



Texas Department of Insurance

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REMINDER TO ALL SURPLUS LINES AGENTS FILING POLICIES WITH THE SURPLUS LINES STAMPING OFFICE OF TEXAS (SLSOT)

Pursuant to Texas Insurance Code Section 981.105, a surplus lines agent must file a new or renewal policy with the SLSOT not later than the 60th day after the later of the effective date or issue date. Effective May 28, 2011, Section 981.105 specifies the regulatory remedies the commissioner may take for late-filed surplus lines policies. Section 981.105 provides two authorized remedies for surplus lines agents who file policies late: fees and enforcement actions. The authorized remedies the commissioner may take vary according to the date filed and the percentage of policies you filed late during the *preceding* calendar year. The following table summarizes the authorized remedies:

When was the policy filed?	Past filing behavior – percentage of policies filed late in the prior year	Authorized Remedy
61 to 180 days after the policy effective or issue date	Less than 5 percent	\$50 fee per policy
61 to 180 days after the policy effective or issue date	Greater than 5 percent	\$100 fee per policy
181 to 364 days after the policy effective or issue date	Less than 2 percent	\$200 fee per policy
181 to 364 days after the policy effective or issue date	Greater than 2 percent	Enforcement Action
365 days after the policy effective or issue date		Enforcement Action

Contact the department via e-mail at Registrationteam@tdi.texas.gov, if disputing an error on the *2012 Annual Late Filer Report*. Otherwise, if questions involve fee and enforcement action calculations, see the examples on the following page. The department will not answer specific questions on calculations of individual fees and/or penalties until the notification letters have been sent out to agents by June 15, 2013. All inquiries must be in writing to the above e-mail address.

Do not send money to the department until the official fee notification letter has been sent to the agent by the department. Please note, the stamping office does not collect these regulatory fees and the *2012 Annual Late Filers Report* being sent to the agent is not an invoice.

Examples of Late Policy Fee/Enforcement Action calculation:

*Review the *2011 Annual Late Filers Report* for the late policy percentage rate and apply to the *2012 Annual Late Filers Report* number of days late to determine the fee per policy filed late to be incurred or possible enforcement action remedy to be assessed.

Example 1: ABC Agency – 2011 percentage rate 33.33%

3 Late Policies

Policy 1 – 40 days late (\$100 fee)

Policy 2 – 179 days late (\$100 fee)

Policy 3 – 300 days late (Enforcement Action)

Total Fees = \$200

Explanation:

Policy 1 and Policy 2 resulted in a \$100 per policy fee for which policies were less than 180 days late in 2012 but over 5% of policies filed late in 2011. Policy 3 resulted in an enforcement action as it was 181 days or more late in 2012.

Example 2: XYZ Agency – 2011 percentage rate 2.22%

3 Late Policies

Policy 1 – 10 days late (\$50 fee)

Policy 2 – 182 days late (Enforcement)

Policy 3 – 400 days late (Enforcement)

Total Fees = \$50

Explanation:

Policy 1 was less than 180 days late in 2012 but the percentage rate was less than 5% in 2011. Policy 2 and 3 resulted in enforcement action since these policies were over 180 days late in 2012 with percentage rates of over 2% for 2011. Policy 3 was over 364 days late in 2012 resulting in an automatic enforcement action regardless of the percentage rate.

Example 3: 123 Agency – 2011 percentage rate 1.83%

3 Late Policies

Policy 1 – 50 days late (\$50 fee)

Policy 2 – 190 days late (\$200 fee)

Policy 3 – 365 days late (Enforcement)

Total Fees = \$250

Explanation:

Policy 1 is less than 180 days late in 2012 and percentage rate less than 5% for policies filed late in 2011. Policy 2 is over 180 days late but less than 364 days late in 2012 and percentage rate was less than 2% for policies filed late in 2011.

Policy 3 was over 364 days late in 2012 resulting in an automatic enforcement action.