



Lone Star Lines

The Quarterly Publication of the Surplus Lines Stamping Office of Texas

In this issue:

SLSOT Board
Elects Officers
page 2

Helpful Hints -
Late Filings
Adjustments
Data Validation
page 2

EFS Quick Tips
page 3

Foreign Account
Tax Compliance
Act (FATCA)
page 3

Premium
Comparison
page 4

www.slsot.org

EFS Access - Not Just for Filers

Now that the Stamping Office has dispensed with mailing paper copies of monthly reports to agencies that file electronically, the next step is to do the same with the monthly and annual Late Filing Report. While this will not occur for several months, we recommend that all agency principals, owners, or license holders obtain

a User ID and password for the Electronic Filing System (EFS) website. We encourage each of you to become familiar with the "Reports" area of the website to ensure you have access to the Late Filing Reports when they become available. Remember, it is your license that is affected by late filings.



They Did it Again!

In March, the 2013 Annual Late Filing Report was mailed to 513 surplus lines agents. Almost 900,000 transactions were filed with the Stamping Office last year; more than 465,000 of these were policies. Nearly 1,000 agents submitted filings to SLSOT in 2013, with just 30 agents submitting 70% of all transactions. Of those 30 agents, nine had no late filings in 2013, with each filing more than 5,000 policies to the Stamping Office. In 2012, we recognized four surplus lines agents with no late filings. These same four repeated this accomplishment in 2013. They are Griffin General Agency, Inc. of Houston (dba South Texas General Insurance Agency); Hall-Wright General Agency, Inc. of San Antonio; McClelland and Hine, Inc. of San Antonio; and Myron F. Steves & Co. of Houston. The remaining

five agents with no 2013 late filings were All Risks, Ltd. of Hunt Valley, Maryland; AmWINS Brokerage of Texas, Inc. of Dallas; Bliss & Glennon, Inc. of Spring; Energy Overseas Intermediary Agency, Inc. of Houston (dba IMS/London American); and Western Surplus Lines Agency, Inc. of Abilene.

Myron F. Steves & Co. again deserves a special note because of the large volume of filings submitted – 61,825 policies and over 123,000 total items in 2013.

This is an incredible achievement by all these agencies, as well as many others with fewer transactions but who likewise did not receive a late filing report. Make it your goal to be in the company of those listed above and have no late filings in 2014.

CONGRATULATIONS



Agents Filing 5000+ Policies with No Late Filings 2012 - 2013

- 2013 All Risks, Ltd.
- 2013 AmWINS Brokerage of Texas, Inc.
- 2013 Bliss & Glennon, Inc.
- 2012, 2013 Hall-Wright General Agency Inc.
- 2013 IMS/London American
- 2012, 2013 McClelland and Hine, Inc.
- 2012, 2013 Myron F. Steves & Co.
- 2012, 2013 South Texas General Insurance Agency
- 2013 Western Surplus Lines Agency, Inc.



**Chairman
Todd Teitell**



**Vice-Chairman
Charles Gillenwater**



**Secretary
Jennifer Hoff**

SLSOT Board Elects Officers

At the Annual Meeting in March, the SLSOT Board of Directors elected Todd Teitell, AmWINS Brokerage of Texas, Inc., Chairman for 2014. Charles Gillenwater, City of Mesquite, will serve as Vice-Chairman, and Jennifer Hoff, MHP, ARM, Political Subdivision Workers' Compensation Alliance, will serve as Secretary. In addition to those mentioned above, other members include Shannon Dahlke Applegate, McClelland & Hine, Inc.; Peter Harrison, North Texas Tollway Authority; Randle Loving, Loving and Etheredge, Inc.; Paul Rainey, RSI International, Inc.; Monte Stringer, U.S. Risk Insurance Group, Inc.; and Cynthia Vickers, CPCU, ARM, Express Energy Services Operating, LP.

The SLSOT nine-member Board consists of five industry and four public members, each serving three-year terms.



Shannon Dahlke Applegate



Peter Harrison



Randle Loving



Paul Rainey



Monte Stringer



Cynthia Vickers

Helpful Hints

LATE FILINGS

When submitting EFS screen shots as documentation of posted transactions for late filing, the "Received Date" is the day the batch was opened. This is not the date the batch was posted (i.e., Report Date). Because we do not require an EFS Batch to be posted on the same date it was opened, this "Received Date" is for reference purposes only. The posted date (i.e., Report Date) is the date near the batch number in the upper left corner.

ADJUSTMENTS

When a policy is listed on a Monthly Late Filing Report and it is reversed before the end of the year, it will not appear on the Annual Late Filing Report. When a policy is given an adjustment after you correctly submit the "Monthly Late Filing Request for Adjustment" Form (found on www.slsot.org) the policy will not appear on the Annual Late Filing Report. Once the Annual Late Filing Report is run, the Stamping Office cannot make any further adjustments. It is the agent's responsibility to check each Monthly Late Filing Report and contact the Stamping Office if there is some type of discrepancy.

DATA VALIDATION

If your line of business has changed in the past two years, please contact the Stamping Office to update your coverage mapping.

When submitting items for validation, please review the policy request list and the EFS Checklist to make sure you have included all the necessary documentation. If the EFS Help Desk has instructed you to code one of the requested policies in a certain way, please include e-mail documentation showing the coding instructions provided to you.



Electronic Policy Filing

■ The EFS Help Desk offers telephone training sessions that can cover topics ranging from how to make basic entries, coverage and/or class code selection, researching and clearing tags, compliance issues, or any subject you may wish to discuss. These training sessions can be tailored to a new user, a more seasoned veteran, or even just as a basic refresher. To find out more information, please e-mail the EFS Help Desk at efshelp@slsot.org. Please be sure to include your agency name, surplus lines license number, and the topic(s) you would like to cover.

■ As a reminder, all new users are required to complete testing before they are allowed to file in the EFS Live Environment. This helps users have a better understanding of EFS functionality and it provides a “safe” place to learn without compromising your agency’s live filings. Once a user has completed testing, they should notify the EFS Help Desk via e-mail at efshelp@slsot.org so that their test transactions can be reviewed. Upon confirmation, the EFS Help Desk will notify the new EFS user and/or EFS contact of this completion and will advise if any additional steps are necessary.

■ When requesting coverage and/or class code assistance, you must send a copy of the item (policy, binder, confirmation of coverage, etc.) to the EFS Help Desk via e-mail at efshelp@slsot.org. This information cannot be provided via the telephone or without the documentation being reviewed.

■ Please keep in mind that the proper procedure for correcting an errored (or tagged) item is to re-post the item, with the necessary changes, in a Correction Batch. If you must enter the item again in a new batch, you still need to delete the originally errored item in a Correction Batch. It is not necessary to mail these tags in to the Stamping Office for resolution.

■ An e-mail from our office regarding incorrect coverage/class code usage is not considered a “tag”. Any error identified from these e-mails cannot be fixed in a Correction Batch. These errors should be corrected by reversing and re-entering the item with the correct information.

■ When submitting policies for our EFS Data Validation program, or to request coverage/class code assistance, be certain to include the list of locations and/or an explanation of the risk location zip code. We are unable to assume that the risk location is the same as the insured’s mailing address unless the policy explicitly states that information.

■ When entering an EFS transaction, the “zip code” entered should reflect the zip code of the risk, not the insured’s mailing address. In the event that you have multiple locations, you should enter the single zip code that reflects the highest limit or risk. This is especially true with risk locations on the seacoast. It is acceptable to write on the dec page “risk location zip code is XXXXX” – filling in the appropriate zip code. Please note that if there is no Texas zip code, then perhaps Texas is not the home state.

■ We recommend that your agency reconcile the filings you have made with the Stamping Office on a monthly basis. You should not pay stamping fees directly from our monthly reports. You (or your accounting staff) should take the time to confirm that the filings made are correct and that there are no outstanding or unfiled transactions for that period. This will help ensure that filings are made in a timely manner, are correctly input and accurate, and that none accidentally slip through the cracks.



EFS Help Desk (800) 681-5848
e-mail: efshelp@slsot.org

■ A Date Extension endorsement is to be reported to the Stamping Office as a Renewal Policy. This allows our office to check the company eligibility (as of the date of the extension) as well as apply the appropriate tax and stamping fee rates. The procedure allows our office to comply with the sections of the Texas Insurance Code and Texas Administrative Code that pertain to “an extension of an insurance contract beyond its original expiration date.”

■ Sharing, borrowing, or using another person’s EFS User ID/password is a violation of our security requirements. If you will be utilizing the system, you are required to have your own unique User ID and password. Failure to comply with the security requirements may result in the suspension of your agency’s EFS access.

Foreign Account Tax Compliance Act (FATCA)

FATCA regulations promulgated by the IRS are effective July 1, 2014. Beginning on that date, a US agent must confirm that a non-US broker or insurer is exempt under the provisions of FATCA before sending a premium payment. If the agent is unable to determine the status of the non-US entity, the agent must withhold 30% of the premium for remittance to the IRS. The responsibility for confirming the status of the non-US entity falls on the

uppermost US agent in the transaction chain. Non-US brokers and insurers will be able to provide evidence of FATCA compliance by submitting certain IRS forms to the US agent. It is believed that most non-US agents and insurers commonly used by US agents will be exempt from FATCA. The AAMGA’s Winter 2013 WIN magazine has an article on FATCA and NAPSLO’s blog offers a good executive summary of FATCA requirements.

Comparison of SLSOT Premium Processed by Line of Business

Annual Statement Line of Business	Premium through 4/30/2014	Premium through 4/30/2013	Percent Change
1 Fire (including allied lines)	\$384,174,131	\$400,410,661	-4.05%
2 Allied lines	\$27,883,355	\$20,014,168	39.32%
3 Farmowners multiple peril	\$379,400	\$390,511	-2.85%
4 Homeowners multiple peril	\$45,624,942	\$43,015,839	6.07%
5 Commercial multiple peril	\$81,811,202	\$75,260,185	8.70%
8 Ocean marine	\$7,308,527	\$7,797,410	-6.27%
9 Inland marine	\$25,788,452	\$27,328,490	-5.64%
11 Medical malpractice	\$15,163,396	\$15,645,273	-3.08%
12 Earthquake	\$532,548	\$19,039	2697.15%
13 Group accident & health	\$25,803,680	\$27,927,868	-7.61%
15 All other A&H	\$2,040,237	\$1,738,188	17.38%
17 Other liability	\$558,746,724	\$565,782,205	-1.24%
18 Products liability	\$10,776,619	\$10,363,820	3.98%
19.2 Other private passenger auto liability	\$0	(\$450)	100.00%
19.4 Other commercial auto liability	\$22,847,444	\$30,234,867	-24.43%
21.1 Private passenger auto physical	\$1,063,867	\$957,017	11.16%
21.2 Commercial auto physical damage	\$27,822,219	\$19,817,000	40.40%
22 Aircraft (all perils)	\$131,075	\$5,696,672	-97.70%
23 Fidelity	\$762,205	\$1,006,570	-24.28%
24 Surety	\$2,336,899	\$2,919,391	-19.95%
26 Burglary & theft	\$708,052	\$557,114	27.09%
27 Boiler & machinery	\$352,334	\$26,725	1218.37%
28 Credit	\$64,896,446	\$113,031,191	-42.59%
31 Aggregate/other business	\$1,801,826	\$257,845	598.80%
TOTAL	\$1,308,755,580	\$1,370,197,599	-4.48%

Note: Totals subject to rounding

Texas market data reports are updated monthly and available to view and print on our website at www.slsot.org under the link Texas Market Data.



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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, CIW; Elaine White, ASLI; and Brian Wilds, CPA, ASLI.

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

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