

Lone Star Lines

The Quarterly Publication of the Surplus Lines Stamping Office of Texas



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Testimonials Keep Rolling in for EFS

Last issue, we provided several commentaries from agencies that are actively filing surplus lines policy data via SLSOT's Electronic Filing System (EFS). Since we have received so many favorable responses, we offer additional perspectives below.

Jeff Johnston, President
Milton O. Johnston and Company
Houston, Texas:

"What can you say about a system that really makes everyone's job a lot easier and saves expenses? We have reduced our hard cost and reduced employee time in handling the filings and no more mailing cost. It is user friendly, really easy to use and you can post numerous transactions at one time. If you have any questions or problems Cheyenne and Janet are always there to help you immediately. You can resolve and fix old Tags (problems) with the new EFS system. Since we went to using the new EFS System at the beginning of last year we do not have any Tags on the data submitted and we no longer have any outstanding Tags on policies submitted prior to this date."

Robert McCallum
McClelland & Hine, San Antonio, Texas:

"The EFS programmatic interface is an example of a well thought out and executed web service. Our use of the interface has allowed us to complete weeks worth of work in minutes and to shift our focus from keeping up to quality control. Also, we have integrated SLSOT reporting into our management system. My high opinion of the EFS system is solely due to the programmatic interface."

Matthew Wedell, CSR

Quirk & Company, San Antonio, Texas:

"The EFS system allows you to send policies and endorsements with just a click of the mouse. It's never been so easy!"

Thomas Blaquez, CSR

Quirk & Company, San Antonio, Texas:

"The EFS system combines fast and accurate results with the ability to make corrections without all the manual processes needed in the paper world."

Helen Hill, Assistant Vice-President

Burnett & Company, Houston, Texas

"I have been using the Electronic Filing System for almost two years. As most "oldtimers", I was reluctant to change procedures that had worked in the past but my boss encouraged me to at least try it out. I was sold on the idea soon after I went through the test phase and couldn't wait to go "live". The greatest things are not having to send copies of everything by mail and few or no tags. Cheyenne and Janet are great. They have great patience in dealing with any problems. I was surprised at the last seminar that so few agents use EFS. They don't know what they are missing and I encourage them to give EFS a try. Keep up the good work."

What are you waiting for?

Start Enjoying the Benefits
EFS Can Bring to Your Office!

Visit our website at www.slsot.org to find out how to register for the EFS or call our EFS Specialists Cheyenne Norment or Janet Kantor at (800) 681-5848. Either will be glad to walk you through the registration process or answer any questions you may have. ★



Officers Elected at SLSOT Annual Meeting

Colleen Cummings, ARM, was unanimously elected Chair of the SLSOT Board of Directors during the Annual Meeting held at the Stamping Office in March. Ms. Cummings is a Texas Tech University graduate and is employed as Risk Manager for The Hanover Company in Houston, Texas. Alan Smith, CPCU, ARM, Garland Independent School District, was elected Vice-Chairman, and Dan Whitt, CRC Insurance Services, Inc., will serve as Secretary for the year. ★

79th Texas Legislature

Legislation Proposed Relating to Surplus Lines Insurance

HB 693 By: Leibowitz. Disclosure of Liability Insurance Coverage

Requires an insurer, upon request from a third-party claimant, to provide to the requestor a copy of each insurance policy that gives liability coverage to an insured that may be liable for damages to the claimant, including excess and umbrella coverage. A corporate officer or claims manager of the insurer is also required to issue a statement under oath that provides the name of the insurer, name of each named insured, and limits of coverage under the policy. Upon request from a third-party claimant, an insured or the agent of the insured must provide a written statement to the requestor indicating the name of each insurer providing liability coverage to the insured and a description of the coverages. The request must also be forwarded to each of those insurers. The bill applies to policies written by eligible surplus lines insurers.

HB 2615 by Eiland. SB 1697 by Duncan. Surplus Lines & Unauthorized Insurance

Provides that an eligible surplus lines insurer is not subject to Chapter 101 of the Insurance Code. Redefines eligible surplus lines insurer in Chapter 981 as an insurer that is not an unauthorized insurer, but that is eligible and in which surplus lines insurance may be placed. Repeals Section 981.056, which states that an insurer may not issue surplus lines insurance if the insurer is obligated to pay a premium tax to Texas and has not paid the tax.

HB 2941 by Eiland. Agent Compensation

Prohibits an agent or any affiliate who receives compensation from the customer for the placing of a new or renewal policy from also receiving compensation from an insurer or other third party, unless the agent has obtained the customer's documented acknowledgement and provided a description of the method for calculating that compensation. The compensation disclosure requirement applies to surplus lines agents.

HB 2947 by Eiland. Agent Compensation

Prohibits an agent or any affiliate who receives compensation from the customer for the placing of a new or renewal policy from also receiving compensation from an insurer or other third party, unless the agent has obtained the customer's documented acknowledgement and provided a description of the method for calculating that compensation. However, unlike HB 2941, the compensation disclosure requirement does not apply to intermediaries, surplus lines agents placing surplus lines insurance, or agents whose sole compensation is derived from commissions, salaries, and other compensation from insurers.

HCR 59. By: Eiland. Opposing the State Modernization and Regulatory Transparency (SMART) Act

Resolution to oppose the SMART Act and any similar federal legislation that would interfere with the ability of state governments to regulate the business of insurance.

SB 1214 by Barrientos. Authority of a County to Select an Insurance Broker

Adds Section 262.036 to the Government Code. Grants a county the authority to select a licensed insurance "broker" as the sole broker of record to obtain proposals and coverages of insurance for the county in all areas of risk. The broker may be retained only on a fee basis and may not receive any other compensation from any other source.

SB 1564 by Janek. Repeal of Surplus Lines Bond

Eliminates requirement for a surplus lines agent to provide proof of financial responsibility to TDI. Agents have typically met this requirement through a \$50,000 surety bond. ★

U.S. Stamping Office Statistics

State	2005 Rates		Premium (millions)			Items		
	St. Fee	SL Tax	2004	2003	% Chg	2004	2003	% Chg
AZ	0.25%	3.00%	\$509.2	\$395.3	28.8%	47,275	39,258	20.4%
CA	0.225%	3.00%	\$5,518.9	\$5,098.9	8.2%	441,221	371,689	18.7%
CO	0.10%	3.00%	\$489.2	\$470.0	4.1%	49,119	43,792	12.2%
FL	0.25%	5.00%	\$2,980.3	\$2,821.6	5.6%	1,182,984	1,214,025	-2.6%
ID	0.50%	2.75%	\$66.2	\$57.4	15.3%	13,847	12,231	13.2%
IL	0.30%	3.50%	\$1,012.5	\$815.0	24.2%	109,440	92,662	18.1%
MS	0.25%	4.00%	\$264.2	\$233.7	13.1%	52,272	59,803	-12.6%
MT	1.00%	2.75%	\$47.9	\$36.8	30.2%	8,686	8,419	3.2%
NV	0.50%	3.50%	\$343.7	\$220.2	56.1%	22,390	16,906	32.4%
<i>Fee subject to \$25 minimum; no fee on endorsements</i>								
NY	0.30%	3.60%	\$3,134.9	\$2,540.5	23.4%	187,593	158,770	18.2%
<i>Certain add'l. fees apply for late filing, cancel., etc.</i>								
OR	0.25%	2.00%	\$257.1	\$238.1	8.0%	32,645	30,417	7.3%
<i>New stamping fee rate effective January 1, 2005</i>								
PA	\$ 15.00	3.00%	\$754.6	\$707.3	6.7%	103,709	102,947	0.7%
<i>Flat stamping fee rate of \$15 per original filing</i>								
TX	0.10%	4.85%	\$3,321.1	\$2,945.5	12.8%	996,340	928,743	7.3%
UT	0.25%	4.25%	\$146.2	\$135.9	7.6%	14,205	13,163	7.9%
WA	0.40%	2.00%	\$708.9	\$621.5	14.1%	105,077	103,728	1.3%
TOTAL			\$ 19,554.9	\$ 17,337.7	12.8%	3,366,803	3,196,553	5.3%

Gross premium reported in NY (calendar year).

TX data excludes \$344.7 million in "other state" & \$215.2 million in "tax exempt" premium.

Data includes the following in IP premium: CO - \$26.6 million / 812 policies FL - \$417.6 million / 9,433 policies

Items include certain non-premium filings in IL, NV, & TX.

E
F
S



■ To determine if an item has been filed with our office, you can run the Ad-Hoc Report -SLRP57Mod Individual Policy Transaction Listing with Securities. This will help prevent being tagged for "Parent Policy Not Found" as well as having duplicate entries.

■ For larger volume agencies, we ask you to submit batches

one to two times during the month rather than on the last day. Doing so will ensure that you have ample time to correct any tagged items before the month closes.

■ A new Ad-Hoc report has been created. The Suspense Listing by Agent (SLRP56) will display all outstanding tags for your agency. This is the same report you previously had to call and request. This report can be run for all tags or just those generated from the EFS.

■ If you frequently receive tags for "Total Tax (or stamping fee) does not match computed total...", double check your totals before posting your batch to help prevent errors. ★

EFS Help Desk
Toll Free (800) 681-5848

Burnes, Johnston Join SLSOT Board of Directors

Commissioner Jose Montemayor named Paula Burnes, Swett & Crawford, Dallas, and Milton O. Johnston, Milton O. Johnston & Company, Houston to the Surplus Lines Stamping Office of Texas Board of Directors. Both will serve 3-year terms. We congratulate them on their appointments and look forward to their participation on our Board. ★



Burnes



Johnston

Helpful Hints

■ We continue to receive batches with incorrect license numbers on the Transmittal and Verification Slip. Please verify that the number is correct before sending to our office. When the number is incorrect, this delays processing.

■ If your policy shows the premium for each individual coverage, it would be beneficial to us if the same premium allocation was shown on endorsements and cancellations. ★



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Presorted Standard
 U.S. Postage
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 Permit #216

Return Service Requested

Comparison of SLSOT Premium Processed by Line of Business

Annual Statement Line of Business	Premium through 03/05	Premium through 03/04	Percent Change
1 Fire (incl. allied lines)	\$158,443,371	\$195,473,143	-18.9%
2 Allied lines	\$4,164,306	\$8,848,802	-52.9%
3 Farmowners multiple peril	\$542,967	\$496,036	9.5%
4 Homeowners multiple peril	\$24,404,420	\$36,076,681	-32.4%
5 Commercial multiple peril	\$16,782,357	\$18,305,693	-8.3%
8 Ocean marine	\$418,013	\$980,403	-57.4%
9 Inland marine	\$16,076,239	\$18,651,770	-13.8%
11 Medical malpractice	\$29,443,607	\$30,749,486	-4.3%
12 Earthquake	\$14,912	(\$11,461)	230.1%
13 Group accident & health	\$19,802,065	\$27,549,336	-28.1%
15 All other A&H	\$293,723	\$324,658	-9.5%
17 Other liability	\$348,857,202	\$431,893,168	-19.2%
18 Products liability	\$9,396,054	\$12,734,543	-26.2%
19.2 Other priv pass auto lia	(\$1,114)	\$5,718	-119.5%
19.4 Other comm. auto liab	\$32,808,830	\$34,339,654	-4.5%
21.1 Priv pass auto physical	\$286,868	\$409,840	-30.0%
21.2 Comm auto phys.damage	\$15,975,097	\$20,524,364	-22.2%
22 Aircraft (all perils)	\$1,928,123	\$3,937,169	-51.0%
23 Fidelity	\$335,209	\$808,811	-58.6%
24 Surety	\$3,418,300	\$0	0.0%
26 Burglary & theft	\$178,467	\$483,098	-63.1%
27 Boiler & machinery	\$7,316	\$122,033	-94.0%
28 Credit	\$25,111,850	\$24,013,141	4.6%
31 Aggregate/other business	\$118,076	\$2,235,041	-94.7%
TOTAL	\$708,806,258	\$868,951,127	-18.4%

Note: Due to rounding figures may not total

Updated monthly premium totals can be found on-line at www.slsot.org/premium.htm

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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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