

Lone Star Lines

The Quarterly Publication of the Surplus Lines Stamping Office of Texas



INSIDE:

Mace, Rider,
& Spencer
Join SLSOT
Board of Directors
page 2

U.S. Stamping
Office Statistics
page 2

SLSOT
Publications
Changes
page 3

NAPSLO
Announces New
ASLI Designation
Requirements
page 3

Help Is Only
a Click Away
page 3

EFS
Quick Tips
page 3

Helpful Hints
page 3

Premium
Comparison
page 4

Stamping Office Odds & Ends

■ Texas Legislature

The Third Called Session of the 79th Texas Legislature began April 17. While the primary focus of the special session will be education finance reform, there is a growing consensus that a mechanism for funding of the Texas Windstorm Insurance Association must be found. Since TWIA's current insured exposure along the coast exceeds \$26 billion, this subject may be added to the list for legislators to consider.

■ TDI Data Call

In January, the Texas Department of Insurance issued a mandatory data call to all insurers, including surplus lines carriers, requesting policy counts in force as of December 31, 2005. The Stamping Office has been working with TDI to respond to data calls of this type on behalf of insurers.

■ Federal Regulation

Both the U.S. House and Senate are actively pursuing bills that would create some level of federal regulation of insurance. In the House, the SMART Act promotes uniformity of state laws while preserving state regulation by setting regulatory standards in numerous key areas, including market conduct, company and agent licensing, and surplus lines insurance. In the Senate, the proposed National Insurance Act would establish a dual system of regulation, similar to that available to banks, by creating a national regulator. Insurers and agents could choose an optional federal charter, permitting them to operate nationally with a single license, while avoiding the major regulatory powers of each individual state.

■ Multi-state exposures

In March, NAPSLO provided to the Surplus Lines Task Force of the National Association of Insurance Commissioners a white paper addressing the issues of regulatory compliance and premium tax allocation on surplus lines policies with multi-state exposures. "The Future Is Now"

suggests the solution lies in the development of a system of one-state filing and adoption by the states of an interstate tax compact. In reviewing these problems, the Task Force has requested input from the 15 US stamping offices.

■ Independently Procured

Numerous nonresident agents are filing policies with SLSOT whenever a policy issued outside Texas has an incidental Texas exposure. If Texas is not the primary state (home state of the insured, state where the majority of the risk is located), the Texas portion is deemed "independently procured." Under this example, the policy should not be filed with the Stamping Office, nor should a stamping fee be charged on the Texas premium.

■ Late Policy Filings

In April, SLSOT mailed out a "Late Policy Filing Report" to agents, which listed policies appearing to be reported to the Stamping Office later than the statutory deadline (i.e., the later of 60 days after a policy's issuance or effective date.) If your agency received this report, please review it to evaluate your filing procedures. ★



SLSOT Board Elects Baker 2006 Chairman

Greg Baker was unanimously elected Chairman of the SLSOT Board of

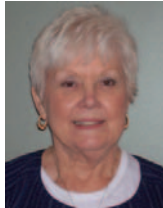
Directors during the Annual Meeting held at the Stamping Office in March. Mr. Baker is a University of Oklahoma graduate and is employed as a Sr. Vice President for Crump Insurance Services of Texas, Inc. in Dallas.

Bill Fink, Delta General Agency Corp., was elected Vice-Chairman, and Milton O. Johnston, Milton O. Johnston & Company, will serve as Secretary for the year. ★

Mace, Rider, & Spencer Join SLSOT Board of Directors



Mace



Rider

Commissioner Mike Geeslin has named Thomas Mace, Nabors Industries, Martha Rider, Fort Bend County, and Sharon Spencer (not pictured), Nursefinders, Inc., to the Surplus Lines Stamping Office of Texas Board of Directors. Mr. Mace and Ms. Rider will each serve 3-year terms while Ms. Spender will serve the remainder of an unexpired term. We congratulate them on their appointments and look forward to their participation on our Board. ★

SLSOT Publication Changes

Our procedure for receiving SLSOT manuals, monthly Bulletins, and the Lone Star Lines newsletter is changing. A licensed agent/agency or an eligible surplus lines company may elect to receive these publications free as a mailed "hard copy" or by email notification. If another individual within an agency or company requests additional copies of any of these publications, we will only offer the email version from this point forward. Since this greatly reduces cost for mailing, we are eliminating the fee (Procedures Manual \$75 and bulletins \$37.50) that we have been charging for this service.

At some future time, SLSOT will offer only on-line manuals and e-bulletins for all recipients. For now, this will help us work toward that goal. If you have any questions concerning this change, please contact Dalen Harris, Communication Coordinator, at (800) 449-6394 ext. 226 or dharris@slsot.org. ★

US STAMPING OFFICE STATISTICS

State	2006 Rates		Premium (millions)		% Chg	Items		% Chg
	St. Fee	SL Tax	2005	2004		2005	2004	
AZ	0.20%	3.00%	\$575.4	\$509.2	13.0%	50,210	47,275	6.2%
New stamping fee rate effective January 1, 2006								
CA	0.175%	3.00%	\$5,477.0	\$5,518.9	-0.8%	470,548	441,221	6.6%
New stamping fee rate effective January 1, 2006								
CO	—	3.00%	\$481.8	\$489.2	-1.5%	52,942	49,119	7.8%
Stamping fee temporarily eliminated effective January 1, 2006								
FL	0.20%	5.00%	\$3,666.6	\$2,980.3	23.0%	1,264,259	1,182,984	6.9%
New stamping fee rate effective April 1, 2006								
ID	0.50%	2.75%	\$74.3	\$66.2	12.2%	14,181	13,847	2.4%
IL	0.30%	3.50%	\$1,016.4	\$1,012.5	0.4%	108,567	109,440	-0.8%
MS	0.25%	4.00%	\$263.3	\$264.2	-0.3%	56,830	52,272	8.7%
MT	1.00%	2.75%	\$56.7	\$47.9	18.4%	8,185	8,686	-5.8%
NV	0.50%	3.50%	\$369.6	\$343.7	7.5%	25,343	22,390	13.2%
Fee subject to \$25 minimum; no fee on endorsements								
NY	0.20%	3.60%	\$3,451.1	\$3,134.9	10.1%	205,585	187,593	9.6%
Certain additional fees apply for late filing, cancel., etc.								
OR	0.25%	2.00%	\$289.2	\$257.1	12.5%	35,696	32,645	9.3%
PA	\$ 15.00	3.00%	\$821.1	\$754.6	8.8%	130,076	103,709	25.4%
Flat stamping fee rate of \$15 per original filing								
TX	0.10%	4.85%	\$3,046.4	\$3,321.1	-8.3%	902,532	996,340	-9.4%
UT	0.25%	4.25%	\$147.8	\$146.2	1.1%	15,471	14,205	8.9%
WA	0.40%	2.00%	\$738.3	\$708.9	4.1%	102,865	105,077	-2.1%
TOTAL			\$ 20,475.0	\$ 19,554.9	4.7%	3,443,290	3,366,803	2.3%

Gross premium reported in NY (calendar year).

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

TX data excludes \$585.7 million in "other state" & \$228.6 million in "tax exempt" premium.

Data includes the following in IP premium: CO - \$20.8 million / 583 policies, FL - \$551.8 million / 12,923 policies

NAPSLO Announces New ASLI Designation Requirements

One of the primary original objectives of the Derek Hughes/NAPSLO Educational Foundation was the creation of a professional Excess & Surplus Lines designation program, known as the Associate in Surplus Lines Insurance (ASLI) designation. The ASLI program was unveiled in 1995 and the designation is awarded at the NAPSLO Annual Convention. The ASLI designation recognizes those professionals who have attained a high level of training in surplus lines insurance.

The Foundation recently announced major changes to the ASLI designation program. The Insurance Institute of America, with the cooperation of the Foundation, is replacing the ASLI program's two required foundation courses and is establishing new complete rules. Two new required courses, ASLI 163

- Surplus Lines Insurance Operations and ASLI 164 - Surplus Lines Insurance Products, will replace ASLI 161

and ASLI 162. In addition, the current two elective course categories-coverage courses and operational courses-will be eliminated and students will be able to choose their electives from a single course list in a number of areas such as claims, underwriting, risk management, reinsurance, and finance. ★

For additional information on the ASLI program visit:

www.napslo.org/content/Foundation/ASLI/asli.htm



Help Is Only a Click Away!

For those filing policies with the Stamping Office, whether your agency is newly licensed, a non-resident licensee, or one who writes only the occasional surplus lines policy, help assistance is readily available to you. When you visit our website at www.slsot.org, scroll to Agent Information and you will find questions and answers on "How To File", printable forms such as the Transmittal & Verification Slip, Other States/Exempt Premium, the Complaint Notice, and the Guaranty Fund Stamp. You will also find a "Checklist for Submitting Items to SLSOT" which gives you a quick and easy way to be sure your submission is complete. Simply click on the



applicable topic for information. If you still have filing questions please call (800) 449-6394 or (512) 346-3274. Dialing extension 710 will take you directly to the Data Services

Department where staff will be happy to assist you. Under "Publications & Education" you are able to access our Procedures Manual, which includes parts of the Texas Insurance Code applicable to surplus lines. Please take the time to visit www.slsot.org and see for yourself. ★

E
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S

- When calling the EFS Help Desk, for security purposes, you are required to provide your name, the name of your agency, and your UserID. Please have this information ready when calling.
- Sharing of UserID/password is a violation of our security requirements. All users must have their own individual UserID.
- If your email address changes, the EFS Help Desk cannot update this information for you. These changes must be made by an EFS administrative user in your office.
- Date Extension endorsements should be entered as Renewal Policies.
- Please read all e-mails or faxes for notifications or other information from the EFS Help Desk. Sometimes it is necessary for you to forward this information to other EFS users or agency staff.

**The Help Desk hours are 8 am to 5pm CST
Toll Free (800) 681-5848**

Helpful Hints - paper filing of policies

- Wording and format for the Complain Notice can be found on our website @ www.slsot.org under Agent Information, Filing Forms.
- If the dec page indicates a premium amount for endorsements, be sure the endorsements are actually included with the policy and that they show the corresponding premium amount.
- A batch submission should include two copies of the T&V and only one copy of each item. ★



Lone Star Lines
Surplus Lines Stamping Office of Texas
P.O. Box 160170
Austin, Texas 78716-0170

Return Service Requested

**Comparison of SLSOT Premium Processed
 by Line of Business**

Annual Statement Line of Business	Premium through 3/06	Premium through 3/05	Percent Change
1 Fire (incl. allied lines)	\$156,684,221	\$158,201,734	-0.96%
2 Allied lines	\$6,598,683	\$4,164,211	58.46%
3 Farmowners multiple peril	\$413,522	\$542,967	-23.84%
4 Homeowners multiple peril	\$22,061,583	\$24,404,420	-9.60%
5 Commercial multiple peril	\$18,259,499	\$16,768,584	8.89%
8 Ocean marine	\$921,728	\$418,013	120.50%
9 Inland marine	\$17,535,015	\$16,174,305	8.41%
11 Medical malpractice	\$13,996,235	\$29,443,607	-52.46%
12 Earthquake	\$84,656	\$14,912	467.69%
13 Group accident & health	\$23,127,712	\$19,990,980	15.69%
15 All other A&H	\$592,043	\$293,723	101.57%
17 Other liability	\$400,255,924	\$348,629,168	14.81%
18 Products liability	\$11,273,745	\$9,284,725	21.42%
19.2 Other priv pass auto lia	\$1,660	(\$1,114)	249.01%
19.4 Other comm. auto liab	\$35,190,342	\$32,815,236	7.24%
21.1 Priv pass auto physical	\$145,145	\$286,868	-49.40%
21.2 Comm auto phys.damage	\$16,155,307	\$15,990,782	1.03%
22 Aircraft (all perils)	\$2,654,867	\$1,928,123	37.69%
23 Fidelity	\$506,117	\$335,209	50.99%
24 Surety	\$0	\$3,418,300	-100.00%
26 Burglary & theft	\$558,966	\$178,467	213.20%
27 Boiler & machinery	\$32,140	\$7,316	339.31%
28 Credit	\$29,182,844	\$25,397,644	14.90%
31 Aggregate/other business	\$462,042	\$118,076	291.31%
TOTAL	\$756,693,996	\$708,806,256	6.76%

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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Lone Star Lines Staff:
 Phil Ballinger, CPCU, ASLI
 Dalén Harris
 Elaine White, ASLI
 Brian Wilds, CPA, ASLI

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:

Lone Star Lines
SLSOT
P.O. Box 160170
Austin, Texas 78716-0170
phone (512) 346-3274 Austin
Toll Free (800) 449-6394
fax (512) 346-3422

SLSOT web site:
www.slsot.org
 General e-mail address:
info@slsot.org

You can locate a text copy of this and previous issues of this newsletter on our web site at:
www.slsot.org/LoneStarLines.htm

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