



A L L S T A R

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1st Quarter - 2009



A Note from David Brett, Exec. VP/ Chief Operating Officer

Well, despite optimism at the end of last year for a quick turn-around in the economy it is going to take quite a while to get through; the depth and scope of the down turn has been a new experience for us all as not many of us were around during the 1920's.

Regardless of all the turmoil Allstar is growing! Our Company has recently added two new specialty entities to provide insurance products to the Forest and Timber industry that covers

both commercial ventures and those looking for some relaxation through outdoor recreation. In addition, as in the business of insurance we have also formed a Third Party Administrator to handle a basket of claim types. This company will help compliment our other operations and will be assisting our carriers in providing top shelf professional service.

As we add more companies, we are pleased to have new people join the Allstar team; we actively look to grow

our Company through the addition of likeminded people. More information on these companies and career opportunities can be found under the Directory listing of our website.

So with spring now here we are optimistic. We all realize that we need to be prudent but at the same time I believe that to get out of this slump we have to all do our bit to get business and confidence back on track.

David Brett

Outdoor Underwriters welcomes Tom Skaggs to their Team

OUI is please to announce that **Tom Skaggs** joined their team on April 1, 2009. Tom brings with him 20+ years of experience and expertise in the Forest Products industry. Tom also brings with him a valuable relationship with the Tennessee Forestry Association (see below) We welcome Tom to the OUI team!

TFA Announces Partnership with Outdoor Underwriters, Inc.

The Tennessee Forestry Assoc. has partnered with Outdoors Underwriters, Inc. to handle our organization's hunt club and timberland liability insurance programs. Tom Skaggs, TFA Board Member, will be representing Outdoor Underwriters, Inc. in TN and neighboring southern states. Tom is a graduate forester with 20+ years of experience in both the forest and insurance industry. He will be assisting TFA in marketing these programs to our members.

The liability insurance programs have been in place over 20 years in the Lloyds of London market and managed by Ed Wilson, a Ph.D. Forester. Tom joins Ed's team at Outdoor Underwriters to provide outstanding coverage at competitive & reasonable rates. OUI also carries insurance products for consulting foresters liability, wildlife consultants liability, standing timber and prescribed burn liability. Check the TFA website at www.tnforestry.com. to download applications for the hunt club and timberland liability insurance programs. To speak to Tom regarding insurance products offered by OUI call 803-451-8526 or Tom's direct line at 865-766-0900.

Vendor Spotlight



Stimulating The Construction Industry

**March 31, 2009 on fcw.com
(Federal Computer Week)**

"The Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council published six proposed interim rules in the Federal Register today to implement contracting provisions of the \$787 billion economic stimulus law. The rules include requirements for federal contracting officers to follow additional guidelines in publicizing contracts and for contractors to file quarterly reports on the work they perform. The rules would also implement the Buy American provisions of the American Recovery and Reinvestment Act (ARRA) and strengthen whistle-blower protections".

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Vendor Spotlight cont.

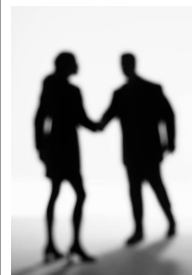
"Pouring money into the construction industry can keep a lot of construction companies and their respective supply chains in business through these tough times. I am a huge fan of the "Buy American" provision as well. It is definitely time that we focus some of our tax dollars on improving things right here in our own back yard. With that being said, something will need to be done to protect those TARP funds to make sure that they do filter down to the intended recipients. This is a perfect example of where escrow could be highly effective. What if instead of just handing over funds to a corporate abuser, such as AIG, that those funds were set aside in an escrow account? And in order to access those funds, AIG would need to fill out a draw request to say how the funds were going to be used and that request would then be approved by the government. I do not believe that the government would have approved a disbursement of funds to pay for a couple "state of the art" multi-million dollar corporate jets. Simply stated, controlling the funds at any level, helps to enforce integrity and accountability. It should be expected and demanded in all situations. Tough times are upon us and we need to be diligent in all endeavors.

Submitted by Susie Syrus, National Escrow ssyrus@natlescrow.com

★ Recent Successes

<u>CONTRACT BONDS</u>	<u>State</u>	<u>Bond Limit</u>
Renovation Work	GA	\$1,847,000
Gas Main Extension	GA	\$1,694,390
High School Field House	OH	\$1,574,812
Glass Installation	NC	\$1,387,985
Laboratory Equip. Installation	OH	\$1,253,418
Clinic Relocation	WI	\$1,145,383
Interior Glass Work	OH	\$1,060,000
Water, Sewer Earth Work	AL	\$971,329
Drywall Installation	CO	\$883,010
Cooling Tower Construction	TN	\$851,400
Classroom Building	AL	\$847,306
Airport Terminal Work	FL	\$676,498
Flooring Work	AZ	\$670,116
Technology Ctr. Construction	WI	\$640,730
High School Work	TN	\$638,005

Convention update...



In the 1st Qtr. **ALLSTAR** was well represented at the following Conventions/ Tradeshows:

March
Big I in South Carolina
Dale Borer, Linda Kosakowski and Dick Shanahan

If you were unable to attend any of the conventions, and would like to speak to one of our staff, please call them for assistance.

800-424-0132 www.allstarfg.com

ALLSTAR **Welcomes new Team Members**

Our **Florida Office** is pleased to announce that **Billie Jo Pablo** has joined their team as an Underwriting Assistant.

Brian Clark has joined the team in our **Charlotte, NC Office**. Brian will be working as an Underwriter for Contract Surety. Brian, no doubt will be a great asset to this already successful team.



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A Note from Don Gibbs, Sr. VP/CUO

WHERE ARE ALL THE FINANCIAL STATEMENTS AND THE MONEY THEY USE TO SHOW?

Timely receipt of financial statements is probably more critical to Contract Surety Underwriting this year than at any time I can remember in my thirty three years in the industry. With credit tighter than I can ever remember, and more contractors vying for less work, the chances our customers' financial positions improved in 2008 is remote at best.

One of the basics we have learned in our early training was that a late financial statement was more often than not an indication the contractor had less than a stellar year. The difficulty this year, is even as we look at financial statements, we must question disclosures more closely as the value of the accounts receivable may not be what they appear on the surface. Cash, three or more months ago, may not be there anymore. Under billings are probably inflated significantly. I could go on, but you get the idea.

I recently attended the NAIS Spring Meeting and two of the speakers pointed out the word "CRISIS" in Chinese is two symbols. The first means DANGER and the second means OPPORTUNITY. There is no doubt, the economic conditions the construction industry currently faces is one of Crisis. Our underwriting must meet the Dangers with increased skepticism and questioning of the financial condition of our principals. We must also recognize that with the tightening of the standard surety market there will be more Opportunities in the way of new submissions which if properly underwritten will establish and maintain a growth pattern of success well in to the future.

All of the underwriters at Allstar look forward to facing the challenges of this crisis and continuing to provide the prompt and courteous service to which the industry has become accustomed.

Don Gibbs

★ Recent Successes

<u>COMMERCIAL SURETY</u>	<u>State</u>	<u>Bond Limit</u>
Subdivision Maintenance	GA	\$356,357
Public Official	AL	\$200,000
Financially Responsible Officer	FL	\$100,000
Performance Bond	GA	\$75,000
Third Party Administrator	GA	\$10,000
Contractor License	AR	\$10,000
Tobacco Tax	ND	\$1,000
<u>COURT/PROBATE</u>	<u>State</u>	<u>Bond Limit</u>
Discharge of Lien	GA	\$81,566
Discharge of Lien	GA	\$79,958
Discharge of Lien	GA	\$53,049
Discharge of Lien	AL	\$42,260
<u>FIDELITY/FIDUCIARY</u>	<u>State</u>	<u>Bond Limit</u>
ERISA Bond	GA	\$500,000
Administrator	AL	\$463,100
ERISA	TN	\$265,000

THANK YOU FOR YOUR BUSINESS!

The ALLSTAR Production Incentive
was extended to March 31, 2009.

1st Quarter '09 Winners

Kathy Fulford	Pam Flowers	Judy Cooper	Edna Smith
Jeanne Tibbs	Debbie Peak	Kevin Smith	

Congratulations to the Winners of the \$3,000 Cash give-a-way in 2008!

The Owens Insurance Agency—Alabama
Katzbach Insurance Agency—Ohio
Lapre Scali & Co.—Arizona



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FIDUCIARY LIABILITY 101

WHY IS IT SO MISUNDERSTOOD?

In Part 1 of our Fiduciary article we discussed the history of ERISA, what ERISA is and what it does, discussed what a Fiduciary is, and described what the duties of a fiduciary are under ERISA. In this article, we will look into the reasons Fiduciary Liability is needed.

WHY IS IT NEEDED?

In many cases, indemnification (reimbursement) from the sponsoring organization (the insured) is either unavailable, or by itself inadequate protection for the fiduciaries. This could be due to the corporation being insolvent or not having enough available cash to pay the losses and expenses incurred by the fiduciary. In some states, the corporation is not permitted legally to indemnify fiduciaries and in some cases it may be against public policy. Fiduciary Liability policies usually cover the sponsored organization, the plan(s) and the insured persons (individuals). These could be any past, present, or future trustees, directors, officers, partners or employees of the Sponsored Organization.

In the event these trustees, directors, officers, and employees find themselves unable to be indemnified by the sponsoring organization, they could find themselves **personally liable** for any failure on their part to comply with ERISA. This means an insured can wind up losing **everything they own**, including, but not limited to, their home, car, savings, etc. as a result of a breach of their fiduciary duties.

With the legal professions increased awareness of ERISA matters, and with the continued enforcement of ERISA, the role of fiduciaries are subject to scrutiny. It is not uncommon to read about Employee Benefit problems in Time magazine or to hear of pension claims due to mergers and acquisitions, ESOPS, and employee awareness. In the next few years we will be seeing a larger number of suits filed, which will take longer and longer to settle. This means further defense costs will also be on the rise.

A simple but much over looked solution to this problem is to purchase a much needed and often inexpensive Fiduciary Liability policy.

Part 3—Explanation of the different Plans

Recent Successes - Insurance

<u>INSURANCE</u>	<u>Coverage Type</u>	<u>State</u>	<u>Premium</u>
Apartments	GL	GA	\$110,200
Apartments	GL	GA	\$63,500
Medical Consulting	PL/GL	TN	\$44,000
Vacant Bldg. Schedule	GL	MN	\$22,440
Contractor Restoration	GL	TN	\$15,000
Car Dealer w/claims	EPL	AL	\$13,890
Logging	Equipment	AL	\$11,558
Apartments	Property	GA	\$10,292
New Hospital	D & O	CA	\$5,839
Real Estate Appraiser	Misc E&O	GA	\$4,260
Bankrupt Company	D&O/EPL	FL	\$5,600

SPECIALTY BROKERAGE

	<u>Coverage Type</u>	<u>State</u>	<u>Premium</u>
Roofing Contractor	GL	FL	\$79,000
Industrial Contactor	GL & POLL	FL	\$62,000
Residential GC	GL	GA	\$48,000
Demolition Contractor	GL	AZ	\$45,000
Property Manager	GL	OH	\$35,000
Demolition Contractor	Umbrella	AZ	\$22,500



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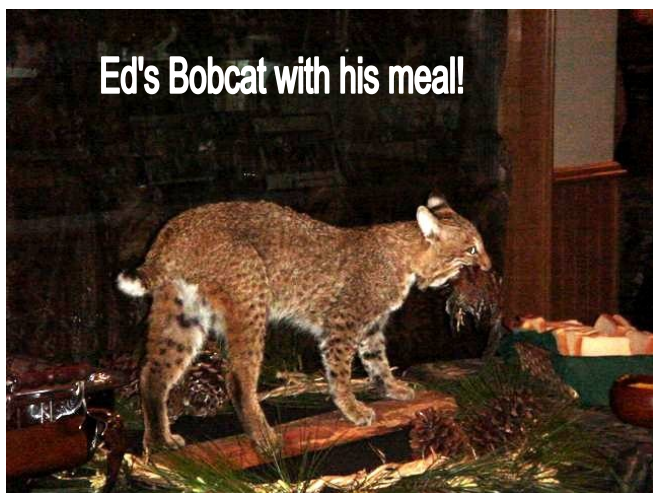
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Outdoor Underwriters, Inc. sponsored a 'Wild Game Dinner' on April 26 in Columbia, SC. It was a great evening of fun, music, a bit of camouflage, a lot of networking and great food! Among the guests were Consulting Foresters, Landowners and many others related to the Forest Products Industry.

Outdoor UNDERWRITERS

The evening began at 6pm with cocktails and for appetizers, Bison bites and Alligator bites with dipping sauces! The main course included wild game such as Quail and Venison along with Pork shoulders cooked all day on the grill and Venison Chili; and for those who weren't too interested in wild game, we had a little Chicken on the side! All of the food was prepared with Runninwild Foods spices. It was a great evening and OUI plans to make it an annual event!



Ed's Bobcat with his meal!



Ed Johnson & Curtis Stewart



Tom Skaggs

Sponsored by:



David Brett



Table Decorations