

# SLA Quarterly

The Surplus Line Association of California  
388 Market Street  
San Francisco, CA 94111

**JULY 1999**

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## Report of the Chair

Katheryn A.  
Nelson



The SLA is nearing completion of a strategic planning initiative. Many of the SLA's activities are prescribed by law – but since the codification of the organization in 1994, we have not attempted to explain the reason, function and purpose of these activities and how they fit in with our mission statement.

Through a strategic planning process the SLA's many functions and duties will be defined in terms of the organization's overall purpose. We need to define why we do the things we do and what overall goal they seek to achieve. Prospectively, we need to develop a vision to help describe our highest goals and the steps needed to reach those goals. You will be hearing more about the SLA's strategic plan in the months ahead.

On another front, we have learned of a decision by the Los Angeles County Superior Court

which held that there is no limit on the length of time surplus line brokers must maintain records.

While this decision is not a "binding legal precedent" in other cases, it does suggest that surplus line brokers should carefully review their record keeping procedures. Surplus line brokers should be sure that their certificates do not imply that they will retain records indefinitely (unless they plan to do so), which could create a contractual risk. If existing certificates already present this contractual risk, the surplus line broker should establish a retention policy that will preserve those certificates. The SLA has been working with the Department of Insurance to develop modifications in the Production Agency Records Regulation 2190 to clarify the time limits on surplus line brokers' record keeping requirements on a retroactive basis. ■



The Department of Insurance has confirmed that Surplus Line Broker written responses to the Year 2000 questionnaire requested by the department in February 1999 constitute a Year 2000 Readiness Disclosure and are therefore protected from some liability by the Federal Year 2000 Information and Readiness Disclosure Act and Section 3270 of the California Civil Code.

# SLA Quarterly

July 1999

The SLA Quarterly is published by  
The Surplus Line Association  
of California,  
388 Market Street,  
San Francisco, CA 94111  
For the members of  
The Surplus Line Association

## SLA OFFICERS & STAFF

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Deanna M. Zanoni  
Director, Stamping Office

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SLA Quarterly, 388 Market Street  
San Francisco, CA 94111  
Telephone: (415) 434-4900  
Fax: (415) 434-3716

## Report of the Director of the Stamping Office



Deanna M. Zanoni

The figures for the first six months of the year are as follows: We processed \$822,739,764 in premiums, an increase of 33.24% over last year. The item count was 124,843 items, 22.81% greater than 1998. The item count is composed of premium items only - new and renewal policies and premium endorsements. We attribute much of this increase to catching up on backlogged items. Good job Data Processing Department!

I would like to welcome aboard our new employees: Evelyn Parik, Executive Assistant, Paul Little, Office Clerk and Rose Tocchini, Data Analyst. Welcome to the Surplus Line Association of CA.

We also welcome our newest members to the Surplus Line Association of CA:

AEON Insurance Services  
W. B. Ahern Enterprises, Inc.  
ASU International, Inc.  
Black Diamond Executive Service, Inc.  
Care Providers Insurance Brokers, Inc.  
Central Coast Excess & Surplus Line Brokers  
Chanemen Insurance Agency, Inc.  
Encore Entertainment Insurance Services, LLC  
Lockhart Services, Inc.  
Near North Entertainment Insurance Services, LLC  
Northstar Risk Management & Insurance Services, Inc.  
RSA Surplus Lines Insurance Services, Inc.  
Specialty Programs & Facilities Managers, Inc.  
Valerie Jean Valentine  
Western Networked Insurance Services

You should have received our Bulletin No. 862. We are updating our database and would appreciate your input. Please fill out the bulletin and mail it to us or fax it to (415) 434-3716. Thank you for your cooperation. ■

## The Department of

**Insurance** has confirmed that interstate railroad protective policies are indeed considered a special lines



coverage which are exempt from filing with the SLA. Please note, this notice is not applicable to intrastate railroad protective policies.



# Employee Profile

**Mark Uyeda,  
Data Services**

**M**ark Uyeda, the SLA's PC Software Analyst and Webmaster, joined the Association in January 1995. In the short time he has been in the Data Services Unit, Mark has created, programmed and maintains the various Access databases in the Data Processing, Financial and Education departments. Since 1997, Mark's primary responsibility is to maintain the Association's 1000+ page Web site.

Mark is the eldest son to a family of four, born and raised in Honolulu, Hawaii. Mark earned an undergraduate degree in Business and postgraduate degree in Management from the University of Hawaii. While working as a student advisor at the University, Mark's interest in computers blossomed. With a few computer courses and a great deal of natural ability, Mark assisted in creating the University's database for student records.

"Island fever" drove Mark to the mainland to pursue a Ph.D. in Education. School burn out and an increased fascination with computers ended his academic pursuit. The lure of the West Coast—the cultural diversity and the nearness to home—drew Mark to San Francisco.

Apart from work, Mark spends a lot of his personal time on the computer tackling everyday chores, like paying bills and tracking accounts. Mark is using a new software program, along with personal interviews with relatives, to trace his family tree. Being a Sansei, or third generation Japanese American, Mark is anxious to learn more about his heritage.

Life beyond the computer include working out, continuing his third year of spinning and kickboxing, bike riding on the S.F. to Tiburon bike route, and attending the various street fairs, film festivals, and cultural events the City has to offer.

Although cooking is an occasional pastime, Mark was dubbed "King Adobo" last year, edging out seven other participants in the office's "Chicken Adobo (popular Filipino dish) Cookoff."

Mark's philosophy in life is to live each day as it comes. He only projects into the future as far as his trip to England and France in September. With his computer up and running, Mark is content to maintain his current situation. ■

## 1999 Education Calendar



### SLA Filing Procedures

2 Hours credit for  
Fire and Casualty Broker/Agents  
only  
(CDI #11007)

### SAN DIEGO

Tuesday, July 27, 1999  
Double Tree Hotel  
7450 Hazard Center Drive  
San Diego, CA 92108.

### August 1999



### Advanced Maritime Insurance

4 Hours credit for  
Fire and Casualty Broker/Agents  
only  
(CDI #71944)

### San Francisco

Wednesday, August 25, 1999  
The Fairmont Hotel  
950 Mason Street  
San Francisco, CA 94108

### Los Angeles

Thursday, August 26, 1999  
Marriott  
333 S. Figueroa  
Los Angeles, CA 90071

(Continued on Next Page)

# 1999 Education Calendar

(Continued from previous page)

## October 1999



### Officers and Directors

Pending 3 Hours credit for Fire  
and Casualty Broker/Agents only

#### Los Angeles

Thursday, October 7, 1999  
Marriott  
333 S. Figueroa  
Los Angeles, CA 90071

#### San Francisco

Thursday, October 14, 1999  
Sheraton Palace Hotel  
2 New Montgomery Street  
San Francisco, CA 94105

## QUESTIONS?



## CONTACT US!

\* Phone: (415) 434-4900

\* FAX: (415) 434-3716

\* E-mail: via the SLA of  
California Web Site  
[www.sla-cal.org](http://www.sla-cal.org)



# Current Legislation

## Assembly Bill 413 (Brewer)

### *Special Lines' Surplus Line Brokers*

Introduced on February 12, 1999 by  
Assemblywoman Marilyn C. Brewer  
(R-70)

*Status: June 25, 1999* Introduced in  
the Committee on Insurance. Still in  
Insurance Committee.

This bill would clarify that special  
lines' surplus line brokers may also  
be referred to, in short, as special  
lines brokers.

## Assembly Bill 478 (Cox)

### *Surplus Line Brokers Certificates*

Introduced on February 18, 1999 by  
Assemblyman Dave Cox (R-5)

*Status: March 1, 1999*, Referred to  
the Committee on Insurance.

Existing law requires certificates  
evidencing the placement of insur-  
ance with an eligible non-admitted  
insurer to be in the name of the  
issuing surplus line broker and to  
contain specified provisions and  
disclosures. Existing law requires a  
certificate of insurance or verifica-  
tion of insurance provided as evi-  
dence of insurance in lieu of an  
actual policy of insurance to contain  
specified statements relating to the  
fact the certificate or verification is  
not an insurance policy, and does not

amend, extend, or alter the cover-  
age afforded by the policies listed in  
the certificate or verification. This  
bill would exempt certificates  
evidencing the placement of insur-  
ance with an eligible non-admitted  
insurer from the provision of law  
that requires a certificate of insur-  
ance or verification of insurance to  
contain specified statements relating  
to the fact the certificate or verifica-  
tion is not an insurance policy, and  
does not amend, extend, or alter the  
coverage afforded by the policies  
listed in the certificate or verifica-  
tion.

*Passed Assembly: June 1, 1999*

*Status: June 16, 1999*, reported out  
of Senate Insurance Committee.

## Senate Bill 896 (Speier)

### *Auditing Premium Tax Returns*

Introduced on February 25, 1999  
by Senator Jackie Speier (D-8)

*Status: June 3, 1999*, Failed to  
receive a two-thirds majority vote  
required for passage. Refused  
further consideration on the Senate  
floor.

Existing law imposes a tax, as  
specified, upon the gross premiums  
of insurance and provides for the  
processing and auditing of tax  
returns by the DOI, for the issuing  
of deficiency assessments and the  
processing of petitions and refunds  
by the State Board of Equalization.  
This bill would, as provided, trans-  
fer those tax return processing and  
auditing duties of

(Continued on Next Page)

*Current SLA Legislation (Cont.)*

the DOI to the State Board of Equalization, and would appropriate an unspecified amount from the General Fund to the board for the purpose of funding the board's performance, for the 1999-2000 fiscal year, of the transferred audit duties.

**Assembly Bill 1081  
(Calderon)**

*Pre-Answer Bonds*

Introduced on February 25, 1999 by Assemblyman Thomas Calderon (D-58)

*Status: July 15, 1999, sent to Senate floor.*

The bill would repeal the January 1, 2000 sunset date on the moratorium on pre-answer bonds required of LESLI companies. The bill was amended into its current version on July 1, 1999. The bill was favorably reported out of the Assembly Insurance Committee on July 7, 1999, and unanimously passed by the Senate Insurance Committee on July 14, 1999. ■

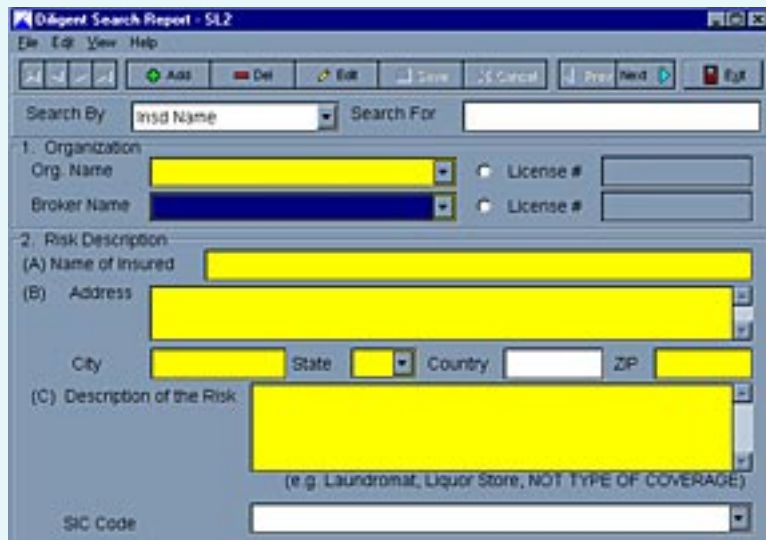


# SL1 and 2 Software

To assist the Association's members with the completion of SL 1 and 2 forms, the Association has developed a software version of the forms. There is no cost for the software. It is designed to run on either an individual desktop or a networked environment using Window's '95. The software contains various pull-down menus for LESLI companies, admitted companies, coverage codes and SIC codes. The software also contains business

logic to assist in identifying tags prior to the submission of the forms to the Association.

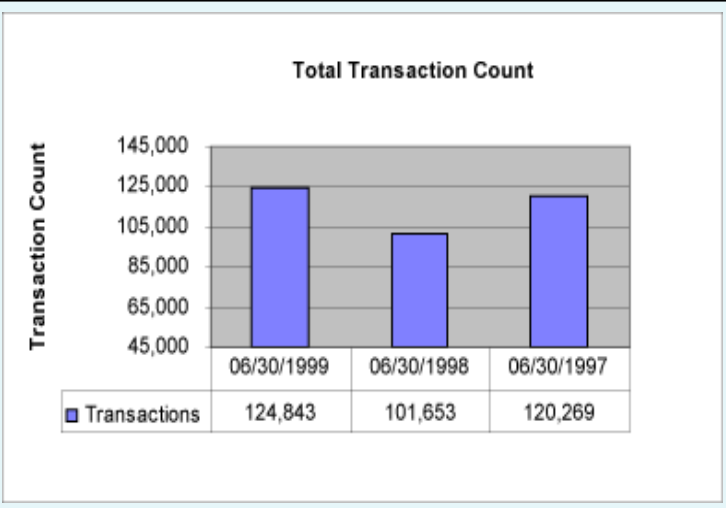
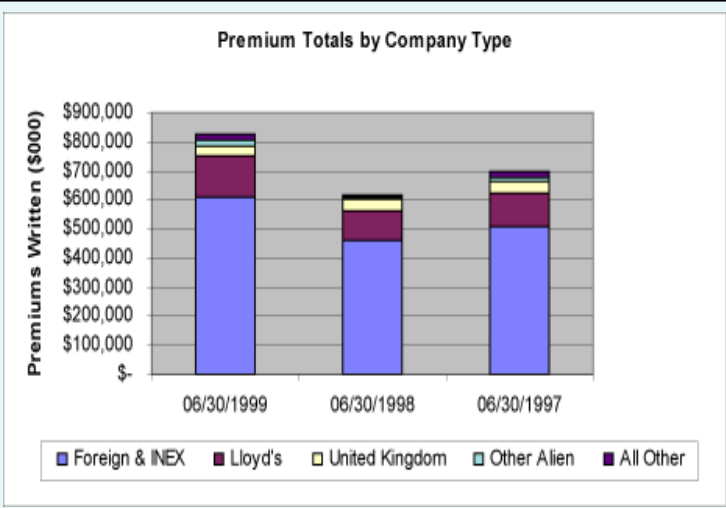
The software can be downloaded from the Association's Internet site ([www.sla-cal.org](http://www.sla-cal.org)). It is contained in a self-extracting zip file that takes approximately 15 minutes to download with a 56K modem. For those of you who prefer, a CD-ROM or 3½" diskette version of the software can be requested by completing and faxing the form below. ■



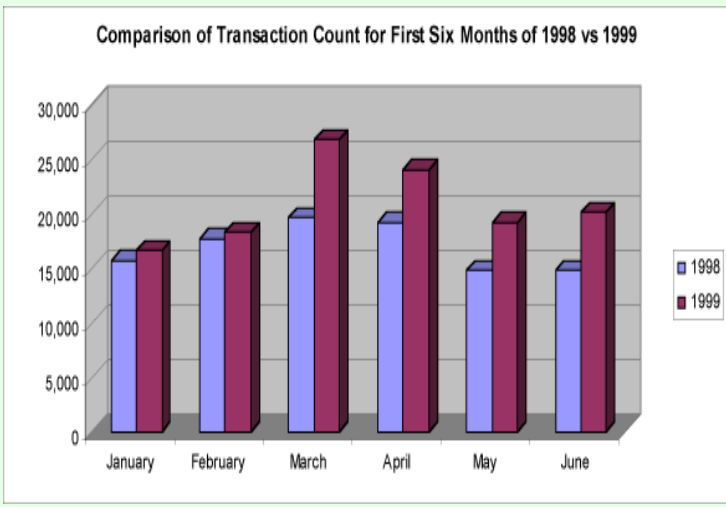
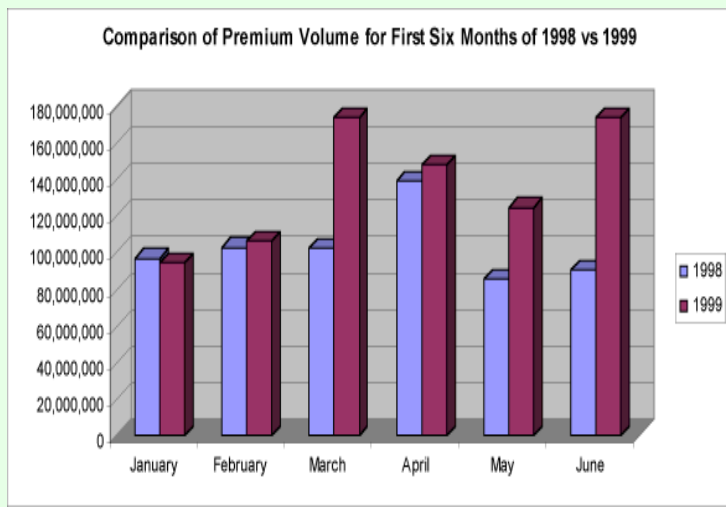
## REQUEST FORM FOR SL1 AND 2 SOFTWARE

Organization Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Contact Name: \_\_\_\_\_  
Phone Number: \_\_\_\_\_  
E-Mail: \_\_\_\_\_  
Preferred Method of Receiving Software \_\_\_ CD Rom \_\_\_ 3.5 Disk Set

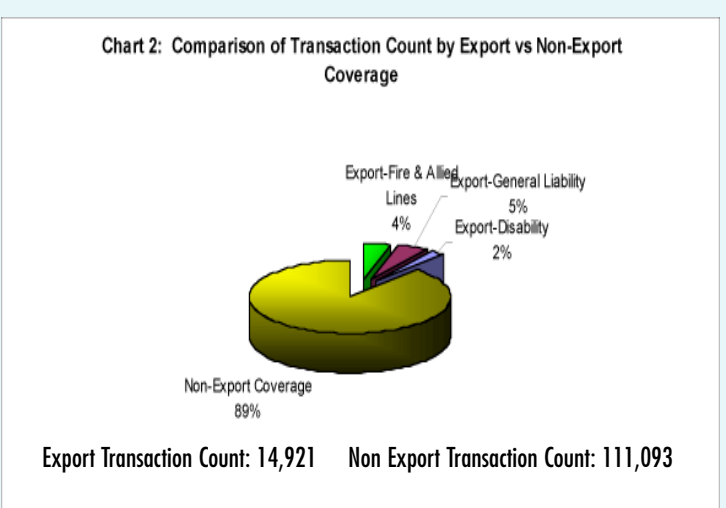
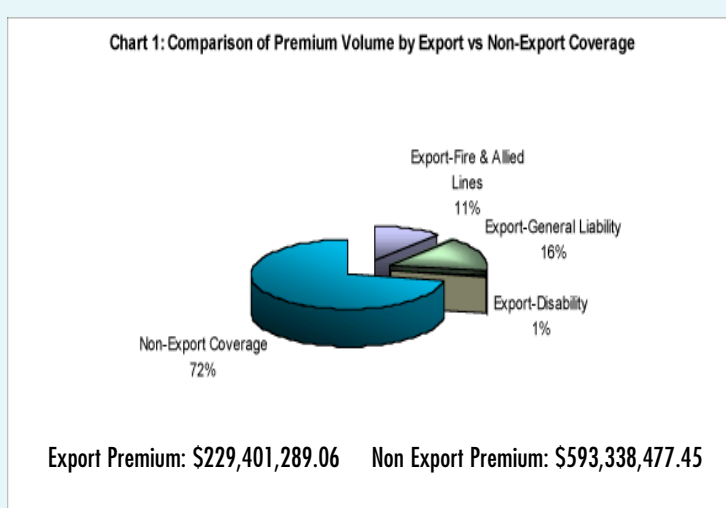
# Premium Volume and Transaction Count - January 1 through June 30, 1999



The above charts compare the premium volume and transaction count processed by the Surplus Line Association for the period of January 1 through June 30, 1999, 1998 and 1997.



The above charts compare the premium volume and transaction count processed by the Surplus Line Association for the first six months of 1998 vs. 1999.



Charts 1 and 2 compare the percentage of policies processed by the Surplus Line Association for the first six months of 1999 using the export coverage vs. the non-export coverage by premium volume and transaction count. Although exportable coverage was filed under Automobile, Crime, Professional Liability, Inland Marine, and Others, the premium and transaction count under each category calculated to less than one percent.