

Lone Star Lines

The Quarterly Publication of the Surplus Lines Stamping Office of Texas



In this issue:

Commissioner
Appoints New
Directors / 2015
Officers Elected
page 2

2015 Texas
Legislature
Update
page 2

Filing Through
the EFS System
page 3

EFS Quick Tips
page 3

Helpful Hints
Paper Policy Filing
page 3

Premium Comparison
page 4

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Making a Difference *by Norma C. Essary, CPCU, ARM, Executive Director*



I am quite proud to be writing this brief introduction as the new Executive Director for the Surplus Lines Stamping Office of Texas. There is no greater honor than to be selected by a Board of Directors whose professions and

industry focus provide a level of added coverage and services to insureds and policyholders throughout this great State of Texas. Part of my decision to accept this role was the opportunity to continue leading an organization that has over the years, added necessary tools for agency customers as well as provided information

services for other stakeholders. As such, and equally important beyond sustaining these measures, is the goal of "making a difference." Each one of us has talents and/or personal drive(s) in areas of our professional or personal lives that allow us to move forward to the next level. It is my goal to do the same with the Surplus Lines Stamping Office of Texas. While we will continue to meet our statutory direction with the Plan of Operation, it is also imperative that we set enterprise-wide strategic direction for priority initiatives, ensure best practices of our resources and assets, and develop necessary platforms of service for our stakeholders that at the end of the day will support the vision of promoting a reputable, efficient and financially strong surplus lines market in the State of Texas.

Agencies Filing 5000+ Policies Recognized for No Late Filings in 2014

Over 925,000 transactions were filed with SLSOT and of those, over 576,000 were policies. Nearly 1,000 agents submitted transactions with 30 agents responsible for 70% of all the transactions filed with SLSOT.

Recognition is in order for the staff at Myron F. Steves & Company, McClelland and Hine, Inc.

of San Antonio, IMS/London American, South Texas General Insurance Agency, and Hall-Wright General Agency, Inc. For the third year in a row, these agencies had no late filings when the 2014 Annual Late Filing Report was mailed to 557 surplus lines agents. Other repeating agencies are

AmWINS Brokerage of Texas, Inc., Western Surplus Lines Agency, Inc., and Bliss and Glennon, Inc. Joining the list of agencies submitting more than 5,000 policies and

having no late filings in 2014 are Specialty Insurance Managers, Inc. and Ashley General Agency, LLC.

Once again Myron F. Steves & Co. deserves special recognition

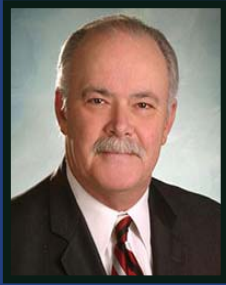
because of the large volume of transactions submitted – over 60,000 policies and over 112,000 total items in 2014.

What an accomplishment from these ten agencies as we are incredibly proud of their achievements.

2012	2013	2014	Hall-Wright General Agency, Inc.
2012	2013	2014	IMS/London American
2012	2013	2014	McClelland and Hine, Inc.
2012	2013	2014	South Texas General Insurance Agency
2012	2013	2014	Myron F. Steves & Co.
	2013	2014	AmWINS Brokerage of Texas, Inc.
	2013	2014	Bliss and Glennon, Inc.
	2013	2014	Western Surplus Lines Agency, Inc.
		2014	Ashley General Agency, LLC.
		2014	Specialty Insurance Managers, Inc.

Commissioner Appoints New Directors

Directors Elect 2015 Officers



**Chairman
Monte Stringer
U.S. Risk Insurance
Group, Inc.**

Commissioner David Mattax has appointed Michael Berry, Chief Executive Officer, Specialty Insurance Managers, Inc. and Evelyn Miller, Risk & Safety Manager, City of Baytown to the SLSOT Board of Directors. We congratulate Mr. Berry and Ms. Miller on their appointments and welcome them to the Board.

At the Annual Meeting in April, the SLSOT Board of Directors elected Monte Stringer, U.S. Risk Insurance Group, Inc., Chairman for 2015. Jennifer Hoff, MHP, ARM, Political Subdivision Workers' Compensation Alliance, will serve as Vice-Chair, and Randle Loving, Loving and Etheredge, Inc., will serve as Secretary. In addition to those mentioned above, other directors include Shannon Dahlke Applegate, McClelland & Hine, Inc.; Peter Harrison, North Texas Tollway Authority; Paul Rainey, RSI International, Inc.; and Cynthia Vickers, CPCU, ARM, Express Energy Services Operating, LP.



**Vice Chair
Jennifer Hoff
Political Subdivision
Workers' Compensation
Alliance**

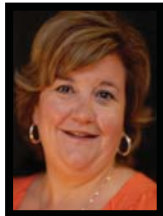


**Secretary
Randle Loving
Loving and
Etheredge, Inc.**

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



**Michael Berry
Specialty Insurance
Managers, Inc.**



**Shannon Dahlke Applegate
McClelland & Hine, Inc.**



**Peter Harrison
North Texas
Tollway Authority**



**Evelyn Miller
City of Baytown**



**Paul Rainey
RSI International, Inc.**



**Cynthia Vickers
Express Energy
Services Operating, LP**

2015 Texas Legislature Update

by Alex Gonzales, Winstead PC, representing SLSOT as general counsel

The 84th Texas Legislature has been slow going up to the May 6, 2015 date of this article. Only 28 bills have been sent to the Governor for signature to date, meaning a period of frenetic activity is looming for the next four weeks.

The various bottlenecks created by several contentious issues have slowed down consideration of insurance related legislation, although the volume of bills has been heavy. For instance, the House Insurance Committee, chaired by the very able Representative John Frullo (R-Lubbock) received 227 bills, with 52 reported out of committee. However, only 8 bills have been passed by the

House: HB 335 (named driver policies); HB 838 (mental illness coverage); HB 1947 (expiration of agent licenses); HB 2424 (auto theft prevention fees); HB 2305 (abuse deterrent analgesic drugs); HB 3238 (investments by life, accident and health insurers); HB 3238 (investment products by life insurers); and HB 3910 (agent CE).

The Senate Business and Commerce Committee considers bills on a variety of subjects in addition to insurance. The committee received 371 bills and voted out 171. But, as with the House, the number of insurance bills passed by the Senate and sent to the House to date is relatively light. Only 12- SB 188 (insurer

rating and underwriting); SB 189 (rating plans for auto insurance); SB 494 (availability of insurance information online); SB 654 (commercial lines rates and forms); SB 844 (expiration of agent licenses); SB 876 (agent licensing); SB 900 (TWIA); SB 1007 (mezzanine loans by life, accident and health insurers); SB 1081 (disclosure by consolidated insurance programs); SB 1107 (rulemaking for annuities); SB 1196 (investments by life insurers); and SB 1628 (prohibited acts by adjusters).

Only two bills, SB 94 (fees for pharmacy claims) and SB 979 (individual indemnity claims), have been sent to the Governor for signature after passage in both

(Legislature, continued on page 3)

(Legislature, continued from page 2)

chambers, but three additional bills, SB 572 (title insurance limits and reinsurance); SB 655 (own risk and solvency assessments) and SB 784 (eliminating certain data calls), have passed both chambers.

And, finally, surplus lines related legislation was minimal this year. Some bills, such as those relating to the Texas Windstorm Insurance Association and transportation network companies, mentioned surplus lines insurance in their text; however, surplus lines was not a major focus of the Texas Legislature this time around.

Filing Through the EFS System

There is no minimum number of transactions to file before you can utilize the Electronic Filing System (EFS). Even if you only file one or two transactions a year, they can still be filed electronically, using web entry. Plus, there is no cost to you to file electronically. All you need is an internet connection. You are able to file virtually 24 hours a day, 7 days a week. Your reports are available on-line. Monthly and Annual reports are available the next day following the last day of each month. Training can be tailored specifically to your agency and/or an individual user, if needed.

If you are unable to remember exactly how to enter your policy or endorsement, assistance is just a phone call away. Call the EFS Help Desk for assistance in entering your transaction. Filing by paper can be time consuming and costly, so if you have not registered, now is the time. Get set up and give it a try!

EFS Help Desk (800) 681-5848

EFS Quick Tips

Electronic Policy Filing
EFS Help Desk (800) 681-5848



- **If you are unsure of the class or coverage code to use, you can utilize the new coverage / class code selection enhancement. This will help users in selecting the correct coverage or class code, based on their selection within the Look-up window itself. For example, if you select the coverage code for Commercial General Liability (9334) from the coverage look-up window, and then you open the Class Code look-up window – you will only see the class codes that can or should be selected for that coverage (the one you entered). It would not list any of the other class codes that do not belong with Commercial General Liability. For best results, you should always select or input the coverage code(s) first, before selecting the class code.**

- **A date extension endorsement is not the same as an extended reporting period endorsement. An extended reporting period endorsement should be processed as an Endorsement-Premium Change. A date extension endorsement should be processed as a Renewal Policy. This allows the SLSOT 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."**

- **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.**

Helpful Hints

Paper Policy Filing

- When asked to update a class code because of a Data Validation request, if the policy was previously reversed, be sure to update the correct transaction. If you update the original entry and not the re-entry, you will not be correcting the proper entry. Please call if you are not sure which policy to update.
- When you are reversing a policy to make a correction, be sure you select "Yes" for 'Re-Entry due to Error Correction' and use the Policy ID of the original filing on the re-entry. This will avoid the re-entry being listed on the Late Filers report.
- When filing by paper, a copy of the dec page alone is not sufficient for filing. Full and complete copies of the policies are required.

Comparison of SLSOT Premium Processed by Line of Business

Annual Statement Line of Business	Premium through 4/30/2015	Premium through 4/30/2014	Percent Change
1 Fire (including allied lines)	\$435,488,187	\$384,174,105	13.36%
2 Allied lines	\$31,873,759	\$27,883,355	14.31%
3 Farmowners multiple peril	\$493,274	\$379,400	30.01%
4 Homeowners multiple peril	\$50,824,116	\$45,624,942	11.40%
5 Commercial multiple peril	\$94,265,428	\$81,811,202	15.22%
8 Ocean marine	\$7,210,902	\$7,308,527	-1.34%
9 Inland marine	\$29,678,777	\$25,788,274	15.09%
11 Medical malpractice	\$17,609,918	\$15,163,396	16.13%
12 Earthquake	\$341,724	\$532,547	-35.83%
13 Group accident & health	\$23,407,067	\$25,803,680	-9.29%
15 All other A&H	\$2,677,699	\$2,040,237	31.24%
17 Other liability	\$715,743,908	\$558,746,725	28.10%
18 Products liability	\$13,011,033	\$10,776,619	20.73%
19.2 Other private passenger auto liability	\$845	\$0	0.00%
19.4 Other commercial auto liability	\$34,728,656	\$22,847,444	52.00%
21.1 Private passenger auto physical	\$440,427	\$1,063,867	-58.60%
21.2 Commercial auto physical damage	\$32,961,066	\$27,822,219	18.47%
22 Aircraft (all perils)	\$1,264,319	\$131,075	864.57%
23 Fidelity	\$553,525	\$762,205	-27.38%
24 Surety	\$6,994,201	\$2,336,899	199.29%
26 Burglary & theft	\$1,327,246	\$708,256	87.40%
27 Boiler & machinery	(\$824,398)	\$352,334	-333.98%
28 Credit	\$82,194,210	\$64,896,446	26.65%
31 Aggregate/other business	\$1,507,220	\$1,801,826	-16.35%
TOTAL	\$1,583,773,109	\$1,308,755,580	21.01%

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

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