

Lone Star Lines

The Quarterly Publication of the Surplus Lines Stamping Office of Texas



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Update on Late Filings

There continues to be much confusion regarding the "three quarters" Late Filing Report mailed out in December 2011. The Late Filing Report for the first three quarters of 2011 was sent to the Texas Department of Insurance (TDI) at the same time it was sent to the surplus lines agents. This report was sent in lieu of an annual report. It was a summary of transactions already identified on monthly reports from January 2011 through September 2011. Any adjustments made by the Stamping Office or by agents themselves (using the EFS policy ID tie back) on or before **12/09/11** would have been removed prior to our running the report.

If adjustments were not made before the "three quarters" report was run – it is too late for us, the Stamping Office, to make or accept any further adjustments on these particular transactions.

These must be addressed with TDI. Since they now have the report, they are the only ones who can "white-out" or "erase" a transaction still listed on the report.

We can, however, still accept documentation for transactions listed on the October, November, and December 2011 reports, but only until February 10. After that date, we must provide the "fourth quarter" Late Filing Report to TDI.

There will not be an annual report for 2011.

- Do not attempt to calculate your own late-filing fees or assessments and don't send payments to TDI until you receive a notice from them.
- Do not re-enter a transaction to change the issue date to one that is later than the original entry (report) date.
- Do not reverse and re-enter a transaction to "correct" the issue date you either failed to enter or entered incorrectly. All you will do is make the policy appear to look even later. This is not acceptable for adjustment.
- Do not mistakenly assume because you submit a policy to the Stamping Office it is considered to be filed. If a policy is submitted



"If I may continue to beat this dead horse..."

within the 60 day requirement but we are unable to process it because of deficiencies of some type, it will be returned with a tag memo identifying the error needing correction. If the tagged item is not corrected in a timely manner, then the policy may be considered late filed when it is finally processed. Remember, if an item is returned to you unprocessed it is not filed with the Stamping Office. (See 28 TAC, Sec.

(continued, Late Filing, page 2)

(Continued, Late Filing, from page 1)

15.13. Correct Execution Required for Filing.)

- **Do not leave any EFS batches in an Open state.** A transaction is not filed until the batch has been posted and the item has posted without error.

- **Resolve your EFS tags in a timely manner.** A transaction is not considered filed until it is successfully posted without error.

- **We strongly suggest that you use the "Correction Re-Entry" option for any necessary corrections that require a reversal and re-entry of the policy transaction.**

- **Do not try to circumvent the system rules or procedures in an attempt to fix, undo, or improperly manipulate a late filing.** Call the EFS Help Desk if you are uncertain of the correct process or procedure, or to determine if a fix is even possible.

- **Do not hide the Late Filing report from your supervisor or the agency principal or license holder.** Please make sure your Texas Surplus Lines Stamping Office contact information is up to date and those responsible for filing with SLSOT have access to bulletins, e-mails, etc. Ensure your employees receive adequate training and that procedures are in place for your office to comply with the Texas surplus lines 60 day policy reporting requirements.



Actual Questions We Have Received:

Q: Is the Late Filing Report available on the website?

A: No, it is not on the website (EFS or www.slsot.org) and there is no plan to make it available there in the immediate future.

Q: Why don't you send out a report telling us when we have no late filings?

A: There are typically fewer than 200 agents listed on each report. However, there are currently over 5500 Texas licensed surplus lines agents. The postage costs alone would be prohibitive if we were to mail a "0" report to every license holder. Even though there is a requirement for notifying TDI of address changes, this procedure is not always followed. We would be overrun with returned mail.

Q: I sent you documentation to explain why I filed the policy late. Why didn't you remove it from the report?

A: Because it was late. Your explanation cannot remove a policy from the report if it was actually filed late. Only TDI has the authority to consider your explanation and take action.

Q: Nobody told me. Where does it say I have to file in 60 days? My boss says I have to have it in writing.

A: Texas Insurance Code, Section 981.105 (a) states "Not later than the 60th day after the later of the effective date or issue date of new or renewal surplus lines insurance, a surplus lines agent shall file with the stamping office: (1) a copy of the policy issued; or (2) if the policy has not been issued, a copy of the certificate, cover note, or other confirmation of insurance delivered to the insured."

Link to statute: <http://www.statutes.legis.state.tx.us/SOTWDocs/IN/htm/IN.981.htm#981.105>

All recent SLSOT bulletins relating to late filing can be found on our website at www.slsot.org:

#SO-2012- 02
(January 25, 2012)

#SO-2011-15
(September 2, 2011)

#SO-2011-10
(June 10, 2011)

#SO 2011- 02
(January 19, 2011)

TDI Issues Policy Count Data Call

TDI Commissioner's Bulletin (#B-0001-12) requires that all insurers, including surplus lines insurers, provide to the agency the number of Texas policies in force as of December 31, 2011. The Stamping Office is responding to this data call again this year on behalf of those surplus lines carriers not wishing or able to directly provide the information themselves. In past years, SLSOT's involvement has been at the request of both NAPSLO and PCI. The Stamping Office provided preliminary data to each insurer in mid-January and will update the information in March, prior to reporting the data to TDI.

SLSOT Training Videos Now Available!

The Stamping Office has added four new on-demand video titles to our on-line library that can assist you in understanding the new surplus lines regulatory filing issues.



1. 2011 Texas Surplus Lines Insurance Regulation
2. EFS Correction Re-Entry 2011
3. NRRS BS IS Entry 2011
4. 2011 Late Filing

Follow the link below to access these files:

<http://www.slsot.org/SLSOT/PubEdInformation/Seminars/seminarhome.html>

Insurance Premium Tax - Electronic Reporting & Payment

An Update from the Texas Comptroller of Public Accounts

The Comptroller's electronic reporting and payment system (Webfile - <http://www.window.state.tx.us/webfile/>) provides cost savings and convenience when filing your insurance reports. Reporting and paying options are available electronically 24 hours a day, seven days a week, so we encourage you to use these services to save time, money and paper.

The WebFile system allows taxpayers to submit payment by credit card, electronic check or, if enrolled, via TEXNET. The TEXNET system is the state's electronic funds transfer system. If you owe more than \$100,000 in tax, you must use the TEXNET system.

Reporting Premium Taxes - The electronic reporting system is available to all taxpayers submitting premium tax data. Taxpayers who paid \$50,000 or more in premium taxes for the previous tax year are required to electronically file their reports. Taxpayers required to file electronically do not receive paper forms from the Comptroller's office, whether the taxpayer actually filed electronically or not. Voluntary electronic filers who report twice using the WebFile system no longer receive paper forms. Instead, we send an email to the address registered with the WebFile system to remind taxpayers of upcoming tax filing deadlines, so keep that address current!

How to Login to WebFile - To log in to WebFile, you will need your 11-digit taxpayer number and the WebFile or RT number. Your RT number is unique and is pre-printed on the blank tax report that is mailed to you. You will create a User ID and password and can use that information to file multiple reports.

Paying Premium Taxes - Taxpayers who paid \$10,000 or more in the preceding state fiscal year must transmit payments electronically by Electronic Funds Transfer (EFT) via WebFile or pay by credit card. Taxpayers who paid \$100,000 or more in the preceding fiscal year are required to pay via the TEXNET system. You must enroll in the TEXNET system prior to use, so contact us early to ensure you don't miss your deadline. Taxpayers who are subject to mandatory electronic filing and payment of insurance premium tax who fail to do so are subject to a 5 percent penalty.

Nonadmitted & Reinsurance Reform Act (NRRA) - The Comptroller's Publication 94-431 contains detailed information regarding changes that affect the placement of surplus lines insurance policies. The instructions to Surplus Lines Tax Form 25-104 have been updated to reflect these changes. ★

Taxes Due March 1

Taxes on all 2011 surplus lines business are due to the Texas Comptroller of Public Accounts by March 1, 2012. If you held a surplus lines agent's license at any point in 2011, you are required to file a tax report, even if you wrote no business during the year. This applies to both individual and agency licensees. Remember that each agency must pay taxes based on its own internal accounting records, not on SLSOT's Annual Agent Report.

Additional information can be found on the Comptroller's Window on State Government website at: <http://window.state.tx.us/>

Employee News

Congratulations to Veronica Bohannon and Angelica Perez on their recent promotions in our Data Services Department. Ms. Bohannon was promoted to Data Quality Assurance Supervisor and has been employed with SLSOT since 2000. Ms. Perez was promoted to EFS Help Desk Specialist II and has been with our office since 2001. We wish them continued success in their new positions. ★

EFS Quick Tips

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

- When submitting a password reset request, please be sure to provide the User ID to be reset, the agency name, the surplus lines license number, and the signature of an agency principal. Because we do not e-mail the new password information, it is also necessary to provide the user's name and telephone number. Do not reuse a previously submitted password reset request.
- The purpose of our coding is to gather and report statistical information about surplus lines business written in the state of Texas. The coverage, class, and company are critical components of our reporting information.



Helpful Hints

Paper Policy Filing

- Items 3 and 4 of the Texas Complaint Notice should show the name and phone number of the insurance company - not the surplus lines agent/agency.
- Item 6 of the Texas Complaint Notice should show both the website and e-mail address for the Texas Department of Insurance
- Be sure to use the Green Security Correction Transmittal when correcting security tags or submitting security corrections.

Comparison of SLSOT Premium Processed by Line of Business

Annual Statement Line of Business	Premium through 1/31/2012	Premium through 1/31/2011	Percent Change
1 Fire (including allied lines)	56,202,816	38,945,913	44.31%
2 Allied lines	2,962,623	1,784,851	65.99%
3 Farmowners multiple peril	82,008	98,688	-16.90%
4 Homeowners multiple peril	7,142,657	6,883,573	3.76%
5 Commercial multiple peril	14,603,707	11,378,434	28.35%
8 Ocean marine	1,904,637	1,503,266	26.70%
9 Inland marine	6,518,184	3,686,077	76.83%
11 Medical malpractice	3,217,641	2,462,723	30.65%
12 Earthquake	(10,001)	(1,578)	-533.80%
13 Group accident & health	8,116,180	6,587,026	23.21%
15 All other A&H	296,976	575,581	-48.40%
17 Other liability	117,933,321	89,332,980	32.02%
18 Products liability	2,068,517	1,321,175	56.57%
19.2 Other private passenger auto liability	545	0	0.00%
19.4 Other commercial auto liability	7,145,714	9,170,416	-22.08%
21.1 Private passenger auto physical	228,399	237,549	-3.85%
21.2 Commercial auto physical damage	4,158,456	3,203,830	29.80%
22 Aircraft (all perils)	(429,448)	(1,315,981)	67.37%
23 Fidelity	37,461	250,897	-85.07%
24 Surety	3,761	(1,604)	334.48%
26 Burglary & theft	426,289	260,014	63.95%
27 Boiler & machinery	(602,578)	(15,500)	-3787.60%
28 Credit	8,849,487	23,623,346	-62.54%
31 Aggregate/other business	0	0	0.00%
TOTAL	240,857,352	199,971,676	20.45%

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

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