an insurer to remain on the Insurers List to service existing policyholders, but prohibits any new business. ★

You can locate a copy of these requirements at www.slsot.org.

TDI Policy Count Data Call

For the fifth year, a Texas Department of Insurance Commissioner's Bulletin (#B-0001-10) has required that all insurers, including surplus lines insurers, provide to the agency the number of Texas policies in force as of December 31, 2009. The Stamping Office is responding to this data call again this year on behalf of those surplus lines carriers not wishing to provide the information themselves. SLSOT's initial involvement was at the request of both NAPSLO and PCI. The Stamping Office provided preliminary data to each insurer in mid-January and will update the information in March, prior to reporting it to TDI. Please refer questions regarding this matter to Elaine White, Director of Data Services, at (512) 225-1853. ★



EFS Quick Tips *Electronic Policy Filing*

- EFS entries should only be made when you have the policy, binder, endorsement, etc. in your office. These EFS entries **MUST** be made from the information shown on the actual policy documents. They must **never** be made from information shown on an invoice, an e-mail, or just because "you know" the policy will be renewing exactly like the expiring policy. An invoice or e-mail does not contain adequate policy information and is not a legally binding part of the policy.
- Sharing or loaning your EFS User ID is a violation of our EFS security procedures. Each EFS user **MUST** have their own unique EFS User ID and password. Once identified, users that continue to violate this security procedure may be subject to suspension from the system. ★

Helpful Hints *Paper Policy Filing*

- The only non-premium items filed with the Stamping Office are name changes, policy number changes, date changes, and security corrections. Non-premium endorsements should generally be batched separately when filed with the Stamping Office, except when the non-premium endorsement is being filed along with the policy or to correct another endorsement. You submit these non-premium endorsements by using the same Transmittal and Verification Slip, list the named insured and policy number but leave the last four columns blank. We do not have a different Transmittal and Verification Slip for non-premium items.
- It is not necessary for the binder to be filed if the policy is issued within the 60 day filing requirement. If you do file a binder, it must meet the same requirements in 28 TAC, Section 15.23(c) as a policy and must be replaced when the policy is issued. ★

Comparison of SLSOT Premium Processed by Line of Business

Annual Statement Line of Business	Premium through 1/31/2010	Premium through 1/31/2009	Percent Change
1 Fire (incl. allied lines)	\$44,648,417	\$43,900,458	1.70%
2 Allied lines	\$1,389,215	\$3,070,278	-54.75%
3 Farmowners multiple peril	\$29,113	\$62,280	-53.26%
4 Homeowners multiple peril	\$5,439,547	\$4,433,784	22.68%
5 Commercial multiple peril	\$5,086,429	\$6,274,187	-18.93%
8 Ocean marine	\$167,339	\$355,734	-52.96%
9 Inland marine	\$3,732,754	\$4,323,334	-13.66%
11 Medical malpractice	\$1,402,312	\$3,348,361	-58.12%
12 Earthquake	\$124,727	\$0	0.00%
13 Group accident & health	\$8,244,127	\$7,805,460	5.62%
15 All other A&H	\$280,327	\$445,454	-37.07%
17 Other liability	\$87,550,720	\$98,096,065	-10.75%
18 Products liability	\$889,317	\$1,620,292	-45.11%
19.2 Other private passenger auto liability	\$520	(\$1,000)	152.00%
19.4 Other commercial auto liability	\$6,216,233	\$5,084,378	22.26%
21.1 Private passenger auto physical	\$144,727	\$129,805	11.50%
21.2 Commercial auto physical damage	\$3,594,053	\$2,506,344	43.40%
22 Aircraft (all perils)	\$356,829	\$781,708	-54.35%
23 Fidelity	\$19,604	\$25,885	-24.27%
24 Surety	\$0	\$651,988	-100.00%
26 Burglary & theft	\$461,635	\$36,126	1177.86%
27 Boiler & machinery	(\$260,010)	(\$405,004)	35.80%
28 Credit	\$30,054,332	\$67,686,056	-55.60%
31 Aggregate/other business	\$73,961	\$31,679	133.47%
TOTAL	\$199,646,228	\$250,263,652	-20.23%

Note: Due to rounding figures may not total



Lone Star Lines

Surplus Lines Stamping Office of Texas
805 Las Cimas Parkway, Suite 150
Austin, Texas 78748-5493

phone (800) 449-6394
fax (512) 346-3422

www.slsot.org
e-mail: info@slsot.org

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

The Lone Star Lines staff includes Phil Ballinger, CPCU, ASLI; Dalén Keith; Elaine White, ASLI; and Brian Wilds, CPA, ASLI.

We invite readers to suggest topics for articles that may be of interest to others.

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