



FLORIDA SURPLUS LINES SERVICE OFFICE

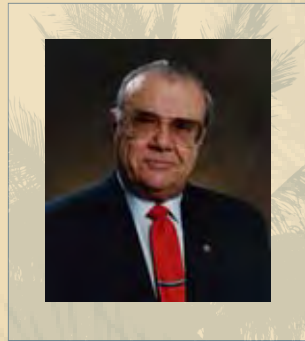
FSLSO

 1998-2008
ten years of service



FLORIDA SURPLUS LINES SERVICE OFFICE





Innovation and technology. Creative thinking and forward thought. These and so many other attributes define this organization and its success over the past ten years. That success is laid at the feet of those who cut the path for its existence and who work daily to reach greater achievements.

In reflection of Dana Roehrig. His dream is our reality.

Table of Contents

From the Executive Director **5** History **6** Our Mission **18** Emergency Response Vehicle (ERV) **36** Thank You **46** FLSO Staff **46** Past FLSO Board of Governors **47** Our Vision & Values **48**



“Every day you may make progress. Every step may be fruitful. Yet there will stretch out before you an ever-lengthening, every ascending, ever-improving path. You know you will never get to the end of the journey. But this, so far from discouraging, only adds to the joy and to the glory of the climb.”

—Winston Churchill

from the Executive Director

The road to success is laden with the footprints of hard work, perseverance, and creativity. Like every journey, it begins with a single step.

The Service Office took its first step on October 1, 1997 with the enactment of the Dana Roehrig Act. This first step is attributed to the determination and effort put forth by our founder and Chairman Emeritus, William “Dana” Roehrig, and I would like to think that when our doors first opened in 1998, his dream became our reality.

As we celebrate all that we have accomplished over the past ten years, we must also reflect on the events and the people that brought us here. Dana’s vision for our office was to be different from similar offices around the country; he advocated the usage of technology for better business performance, and he emphasized customer

service. The Service Office has worked to be an industry model by becoming the first fully “paperless” stamping office in the country, and today, we continue to push the envelope for technological achievement.

Since the initial release of our policy submission software in 1998, we have evolved to web-based products, where information is accessible in real time. We have also put into place a number of business processes and programs designed to promote compliance and credibility in the marketplace, while providing assistance and information to our customers nationwide. This type of evolution demonstrates our level of commitment to delivering quality customer service both to our customers and to the industry as a whole.

These efforts could not be completed without the support of the dedicated men and women who have served on our Board

of Governors. The time, talent and expertise that this group of individuals has provided to the Service Office has made these great strides possible. I thank each and every one of them for their backing, support and assistance over the course of the past ten years.

I must also take this moment to thank the individuals of the Service Office staff, both past and present, for their resolve to do what had not been done, and for their dedicated efforts to see the success of this organization. You are the history makers, the trailblazers, and the doers, and this organization thanks you for your efforts.

It has been my great pleasure to serve this organization and see its monumental growth over the last decade. But our journey is far from over, as there is still much to be done. We continue to work for the advancement of our office, the wellbeing

of our customers, and betterment of our industry. This is a journey of endless progression and one that we will continue for what will be a long and successful future.

Sincerely,



A handwritten signature in dark ink that reads "Gary D. Pullen". The signature is written in a cursive style.

Gary D. Pullen
Executive Director

1997-2008

1997 IN 1997, THE DANA ROEHRIG ACT enacted Florida Statute 626.921, creating a self-regulating nonprofit association for Florida's surplus lines marketplace. This statute established the Florida Surplus Lines Service Office (FSLSO) effective October 1, 1997, and outlined that FSLSO would operate under a nine-member Board of Governors, along with guidance from the Department of Insurance (now known as the Department of Financial Services). In the fall of 1997, Insurance Commissioner and State Treasurer Bill Nelson appointed the

first FSLSO Board of Governors, which was chaired by FSLSO's founder, Dana Roehrig.

1998 IN JANUARY OF 1998, THE BOARD OF GOVERNORS appointed Gary Pullen as FSLSO's Executive Director. Prior to joining FSLSO, Gary worked at the Florida Department of Insurance, where he served as Director of Insurer Services. Gary began his employment at the Service Office in May 1998 after a line of credit was secured and start-up funding was established by

In the Beginning

1997

Creation of FSLSO

- In October of 1997, the Dana-Roehrig Act was enacted to create the FSLSO, a self-regulating nonprofit association for Florida's surplus lines marketplace.

- State Treasurer, Bill Nelson, appointed the first FSLSO Board of Governors.

Dana Roehrig, FSLSO's founder and Chairman Emeritus, was instrumental in the passing of the Dana Roehrig Act which led to the creation of the Service Office in Florida Statute 626.921.

- FSLSO Board Members Elsie Crowell, Bob Erickson, Bill Rambo, Dana Roehrig, Michael J. Riordan, Daniel O' Leary and Edward Wojchick pose with Matt Sirmans.



HISTORY

the Board. “It was a great honor for me to be asked to step into the leadership role of Executive Director of the Service Office,” Gary commented. “It was a new organization that had enormous potential for growth, and the Board was in support of making this organization a leader in its field within the areas of innovation and technology.”

Between May and October, the Service Office began building the groundwork for its operations, as the Florida Department of Insurance (DOI) approved its Plan of Operation and operating budget. Office

space was secured, and the first Service Office headquarter building was located in downtown Tallahassee at 114 South Duval Street. During this time, the first five members of the Service Office staff were hired, and the necessary hardware and software technologies were purchased. Staff then began to focus on projects that would provide surplus lines agents with information and updates on the status of the office through the creation of a newsletter and internet website. “We all felt like new parents,” recalled Assistant Director of Agent



By late 1998, the FLSO staff was growing with 12 staffers including (l-r) Eric Gibson, James Farmer, Mark Shealy, Cathy Durance, Gary Pullen, Carolyn Daniels, Jason Haynie, Kristen Bertagnolli, Jim Day, Mark Alvarez and Matt Wester (Felicia Meredith not pictured).

The Service Office Becomes Operational

1998

“We all felt like new parents. We’d spent many sleepless nights and long days watching this office grow and become a success, and like parents, we were very proud of what we had accomplished.”

—Carolyn Daniels, Assistant Director of Agent Services

Becoming Operational

- In January of 1998, Gary Pullen appointed as FLSO Executive Director.



- FLSO secured office space at 114 South Duval Street in downtown Tallahassee.

- FLSO contracted with Infinity Software Development, Inc. (ISD) to develop FLSO’s Agent Submission Software.





At the FLSO's Open House, Dan Sumner, General Counsel for the Department of Insurance, presented Chairman Emeritus Dana Roehrig with a Distinguished Service Award.

Services, Carolyn Daniels. "We'd spent many sleepless nights and long days watching this office grow and become a success, and like parents, we were very proud of what we had accomplished."

Through relationships between its industry partners, the Service Office became a recognized entity among its peers as a viable and contributory organization, carrying out the responsibilities as provided in the Florida Statute 626.921. In alignment with its mission to protect public revenues through industry compliance, the Service Office

looked to technology as a means to provide the State of Florida with an effective tax collections mechanism and as a way to aid the compliance levels of Florida's surplus lines industry. The utilization of technology for the transfer of information would play a vital role in the success of the Service Office and would set it apart from other similar stamping offices in the United States.

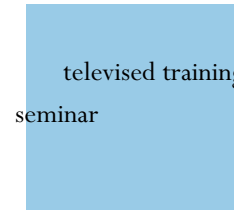
With technology at the forefront, the Service Office made its drive to become the country's first "paperless" stamping office. Led by the Board's Automation

1998



• FLSO implemented a computer network and information management system to receive, review and process policy information.

• FLSO conducted a televised training seminar that provided information on the electronic filing system.



• By Board and DOI approval, the Service Office fee was set to be billed and collected on a monthly basis at the rate of .3% on all premium bearing transactions.



• FLSO officially opened its doors with a staff of five: Executive Director, Gary Pullen; Assistant Director, Carolyn Daniels; Chief Financial Officer, Mark Shealy; Executive Assistant, Kristen Bertagnolli; and Insurance Analyst, Matt Wester.

Committee which was chaired by Dan O’Leary, the Service Office contracted with Infinity Software Development, Inc. (ISD), a consulting and software development firm, in August 1998 in an effort to create submission software that would allow agents to electronically submit policy information to the Service Office. ISD soon created proprietary software, which would later be called the Agent Submission Software. The creation of a proprietary software program was indicative of the Service Office’s commitment to customer service as it gave

way to a smooth reporting transition between the industry and regulators.

Internally, the Service Office designed and implemented a computer network and information management system to receive, review, and process the policy information. Through FLSLO’s management system, the Service Office utilized the policy data submitted by surplus lines agents to generate monthly and quarterly invoices for the payments of the service fee and taxes, respectively.

To further assist agents and their staff

with the transition from a paper system to the fully electronic transfer of information, the Service Office conducted a televised training seminar that provided information on the new electronic filing system. In addition, the Service Office developed and published an Agent’s Procedures Manual, which explained Florida’s surplus lines law, the submission software, and filing procedures.

Later that same year, the Service Office released a CD containing reporting software for claims adjusters and insurers to report policy data and claims occurrences. Adjusters

In 1998, the FLSLO Board of Governors accepted a contract with Infinity Software Development, Inc. to begin work on the development of FLSLO’s submission software. This partnership still exists today.



- Website homepage constructed at www.fslso.com.



- With the establishment of the FLSLO website, the Service Office logo was designed and trademark registration was secured.



- The FLSLO developed a newsletter called “The Surplus Lines Advisor” which was published on a quarterly basis. The newsletter gave staffers the chance to send out pertinent information relative to software,

industry events, and FLSLO news to subscribers. The newsletter was later renamed “The Advisor” and is still published in paper form and delivered on a quarterly basis to subscribers.

would then be responsible, beginning January 1999, to file claim occurrences on surplus lines policies to the Service Office. Foreign and alien insurers were also required to file policy information, based on specific reporting timeframes and deadlines.

By Board and DOI approval, the service fee was set to be billed and collected on a monthly basis at the rate of .3%, the statutory maximum, on all premium bearing transactions. This decision was based on the need for immediate cash flow for Service Office operations. The premium receipts tax

was to be collected on a quarterly basis, as specified by Florida Statute.

By the end of 1998, the Service Office had made monumental strides in growth, expansion, branding, and hiring of additional staff. An official Service Office logo was designed, and trademark registration was secured. The website was confirmed with a homepage, www.fslso.com, which was used to provide information, publications, and software updates over the Internet. The Service Office also developed a quarterly newsletter entitled “The Surplus Lines

Advisor,” which would later be shortened to just “The Advisor.”

In December, the Service Office celebrated its fully operational headquarters located in Tallahassee, Florida with an Open House which was attended by Board members, staffers, regulators, and industry members. The year 1998 proved to be one of hard work, innovative thinking, and establishment, planting all of the necessary components for an organization with a bright future.

1998

real estate sign
saying open house

- In early December, FLSO hosted an Open House, officially unveiling the new office building. The Open House was attended by nearly 100 people including the FLSO Board of Governors, industry professionals, FLSO vendors, and office staff and their families.



- Pictured from left to right are Marty Roehrig, Dana Roehrig, Gary Pullen, Bill Sumner and Bill Rambo at FLSO's Open House.



1999 THE YEAR 1999 SHOWED CONTINUED GROWTH for the Service Office. Delivering information to their customers timely and efficiently was a major priority for the Service Office as they strove to increase industry compliance. The website, www.fslso.com, served as a major conduit to informational resources including document/publication downloads, statutory information, reporting software updates, filing requirements, and online directories of surplus lines agents and insurers. The website

also provided an online application for interested parties to sign up for the Service Office’s newly created electronic bulletin service, or eNews, which was created as a resource to distribute late-breaking news items to subscribers. “The eNews service served as a secondary, but more immediate, means to relay important information to our members as necessary,” Senior Information Architect James Farmer explained. “We found that in some cases, we didn’t want to wait for a quarterly newsletter to filter information out, and the eNews provided

another way for us to push that information quickly and efficiently.”

Under the leadership of the Board’s Public Relations Committee, the Service Office developed a consumer brochure guide in conjunction with the Department’s Consumer Services staff as part of a public awareness campaign. This campaign led to the creation of several brochures, many of which are still produced today, including the “Insuring the Uninsurable” brochure that was provided to the Department of Financial Services for distribution to policyholders



Informational Services Come to the Forefront

1999



Year of Informational Services

- Website becomes major conduit to informational resources (documents, statutory information, reporting software updates, filing requirements, online directories for agents, agencies and insurers, electronic bulletin service.

- FLSO completes development of electronic news bulletin service called “eNews” which was used to send industry related information to subscribers via email.



“The eNews service served as a secondary, but more immediate, means to relay important information to our members as necessary. We found that in some cases, we didn’t want to wait for a quarterly newsletter to filter information out, and the eNews provided another way for us to push that information quickly and efficiently.

—James Farmer, Senior Information Architect

with surplus lines insurance.

Continual improvements were also made to the Service Office's submission software, including the implementation of a more user friendly software package that would accommodate the needs for all surplus lines agencies, large and small. At the National Association of Professional Surplus Lines Offices (NAPSLO) mid-year conference, FLSO provided a demonstration of the software and its capabilities to the executive directors of the other stamping offices.

As the Service Office continued to

fine-tune its processes and procedures, it also began work on the development of a Disaster Recovery Plan in an effort to plan for the future and take all precautionary measures to ensure its business continuity. The Disaster Recovery Plan outlined the steps the Service Office would take in preparation of an oncoming disaster and the necessary recovery actions to take following a catastrophe. This plan is updated each year to reflect any and all changes in hardware, software, vendor, and staff changes.

Through the advent of technology and

the diligence of the Board of Governors and the staff, the Service Office began to develop into its roles of advisor, protector, educator, assistant, and informer. The Service Office stood by its systems and efforts as a means to promote access to the surplus lines market, enhance the types of insurance products available, and increase overall tax collections. Through the efforts of many, the Service Office was quickly becoming a groundbreaker in surplus lines regulation industry.

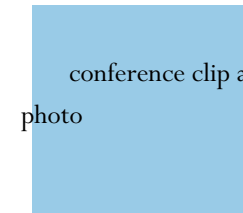
1999



- The Service Office completed the development of a Disaster Recovery Plan outlining preparation steps in the wake of a oncoming disaster and necessary recovery actions.

- Division of Insurer Services requests that supplemental homeowners data be provided on surplus lines policies. Data was provided as a Quasr Report and included coverage amount, all other deductibles, whether wind coverage was provided and if provided, the wind peril deductible.

- Brochure developed in partnership with Insurance Division of Consumer Services as part of a public awareness campaign.



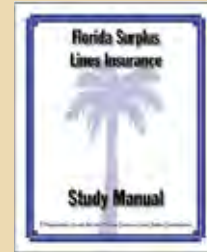
- Provided demonstration of proprietary submission software at NAPSLO's mid-year conference.

2000 IN 2000, THE SERVICE OFFICE WAS positioned for another successful year of process development and program initiatives. However, the Service Office, as well as the Florida's surplus lines industry, suffered a monumental loss with the passing of Dana Roehrig. "People are measured by their merit and their accomplishments, and Dana Roehrig set the standard for the surplus lines industry in this state," stated Executive Director, Gary Pullen. "Throughout his life, Dana was an exemplary citizen, an outstanding businessman, and a visionary. He

was and is greatly missed."

But the vision behind Dana's efforts would not be lost as the Service Office continued to break new ground in the fields of technology. By 2000, the Service Office was using technology not only as a key component in data collection, but as a means to monitor the compliance of Florida's surplus lines industry through the development of two new programs: the Variance Analysis Program and the Compliance Review Program.

The Service Office established a new



FSLSO adopted course material provided by the National Association of Professional Surplus Lines Office (NAPSLO) to produce the "Surplus Lines Insurance Reference Manual." The manual was later renamed the "Florida Surplus Lines Insurance Study Manual" and serves as Florida's official study manual for the licensing examination.

"Insuring the Uninsurable." FSLSO's consumer-based brochure, is updated on an annual basis and is provided to the Department of Financial Services to distribute to their field offices around the state. It is also available to agents by request on the service office's website.

New Programs Fuel Marketplace Monitoring

2000

Launching of New Services

In 2000, the Service Office keyed in on monitoring Florida's surplus lines marketplace through the development of two new programs: the Variance Analysis Program and the Compliance Review Program.

- The Variance Analysis Program was developed to locate variances in the data submissions collected from surplus lines agents and insurers. Today, the program also includes filings by IPC filers, and utilizes three components in its analysis: policy number, effective date, and premium amount.

- Compliance Review Program developed and implemented, comparing a sampling of surplus lines agent's policy information to the data submitted to FSLSO. Every Florida licensed surplus lines agent receives a compliance review every three years.



"Throughout his life, Dana was an exemplary citizen, an outstanding businessman, and a visionary. He was and is greatly missed."

—Gary Pullen, Executive Director



regulatory performance precedent with the introduction of variance reporting in 2000, as an experienced staff began discerning variances in the data submissions collected from Florida’s surplus lines agents and comparing them to the data submissions from Florida’s eligible surplus lines insurers. Within the Variance Analysis Program, an inspection of all submitted insurer and agent policy information was conducted to find variances and disparity relevant to the reported information, while providing an additional verification that all taxes

and service fees have been paid correctly. Exceptional attention to detail by the variance staff in 2000 uncovered a \$5 million discrepancy in unreported premiums, which resulted in the collection of more than \$300,000 in taxes and interest. Teri Littlefield recalls, “The Variance Program started out as two giant haystacks—one with insurer policies and one with agent policies with the goal being to somehow perform a reconciliation. After many overhauls and tweaking of the process and program, today the Variance Program is one of the most

effective and efficient tools used by FLSO staff for identifying unfiled policies.” Also in 2000, the Service Office implemented an agent Compliance Review Program, a self-imposed regulatory measure instituted to ensure agent compliance relative to the export of surplus lines policies. The Compliance Review Program compares a sampling of a surplus lines agent’s policy information with the data submitted to the Service Office; each compliance review is conducted by a contract analyst, and every licensed and

2000

• Education resulted in the development of several information pieces: the Agent Compliance Guide, the Surplus Lines Exam Study Manual, and an “Insuring the Uninsurable” consumer video were completed.



• Board of Governors encourages FLSO to participate in conferences hosted by National Association of Professional Stamping Offices (NAPSLO), National Association of Insurance Commissioners (NAIC),

Florida Association of Insurance Agents (FAIA), and the Florida Council of the National Association of Insurance Women (NAIW).



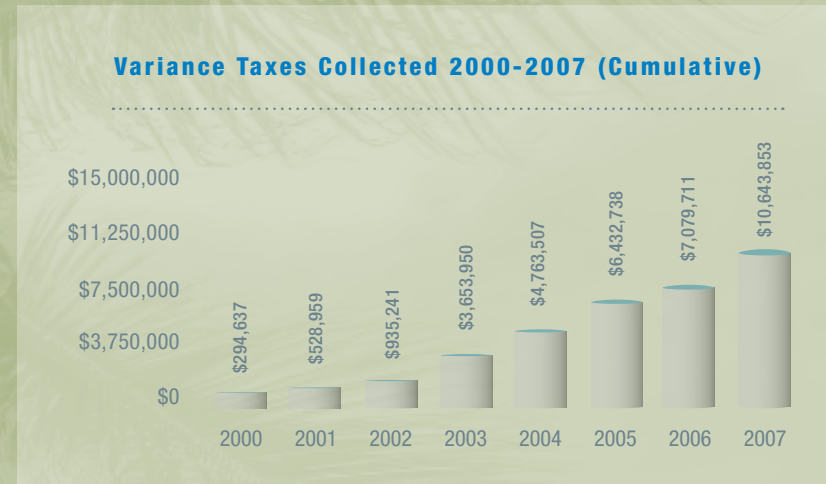
• FLSO designed and purchased a display booth and attended conferences with informational materials to promote its services as an informational resource for the surplus lines industry.



appointed surplus lines agent in the state of Florida, both resident and nonresident, receives a compliance review every three years (whether actively transacting business or not). Since the program's inception, the Compliance Review Program has collected more than \$1.2 million in unreported taxes. "The strength of our program lies with our dedicated, knowledgeable, and hard working compliance review analysts," states Compliance Review Administrator, Kristen Bertagnoli. "And the success of our program can be attributed to the willingness

of the agent community to embrace the compliance review program and utilize the program to improve and strengthen their processes in order to be in compliance."

The facet of representation within the industry also came to the forefront for the Service Office in 2000, as the Service Office participated in a number of conferences, including those hosted by the National Association of Professional Surplus Lines Offices (NAPSLO), National Association of Insurance Commissioners (NAIC), Florida Association of Insurance Agents (FAIA),



• Service Office staff members Lisa French, Carolyn Daniels, Cathy Durrance and Teri Littlefield participated in the National Association of Insurance Women.

"Our attendance at tradeshow and conferences affords us the opportunity to promote our industry to retail agents, make connections with our customers, and solidify our presence in the industry. It is another means for our office to provide assistance and information to those that might be unaware of Florida's surplus lines marketplace and our office."

—Sean Fisher, Assistant Director of Education & Information Services

and the Florida Council of the National Association of Insurance Women (NAIW). The Service Office designed and purchased a mobile booth display, and while attending tradeshows for each of the conferences, provided informational materials and brochures to attendees to promote Florida's surplus lines industry. "Our attendance at tradeshows and conferences affords us the opportunity to promote our industry to retail agents, make connections with our customers, and solidify our presence in the industry," Sean Fisher, Assistant Director

of Education and Information Services commented. "It is another means for our office to provide assistance and information to those that might be unaware of Florida's surplus lines marketplace and our office."

The inaugural debut of the conference display booth at several different conferences elicited positive responses from both members and non-members. Educational items designed to create awareness of the Service Office and its services were distributed free of charge during these conferences.

The year 2000 also produced an expansion in educational programs for the Service Office. In September 2000, the Service Office contracted with FAIA to co-produce a professional video containing the information necessary for continuing education requirements and offered it in 10 locations statewide. More than 370 attendees participated in this video training. Numerous issues were discussed pertaining to the agent software, Surplus Lines Law, and common submission filing errors.

Increasing awareness of the Surplus

2000



• In September, the Service Office contracted with Florida Association of Insurance Agents (FAIA) to co-produce a professional video containing the information necessary for continuing education requirements.



• Variance staff uncovered \$5 million in unreported premiums that resulted in the collection of more than \$300,000 in taxes and interest.



"The Variance program started out as two gigantic haystacks—one with insurer policies and one with agent policies with the goal being to somehow perform a reconciliation."

—Teri Littlefield

Lines Law lead to an initiative for the Service Office to expand the study guide for state surplus lines license examinations. Adopting course material from the National Association of Professional Surplus Lines Offices (NAPSLO), along with a comprehensive review of Florida's Surplus Lines Law, the study guide was completed in December of 2000. Following reviews and edits by a volunteer agent committee, the study guide was submitted to the Department of Insurance (DOI) where it was finalized. DOI would later revise the surplus lines

examination to include questions from the new material, and the study guide was published and distributed to prospective licensees. This manual was approved and entitled the "Surplus Lines Insurance Reference Manual" in 2001. It was later adopted as Florida's official study manual for the licensing examination and renamed "Florida's Surplus Lines Insurance Study Manual."

A diligent educational effort resulted in the development of other information items, such as an agents' compliance



In 2000, FLSO invested its efforts into its service of representation through its attendance at tradeshows, conferences, and other industry events. Opportunities such as these provided the Service Office with the chance to provide information relative to Florida's surplus lines marketplace and keep abreast of industry related events and happenings.



• Business rules were programmed into the software as a means to identify and eliminate reporting errors. Verification of agent licensure and approved companies are among examples of the many business rules put into place in 2000. Additionally, a 21-day filing rule was incorporated into the submission software to account for and recognize late filings.



"The strength of our program lies with our dedicated, knowledgeable, and hard working compliance review analysts. And the success of our program can be attributed to the willingness of the agent community to embrace the compliance review program."

—Kristen Bertagnolli, Compliance Review Administrator



OUR MISSION: To serve and protect our customers' interests by facilitating compliance and providing assistance and information regarding the Florida surplus lines marketplace.



Prior to the Service Office's collection of IPC policy information in 2001, the Department of Insurance forecasted that 2001-2002 IPC generated premiums would be \$22.7 million. In 2002, the FLSO collected \$233,996,261 in premium and \$12,401,804 in taxes and service fees.

brochure and the "Insuring the Uninsurable" consumer video. Combined with the existing products, these newly developed resources provided additional tools promoting and educating customers about the surplus lines marketplace in Florida.

2001 UNDOUBTEDLY, 2000 WAS A YEAR OF GREAT ACHIEVEMENT, and in 2001, the Service Office made a concerted effort to expand its current services and enhance existing ones.

In 2001, Service Office staff expended

a great deal of time and effort to carefully develop and implement an online insurer financial review program called Insurer Financial Data program (also referred to as the Insurer Financials). The Insurer Financials compiled financial data on all eligible Florida surplus lines insurers and provided information including A.M. Best rating, basic company facts and key financial elements that lent themselves to the insurer's stability and progress. This program, available on the Service Office's website, remains a resource for agents, consumers, regulators and other

insurance companies to understand the financial position of a particular surplus lines insurer writing policies in Florida.

The ability for the Service Office to collect policy data electronically led to a secondary online information offering called the Public Data Reports. The Public Data Reports contained useful information to help interested individuals better understand the marketplace and included aggregated data, such as premium generated by line of coverage and specific types of coverage by a specific county. The reports

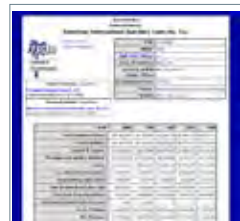
Market Data & Insurer Financials Hit the Web

2001



Technology Focused

- Online development and publishing of Insurer Financial Data reports, providing information including A.M. Best rating, basic company facts and key financial elements that lent themselves to the insurer's stability and progress.



- Online development and publishing of the Market Data Reports, which contained aggregated data such as premium generated by line of coverage and specific types of coverage by county; top agent(s), agencies and companies by premium amount as well as by types of coverage and other general information reports.



- Board adopts FLSO legislative package providing public records exemption, IPC filings provision, repealing the claims reporting requirement, and insurer eligibility to be provided by FLSO instead of the surplus lines agent.

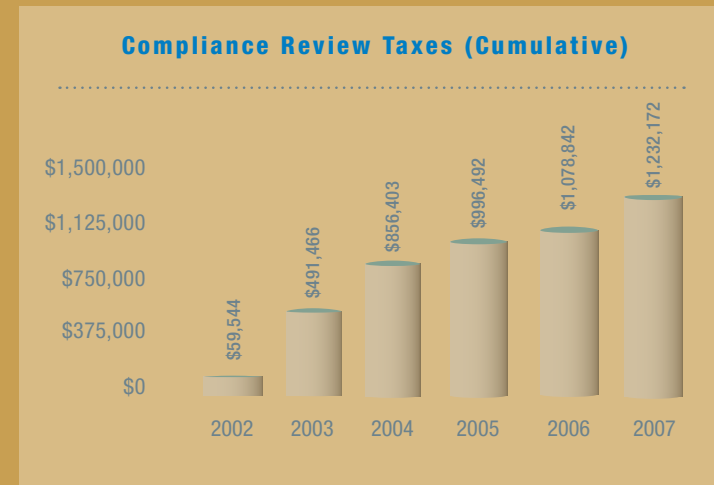


also include the top agent(s), agencies and companies by premium amount as well as by types of coverage and specific counties. All information within these reports is as updated on a monthly basis. These reports were later renamed the Market Data Reports and are still serving as an informational resource today.

Amendments created as a result of the 2001 Legislative Session had a dramatic effect on the Service Office and several of its programs. An amendment to the Florida Statutes successfully repealed the claims

reporting requirement imposed on surplus lines adjusters.

In September of 2001, changes by the state legislature began requiring Independently Procured Coverage (IPC) filers of policies procured from unauthorized insurers in Florida to file their policy information with the Service Office. The Service Office implemented an easy, online submission application process that allowed IPC filers to file their policy information and instantaneously receive an electronic invoice. FLSLO also included IPC submissions as



- Legislation provided for the filing of Independently Procured Coverage (IPC) with the FLSLO.



- The Florida Department of Insurance anticipated FLSLO handling approximate 500-1,000 IPC policies per year, but in the 4th quarter alone, FLSLO processed nearly 1,000 IPC policies.



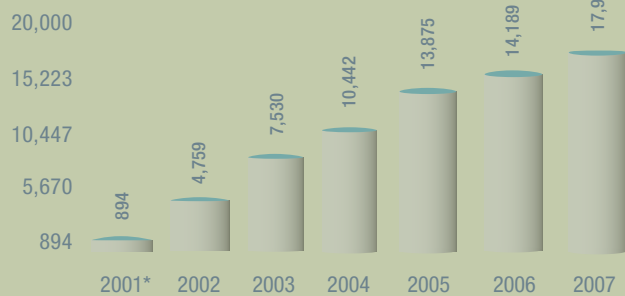
- FLSLO assumed the responsibility for requesting eligibility on behalf of surplus lines insurers to the Office of Insurance Regulation.

silhouette



- Developed an electronic business card that was distributed to other stamping offices and departments of insurance responsible for the surplus lines premium filings.

Policies Submitted by IPC Filers



*Please note IPC filings in 2001 include a partial year's filings

another component of its Variance Analysis Program. Initial projections, based on historical numbers from the Department of Insurance, predicted that the Service Office would be handling approximately 500 – 1,000 policies a year. “The establishment of the first web-based filing system provided a user friendly means for the reporting and payment of taxes for IPC filers,” stated Tiffany Varn, IPC Collections Coordinator. “The efficiency of an electronic filing system led to the processing of nearly 1,000 policies from the months of September to December

of that same year. Today, the Service Office processes more than 17,000 IPC policies each year on average.”

Additionally, the Service Office assumed the responsibility of making requests for eligibility on behalf of surplus lines insurers to the Office of Insurance Regulation (OIR), as opposed to the surplus lines agents making the request themselves. This change was also made in the 2001 Legislative Session, and the Service Office began receiving applications in September 2001.

As a means of introducing and marketing

2001

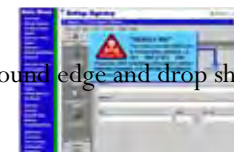
- The FLSO created a Rules and Regulations class that required continuing education students to find mistakes on artificial declarations pages as an interactive class activity. FLSO provided six classroom C.E. classes in various locations throughout the state.



- In July, FLSO provided a C.E. course at the Florida Surplus Lines Association's Annual Convention.



- The Certificate of Online Agent Software Training (COAST) program was completed and made available to train submission staffers responsible for using the Agent Submission Software and to serve as a tool for improving proficiency and reducing reporting errors.



round edge and drop shadow

the Agent Submission Software, the Service Office developed an electronic business card that was distributed to other stamping offices and departments of insurance responsible for the surplus lines premium filings. The electronic business card was distributed as a small compact disk that contained a demonstration of the reporting software and management system and also included testimonials from Service Office staff, licensed Florida surplus lines agents, and Department of Insurance personnel.

With education at the helm, the Service

Office staff took its three-hour continuing education class on surplus lines rules and regulations to the road, providing training to more than 200 individuals in various locations around the state. This training was provided to licensed surplus lines agents for free. In addition to the three hour course, the Service Office also completed curriculum for a continuing education course that was taught in conjunction with the Florida Surplus Lines Association's (FSLA) annual convention.

The Service Office staff also began development of a training program that

would be made available to surplus lines agents and their reporting staff for free to provide training on the Agent Submission Software. The Certification of Online Agent Software Training (COAST) Program was completed and made available in 2001; the purpose of the program was to target what had humorously been called the "Top 10 Sins of the Submission Process," or those errors that had been identified as occurring frequently in the agent software. COAST provided a comprehensive online learning program that provided easy-to-understand

instructions specifically related to the submission process.

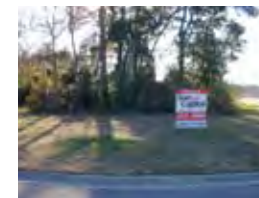
"COAST was a huge collaborative effort by just about everyone in the office," recalls Matt Wester, Agent Services Administrator. "It was such a success because of its abilities to challenge the learner interactively, and it actually allowed them to input imitation policy information into the program as if the user were actually entering policy data into the real system. It was an extremely useful learning tool. The COAST program is still available for all agents and their reporting

"COAST was a huge collaborative effort by just about everyone in the office. It was such a success because of its abilities to challenge the learner interactively, and it actually allowed them to input imitation policy information into the program as if the user were actually entering policy data into the real system. It was an extremely useful learning tool."

—Matt Wester, Agent Services Administrator



• Gary Pullen presents FLSO Chairman David Holcombe with an award for exceptional service as FLSO's Chairman of the Board.



• The Service Office outgrows office space, and the Board approves the purchase of land on Maclay Commerce Drive.



staff at no charge, and it continues to serve as a tool for improving proficiency and reducing reporting errors.

In addition to COAST, the Service Office released a second online program called the Agent Software Tutorial, which was uniquely designed to address questions regarding specific filing processes. Unlike COAST, the tutorial did not offer interactive components to help address filing software issues, but it featured an overall review of the agents' software program through individual movies that included step-by-step instructions for

specific filing processes.

As 2001 came to a close, it was clear that the Service Office was outgrowing its office space in downtown Tallahassee. By the end of the year, the Board approved the purchase of property located on Maclay Commerce Drive in Tallahassee, Florida, the location chosen to become the Service Office's new headquarters.

2002 CHANGE IS INEVITABLE TO MOST ORGANIZATIONS, and the Service Office experienced its share of exciting

changes in 2002. These included a new look to the website, groundbreaking on a new office building, a new employee intranet, new search engine for visitors of the website and much more.

As always, efficiency in the area of technology was a key component in how the Service Office operated and performed its many functions. The Service Office continued its trend of analyzing the services and programs offered to customers in Florida and also expanded its view to fit a national level. The Service Office collaborated with other

A Groundbreaking Year

2002



A Groundbreaking Year with Service Enhancements

- Staffers worked with ACORD and other stamping office representatives to begin initiative to develop uniform filing standards.

- FLSLO given responsibility to collect assessment fees for Citizens Property Insurance Corporation from Florida's surplus lines agents in the event of an operational deficit.

- FLSLO broke ground on a new office building.



state's stamping offices and the Association for Cooperative Operations Research and Development (ACORD) in creating a uniform filing standard using extensible markup language (XML) for the distinct purpose of increasing the validity of surplus lines data being reported by the entire country.

Within the Compliance Review Program, a proposal was made to and approved by the Board for the consideration of charging interest penalties for unfiled policies. Later that same year, the Service

Office automated part of the Compliance Review business process, allowing analysts access to the Service Office network, providing them access to current policy information and the ability to produce audit reports.

The end of the 2002 Legislative Session brought about a significant change to the surplus lines industry in the form of the newly established Citizens Property Insurance Corporation (Citizens), which was given the ability to assess surplus lines policyholders on pre-determined coverage codes in the

event of an operational deficit from a large, natural disaster. The Service Office was given the responsibility of collecting the assessment fees from Florida's surplus lines agents and immediately implemented changes to its management system that would make collections streamlined and efficient.

In April, FLSO staff and board members attended the groundbreaking ceremony at the new office building site. Insurance Analyst Lisa French recalls, "When the Board broke ground at our new location, it was such a thrilling moment. It was very exciting to

Today, FLSO is responsible for collecting applicable assessment fees for three entities: Citizens Property Insurance Corporation, the Florida Hurricane Catastrophe Fund and the Department of Community Affairs. The collection of these assessments along with taxes, service fees and penalties is accomplished by a staff of four full-time employees.

"When the Board broke ground at our new location, it was such a thrilling moment. It was very exciting to see the groundwork of what would be our future."

—Lisa French, Insurance Analyst



clip art of guy with shovel

- The FLSO headquarters building was designed by local Tallahassee architectural firm Emo/Architects, Inc. By April 2002, construction equipment was in place and work for the new FLSO had begun.



In 2002, the FLSLO began the development of its Speakers' Bureau program, which provided speakers free of charge to any insurance or civic organization's meeting to talk about the surplus lines industry, the FLSLO or any other topic related to surplus lines insurance. Over the past years, FLSLO has provided speakers for

a variety of organizations and groups including the National Association of Professional Surplus Lines Offices (NAPSLO), the National Association of Professional Insurance Agents (PIA), the Association of Insurance Compliance Professionals (AICP) Florida State University (FSU), and the Florida Insurance School.

see the groundwork of what would be our future.”

With an eye on education, the Service Office was given a unique opportunity to provide two training seminars to the employees of the Florida Department of Financial Services (or DFS, which had previously been known as the Department of Insurance). In September, Service Office staff members provided both morning and afternoon presentations to approximately 200 DFS employees. These employees represented various sections of DFS, including Agent &

Agency Investigations, Consumer Services, Insurer Services, and Legal Services, and it also included 10 field offices around the state who listened by teleconference.

The presentations focused on a basic overview of surplus lines insurance, including a historical perspective, the distribution process, types of coverages, insurer regulation, and an overview of the services provided by the Service Office. The presentations spurred many good questions and helped to foster a better relationship with DFS in attaining a mutual goal: assisting

Legislation Brings on New Licensure

2002



- FLSLO provides more than 200 Department of Financial Service employees with a two-hour presentation on a basic overview of surplus lines insurance, the distribution process, types of coverages, insurer regulation and the services provided by FLSLO.



- FLSLO made numerous internal and external enhancements to systems including a completely new look to the website and new employee intranet.

2003



Growth Opportunities

- Staff moves into new building at 1441 Maclay Commerce Drive.

Florida's insurance customers.

Information also came in the form of enhancements to the Service Office website. A completely new look was unveiled in the latter part of 2002 that provided users with better search options, more timely information, and easier access to specific features.

To assist consumers and other industry personnel in learning more about surplus lines insurance, the Service Office also created a speaker's bureau program designed to provide presenters for insurance

organizations, insurance schools, consumer groups, civic organizations, etc. The Speaker's Bureau Program delivered information relative to Florida's surplus lines industry to any organization upon request at no charge.

2003 IN 2003, CONSTRUCTION OF THE NEW SERVICE OFFICE headquarters building was completed, and the staff's relocation to the new office was the first of many milestones. With the foundation stones set in place, it was apparent that 2003 would be characterized by the rebuilding and

enhancement of services and products.

Through a continued partnership with Infinity Software Development, Inc. (ISD), the Service Office migrated its traditional client-server management system to a web-based application called RAPID. RAPID, which stands for Regulatory Administrative Platform of Insurance Data, provided a much more efficient means to maintain the programs used to store and report agent and insurer data. "The migration demonstrated our office's commitment to utilizing the best resources available as a means to stay ahead

• The Service Office migrates from its client-server management system to a web-based application called Regulatory Administrative Platform of Insurance Data or RAPID.



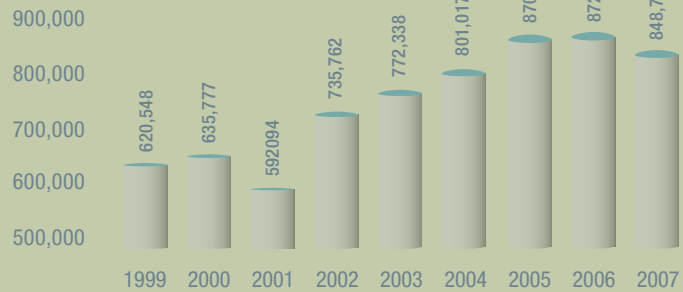
"While some of what we do is just keeping up with the latest technology standards, we are always pushing the envelope to see what is out there, and how we can better the business of our customers."

—Jim Day, Database Administrator

• FSLSO develops electronic invoicing system for monthly and quarterly billings in an effort to provide customers with an option to receive invoices via email.

electronic invoice, computer, emailclip art

Policies Submitted by Agents



of the technological curve,” stated Jim Day, Database Administrator. “While some of what we do is just about keeping up with the latest technology standards, we are always pushing the envelope to see what is out there, and how we can best utilize technology to better the business of our customers.”

The Service Office also continued its high level of performance of providing accessible financial solutions for its customers by combining the speed and ease of Internet use with its billing information in order to offer electronic invoicing for

both monthly and quarterly invoices and their corresponding transaction reports. Electronic invoicing cut back on customer staff time, reduced the cost of making copies and mailing documents, and decreased paper usage and postage fees for member agents. This service was made available by request and today more than half of the Service Office invoices are sent out electronically.

The education section of the Service Office also worked to merge customers’ needs of accessibility with a comprehensive learning program in 2003. With a focus

2003



- FLSO launched an online 60-hour Surplus Lines Pre-Licensing course and an online three-hour continuing education course on the Rules & Regulations of surplus lines insurance.

gavel photo

- Department of Financial Services and Office of Insurance Regulation took legislative initiatives based on FLSO and Board actions to provide consumer protection and regulatory oversight in response to US District Court’s Ruling.



- FLSO embarks on a self-improvement journey by taking the first step in the Florida Sterling process with the Navigator self-assessment survey, scoring an 83.28.

on mobility, the Service Office invested its efforts into available online technologies to fuse its traditional classroom styles with web-based products to create a digital classroom experience.

The Service Office launched Florida's first completely online 60-Hour Surplus Lines Pre-Licensing Qualification Course in the state of Florida. The Pre-Licensing Course was designed to satisfy the educational requirements necessary for an agent to sit for the state's surplus lines license examination. The course coupled the use of technology

and online capabilities in an effort to provide learners the opportunity to take course work from any location at any time. Students were given 90 days to complete all course material and take a required final exam. The online exam consisted of 75 questions in a multiple-choice format, and students were given two attempts to earn a passing score. Later that same year, the Service Office also launched a three-hour continuing education course entitled "Florida's Surplus Lines Rules and Regulations. This course provided information on Florida's surplus lines law

through the exploration of the Florida Statutes and the Rules of Practice.

One of the most notable issues that impacted Florida's surplus lines industry happened in late 2003 with a federal court's rulings concerning Florida's procedures relative to nonresident surplus lines agents. The U.S. District Court ruled that the Department's failure to issue surplus lines licenses to nonresident surplus lines insurance agents to be unconstitutional. Later in 2004, the Florida Legislature enacted Florida Statute 626.9272 which created



FSLSO became the first provider to offer a 60-Hour Surplus Lines Pre-Qualification Course completely online. It remains the only online option even today.



• As the 2003 year came to a close, the Service Office hosted an open house, showcasing its newly completed building and internal infrastructure to Board Members, local regulators, agents and other insurance professionals, vendors, family and friends.



people on
stairs open
house

licensure of nonresident surplus lines agents.

The Service Office also participated in the Florida Sterling Council's Navigator, a self-assessment survey, geared at providing the organization with a snapshot of its current processes, focuses, strengths and weakness. The survey was administered organization-wide to all Service Office employees, supervisors and Board members. Out of a possible 500 point score, the Service Office received 416.41 points (83.28%).

Finally, the Service Office hosted an Open House, showcasing its new

facilities to regulators, member agents and industry related professionals. The Open House provided the Service Office with an opportunity to present its newly built headquarters and the capabilities of its services.

2004 IN 2004, THE SERVICE OFFICE INVESTED a great deal of effort into strengthening its customer relationships. The push for quality products and superior service drove the need for enhancements to many of FLSO's already existing systems,

products and services.

The Service Office assisted the Department of Financial Services/Office of Insurance Regulation (DFS/OIR) in response to the U.S. District Court Ruling regarding the licensure of nonresident surplus lines agents by relaying information to members regarding developments, working with regulators to help protect Florida's surplus line industry, and communicating along with the Florida Surplus Lines Association (FSLA) to apply equal governing to both resident and nonresident licensed surplus lines agents.

The Customer Comes First

2004

Customer Focused

- In 2004, the Service Office focused on the interests of its customers through disaster relief efforts, service enhancements and program improvements.

- Non-resident surplus lines agents were allowed to obtain their Florida surplus lines license based on the same experience and educational requirements of resident agents.

- FLSO completes the second step of the Florida Sterling Challenge application.



- FLSO offers a two-hour C.E. course on Illegal Entities to help agents satisfy state C.E. requirements.

Effective July 1, 2004, nonresident agents were allowed to obtain their Florida surplus lines license based on the same experience and educational requirements by resident agents.

As a means to review and evaluate its existing services and products, the Service Office participated in the Florida Sterling Challenge. Different from the Sterling Navigator, the Sterling Challenge evaluated the organization by means of its key influences, internal and external operations, and key challenges. All Service Office staff

participated in the completion of a 20-page response submitted to the Sterling Council, followed by an onsite Sterling Examination, and was further involved in the resulting feedback. The Sterling Challenge served as one more means for the Service Office to evaluate its role in the surplus lines marketplace, its products and services, the relationships it had with its customers and vendors, its current strengths, and its potential for process improvement.

A balanced scorecard for performance measurement was developed and is currently

Licensed Surplus Lines Agents



- FLSLO continues its participation in industry tradeshows by participating in FAIA, LAAIA and FSLA annual convention and tradeshows. FLSLO staff members provide brochures and novelty items to interested attendees.



- FLSLO creates an Agent Report Card, with focus on strengths and opportunities for surplus lines agents and their staff.



- By 2004, the FLSLO staff had grown to encompass 17 employees which included (front to back) Gary Pullen, Tiffany Varn, Sean Fisher, Ashlee Weber, Jim Day, Cathy Durrance, Mark Shealy, Carolyn Daniels, Mathu

- Spires, Felicia Meredith, Jason Haynie, Lisa French, James Farmer, Teri Littlefield, Matt Wester, and Georgie Barrett.



used to monitor and identify priorities that may lend themselves to the redirection of resources and staff efforts, all for the goal of reaching specified targets.

The Service Office further expanded its educational offerings to include a two-hour course on Illegal Insurance Entities in an effort to help member agents complete the continuing education requirement for two-hours of illegal entities subject matter. The course explored the differences between an unauthorized insurer and an illegal insurance entity and used prior case studies

as means to explore actual scenarios. Though this continuing education requirement was later repealed, the Service Office continues to host this course as another resourceful education offering.

Another new educational opportunity put into effect in 2004 was the inception of the Agent Report Card program. With a focus on highlighting strengths and opportunities, agents received reports cards grading them on four key data elements which included the percentage of outstanding Transactions in Question (TIQ's); the percentage of

submissions accepted versus the total number of submissions; the percentage of timely filed quarterly affidavits; and the percentage of timely submitted transactions. The Agent Report Card was established to provide agents with the opportunity to see how they ranked in compliance and where they might seek opportunities for improvement.

Financial stability laid the groundwork for the Board of Governors to approve a reduction in the service fee. By Board and Office of Insurance Regulation approval, the Service Office lowered its service fee from

0.3% to 0.25% beginning April 1, 2004.

Additionally, 2004 cannot be revisited without including the record-breaking year of hurricane activity. Within a 45-day period, Florida was hit by hurricanes Charley, Frances, Ivan, and Jeanne, which left thousands of Floridians homeless and caused more than \$21 billion in gross property loss. In conjunction with DFS, Service Office staff members were dispatched in teams to Fort Pierce and Pensacola following three of the four storms. Staff members worked alongside DFS to assist Florida's surplus lines

2004

• Reduction in Service Office fee from .3% to .25% beginning April 1, 2004.

• Hosted three focus group forums and administered electronic surveys to surplus lines agents, submission contacts, agency accounting, surplus lines insurer contacts, and IPC filers as a means to obtain

customer feedback on FLSO services, products and programs. Information was used in the 2004 strategic planning process to drive self-improvement projects for the 2005 year.

• FLSO assists Department of Financial Services by dispatching disaster assistance teams to multiple locations to provide surplus lines insurance expertise and assistance to affected consumers.



clip art photo of round table discussion

policyholders with emergency claims contact information and advice for general insurance and claims related questions. “Listening to sad stories by the policyholders that came to us for assistance was an extremely humbling experience,” remarked Ashlee Weber, who deployed to the Ft. Pierce insurance assistance village after Hurricane Jeanne. “However, knowing that we had the means and ability to provide them with some answers and help was very satisfying. Even if all we could do was to listen to them and offer them a bottle of water, we felt that we

were being of service.”

With a focus on customer service, the Service Office began a drive to evaluate and enhance its core services. Through Beacon Research, Inc. of Tallahassee, the Service Office conducted three focus group forums and three electronic surveys throughout the state during the summer months. These surveys evaluated the Service Office’s core services, and participants responded with the level they agreed or disagreed to statements and provided comments. The overall satisfaction rating was more than

98% for staff professionalism, response time, helpfulness of staff and staff knowledge.

Participants’ comments provided customer insight into opportunities for improvements which found their way into the Service Office’s three-year strategic plan.

2005 THE YEAR 2005 SAW FURTHER ENHANCEMENTS to the services offered by FLSO, including the release of the Service Office’s informational web-portal, SLIP. SLIP, or Surplus Lines Information Portal, was designed as another mechanism for Florida’s

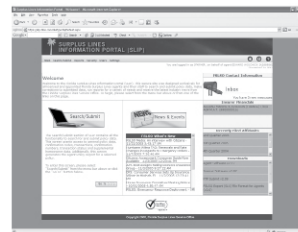
Improving on Existing Services

2005

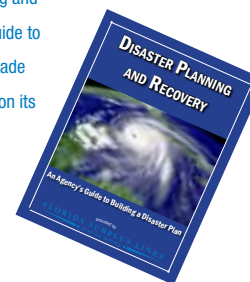


Improvement Focused

- Created a Surplus Lines Information Portal (SLIP) for policy submissions, but also provided new functionality to agents and their staff for reviewing and editing policy information on submitted transactions, as well as, access to additional reports and information.



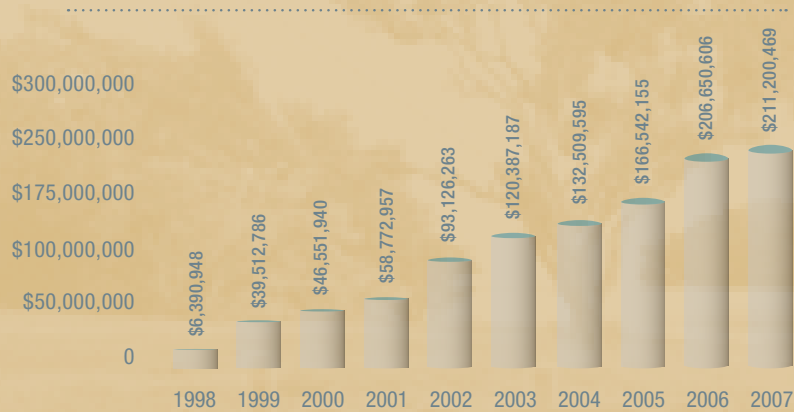
- Service Office develops a catastrophe preparation guide entitled “Disaster Planning and Recovery: An Agency’s Guide to Disaster Planning” and made it available for download on its website.



- Enhanced the eNews, an electronic bulletin, with an html format, as well as, created an additional eAlert bulletin for emergency information distribution.



Collected Premium Taxes Fees 1998-2007



surplus lines agents to electronically submit policy information to the Service Office.

However, SLIP was developed with several functionalities that separated it from the Agent Software, including its immediate access to submitted data, the ability to review and edit policy information, and a controlled security mechanism that allows the agent to verify the level of security a filer would have when submitting data on the agent's behalf. "SLIP was created out of a need that presented itself in the 2004 customer surveys that called for a program that would allow

users to have more direct access to their submitted data," explained Felicia Meredith, Information Systems Analyst. "The major advantage of using SLIP is that it provides our customers with a means to access all of the policy data they have submitted since 1998, along with the option to run information reports, previously available only by request to our office."

Hardened by the lessons learned from the 2004 hurricane season, the Service Office took a proactive approach in its effort to provide disaster assistance to its customers.

2005

- Lessons learned from the 2004 hurricane season, afforded FLSO to take a more proactive approach with disaster assistance with the design and deployment of FLSO's Emergency Response Vehicle (ERV).



- ERV made its maiden voyage to Plantation, Florida when the Service Office dispatched teams of two to Plantation, Florida following Hurricane Wilma. ERV provided staffers the means to both live on site as well as help consumers from its portable office.

- Enhanced the Agent Report Card by excluding cancellation and return of premium transactions from the calculations of late filing penalties.

In an effort to encourage member agents to better protect businesses and homes in the midst of an impending catastrophe, the Service Office developed a catastrophe manual that could be used as a basic template to aid agents in the development of their own catastrophe plan. "Disaster Planning and Recovery: An Agency's Guide to Building a Disaster Plan" was made available in early May of 2005 as a free educational guide that provided a step-by-step approach for building an agency disaster plan.

The Service Office also wanted to find

a better method to relay information to its customers and made improvements to its eNews service through its conversion to a hypertext (HTML) format along with the addition of a new electronic bulletin called eAlert. The eAlert mailing was designed to supply important information items to all Florida surplus lines agents, regardless of subscription. This service was created in order to distribute emergency information to all FLSO customers, including those who might be unaware of the service or any others who might be non-eNews subscribers.

Lastly, the Service Office pushed for the design and production of an emergency response vehicle that could be dispatched to disaster laden areas following a catastrophe. ERV, the Service Office's Emergency Response Vehicle, was completed prior to the 2005 hurricane season, and was designed to provide catastrophe response team personnel with functional living and office space. The custom-designed 40-foot long trailer and truck were purchased to serve as a mobile command center, giving response teams the ability to better help customers.

The Service Office further developed a new information bulletin to complement its existing "eNews" service with the intent to distribute it to all Florida surplus lines agents regardless of subscription. This bulletin was named "eAlert" and was used in 2005 to distribute emergency orders, emergency rules, and informational memorandums.

photo of calendar
with date circled

- The Board also approved increasing the Service Office's filing requirements for agents to file policy information from 21 to 30 days.



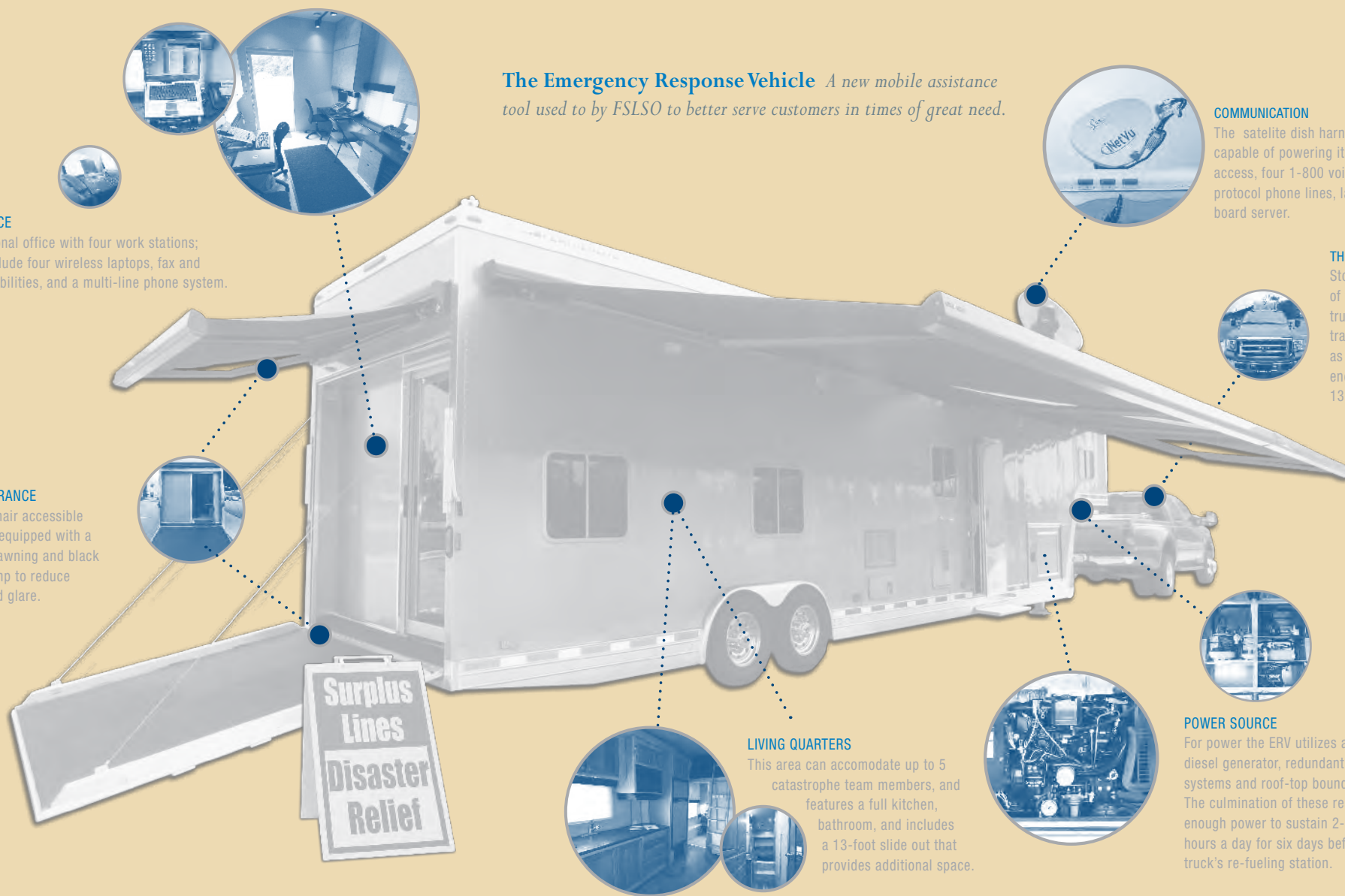
- FLSO also took measures to better prepare its operations for business continuity in the wake of catastrophe by installing a 400 Kilowatt diesel Kohler generator with a 2500 gallon sub based fuel tank. With a full fuel tank, FLSO can sustain basic power requirements for 48-72 hours.

FLSO also contracts with two back-up fuel suppliers as a means to maintain a constant source of fuel for the generator and ERV, which may also be used a secondary office building.



THE EMERGENCY RESPONSE VEHICLE (ERV): *Designed by Service Office staff members and built exclusively for the Service Office by Featherlite, Inc. ERV was built to serve as a mobile office and living facility for Service Office employees dispatched to disaster areas to assist policyholders.*

The Emergency Response Vehicle *A new mobile assistance tool used to by FLSO to better serve customers in times of great need.*



OFFICE SPACE

Fully functional office with four work stations; features include four wireless laptops, fax and printer capabilities, and a multi-line phone system.

OFFICE ENTRANCE

The wheelchair accessible entrance is equipped with a retractable awning and black textured ramp to reduce slippage and glare.

COMMUNICATION

The satellite dish harnesses speeds capable of powering its internet access, four 1-800 voice-over internet protocol phone lines, laptops and on-board server.

THE TRUCK

Storing 100 gallons of fuel and water, the truck serves not only as transportation, but also as a back-up source of energy, boasting its own 13.5K generator.

LIVING QUARTERS

This area can accommodate up to 5 catastrophe team members, and features a full kitchen, bathroom, and includes a 13-foot slide out that provides additional space.

POWER SOURCE

For power the ERV utilizes an on-board 20k diesel generator, redundant battery back-up systems and roof-top bound solar panels. The culmination of these resources provides enough power to sustain 2-4 people for 24 hours a day for six days before utilizing the truck's re-fueling station.

“The basic principle of ERV’s design was to create a safe, multi-functional space where staffers could work and live in the same location,” said Georgie Barrett, Executive Assistant and Catastrophe Response Team Coordinator. “Catastrophe team members would be able to remain onsite at all times as ERV contained complete living facilities, sleeping accommodations and kitchen, as well as fully equipped office facilities, outfitted with full Internet access and phone services provided through satellite uplink.”

ERV took its maiden voyage following

the impact of Hurricane Wilma in late October 2005 as Catastrophe Response Teams were dispatched to provide assistance in Plantation, Florida.

As 2005 came to a close, the Budget Committee and OIR approved the Service Office’s 2006 Budget, which included another reduction of the service fee from .25% to .2% on policies effective April 1, 2006. The Board of Governors also increased the Service Office’s filing requirements for agents from 21 days to 30.

2006 THE SERVICE OFFICE

CONTINUED to use technology to power enhancements to its current services and products and kept its focus set on upholding its mission in 2006. Through the efficiency of its data collection capabilities and invoicing process, the Service Office began collecting an assessment on applicable surplus lines policies as directed by Citizen’s Property Insurance Corporation. The assessment, stemming from an operation deficit from the 2004 hurricane season, went into effect on January 1, 2006.

Assessment Collection Comes to Light

2006



Assessment Collections & More Program Enhancements

- Citizens Property Insurance Corporation experiences deficit stemming from 2004 Hurricane Season and FLSLO begins collection of a 6.84% assessment on applicable surplus lines policies.



- FLSLO begins to collect the Emergency Management Preparedness Assistance Trust Fund surcharge of \$2.00 and \$4.00 for the Department of Community Affairs.

- FLSLO Board accepts National Association of Professional Surplus Lines Office’s provisions for a state-based solution and an interstate compact on multi-state surplus lines filings.



- Reduction in the Service Office fee from .25% to .2% effective April 1, 2006.

In an effort help its members and their customers, the Service Office published a new information guide following the assessment order levied by Citizens Property Insurance Corporation (Citizens) as a result of the losses suffered during the 2004 hurricane season. A Citizens Assessment Consumer Guide card was made for member agents to provide to their customers as an educational tool explaining the Citizens Assessment. The card provided an explanation of Citizens, an overview of the assessment and relative FAQ's, and were provided

free-of-charge to all agents via request, with no limitation on quantity.

The Service Office also began the collection of the Emergency Management Preparedness Assistance (EMPA) Trust Fund surcharge effective January 1, 2006. While the EMPA fee was not a new surcharge, the 2005 Legislative Session did amend Section 252.372 through House Bill 1813 to authorize the Service Office to collect the EMPA fee. Both the Citizens Assessment fee and EMPA surcharge are calculated by the Service Office based on the submitted policy

information. The Service Office generated applicable invoices and payment was collected in the same manner as the surplus lines premium tax and the service fee.

The Board also authorized the Executive Director to participate in the Interstate Compact committee of Stamping Offices as they reviewed the methods to modernize, simplify, and create a level of uniformity in the regulation of multi-state excess and surplus lines transactions.

Existing services were also enhanced in 2006 as the Surplus Lines Information

• Enhancements made to SLIP, allowing agents to file their quarterly affidavits electronically to help them meet compliance standards.

• FLSO develops a balanced scorecard to address Sterling examiners report and to monitor programs and processes.



• FLSO creates a 10-minute DVD geared towards educating retail agents about Florida's surplus lines marketplace.



Portal (SLIP) was programmed to include an auto-filled quarterly report affidavit for surplus lines agents. This would allow agents to submit their quarterly report affidavit electronically in a more timely manner and thus help them meet compliance standards.

In an effort to provide eligible Florida insurers with another mechanism in which to submit their filings, the Service Office, in partnership with Infinity Software Development, Inc. (ISD), began development of a Surplus Lines Information Portal for eligible Florida surplus lines insurers. After

the completion of the development in 2006, SLIP for Insurers was later released in 2007.

As a means to measure performance, the Service Office also installed and began implementing a formal method of organizational performance evaluation called Performance Soft Views. Performance Soft Views provided a means for Service Office staff to track their current processes against historical based targets in an effort to measure current workload and output. It further provided a mechanism for the Service Office to measure overall financial

performance, internal operations, innovation, learning, and customer satisfaction.

Helping consumers locate coverage during the hard market became another way the Service Office offered assistance in 2006, with the release of a new information report. Due to Florida's ailing property market conditions from two back-to-back years of major hurricane activity, the Service Office received numerous requests from consumers and retail agents for market referrals for their hard-to-place coverage needs.

In an effort to expedite the process of

assisting customers to find coverage options, the Service Office developed an online search tool for consumers and retail agents "looking for coverage" that was hard to find in Florida's volatile insurance marketplace. Empowered with the knowledge that Florida consumers in search of insurance options were often unaware of current possibilities in the surplus line market, the Service Office worked to create a streamlined version of its current Market Data Report program in an effort to pinpoint specific coverages being written in a particular county.

2006

- FLSLO creates a two-hour online C.E. course, entitled, "The Retail Agent's Role in Florida's Surplus Lines Market."

visual of boat
adhere

- Through the services of a local design firm, Design Farm, FLSLO develops an awareness campaign asking "Do You Know" and integrating information about Florida's E&S industry, the FLSLO and its products and services.



- In the midst of its awareness campaign, FLSLO refreshed its logo by giving it a new look to include three royal palms and the FLSLO crest.

- A new display booth highlights the key services provided by the FLSLO.

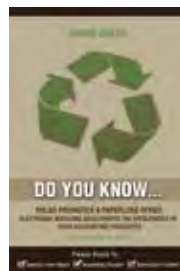
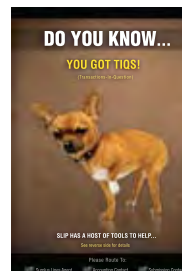


The “Looking for Coverage” report provided consumers and Florida’s retail agent force with a means of identifying opportunities within the surplus lines marketplace as possibilities for finding coverage. By selecting the type of coverage and county of the risk, the online search tool generated a report based on the last three full months of data submitted by Florida licensed surplus lines agents. The report provided a list of the surplus lines agents’ names that provided the coverage in the county selected, and the applicable address and phone

numbers. The Service Office also made great strides for the development of future education offerings for member agents and expanded its information resources to include Florida’s retail agent force. In late July, the Service Office debuted a 10-minute information DVD geared at educating and informing retail agents of Florida’s surplus lines marketplace and of their responsibilities when utilizing the marketplace as a means to secure coverage. The DVD further promoted a new 2-hour online educational course



The Service Office developed a streamlined “Looking for Coverage” Report via the FLSLO website to provide consumers and Florida retail agents with a way of identifying coverage availabilities within Florida’s surplus lines marketplace.



- Another facet of FLSLO’s awareness campaign was the development of teaser cards which highlighted specific services and products, asking the reader “Do You Know,” and was included in monthly and quarterly billing invoices.

entitled “The Retail Agent’s Role in Florida’s Surplus Lines Market,” which provided an expanded overview of the retail agent’s role in Florida’s surplus lines marketplace and explained how the Service Office served as an informational resource. The DVD was provided at the Florida Association of Insurance Agents 2006 Annual Convention and Tradeshow.

As always, the Service Office staff made significant strides to provide quality informational resources to its customers in an effort to help them better perform

their jobs. Using valuable feedback garnered from the 2005 Customer Service Survey, the Service Office found a gap in awareness between its various customer groups and its available products and services. Following the completion of the new logo, the Service Office worked with Design Farm to develop and implement a new direct mail piece called a teaser card, used to promote its current products and services. Designed to fit in a standard envelope, teaser cards were included in monthly billing invoices and featured a specific FLSO service or product. The main

carrier of the “Do You Know” theme, the focus of each teaser card was delivered in the form of a question, with the intention to pique the interest of the reader, and prompt them to view the full details of the card’s backside. The 2006 teaser card series delivered information relative to continuing education opportunities, the Surplus Lines Information Portal, software upgrades and agency licensing.

As a means to keep up with the changing needs of both Service Office customers and regulatory requirements, the Agent

A Year of Awareness

2007

Assistance and Awareness Focused

- Service Office began collecting a 1% assessment on all applicable surplus lines policies effective January 1, 2007 on behalf of the Florida Hurricane Catastrophe Fund.

- Implemented SLIP for insurer filings to provided added functionality to insurer contacts.

- Provided assistance to the Mississippi Surplus Lines Association by lending expertise on SLIP, filing procedures, mass communication and information distribution.



- Service Office prepared a briefing packet for Chief Financial Officer, Alex Sink, which contained statistical data concerning Lloyd's of London market share in Florida and the United States.



hurricane icon from weather
channel palm trees in a hur-
ricane photo

Submission Software, FTP Submit Software, Surplus Lines Informational Portal and the Insurer Software underwent enhancements that were all filtered into a new software release in early October. The Agent Software v3.0 included numerous enhancements including the new “reinstatement” transaction type, which was based on customer feedback.

On October 1, 2006, DFS began enforcing a new regulatory requirement calling for the licensing/registration of all Florida insurance agencies. The Service Office staff assisted Florida’s surplus lines

community by serving as a point of assistance, aiding customers to navigate the online agency licensing process. In addition to phone assistance, the Service Office staff distributed various informational pieces, including newsletter articles and a teaser card, promoting awareness among its members in an effort to aid compliance.

As the 2006 year came to a close, the Budget Committee approved the Service Office’s 2007 Budget, which included another reduction of the service fee from .2% to .1% effective April 1, 2007.

2007 IN 2007, THE SERVICE OFFICE released an insurer version of its web-based filing portal, SLIP. Insurer SLIP was developed through the collaborative efforts of the Service Office and Infinity Software Development, Inc. (ISD). Like the Insurer Software, Insurer SLIP provided a mechanism for surplus lines insurers to electronically submit data. In addition, Insurer SLIP provided submitters the ability to make corrections to data submitted, access to various types of reports, and provided links to the Insurer Financial Data Reports for



- In conjunction with the Department of Financial Services and the Florida Outdoor Advertising Association, the Service Office launched a public service billboard campaign encouraging Florida homeowners to “Shutter Up!”



- Enhanced continuing education offerings to include the topic of mitigation options and premium discounts credits. This course was delivered around the state to more than 150 students.

- Participated in statewide training seminar held by the Department of Financial Services for Consumer Service staff by providing information regarding Florida’s surplus lines market, the FLSLO and its services.



user-selected surplus lines insurers operating in Florida. Insurer SLIP also provided a listing of current events affecting the surplus lines insurance market which links to the Service Office's homepage.

The Service Office also provided assistance to a variety of groups and organizations in 2007, including the state of Mississippi's stamping office and DFS.

During 2007, the Mississippi Surplus Lines Association contracted with ISD to retrofit components of the Service Office's filing platform, in an effort to provide

Mississippi agents with an electronic means to file policy information. The Service Office assisted members of the Mississippi stamping office by providing their expertise on SLIP, filing procedures, mass communication and information dissemination. Staff member Felicia Meredith designed and developed a basic SLIP tutorial for the Mississippi office to assist its agents in understanding the new filing system.

Also in 2007, the Service Office prepared a briefing packet for the State's Chief Financial Officer, Alex Sink, that

contained statistical data concerning Lloyd's of London market share in Florida and the United States, a breakdown of top coverage codes for commercial property coverage written by Lloyd's in 2006, and various other statistical information. This briefing packet was provided to Sink in preparation for a meeting at Lloyd's of London concerning its presence in Florida's surplus lines industry.

When the Service Office needed to find new methods to disseminate information, the staff hit the streets. The Service Office took a proactive approach in support of Florida

A Year of Celebration

2007

- Reduction in the Service Office fee from .2% to .1% for policies effective April 1, 2007 and thereafter.



2008

Celebrating a Decade of Service

- Service Office begins creating awareness of 10-year anniversary through various advertisements, noting that the FLSO has been "making connections" and "bridging" the information gap for surplus lines insurance for 10 years.



- FLSO released its new website which was completely revamped to include customer-segmented categories and several new features which included a tax/fee/assessment calculator, an FAQ (Frequently Asked Questions) rating mechanism and IPC subscription service for bulletins.

FOR 10 YEARS, the Florida Surplus Lines Service Office has existed in a constant state of change; it has grown, advanced and evolved to become a premier resource for assistance, information and marketplace credibility for its customers and the state of Florida. The journey to the future begins with a single step, and for this organization, we begin that step today.



homeowners to better protect themselves against hurricane loss. Through partnerships with the Florida Department of Financial Services (DFS) and the Florida Outdoor Advertising Association (FOAA), the Service Office launched a public service billboard campaign that encouraged homeowners to “Shutter Up!” and promoted the My Safe Florida Home Program. Billboards were posted around the state of Florida including Miami, Orlando, Ft. Myers, Jacksonville, Sarasota, and Daytona Beach.

The billboard encouraged passing motorists to visit www.shutterupflorida.com, which would lead them to an accompanying website that delivered facts about hurricane mitigation before redirecting them to the My Safe Florida Home website. During 2007, more than 400 individuals visited the Shutter-Up Florida site.

In 2007, the Service Office created and delivered a new four-hour, classroom-based education course entitled “Do You Know the Code: Florida’s Surplus Lines Law and Mitigation Options. This course was created in an effort to provide students with an opportunity to satisfy a new continuing

education requirement calling for one hour on the subject matter of mitigation options and premium discounts as mandated by DFS. Along with the one hour of mitigation techniques and premium discounts, this course also incorporated three hours of Florida’s surplus lines law, the programs, services and resources of the Service Office, and an interactive student retention game. This course was taught to more than 150 students.

Alongside “Do You Know the Code,” the Service Office also delivered education offerings at the annual conferences of both the Florida Association of Insurance Agents (FAIA) and Florida Surplus Lines Association (FSLA).

The Service Office also provided speakers through its Speakers Bureau to participate in classrooms and training seminars for organizations including the Florida Insurance School, Florida State University (FSU), and DFS. Service Office staff participated in a statewide training seminar provided by DFS for its Consumer Services staff and presented information regarding the surplus lines distribution system, the responsibilities of surplus lines agents, and resources and programs available from the Service Office.

2008 THE 2008 YEAR CONTINUES

TO SHOWCASE the many services and programs that the Service Office works to improve, advance and deliver on behalf of its customers. Currently, the Service Office employs 22 full-time positions, three part-time staff members, and departmental interns who assist customers with filing procedures, technical support, and accounting issues. Through the continued partnerships of the Service Office, its Board of Governors, DFS, the Office of Insurance Regulation, and countless vendors and supporters, the Service Office will continue to serve and protect its customers’ interest by facilitating compliance and providing assistance and information regarding the Florida surplus lines marketplace.

The Service Office would like to thank all of the individuals who have been a part of our 10-year history and for helping us to achieve a decade of success.

Thank You

The Florida Surplus Lines Service Office (FSLSO) wishes to thank the following individuals for their contributions to the successes of this organization.

FSLSO Board of Governors:

Present: Terry Butler, R.C. Chaffin, Roy Fabry, Steven Finver, Ron Gabor, David Holcombe, Dan O'Leary, Lorna Palmer Mike Riordan

Past: Steve Burgess, Elsie Crowell, Tom Enright, Robert Erickson, General Robert Milligan, Bill Rambo Kevin Schuck, Larry Stowe, Bill Winters, and Ed Wojchick.

FSLSO Staff:

Present: Georgie Barrett, Kristen Bertagnolli, Carolyn Daniels, Jim Day, James Farmer, Sean Fisher, Lisa French, Jim Godfrey, Holly Grissom, Bobbi Harter, Rachel Hoffman, Felicia Meredith Jennifer Mills, Sheila Pearson, Gary Pullen, Marcia Rudd, Brian Sadler, Tiffany Varn, Ashlee Weber, Matt Wester, and Bryan Young.

Past: Mark Alvarez, Amy Bogner, Cathy Durrance, Eric Gipson, Jason Haynie, Troy Krause, Teri Littlefield, Liz Morris, Mark Shealy, and Mathu Spires,

FSLSO Staff

Gary Pullen

Executive Director

Carolyn Daniels

Assistant Director, Agent Services

Sean Fisher

Assistant Director, Education
& Information Services

Jim Godfrey

Chief Financial Officer

Georgie Barrett

Executive Assistant

Kristen Bertagnolli

Compliance Review Administrator

Jim Day

Database/Network Administrator

James Farmer

Senior Information Architect

Lisa French

Insurance Analyst

Holly Grissom

IPC Collections Specialist

Bobbi Harter

Variance Specialist

Rachel Hoffman

Variance Specialist I

Felicia Meredith

Information Systems Analyst

Jennifer Mills

Accounting Specialist

Sheila Pearson

Accounting Supervisor

Marcia Rudd

Insurer Services Administrator

Brian Sadler

Information Systems Support/Developer

Kara Steele

Variance Specialist

Tiffany Varn

IPC Collections Coordinator

Ashlee Weber

Public Information Specialist

Matt Wester

Agent Services Administrator

Bryan Young

Insurance Analyst

2006-2007 FSLSO Board of Governors

Gary D. Pullen, Executive Director

Florida Surplus Lines Service Office

Lorna W. Palmer

John Handel & Associates, Inc.

R.C. Chaffin, Chairman

SeaCoast Underwriters, Inc.

Michael J. Riordan

Hull & Company

David Holcombe, Vice Chairman

International Speedway Corp.

Terry Butler, Consumer Advocate

Florida Department of Financial Services

Dan O'Leary, Secretary/Treasurer

Shelly, Middlebrooks, and O'Leary

Roy V. Fabry

Kahn Carlin & Co., Inc.

Steve Finver

Continental Agency of Florida

Ronald Gabor

Gabor Insurance Services, Inc.

Past FLSO Board of Governors

1997-1998

W. Dana Roehrig, Chairman
Michael Riordan
Daniel C. O'Leary
Edward Wojchick
Larry Stowe
David Holcombe
Bill Rambo
Robert Winters
Elsie Crowell, Consumer Advocate

1998-1999

Bill Rambo, Chairman
Michael Riordan, Vice Chairman
Robert Winters, Secretary/Treasurer
Daniel C. O'Leary
Edward Wojchick
Larry Stowe
David Holcombe
Robert L. Erickson
Elsie Crowell, Consumer Advocate

1999-2000

Bill Rambo, Chairman
Michael Riordan, Vice Chairman
Robert Winters, Secretary/Treasurer
Daniel C. O'Leary
Edward Wojchick
Larry Stowe
David Holcombe
Robert L. Erickson
Elsie Crowell, Consumer Advocate

2000-2001

David Holcombe, Chairman
Daniel C. O'Leary, Vice Chairman
Edward Wojchick, Secretary/Treasurer
Bill Rambo
Michael Riordan
Robert Winters
Larry Stowe
Robert L. Erickson
Elsie Crowell, Consumer Advocate

2001-2002

Dave Holcombe, Chairman
Michael Riordan, Vice Chairman
Larry Stowe, Secretary/Treasurer
Daniel C. O'Leary
Edward Wojchick
Robert Winters
Bob Erickson
Kevin Schuck
Elsie Crowell, Consumer Advocate

2002-2003

Michael Riordan, Chairman
Larry Stowe, Vice Chairman
Edward Wojchick, Secretary/Treasurer
David Holcombe
Ron Gabor
Daniel O'Leary
Kevin Schuck
Robert Winters
Elsie Crowell, Consumer Advocate

2003-2004

Michael Riordan, Chairman
Larry Stowe, Vice Chairman
Kevin Schuck, Secretary/Treasurer
Tom Enright
Ron Gabor
David Holcombe
Daniel O'Leary
Edward Wojchick
Elsie Crowell, Consumer Advocate

2004-2005

Larry Stowe, Chairman
Kevin Schuck, Vice Chairman
Daniel C. O'Leary, Secretary/Treasurer
Tom Enright
Ron Gabor
David Holcombe
Michael Riordan
Edward Wojchick
Steve Burgess, Consumer Advocate

2005-2006

Daniel C. O'Leary, Chairman
Kevin Schuck, Vice Chairman
R.C. Chaffin, Secretary/Treasurer
Larry Stowe
Steve Finver
Ron Gabor
David Holcombe
Michael Riordan
Steve Burgess, Consumer Advocate

2006-2007

Daniel C. O'Leary, Chairman
R.C. Chaffin, Vice Chairman
Steve Finver, Secretary/Treasurer
Ron Gabor
Mike Riordan
David Holcombe
Lorna Palmer
Roy Fabry
Steve Burgess, Consumer Advocate



OUR VISION: To be universally recognized as the definitive resource regarding Florida's surplus lines marketplace. OUR VALUES: Service, Truthfulness, Accountability, Integrity, Respect.



Florida Surplus Lines Service Office

1441 Maclay Commerce Drive

Suite 200

Tallahassee, FL 32312

800.562.4496 (phone) · 850.513.9624 (fax)

www.fslso.com