

# FSLSO

## FOURTH QUARTER REPORT

### Market Data<sup>3</sup>

TOP 10 INSURERS BY PREMIUM AMOUNT	TOTAL PREMIUM 4Q 2010	YTD
1 Lloyd's Underwriters At, London	\$112,619,365	1
2 QBE Specialty Insurance Company	\$42,840,804	3
3 Lexington Insurance Company	\$31,748,013	2
4 Scottsdale Insurance Company	\$26,461,878	4
5 Landmark American Insurance Company	\$19,218,591	5
6 Steadfast Insurance Company	\$12,757,998	8
7 Empire Indemnity Insurance Company	\$11,715,978	14
8 Westchester Surplus Lines Insurance Company	\$10,994,765	6
9 Princeton Excess and Surplus Lines Insurance Company	\$9,753,306	19
10 Arch Speciality Insurance Company	\$9,695,904	7
<b>Top 10 Insurers by Premium Amount</b>	<b>\$287,806,602</b>	

TOP 10 COVERAGES BY PREMIUM AMOUNT	TOTAL PREMIUM 4Q 2010	YTD
1 1000 - Commercial Property	\$204,242,941	1
2 5000 - Commercial General Liability	\$89,709,981	2
3 1005 - Commercial Package (Property & Casualty)	\$49,118,997	3
4 2002 - Homeowners-HO-3	\$23,467,095	4
5 7003 - Miscellaneous E&O Liability	\$19,070,160	7
6 5006 - Excess Commercial General Liability (Not Umbrella)	\$15,435,041	9
7 6001 - Miscellaneous Medical Professionals	\$13,565,327	6
8 1006 - Condominium Package (Commercial)	\$11,440,424	10
9 5001 - Commercial Umbrella Liability	\$9,658,753	11
10 6000 - Hospital Professional Liability	\$8,694,543	15
<b>Top 10 Coverage Code Totals</b>	<b>\$444,403,262</b>	

<sup>3</sup> For all Market Data Reports, the policy premium information in this quarterly report is extracted from data submissions received by surplus lines agents and independently procured coverage (IPC) filers. The policy information is based upon the effective date of policy transactions submitted for October 1, 2010 through December 31, 2010. This information was current as of January 4, 2011.

### Website Data

TOP CONTENT PAGES	4Q 2010	YTD
Main Page	17,524	77,274
Tax/Fee/Assessment Calculator	16,670	63,605
Zip/County/City Search Tool	15,295	38,167
FSLSO Tools Page	2,632	12,775
Surplus Lines Agents Page	2,598	10,695

TOP LANDING PAGES	4Q 2010	YTD
Main Page	12,790	57,604
Tax/Fee/Assessment Calculator	4,372	15,366
Zip/County/City Search Tool	2,978	7,353
Eligible Surplus Lines Insurer List	400	1,626
Active Florida Surplus Lines Agents	396	1,720

NUMBER OF VISITOR SESSIONS	4Q 2010	YTD
	30,768	124,335

The Florida Surplus Lines Service Office provides this data for informational purposes only; it does not constitute an endorsement for any service, company or person offering any product or service.

### Insurer Actions

#### Max Specialty Insurance Company

Effective November 11, 2010 DFS/OIR recognized the name change to Alterra Excess & Surplus Insurance Company.

For more information, go online at [www.fslso.com](http://www.fslso.com).

Use this valuable resource to expand your knowledge and awareness of Florida's surplus lines insurance marketplace.

Q4/10



**Florida Surplus Lines Service Office**  
serving florida's surplus lines insurance community

## Marketplace Monitoring

To ensure fairness and conformity with the law, the FLSLO monitors and evaluates agent, insurer and IPC data submissions in order to maintain the credibility and integrity of the surplus lines marketplace. Monitoring the marketplace occurs through several programs that have resulted in variances found in the data submissions.

- **The Variance Analysis Program:** Comparing data being submitted by surplus lines agents and independently procured coverage (IPC) filers with the data being submitted by surplus lines insurers, fourth quarter findings resulted in:
  - 82 unreported policies, with a total of \$954,340 in taxes, service fees, assessments and penalty fees.
- **The Agent Report Card:** During the fourth quarter, there were 650 agents who received agent report cards representative to filings from the third quarter of 2010. The industry average of all four Agent Report Card categories for the quarter was 89.32%.
- **Compliance Reviews:**
  - The industry grade for the compliance reviews for the fourth quarter was 94.3% and the year-to-date grade was 92.9%.
  - During the fourth quarter, 11 surplus lines agents were charged a total of \$37,623 in taxes, service fees, assessments and penalty fees on unfiled policies.

## Assistance

- During the fourth quarter, the FLSLO welcomed 28 new surplus lines agents who received our “New Surplus Lines Agent” package. There were 10 resident agents and 18 nonresident agents who were licensed and appointed.
- Three insurers’ applications were received during the quarter and were forwarded to DFS/OIR. The insurer actions for the quarter include these and those noted on the back page.

## Outreach

Providing outreach programs and initiatives that promote awareness of FLSLO’s products and services designed to facilitate compliance with Florida’s laws and regulations. During the fourth quarter the FLSLO staff participated in:

- The National Association of Professional Surplus Lines Offices (NAPSLO) Annual Convention in Atlanta, GA. Staff participated in a meeting of the Stamping Office Executive Directors and general assembly programs.
- The National Association of Insurance Commissioners (NAIC) Fall National Meeting in Orlando, FL in which staff attended various meetings in an effort to monitor actions relative to the NAIC’s implementation of provisions of the Nonadmitted and Reinsurance Reform Act (NRRRA).
- A meeting with the National Conference of Insurance Legislatures (NCOIL) in Austin, TX.
- Various conference calls for the NAIC Surplus Lines Implementation Task Force relative to the implementation of provisions found in the NRRRA.
- **“eBlast” Promotional Messaging:** During December, FLSLO released an “eBlast” email delivering information regarding the Agent Report Card, the Webinar Archive and the FLSLO Compliance Saver Reference Guide.

## Information

Our vision is to be the definitive resource for the Florida surplus lines marketplace. As such, the FLSLO continues to provide timely information to help our customers make sound and effective decisions. Key distribution venues for the fourth quarter included:

- **eNews and eAlert bulletins:** Four eNews and six eAlerts were distributed to various groups over the quarter including surplus lines agents, agency submission contacts, insurers and Independently Procured Coverage (IPC) filers. These news bulletins included articles relative to the release of IPC SLIP, the increasing Florida Hurricane Catastrophe Fund assessment, the FLSLO holiday schedule, the adoption of the Nonadmitted Insurance Multi-State Agreement (NIMA) by the National Association of Insurance Commissioners and the retirement of FLSLO Assistant Director Carolyn Daniels.
- **The Advisor Quarterly Newsletter:** *The Advisor* was distributed electronically via email to all surplus lines agents and agency support staff and provided information regarding FLSLO’s collection of the UMR number, recent enhancements to Insurer SLIP, the retirement of FLSLO Assistant Director Carolyn Daniels, agent self-appointment and compliance reminders.
- **Website, www.fslso.com:** Ten informational postings were made to the website’s home page to help visitors find information relative to the establishment of Citizens’ rates relative to certain lines of business, the adoption of NIMA by the NAIC, insurer updates, the release of the 2010 Fast Facts report by the Office of Insurance Regulation as well as the FLSLO holiday schedule.

## Education

Education serves as the intermediary towards a credible insurance marketplace. Educational activities for the fourth quarter included:

**Three-hour C.E. Course** entitled “Be ECO Friendly (Effectively Compliant Office): Surplus Lines Rules and Tools” which took place on October 28th in Jacksonville, FL with 21 participants. The overall class satisfaction score of 4.8 out of 5.

**Three-hour C.E. Course** entitled “Be ECO Friendly (Effectively Compliant Office): Surplus Lines Rules and Tools” which took place on November 4th in Tallahassee, FL with 20 participants. The overall class satisfaction score of 4.8 out of 5.

## Industry Webinars

- **Learn How to Submit with IPC SLIP** was hosted three times during the quarter for IPC filers with a total of 106 participants.
- **FLSLO’s Compliance Corner Webinar Series** hosted two webinars during the quarter concerning the information required on the contract, record keeping and transfer of files with a total of 47 participants.

## Online Training

- The Pre-Licensing Course had eight individuals register and five complete the course during the quarter.
- FLSLO’s three continuing education courses had one participant register and one complete courses.
- Certification of Online Agent SLIP Training had one participant earn their certification with an 80% or above.

## Submission Comparisons<sup>1,2</sup>

SUBMISSIONS PROCESSED 4Q 2010	DISKETTE	FTP	WEB*
Insurers	---	121	4,078
Agents	---	1,635	62,325
IPC	---	---	3,699
Total	---	1,756	70,102
<b>YTD</b>		<b>7,127</b>	<b>292,565</b>

\*Web denotes both IPC filers and SLIP users

AGENT SUBMISSIONS (NON IPC)	4Q 2010	YTD
Transactions	244,641	<b>1,040,311</b>
Policies	199,817	<b>758,447</b>

PREMIUM COMPARISON	4Q 2010	YTD
Agent Premium	\$608,018,350	<b>\$3,287,133,243</b>
IPC Premium	\$133,495,276	<b>\$600,154,918</b>
<b>Total Premium</b>	\$741,513,626	<b>\$3,887,288,162</b>

## Compliance Reviews<sup>2</sup>

	REVIEWS DONE	# POLICIES REVIEWED	# OF TRANSACTIONS REVIEWED
4Q 2010	105	2,465	2,780
<b>YTD</b>	<b>458</b>	<b>12,959</b>	<b>14,486</b>

## Compliance Reviews - Unfiled Policies<sup>2</sup>

	# OF AGENTS	# OF UNFILED POLICIES	TOTAL PREMIUM	TAXES	TAX PENALTIES	SERVICE FEE	SERVICE FEE PENALTIES	ASSESSMENTS	ASSESSMENT PENALTIES
4Q 2010	11	53	\$506,561	\$23,627	\$5,482	\$512	\$118	\$6,564	\$1,320
<b>YTD</b>	<b>83</b>	<b>587</b>	<b>\$4,001,504</b>	<b>\$157,062</b>	<b>\$28,739</b>	<b>\$4,499</b>	<b>\$971</b>	<b>\$43,130</b>	<b>\$7,381</b>

## Variance Statistics<sup>2</sup>

	# OF UNFILED POLICIES	PREMIUM AMOUNT	TAXES	TAX PENALTIES	SERVICE FEE	SERVICE FEE PENALTIES	ASSESSMENTS	ASSESSMENT PENALTIES
4Q 2010	82	\$16,520,983	\$630,550	\$29,435	\$12,990	\$810	\$269,955	\$10,600
<b>YTD</b>	<b>241</b>	<b>\$52,028,657</b>	<b>\$2,156,660</b>	<b>\$136,004</b>	<b>\$47,848</b>	<b>\$4,764</b>	<b>\$826,684</b>	<b>\$53,850</b>

## Total Unfiled Policies Per Month<sup>2</sup>

	# OF UNFILED POLICIES	PREMIUM AMOUNT	TAXES/FEES/ASSESSMENTS/PENALTIES
October	39	\$11,931,533	\$670,690
November	20	\$2,843,148	\$195,659
December	23	\$1,746,302	\$87,990
4Q Total	82	\$16,520,983	\$954,340
<b>YTD</b>	<b>241</b>	<b>\$52,028,657</b>	<b>\$3,225,811</b>

# Our mission is...

to serve and protect our customers’ interests by facilitating compliance and providing assistance and information regarding the Florida surplus lines marketplace.

<sup>1</sup> For all submission comparisons, the transaction information in this quarterly report is extracted from data submissions received by surplus lines agents, independently procured coverage (IPC) filers and insurers. The transaction information is based upon the submission date of policy transactions submitted for October 1, 2010 through December 31, 2010. Transaction information relative to Agent Submissions and Agent premium is based on received date as received from October 1, 2010 through December 31, 2010. This information was current as of January 4, 2011

<sup>2</sup> All figures have been rounded to the nearest dollar amount. These figures were current as of January 4, 2011.