



# Lone Star Lines

The Quarterly Publication of the Surplus Lines Stamping Office of Texas

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## Zip Code Requirements for Surplus Lines Policies

There has been some confusion regarding the requirement for the inclusion of the Texas zip code of the risk location if the effective date of the policy is post-NRRA (on or after 07/21/11). Many of you think that because the document shows the mailing address of the insured this is all that is needed. This is not a correct assumption.

Texas Insurance Code, Sec. 981.101(c) states that a surplus lines document must show both:

1. *the description and location of the subject of the insurance, and*
2. *the name and address of the insured*

If the zip code is the same as the mailing address, it is acceptable to write a note on the dec page stating "risk location same as mailing address," unless it is a PO Box. The zip code must be for a physical address. It is also acceptable to write on the dec page "risk location zip code is XXXXX" – filling in the appropriate zip code. Writing this

information on the copy of the policy submitted to the Stamping Office is not altering the policy or amending coverage in any way. If you do not feel comfortable writing this information on the policy, you can type or print it on a label or sticker or stamp. The filing agent/agency is responsible for providing this information to the Stamping Office, not the insurer.

Also, quite often, there are multiple locations shown on the policy. In this instance, you should enter or provide us with the single Texas zip code that reflects the greatest Texas exposure or highest limit or risk.

This requirement applies to all lines of business, not just property. The zip code must be provided on all policies, binders, cover notes, and date extensions. Please correct and resubmit tagged policies as quickly as possible to avoid late filings. For questions, please call Elaine White, Director of Data Services at (512) 225-1853.

## Windstorm Exclusion Endorsements

Agencies using web entry to file policies through the Electronic Filing System (EFS), please look for any Windstorm Exclusion endorsements listed on the forms page. If your policy has a windstorm exclusion endorsement, please remember to change the "Windstorm Exclusion?" radio button

to "Yes." If the policy has multiple locations, some with windstorm excluded and some without, rely on the Texas zip code entered to determine whether to select "Yes" on the windstorm exclusion. In other words, if windstorm is excluded for the location entered, select "Yes." See example below.

Zip Code for Risk Location	<input type="text"/>
Windstorm Exclusion?	<input type="radio"/> Yes <input checked="" type="radio"/> No

## Insurer Evidence Filing Requirements 2014

The Texas Department of Insurance (TDI) has issued the filing requirements for insurers wishing to become eligible or remain eligible.

The Stamping Office issued a bulletin in January (SO-2014-02) containing the requirements letter and checklists. The filing requirements are available on the Stamping Office website ([www.slsot.org](http://www.slsot.org)) and the TDI website ([www.tdi.state.tx.gov](http://www.tdi.state.tx.gov)). Legislation effective June 14, 2013 aligned the Texas surplus lines statute with the federal law Non-Admitted and Reinsurance Reform Act (NRA) that preempts certain state laws in regard to oversight of surplus lines insurers.

## TDI Policy Count Data Call

As in recent years, a Texas Commissioner's Bulletin (#B-0001-14) requires that all insurers, including surplus lines carriers, provide the number of Texas policies in force as of December 31, 2013. For surplus lines policies, this is applicable to transactions where Texas is the home state of the insured. The Stamping Office is responding to this data call again in 2014 on behalf of those surplus lines insurers not wishing or able to directly provide the information themselves. SLSOT provided preliminary data to each insurer in January and will update the information in March, prior to reporting the data to TDI. Please refer questions regarding the data call to Elaine White, Director of Data Services, at (512) 225-1853.

## SLSOT Employee News

The Stamping Office welcomed Mikaela Elkerton to our office in November. Mikaela is employed as a Data Quality Assurance Clerk in the Data Services Department.



## Commissioner Appoints New Directors

Commissioner Julia Rathgeber has appointed Randle Loving, Vice President, Loving and Etheredge, Inc., Paul Rainey, President, RSI International, Inc., and Cynthia Vickers, Risk & Insurance Director, Express Energy Services Operating, LP to the SLSOT Board of Directors. Each director will serve a 3-year term. We congratulate them on their appointments and look forward to their participation on our Board!



Loving



Rainey



Vickers

*Milton O. Johnston  
July 19, 1939 - September 23, 2013*

*SLSOT Board of Directors, 2005-2007  
Chairman of the Board, 2007*





## Taxes Due March 1

**T**axes on all 2013 surplus lines business are due to the Texas Comptroller of Public Accounts by March 1, 2014. If you held a surplus lines agent's license at any point in 2013, 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/>

## Helpful Hints

Paper Policy Filing

- For Late Filing adjustments: We now have a form available on the SLSOT website for you to fill out and submit - by e-mail - along with the appropriate, supporting documentation. Instructions are on the form. You must follow them completely for the confirmation to be returned to you. Please remember these adjustments are only for the monthly late filers reports. The form and supporting documentation must be e-mailed to [vbohannon@slsot.org](mailto:vbohannon@slsot.org). Quick link: <http://www.slsot.org/SLSOT/AgentInformation/filingforms.html>, then click on Monthly Late Filing Request for Adjustment form.
- When submitting items for EFS data validation, it is necessary to submit a full and complete copy of the binder and/or policy that was requested. You should include all forms, coverage parts, schedules, and the required notices to the insured (Complaint Notice and Non-Participation in the Guaranty Fund). Utilize the "Checklist for Submitting Items for Validation" when preparing these policies/binders for submission.
- For questions regarding your EFS data validation, e-mail the Data Quality Assurance department at [EFSDDataVal@slsot.org](mailto:EFSDDataVal@slsot.org). For items containing errors, e.g., Class Code, Zip Code, Windstorm Exclusion, Policy Number, Coverage Code, Premium, etc., a EFS Data Validation Correction "How to Guide" is included with your results letters. Any items that may require correction are highlighted in yellow. For assistance in making EFS corrections, please contact the EFS Help Desk at (800) 681-5848 or e-mail [efshelp@slsot.org](mailto:efshelp@slsot.org).

## EFS Quick Tips

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

- Tax filings and payments are made directly to the Comptroller of Public Accounts for Texas. The filings made with the Stamping Office are not considered "tax filings." The filings made with our office satisfy the statutory Stamping Office filing requirement and are considered "Stamping Office filings." When asking questions of our office, please be certain to clarify which you are asking about because it may be necessary to refer you to the Comptroller's office for tax questions.
- When calling the EFS Help Desk for assistance, please be prepared to provide your name, your EFS User ID, the name of your agency, and applicable surplus lines license number. This allows our office to correctly identify you (as the user) and locate your agency's transactions.
- When e-mailing the EFS Help Desk, it is imperative that you include a subject line with your e-mail. We receive a large volume of e-mails every day. When we receive many emails with a blank subject or a single word such as "HELP" or "Coding", it takes our office longer to respond because we have to first make sure the e-mail was not previously addressed. It would be most helpful to our office (and your agency for later research) to include information that is specific to your e-mail/question, such as policy number and named insured. By including this specific information, we can respond more quickly and accurately. Additionally, we will be able to later retrieve your specific e-mail in a more timely manner.
- We recommend that all EFS users have Administrative Authority. This authority simply allows users to reset other users' passwords and/or create new user IDs. It does not grant any additional responsibility or authority. We also recommend that every agency have more than one EFS user that is active and that has received adequate training. That way, in the case of emergency, illness, or vacation, you will be able to ensure that filings will be made in a correct and timely manner.

# Comparison of SLSOT Premium Processed by Line of Business

Annual Statement Line of Business	Premium through 1/31/2014	Premium through 1/31/2013	Percent Change
1 Fire (including allied lines)	\$78,007,501	\$59,119,420	31.95%
2 Allied lines	\$3,550,239	\$3,252,926	9.14%
3 Farmowners multiple peril	\$167,710	\$65,963	154.25%
4 Homeowners multiple peril	\$10,507,577	\$9,440,687	11.30%
5 Commercial multiple peril	\$14,989,407	\$18,188,248	-17.59%
8 Ocean marine	\$300,657	\$1,518,299	-80.20%
9 Inland marine	\$5,476,527	\$6,300,211	-13.07%
11 Medical malpractice	\$4,088,014	\$5,538,776	-26.19%
12 Earthquake	\$25,314	\$15,131	67.30%
13 Group accident & health	\$7,855,564	\$9,224,555	-14.84%
15 All other A&H	\$420,513	\$348,960	20.50%
17 Other liability	\$113,283,889	\$118,923,480	-4.74%
18 Products liability	\$1,477,428	\$1,119,244	32.00%
19.2 Other private passenger auto liability	\$0	\$0	0.00%
19.4 Other commercial auto liability	\$4,444,209	\$9,949,746	-55.33%
21.1 Private passenger auto physical	\$262,153	\$262,912	0.29%
21.2 Commercial auto physical damage	\$10,231,493	\$6,063,850	68.73%
22 Aircraft (all perils)	\$311,860	\$117,353	165.74%
23 Fidelity	\$188,969	\$1,429,937	-86.78%
24 Surety	\$432,716	\$1,144,891	-62.20%
26 Burglary & theft	\$5,745	\$294,027	-98.05%
27 Boiler & machinery	\$15,758	\$4,227	272.79%
28 Credit	\$19,016,913	\$51,932,560	-63.38%
31 Aggregate/other business	\$409,916	\$115,874	253.76%
TOTAL	\$275,470,072	\$304,371,277	-9.50%

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](http://www.slsot.org) under the link Texas Market Data.



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The "Lone Star Lines" newsletter is published quarterly by the Surplus Lines Stamping Office of Texas for surplus lines agents, companies, and others involved in the surplus lines industry.

The Lone Star Lines staff includes Phil Ballinger, CPCU, ASLI; Dalén Keith, CIW; Elaine White, ASLI; and Brian Wilds, CPA, ASLI.

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

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