

Lone Star Lines

Volume 5, 1999 ~ April-June Issue ~ Surplus Lines Stamping Office of Texas

www.slsot.org

Legislative Update - 76th Texas Legislature

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Legislators have filed several bills during the 76th Legislative Session that will affect the surplus lines industry, if passed. The bill numbers (at press time) and brief comments on each appear below. You can learn more about these bills, see status updates on each, and read the bill texts in their entirety by accessing the Stamping Office website at www.slsot.org.

HB 1370 *by Burnam*

Permits an insurer to be named as a party to a lawsuit when an insured having liability insurance coverage from that insurer is a defendant in a suit for recovery of damages. The bill includes surplus lines insurers.

HB 2035 *by Hawley*

Expands the Transportation Code to permit surplus lines insurers to write accidental insurance coverage for commercial motor carriers. At present, surplus lines insurers can only write liability coverage for these motor carriers.

HB 3041 *by Smithce*

Revises the time requirements for payment of claims by surplus lines insurers to conform with those required of licensed carriers. The insurer must, no later than the 15th day following receipt of notice of the claim (1) acknowledge receipt of the claim, (2) begin any investigation, and (3) request any required information from the claimant. Payment of the claim must be made within five business days from the date the insurer

notifies the claimant the claim will be paid. If payment of the claim is conditioned on the performance of some act by the claimant, the claim must be paid within five business days from the date the act was performed.

HB 3212 *by McCall*

Comptroller of Public Accounts legislative package. Section 2 of the bill sets May 15th as filing date for independently procured insurance tax payments. Section 3 revises Article 1.14-2 of the Insurance Code to adjust basis of surplus lines insurance taxation to either premiums written or premiums received; requires prepayment of surplus lines taxes whenever accrued taxes due exceed \$70,000; and eliminates the requirement for surplus lines agents to maintain a tax trust account.

HB 3344 *by Durman*

An insurer obligated to defend an insured under a casualty insurance policy may not provide to the insured an attorney under the employment of or contracted to the insurer, unless the insurer complies with applicable rules to be adopted by the Commissioner of Insurance. Applies to surplus lines insurers.

HB 3501 *by Puente*

In addition to existing requirements, no later than 30 business days after the receipt of a claim, a surplus lines insurer must mail a complete copy of the applicable insurance policy to the claimant.

SB 248 *by Ellis*

Requires each insurer authorized to write insurance in Texas (including a surplus lines carrier) writing at least \$2 million in

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premium annually in the state to invest in low-income communities in Texas. Each insurer must make a report of its community investments each year to the Texas Department of Insurance.

SB 922 by *Wentworth*

Forbids engaging in the business of insurance without a certificate of authority. Prohibits the issuance of a surplus lines insurance policy, effectively eliminating the surplus lines market and the Surplus Lines Stamping Office of Texas.

SB 956 by *Madla*

companion bill

HB 2790 by *Island*

TDI's legislative package to amend the agent licensing laws. The bills combine or eliminate various types of licenses; create a "property and casualty" license; change licensing requirements for corporate officers and directors; remove the restrictions against the writing of business by non-resident agents; lengthen the licensing period to 5 years; and revise continuing education requirements.

SB 1336 by *Madla*

TSLA's proposed revisions to the requirements for a surplus lines license. Only Texas residents may be individually licensed. Partnerships or corporations may be licensed as a surplus lines agent if at least one officer or director is a Texas resident and has passed the surplus lines examination. Any other persons performing the acts of a surplus lines agent on behalf of the partnership or corporation must hold an individual surplus lines license. A non-resident surplus lines license remains limited to the writing of purchasing group business. ★

For more information: **CLICK HERE** 

We see that a growing number of you are accessing the Stamping Office web site. At press time, we had recorded more than 14,000 "hits" on the site this year. Hopefully, this means you are finding www.slsot.org a source for information you can use in your business. We plan to continue updating the web site with current Surplus Lines Insurers Lists including company financial summaries, *Lone Star Lines* newsletter articles, and the most

recent surplus lines premium statistics, as well as announcements regarding time and location of Stamping Office seminars and updates on bills from the current legislative session. If you haven't done so, point our way!

If there is something you would like to see on the web site, we want to hear from you. Please send your comments to Webmaster, SLSOT, P.O. Box 9906, Austin, Texas 78766-0906, or e-mail us at webmaster@slsot.org.

Officers Elected

The following members were elected as board officers during the meeting held at the Stamping Office in March:

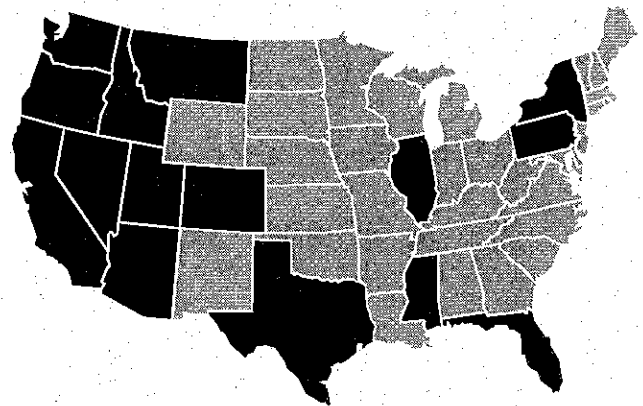
Brent Davis, Chairman
Judge Woody McArthur, Jr., Vice Chairman
Clay Bartrug, Secretary

Batchman's Helpful Hints

- ▶ Remember to show your license number on all Transmittal and Verification Slips and be sure the number is correct.
- ▶ Each batch submitted should be fastened together, either by rubber bands, clips, or staples. ★

U.S. Stamping Offices

There are presently 15 stamping offices located throughout the United States. Below is a listing of these offices.



Surplus Line Association of Arizona
Surplus Line Association of California
Surplus Lines Association of Colorado
Florida Surplus Lines Service Office
Surplus Line Association of Idaho, Inc.
Surplus Line Association of Illinois
Mississippi Surplus Lines Association
Montana Surplus Lines Agents Association, Inc.
Nevada Surplus Lines Association
Excess Line Association of New York
Surplus Line Association of Oregon
Pennsylvania Surplus Lines Association
Surplus Lines Stamping Office of Texas
Surplus Line Association of Utah
Surplus Line Association of Washington

(602) 279-6344
(415) 434-4900
(303) 331-9399
(850) 224-7676
(208) 336-2901
(312) 263-1993
(601) 713-1111
(406) 443-7324
(702) 826-7898
(212) 425-1022
(503) 297-7007
(610) 594-1340
(512) 346-3274
(801) 467-8421
(206) 682-3409

Gerry Silver, Manager
Ted Pierce, Executive Director
John Weihey, Executive Director
Gary Pullen, Executive Director
Wendy Tippetts, Manager
David Ocasek, Executive Director
Larry Rademacher, Executive Director
Mary Ann Ruzevich, Coordinator
Lynn Twaddle, Executive Director
Dan Maher, Executive Director
Ron Rother, Executive Director
Ken Rudert, Executive Director
Charles Tea, Jr., General Manager
Sylvia Bruno, Executive Manager
Kendel Lyman, Manager

1997 Texas Premium by Line of Business by Market Segment

(000's of Dollars)

	Rate Regulated	Pct	Co. Mutuals	Pct	Surp. Lines	Pct	Totals
Fire & Allied Lines	\$ 1,126,987	81.4%	\$ 32,389	2.3%	\$ 225,285	16.3%	\$ 1,384,661
Farmowners Multiple Peril	\$ 57,387	96.6%			\$ 2,047	3.4%	\$ 59,434
Homeowners Multiple Peril	\$ 2,552,403	98.2%	\$ 6,660	0.3%	\$ 40,480	1.6%	\$ 2,599,543
Commercial Multiple Peril	\$ 922,441	97.2%	\$ 48	0.0%	\$ 26,961	2.8%	\$ 949,450
Mortgage Guaranty	\$ 179,530	100.0%			\$ -		\$ 179,530
Ocean Marine	\$ 142,185	94.2%			\$ 8,827	5.8%	\$ 151,012
Inland Marine	\$ 448,857	90.3%	\$ 29,955	6.0%	\$ 18,201	3.7%	\$ 497,013
Financial Guaranty	\$ 50,765	100.0%			\$ -		\$ 50,765
Medical Malpractice	\$ 287,266	94.7%			\$ 16,031	5.3%	\$ 303,297
Earthquake	\$ 1,941	99.4%			\$ 12	0.6%	\$ 1,953
Group A&H	\$ 197,115	73.8%			\$ 70,148	26.2%	\$ 267,263
All Other A&H	\$ 104,246	99.9%			\$ 137	0.1%	\$ 104,383
Workers' Compensation	\$ 1,732,381	100.0%			\$ -		\$ 1,732,381
Other Liability	\$ 1,010,788	68.5%	\$ 39	0.0%	\$ 465,535	31.5%	\$ 1,476,362
Products Liability	\$ 97,899	81.3%			\$ 22,553	18.7%	\$ 120,452
Private Passenger Auto No Fault (PIP)	\$ 292,770	85.2%	\$ 50,860	14.8%	\$ -		\$ 343,630
Other Private Pass. Auto Liability	\$ 3,717,639	71.2%	\$ 1,502,662	28.8%	\$ 65	0.0%	\$ 5,220,366
Commercial Auto No Fault (PIP)	\$ 18,882	86.0%	\$ 3,081	14.0%	\$ -		\$ 21,963
Other Commercial Auto Liability	\$ 720,907	77.3%	\$ 179,009	19.2%	\$ 32,341	3.5%	\$ 932,257
Private Passenger Auto Physical Damage	\$ 1,846,524	67.6%	\$ 882,915	32.3%	\$ 843	0.0%	\$ 2,730,282
Commercial Auto Physical Damage	\$ 222,770	65.7%	\$ 84,100	24.8%	\$ 32,450	9.6%	\$ 339,320
Aircraft	\$ 100,340	94.2%			\$ 6,146	5.8%	\$ 106,486
Fidelity	\$ 46,048	96.4%			\$ 1,738	3.6%	\$ 47,786
Surety	\$ 213,796	100.0%			\$ 99	0.0%	\$ 213,895
Burglary & Theft	\$ 7,664	90.4%			\$ 812	9.6%	\$ 8,476
Boiler & Machinery	\$ 45,118	96.9%			\$ 1,455	3.1%	\$ 46,573
Credit	\$ 18,507	31.2%	\$ 5,669	9.6%	\$ 35,116	59.2%	\$ 59,292
Aggregate Write-Ins for Other Lines	\$ 97,559	51.7%	\$ 91,223	48.3%	\$ 93	0.0%	\$ 188,875
TOTAL	\$ 16,260,715	80.8%	\$ 2,868,610	14.2%	\$ 1,007,375	5.0%	\$20,136,700

ASLI Designations



The Stamping Office congratulates Elaine White, System Analyst and Production Supervisor, Data Entry Department, and Brian Wilds, Senior Financial Analyst, Technical Services Department, on their successfully completing the requirements for the Associate in Surplus Lines Insurance (ASLI) designation. Along with Phil Ballinger, Associate General Manager, the Stamping Office now has three ASLI designees. ★

If you are interested in obtaining an ASLI designation, please call (800) 644-2101 to find out more or visit the ASLI program web site at www.napslo.org/Foundation/asli.html.

Free Access to Financial Summaries

As a new service to you, we have begun adding surplus lines insurer financial summary pages to our web site at www.slsot.org. Normally, we distribute to all surplus lines agents a manual containing one-page summaries for each eligible insurer. These summaries contain information on insurers that assist agents to perform "due diligence", including trends in capital and

surplus, profitability, gross and net premiums written, premium processed by the Stamping Office, and recent IRIS ratio results. In the past, we have mailed this manual once we completed all financial evaluations for the year. For 1999, we are introducing individual pages on our web site as each summary is completed. At press time, there were 21 insurers with financial summary pages updated with the latest financial data available. ★

Who's New?

It's our pleasure to introduce two new employees at the Stamping Office. Judy Braswell (left) works in our Document Processing Department as a Microfilm Prep Clerk. Ming Zhou (right) joins us as Accountant, Administration Department. ★





Lone Star Lines
Surplus Lines Stamping Office of Texas
P.O. Box 9906
Austin, Texas 78766-0906

Bulk Rate
U.S. Postage
Paid
Austin, Texas
Permit #216

Return Service Requested

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

Annual Statement Line of Business	Premium through 3/99	Premium through 3/98	Percent Change
1 Fire (incl. allied lines)	\$52,291,201	\$52,126,200	0.32%
2 Allied lines	\$1,852,689	\$2,019,389	-8.26%
3 Farmowners multiple peril	\$591,062	\$420,165	40.67%
4 Homeowners multiple peril	\$9,305,827	\$9,427,467	-1.29%
5 Commercial multiple peril	\$4,553,606	\$4,679,043	-2.68%
6 Mortgage guaranty	\$0	\$0	0.00%
8 Ocean marine	\$3,388,944	\$2,996,803	13.09%
9 Inland marine	\$4,662,898	\$4,544,512	2.61%
10 Financial guaranty	\$0	\$0	0.00%
11 Medical malpractice	\$2,837,325	\$3,255,318	-12.84%
12 Earthquake	\$157,311	(\$844)	8737.74%
13 Group accident & health	\$18,993,811	\$20,852,681	-8.91%
14 Credit A&H (group & indiv)	\$0	\$0	0.00%
15 All other A&H	\$6,885	\$25,349	-72.84%
16 Workers' compensation	\$0	\$0	0.00%
17 Other liability	\$104,724,112	\$121,934,995	-14.11%
18 Products liability	\$5,172,302	\$5,681,529	-8.96%
19.1 Priv pass auto no fault	\$0	\$0	0.00%
19.2 Other priv pass auto lia	\$8,698	\$33,444	-73.99%
19.3 Comm. auto no fault PIP	\$0	\$0	0.00%
19.4 Other comm. auto liab	\$7,647,198	\$10,085,404	-24.18%
21.1 Priv pass auto physical	\$156,402	\$296,753	-47.30%
21.2 Comm auto phys. damage	\$7,571,117	\$8,020,010	-5.60%
22 Aircraft (all perils)	\$122,580	\$696,529	-82.40%
23 Fidelity	\$168,651	\$431,475	-60.91%
24 Surety	\$409,217	\$8,591	4663.59%
26 Burglary & theft	\$470,564	\$154,838	203.91%
27 Boiler & machinery	\$2,400	\$1,668	43.88%
28 Credit	\$7,521,550	\$9,161,813	-17.90%
31 Aggregate/other business	\$69,879	\$12,392	463.89%
TOTAL	\$232,686,229	\$256,865,524	-9.41%

Note: Due to rounding figures may not total



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

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 Dalén Chisholm
 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:

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SLSOT web site:
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info@slsot.org

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<http://www.slsot.org/slsotpub.htm>

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