

# Lone Star Lines

The Quarterly Publication of the Surplus Lines Stamping Office of Texas

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## Commissioner Approves Stamping Fee Decrease

In December 2006 the Board of Directors of the Surplus Lines Stamping Office of Texas recommended to the Commissioner of Insurance a decrease in the stamping fee rate charged on Texas surplus lines policies. In March 2007 the Commissioner ordered that the rate be lowered from .1% (.001) to .06% (.0006), effective July 1, 2007.

The lower stamping fee rate will apply to each new or renewal surplus lines policy with an effective date on or after July 1, 2007. The new rate will apply also to policy date extensions if effective on or after this date. Policies effective on or before June 30, 2007 will run to expiration, cancellation, or next annual anniversary date (for multi-year policies) at the old rate of .1%. This includes any subsequent endorsements, audits, cancellations, reinstatements, installments, and monthly or quarterly reports.



**Effective  
July 1, 2007  
Texas Stamping  
Fee Reduced to  
.06%**

Policy Dates	Tax	Surtax	Stamping Fee
<b>Stamping fee rate change effective 7/1/2007</b>	<b>4.85%</b>	<b>0</b>	<b>.06%</b>
<b>Policies with inception 7/1/2007 and after</b>			
Policies with inception 7/1/2003 to 6/30/2007	4.85%	0	.10%
Policies with inception 4/1/2000 to 6/30/2002	4.85%	0	.25%
Policies with inception 1/1/1997 to 3/31/2000	4.85%	0	.15%
Policies with inception 1/1/1992 to 12/31/1996	4.85%	0	.10%
Policies with inception 1/1/1991 to 12/31/1991	4.85%	0	.23%
Policies with inception 9/1/1989 to 12/31/1990	4.85%	0	.40%

A complete copy of this rate chart is available at [www.slsot.org/ratetable.htm](http://www.slsot.org/ratetable.htm)

## SLSOT Board Elects Johnston 2007 Chairman

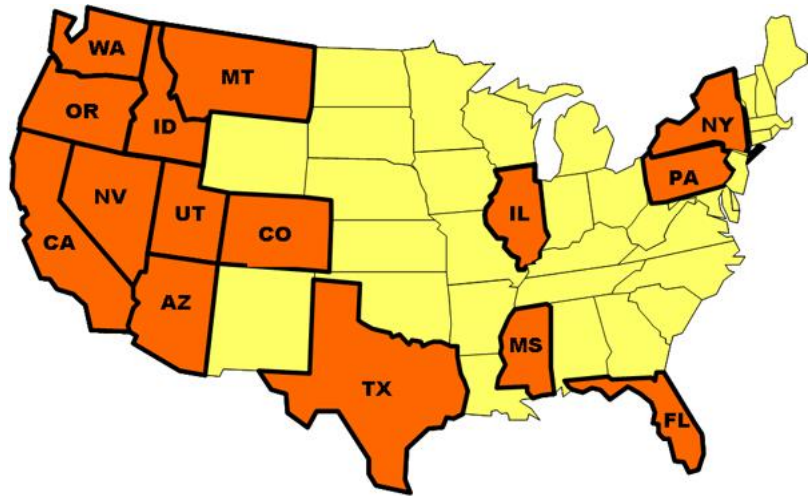


Milton O. Johnston was unanimously elected Chairman of the SLSOT Board of Directors during the Annual Meeting held at the Stamping Office in March. Mr. Johnston is President of Milton O. Johnston & Company in Houston, Texas.

Additional elections included Martha Rider, Vice-Chair, and Banos Georgiou who will serve as Secretary. Ms. Rider recently retired from Fort Bend County as Risk Manager. Mr. Georgiou is Executive Vice President for Burnett & Company, Inc. in Houston.

## U.S. Stamping Office / Service Office Production Statistics

In 2006, the 15 US stamping offices processed more than \$23.5 billion in surplus lines premium, an increase of 7.1% over the same period last year. However, no clear trend was evident, with some offices showing large increases and others experiencing declining premium in their states. Total items processed increased 2.8%, to 3.5 million. ★



State	2006 Rates		Premium (millions)		% Chg	Items		% Chg
	St. Fee	SL Tax	2006	2005		2006	2005	
<b>AZ</b>	0.20%	3.00%	\$568.7	\$575.4	-1.2%	63,025	50,210	25.5%
<b>CA</b>	0.125%	3.00%	\$6,025.1	\$5,477.0	10.0%	509,302	470,548	8.2%
New stamping fee rate effective January 1, 2007								
<b>CO</b>	---	3.00%	\$527.4	\$481.8	9.5%	55,937	52,942	5.7%
Stamping fee eliminated effective January 1, 2006								
<b>FL</b>	0.10%	5.00%	\$4,675.9	\$3,666.6	27.5%	1,251,516	1,264,259	-1.0%
New stamping fee rate effective April 1, 2007								
<b>ID</b>	0.25%	1.50%	\$76.3	\$74.2	2.8%	14,845	14,181	4.7%
New stamping fee & tax rates effective January 1, 2007								
<b>IL</b>	0.10%	3.50%	\$918.5	\$1,016.4	-9.6%	103,070	108,567	-5.1%
New stamping fee rate effective July 1, 2006								
<b>MS</b>	0.25%	4.00%	\$346.1	\$263.3	31.4%	63,840	56,830	12.3%
<b>MT</b>	1.00%	2.75%	\$55.7	\$56.7	-1.8%	9,334	8,185	14.0%
<b>NV</b>	0.40%	3.50%	\$443.9	\$369.6	20.1%	28,904	25,343	14.1%
New stamping fee rate effective January 1, 2007								
<b>NY</b>	0.20%	3.60%	\$4,002.6	\$4,952.2	-19.2%	213,523	205,585	3.9%
Additional fee of \$25 applies for late/erroneous filing								
<b>OR</b>	\$5.00	2.00%	\$320.8	\$289.2	10.9%	37,451	35,696	4.9%
Change to flat stamping fee effective October 1, 2006								
<b>PA</b>	\$15.00	3.00%	\$1,148.3	\$821.1	39.8%	152,409	130,076	17.2%
Flat stamping fee rate of \$15 per original filing								
<b>TX</b>	0.10%	4.85%	\$3,570.1	\$3,046.4	17.2%	921,724	902,532	2.1%
<b>UT</b>	0.25%	4.25%	\$162.4	\$147.8	9.9%	16,534	15,471	6.9%
<b>WA</b>	0.25%	2.00%	\$684.0	\$738.3	-7.4%	99,996	102,865	-2.8%
<b>TOTAL</b>			<b>\$23,525.8</b>	<b>\$21,976.0</b>	<b>7.1%</b>	<b>3,541,410</b>	<b>3,443,290</b>	<b>2.8%</b>

Gross premium reported in NY (calendar year).

Data for FL includes \$623.4 million / 13,217 policies in IP insurance.

Data for TX excludes \$759.9 million in "other state" & \$345.6 million in "tax exempt" premium.

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

## Benefits of Agency Licensing

An agency cannot service, submit policy filings, or pay stamping fees for their Texas surplus lines business if the entity has no Texas surplus lines license and the only individual holding a surplus lines license leaves. We know that all individuals who perform certain surplus lines insurance activities in Texas are required to have a Texas surplus lines license. A complete list of the activities can be found in Title 28, Section 15.3 of the Texas Administrative Code.

Entities can also obtain a surplus lines license in Texas. The use of an

agency's Texas surplus lines license to service, submit policy filings, and pay stamping fees eliminates the additional work required to change the surplus lines agent of record on the insured's copy of the policy and with the Stamping Office every time licensed personnel changes occur. It also resolves confusion over record keeping requirements, confidentiality, and tax payments. The agency needs only to notify the Texas Department of Insurance of licensed staff changes per Title 28, Section 15.4 of the Texas Administrative Code. ★

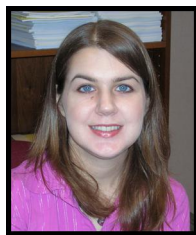
## Surplus Lines Interstate Compact

Final revisions are being made to the draft of an interstate compact for surplus lines policies insuring multi-state risks. The compact provides viable solutions to the increasingly difficult regulatory and tax compliance problems facing

agents placing these transactions. Key features of the proposed compact have been presented recently to the NAIC Surplus Lines Task Force and the draft will again be discussed during the NAIC June meeting in San Francisco. ★

## SLSOT Employee News

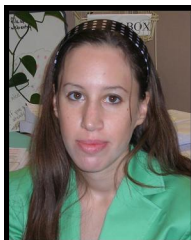
The Stamping Office welcomes several new employees to our staff. Laura Bryan, Jennifer Ross, and Trinidad Cervantes have joined the Stamping Office and are currently training as Data Entry Analysts in the Data Services Department. ★



Bryan



Cervantes



Ross

## QUICK TIPS

■ For security purposes, each EFS user must have his/her own User ID and password. The EFS Help Desk staff is unable to provide assistance without confirmation of a valid EFS User ID.

■ If your name, e-mail address, or phone number change, keep your EFS contact information up-to-date! This information must be changed by an EFS agency administrator and cannot be modified by the EFS Help Desk.

■ If a user is no longer using the EFS, or is no longer with your agency, be sure to inactivate this user as a security precaution.

■ When selecting coverage codes, 9050 (Property-Package) should not be combined with 9015 (Property-Fire/Allied Lines) or with 9334 (Gen Liab-Premises Liab Comm). If you are uncertain of the correct coverage and/or class codes, please contact the EFS Help Desk for assistance.

■ When entering a zip code, you should enter the zip code of the risk (not the zip code from the mailing address). Don't Forget: If this policy contains a windstorm/hurricane exclusion endorsement, select YES for Windstorm Exclusion. ★

EFS Help Desk (800) 681-5848

E  
F  
S



## Helpful Hints

### *Paper filing of policies*

■ The name and address of the procuring surplus lines agent must be shown on every policy, covernote, binder, or other confirmation of coverage as required by Sec 981.101(c) of the Texas Insurance Code.

■ Be sure premium amounts shown on the dec page match the premium amounts shown on the applicable coverage parts or schedules within the policy. If there is a discrepancy, the policy will be returned to you unprocessed.

■ Do not include Other States or Exempt premium amounts on the Transmittal and Verification Slip. These premiums are only shown on the Other States/Exempt Premium form. ★



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**Return Service Requested**

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

Annual Statement Line of Business	Premium through 4/30/07	Premium through 4/30/06	Percent Change
1 Fire (incl. allied lines)	\$236,422,407	\$221,260,325	6.85%
2 Allied lines	\$12,685,339	\$9,120,752	39.08%
3 Farmowners multiple peril	\$347,776	\$387,802	-10.32%
4 Homeowners multiple peril	\$25,789,253	\$28,597,989	-9.82%
5 Commercial multiple peril	\$44,303,325	\$28,273,980	56.69%
8 Ocean marine	\$3,066,348	\$1,943,844	57.75%
9 Inland marine	\$29,436,427	\$25,704,555	14.52%
11 Medical malpractice	\$19,718,318	\$22,594,029	-12.73%
12 Earthquake	\$229,880	\$90,961	152.73%
13 Group accident & health	\$30,921,573	\$28,169,948	9.77%
15 All other A&H	\$362,980	\$738,500	-50.85%
17 Other liability	\$577,264,989	\$521,328,559	10.76%
18 Products liability	\$14,138,845	\$14,221,184	0.58%
19.2 Other priv pass auto lia	\$0	\$2,817	-100.00%
19.4 Other comm. auto liab	\$41,303,320	\$47,314,699	-12.71%
21.1 Priv pass auto physical	\$529,461	\$403,422	31.24%
21.2 Comm auto phys.damage	\$22,548,339	\$20,798,853	8.41%
22 Aircraft (all perils)	\$3,802,595	\$4,271,844	-10.98%
23 Fidelity	\$167,821	\$516,234	-67.49%
24 Surety	\$5,200	\$0	0.00%
26 Burglary & theft	\$482,610	\$657,920	-26.65%
27 Boiler & machinery	\$911,467	(\$3,606)	25376.40%
28 Credit	\$93,851,811	\$56,769,468	65.32%
31 Aggregate/other business	\$8,430	\$111,702	-62.45%
<b>TOTAL</b>	<b>\$1,158,298,514</b>	<b>\$1,033,275,781</b>	<b>12.10%</b>

Note: Due to rounding figures may not total

Updated monthly premium totals can be found on-line at [www.slsot.org/premium.htm](http://www.slsot.org/premium.htm)

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

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