

# Lone Star Lines

The Quarterly Publication of the Surplus Lines Stamping Office of Texas



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## SLSOT Celebrates 20th Anniversary!

The Surplus Lines Stamping Office of Texas celebrates its 20<sup>th</sup> anniversary on July 1. Quality of service, professionalism, and a strong, knowledgeable staff are the underlying fundamentals that have driven the success of the Stamping Office through these years. Our organization exists to promote an efficient, reputable, and financially strong surplus lines market. We accomplish this chiefly through providing assistance to the Texas

Department of Insurance, encouraging agents and insurers to comply with the insurance laws of Texas, and providing education programs.

As with any birthday, it is useful to pause and look back at the road we've traveled.



### A look back...

#### *Leadership*

SLSOT opened its doors in 1988 under the leadership of general manager Jack Claitor. In 1990, he was succeeded by Charles Tea. Mr. Claitor passed away in 1994. Mr. Tea retired at the end of 1999, giving way to present executive director Phil Ballinger.

#### *Staff*

Of the original employees from 1988, Elaine White and Brian Wilds remain at the Stamping Office. Elaine is Director of Data Services and Brian is Director of Financial Analysis and Accounting. The office currently employs a staff of 23.

#### *Premium Processed*

During the last six months of 1988, SLSOT processed \$207.8 million in premium on some 49,000 surplus lines policies. For the year 2007, SLSOT processed \$3.7 billion and more than 448,000 policies.

#### *Policy Filing*

Prior to the Stamping Office, agents filed an affidavit of diligent effort with the State Board of Insurance (now Texas Department of Insurance) for each surplus lines policy. Beginning July 1, 1988, in lieu of the affidavit, a copy of the policy was reported to SLSOT. These filings were all "hard copy." In August 2003, SLSOT introduced its Electronic Filing System. By April 2008, more than 75% of all filings were made by agents electronically.

#### *Stamping Fees*

The first stamping fee rate was 0.4%. Today it is 0.06%. (On a \$1,000 policy, the stamping fee is 60 cents.)

#### *Web Site*

SLSOT introduced its web site in December 1997. That first month there were fewer than 1,300 hits. In 2007, hits to the Stamping Office site totaled more than 2.1 million.

#### *Education*

The first agent seminars were held in 1988 in San Antonio, Dallas, and Houston. In 2006, the Stamping Office broadcast its first "live" webinar that was attended by over 400 agents across the country from the convenience of their own offices.

**Anniversary,** cont. on page 2

### Board Chairs

The following have served as Chairmen of the Board:

- 1987-1989 Joe Howse – Cravens, Dargan & Co.
- 1990 Bob Quirk – Quirk & Co.
- 1991 Fred Steves – Myron F. Steves & Co.
- 1992 Eugene Eisenmann – Heath Insurance Brokers, Inc.
- 1993 Armin Blumberg – Admiral Insurance Company
- 1994 Donald Avera – Nations Bank
- 1995 Orville Jones – Crump Insurance Services, Inc.
- 1996 Ron McElyea – Western Surplus Lines Agency, Inc.
- 1997 Marty Michell – Admiral Insurance Company
- 1998 Charles Bailey – J.H. Blades & Co.
- 1999 Brent Davis – Texas Specialty Underwriters, Inc.
- 2000 James Brown – Harlan & Brown Insurance Agency, Inc.
- 2001 Donald Meyer – Texas General Agency, Inc.
- 2002 Simon Bancroft – Swett & Crawford of Texas, Inc.
- 2003 George Adkins – John L. Wortham & Son, LLP
- 2004 Ted Hosterman – Heath Insurance Brokers, Inc.
- 2005 Colleen Cummings – The Hanover Company
- 2006 Greg Baker – Crump Insurance Services of Texas, Inc.
- 2007 Milton Johnston – Milton O. Johnston & Co.
- 2008 Gil Hine, Jr. - McLelland & Hine, Inc.



Gil Hine  
2008 Chairman of the Board

### Board of Directors

Members of the original Board of Directors appointed in 1987 were Steve Sprowls, Specialty Insurance Managers, Inc., Bob Quirk, Quirk & Company, Jim Miller, James F. Miller & Co., Fred Steves, Myron F. Steves & Co., Joe Howse, Cravens Dargan, & Co., Mary Ashby-Dobson, Great States Agency Corp., Avrohm Wisenberg, Delta General Agency, Garland Boddie, Special Risks, Fireman’s Fund Insurance Co, and Jack Claitor. The 2008 Board of Directors include Gil Hine, Chair, McClelland & Hine, Inc., Tom Mace, Vice-Chair, Nabors Industries, Bart Koch, Secretary, Tejas American General Agency, Banos Georgiou, Burnett & Company, Inc., James Huckaby, Mesquite Independent School District, David Kester, Harris County, Bill Reynolds, Atlantic Casualty Insurance Company, Martha Rider, Retired, and Carl Roeder, Western Surplus Lines Agency, Inc. ★

## Agency Filing Reminder

Confusion continues regarding the correct way to report policies to SLSOT. As a result, many policies must be reversed and resubmitted correctly. To avoid the additional work and expenditure of time, please review the following.

- If business belongs to a surplus lines agency (whether a corporation, LLC, or partnership), the policies should be filed with SLSOT using the agency’s surplus lines license.
- An individual who procures surplus lines business in their capacity as an employee of a surplus lines agency should not report the policies to SLSOT under their individual surplus lines license.
- When submitting these policies under the agency license number, the name of the agency must be shown as well, not the name of the individual. If the name and license number do not "go together", the items will not be processed. ★

## Employee News

The Stamping Office welcomes Ellen Mueller as the newest member to our staff. Ellen is employed as a Records Prep Clerk in the Data Services Department.



## EFS Quick Tips

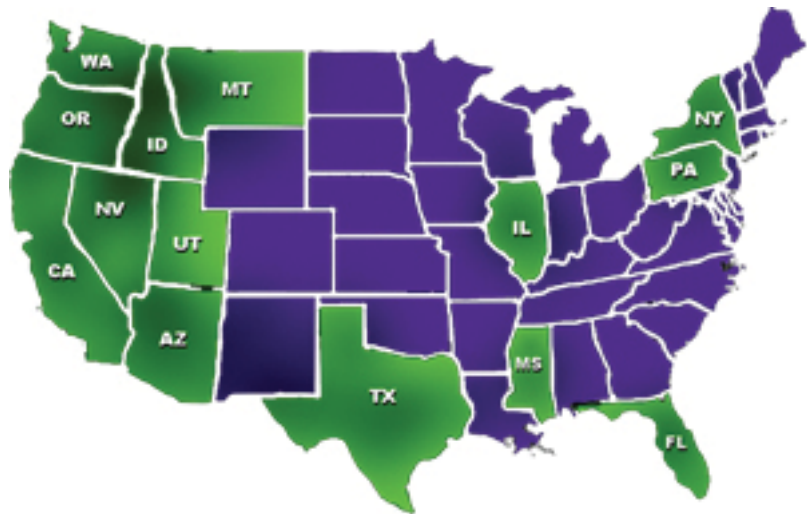
- Please change your password as soon as possible when you are notified of an upcoming password expiration. To reset your password once it expires, we require a written request signed by an agency principal.
- If your name, e-mail address, or phone number changes, update your EFS contact information. This information must be changed by an EFS agency administrator in your office and cannot be modified by the EFS Help Desk at SLSOT.
- If a user is no longer with your agency or is no longer filing with SLSOT, your agency administrator should deactivate this user as a security precaution.

### Helpful Hints - Paper Filing of Policies

- Remember to return the tag memo along with corrections so we will know to remove the suspense. This prevents unnecessary late tags.
- When an item is returned to you unprocessed along with a tag telling you the original policy has not been filed, please return both the policy and the returned endorsement or cancellation on a new transmittal.
- When providing the securities on policies, you must use the complete name of the company, just as it’s shown on the TDI’s insurer list. Do not omit any of the words. ★

# U.S. Stamping Office / Service Office Production Statistics

In 2007, the 14 U.S. stamping offices processed more than \$23.1 billion in surplus lines premium, an increase of .6% over the same period last year. However, no clear trend was evident, with some offices showing large increases and others experiencing declining premium in their states. Total items processed declined 1.5%, to 3.4 million. ★



State	Rates		Premium (millions)			Items		
	St. Fee	SL Tax	2007	2006	% Chg	2007	2006	% Chg
AZ	0.20%	3.00%	\$540.0	\$568.7	-5.0%	66,554	63,025	5.6%
CA	0.125%	3.00%	\$5,864.0	\$6,025.1	-2.7%	489,998	509,302	-3.8%
	New stamping fee rate effective January 1, 2007							
FL	0.10%	5.00%	\$4,866.8	\$4,675.9	4.1%	1,213,651	1,251,516	-3.0%
	New stamping fee rate effective April 1, 2007							
ID	0.25%	1.50%	\$86.3	\$76.3	13.1%	14,747	14,845	-0.7%
	New stamping fee & tax rates effective January 1, 2007							
IL	0.10%	3.50%	\$1,089.9	\$918.5	18.7%	109,294	103,070	6.0%
	Electronic filing began May 1, 2007							
MS	0.25%	4.00%	\$387.5	\$346.1	12.0%	69,614	63,840	9.0%
MT	1.00%	2.75%	\$68.8	\$55.7	23.5%	16,261	9,334	74.2%
NV	0.40%	3.50%	\$360.2	\$443.9	-18.9%	29,878	28,904	3.4%
	New stamping fee rate effective January 1, 2007							
NY	0.20%	3.60%	\$4,042.4	\$4,002.6	1.0%	218,566	213,523	2.4%
	Additional fee of \$25 applies for late/erroneous filing							
OR	\$5.00	2.00%	\$250.2	\$320.8	-22.0%	35,378	37,451	-5.5%
	Flat stamping fee rate of \$5 per original filing							
PA	\$25.00	3.00%	\$973.7	\$1,148.3	-15.2%	159,076	152,409	4.4%
	New stamping fee rate eff. Jan. 1, 2008; late filing fee = \$50							
TX	0.06%	4.85%	\$3,726.2	\$3,570.1	4.4%	890,105	921,724	-3.4%
	New stamping fee rate effective July 1, 2007							
UT	0.25%	4.25%	\$176.3	\$162.4	8.6%	17,829	16,534	7.8%
WA	0.25%	2.00%	\$711.4	\$684.0	4.0%	100,893	99,996	0.9%
TOTAL			\$23,143.7	\$22,998.4	0.6%	3,431,844	3,485,473	-1.5%

NY data is gross premium; 2007 net premium = \$2,604.9 million.  
 Data for FL includes \$751.8 million /13,224 policies in IP insurance.  
 Data for TX excludes \$763.8 million in "other state" & \$358.0 million in "tax exempt" premium.  
 Stamping fee rates are at January 1, 2008.  
 Items include certain non-premium filings in IL, NV, & TX.

## Comparison of SLSOT Premium Processed by Line of Business

Annual Statement by Line of Business	Premium through 4/30/08	Premium through 4/30/07	Percent Change
1 Fire (incl. allied lines)	\$203,977,661	\$236,387,711	-13.71%
2 Allied lines	\$12,380,811	\$12,772,874	-3.07%
3 Farmowners multiple peril	\$345,242	\$347,776	-0.73%
4 Homeowners multiple peril	\$22,951,088	\$25,789,253	-11.01%
5 Commercial multiple peril	\$57,626,245	\$44,303,325	30.07%
8 Ocean marine	\$1,996,749	\$3,066,348	-34.88%
9 Inland marine	\$24,465,483	\$29,436,627	-16.89%
11 Medical malpractice	\$17,679,090	\$19,656,818	-10.06%
12 Earthquake	\$333,493	\$229,880	45.07%
13 Group accident & health	\$31,234,179	\$30,921,573	1.01%
15 All other A&H	\$865,844	\$362,980	138.54%
17 Other liability	\$508,897,136	\$577,264,646	-11.84%
18 Products liability	\$9,786,075	\$14,140,086	-30.79%
19.2 Other priv pass auto lia	\$13,449	\$0	0.00%
19.4 Other comm. auto liab	\$33,863,360	\$41,299,744	-18.01%
21.1 Priv pass auto physical	\$448,601	\$529,461	-15.27%
21.2 Comm auto phys.damage	\$20,403,021	\$22,552,844	-9.53%
22 Aircraft (all perils)	\$7,396,322	\$3,802,595	94.51%
23 Fidelity	\$658,504	\$167,821	292.39%
24 Surety	\$13,203	\$5,200	153.90%
26 Burglary & theft	\$237,767	\$482,610	-50.73%
27 Boiler & machinery	\$977,567	\$911,467	7.25%
28 Credit	\$95,520,552	\$93,858,446	1.77%
31 Aggregate/other business	\$135,906	\$8,430	1512.25%
TOTAL	\$1,052,207,348	\$1,158,298,515	-9.16%

Note: Due to rounding figures may not total



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

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