

SLA Quarterly

May 2004

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Greg Crouse
 Executive Chair, 2004

Report of the Chair

The Surplus Line Association of California is now an organization of some 814 surplus line brokers. Six-hundred and ninety (690) of these licensees are resident brokers and 124 are non-resident surplus line

brokers. During the first quarter of 2004, the SLA processed over \$1.3 billion in premium from broker filings, up 9.7% from the \$1.2 billion we processed during the same period in 2003. The policy counts for the first quarter of 2003 and 2004 were 99,394 and 105,109, a 5.8% increase.

In the first quarter, U.S. domiciled or "foreign" surplus line carriers wrote 83.29% of the California surplus line premium. Lloyd's wrote 12.74%, all other international carriers or "aliens" wrote 2.82% and the remaining 1.15% was written by companies not appearing on the Commissioner's List of Eligible Surplus Line Insurers.

Legislative Update

AB 2497 – Dario Frommer (D-43) This bill would amend sections 1623, 1625 and 1732 and add section 1704.1 to the insurance code as a means to provide that fire and casualty broker-agent licensees or personal lines broker-agent licensees shall be presumed to be acting as a broker with respect to consumer purchases of homeowners insurance, auto and any associated umbrella coverage. STATUS: Referred to Assembly Committee on Insurance with amendments.

AB 1290 – Ken Maddox (R-68) This bill would amend section 1764.1 of the insurance code to allow non-admitted insurers and surplus line brokers selling personal lines insurance products, such as homeowners insurance, to immediately bind coverage with an applicant, in the same manner as non-admitted insurers and surplus line brokers are permitted to do on commercial lines insurance products. STATUS: The bill is pending action on the Assembly floor.

Member Profile



John S. Edack
Executive Vice President
Arch Insurance Group

John Edack is responsible for managing the P&L for the Pro-

fessional Liability, Directors & Officers, Excess and Primary Casualty, Construction, Property, Marine and Healthcare product lines for Arch Insurance Group's Western Region.

Career History:

Over 25 years in the insurance industry, serving in a variety of underwriting and management positions at ACE USA/ Westchester Specialty Group, Industrial Underwriters, AIG and Chubb Corporation. Most

recently served as Senior Vice President of the Casualty Division at ACE USA / Westchester Specialty Group with responsibility for managing the Company's Excess and Primary Casualty lines of business. Prior to ACE, John worked at Industrial Underwriters as Vice President of the Excess Liability Division.

Education & Affiliations:

BS, Finance, Boston College

SLA COMMITTEE MEMBERS 2004

AUDIT COMMITTEE

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KATIE FREEMAN INSURANCE SERVICES

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ECM SURPLUS LINES BROKERS

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KATIE FREEMAN INSURANCE SERVICES

SUSIE PARKS
MTS INSURANCE

LES ROSS
TRI-CITY BROKERAGE, INC.

VIENNA MURRAY
SURPLUS LINE ASSOCIATION
OF CALIFORNIA

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INSURANCE

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TRI-CITY BROKERAGE, INC.

ED MAUCERE
LONDON AMERICAN GENERAL
AGENCY, INC.

PATRICK HANLEY
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GERALD J. SULLIVAN & ASSOC., INC.

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GERALD J. SULLIVAN
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ADMIRAL EXCESS INSURANCE

ROB JONES
BERNAU & JONES INS. SERVICES

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PAM QUILICI - AUTOMATION CHAIR
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CRAVENS, LEFLER & McCORMICK

HORST LECHLER
ANDERSON & MURISON, INC.

RUPERT HALL
M.J. HALL & COMPANY, INC.

Report of the Director of the Stamping Office



Joy Erven

The total filings processed for the 1st quarter of 2004 were \$1,345,075,730. This is up 9.7% from the 1st quarter of 2003. The item count for the 1st quarter is 105,109 premium items, up 5.8% from 2003.

Reminder:

The registration forms for the Western States Surplus Line Conference will be in the mail shortly. The conference is July 20th through July 24th, hosted by Nevada at the Harvey's Resorts and Casino in Lake Tahoe. For more information please see the Nevada Surplus Line website: www.nsla.org under "Conferences."

We would like to congratulate two of our employees on additions to their families:

Sarah Nilsson, in our Data Processing Department, is the proud mother of Oscar Nilsson, born March 24th at 6 lbs. 7 oz.

Temeica Coleman, also in Data Processing, delivered a healthy, happy baby boy at 8:00 pm March 22nd. The baby boy, Rhondarien III, weighed in at 7 lbs., 8 oz. and is 20 inches long.

Congratulations to them both!

We would also like to welcome our new members to our Association:

New Brokers (January – March 2004)

A and H Insurance, Inc.
Abell, Linda Jean
Acordia of Phoenix, Inc.
Adelman, Jason Michael
Alvarez-Malo, Enrique
AXIS Specialty US Services, Inc.
Bakerjian, Stephen Archie
Bell, Robert Michael
Boring, Leonard Alan
Boswell, Joe Allen
Britton-Gallagher & Ass., Inc.
Brown & Brown Ins. of AZ, Inc.
BWD Group, LLC
Campbell & Associates Entertainment Insurance Services, LLC
Campbell & Associates Insurance Brokerage, LLC
Campbell, Penni Jean
Carroll, Scott Turner
Carter, Betty Jean
Cygnat Risk Management Insurance Services, Inc.
Cygnat Underwriting Agency, Inc.
Defendis, Matthew Dirk
Donald Gaddis Co., Inc.
Downey, Timothy Montgomery
Draper and Kramer Agency Corporation
Eichhorn, Richard Joseph
Even, Perry Francis
Ferrer Insurance Service, Inc.
Frank Crystal & CO Inc
Fullarton, Jack Alexander
Gaerlan, Josephine Abad
Gates, Hugh William III
Gebauer, Allen Eugene
Giovanello, Michelle Lynn
Harjes Agency, Inc.
Hubble, Patricia Ann
Huff, Steven Clark
Irwin Siegel Agency, Inc.
Ishii, Michael Aki

Jones, Raymond Allan
K & M Henderson Insurance Services, Inc.
Kinney, Kathleen Conte
Loar, Stanley Delbert
Magellan Insurance Services, Inc.
Marquez, Zulma
Martinoni, Carol Angela
McCluskey, Brian Patrick
McDougal, Marvin Eldon
McNamee, Dirk Randal
Mesirow Insurance Services, Inc.
Monroe, Joanne Marie
National Health Club Association, Inc.
Neitclem Wholesale Insurance Brokerage, Inc.
Network E & S Insurance Brokers, LLC
Nordahl, Jeffrey O
Palmer, Deborah Niccole
Peachtree Special Risk Brokers, LLC (SF)
Petersen, Scott Michael
Peterson, Gary Todd
Proctor Homer Warren, Inc.
Program Brokerage Corporation
Rain & Hail, L.L.C.
Rosenkoetter, Robert Francis
Rybarski, Joseph Walter
Saltzman, Eric Anthony
Sea to Sea Insurance Services, Inc.
Sequoia Pacific Insurance Services, Inc.
Smith, Scott Hamilton
Sobieski & Bradley, Inc.
Stanley, Dennis Warren
Tafaro, Edward Alan
Tangram Program Managers and Insurance Services, Inc.
Tarr, Robert David
Variance Management Risk and Insurance Services, LLC
Vel, Carla Helen

**Top 25 California Surplus Line Brokers
Based on Premium Processed by the SLA Through March 31, 2004**

Rank	Broker	Premium Processed	% of Total
1	Swett & Crawford	\$115,797,118	8.61%
2	Marsh USA Inc.	108,634,425	8.08%
3	Western Risk Specialists, Inc.	87,149,020	6.48%
4	Aon Risk Services, Inc. Of So. CA Ins. Services	58,252,164	4.33%
5	American E & S Ins. Brokers Of CA, Inc.	55,475,575	4.12%
6	Heath Insurance Brokers Inc.	33,699,749	2.51%
7	Sterling West Insurance Services, Inc.	29,995,400	2.23%
8	Lemac & Associates, Inc	29,748,513	2.21%
9	MTS Insurance Services, LLC.	28,908,351	2.15%
10	Arthur J. Gallagher & Co. Ins. Brokers Of CA, Inc. (SF)	27,637,865	2.05%
11	Stewart Smith East, Inc.	25,363,063	1.89%
12	Burns & Wilcox Insurance Services, Inc.	23,521,163	1.75%
13	Worldwide Facilities, Inc.	22,459,190	1.67%
14	Navigators CA Insurance Services, Inc.	22,132,649	1.65%
15	Bliss & Glennon, Inc.	21,901,792	1.63%
16	Brown & Riding Insurance Services, Inc.	21,579,121	1.60%
17	Tri-City Brokerage, Inc.	19,755,304	1.47%
18	First State Management Group, Inc.	19,320,705	1.44%
19	Cooney, Rikard & Curtin Ins. Serv. Of CA, LLC	19,102,439	1.42%
20	International E & S Insurance Brokers, Inc.	17,561,626	1.31%
21	Roks America, Inc. Insurance Brokers	17,028,061	1.27%
22	Partners Specialty Group, LLC	15,828,575	1.18%
23	Lockton Insurance Brokers, Inc.	15,728,292	1.17%
24	Crouse & Associates Ins. Services Of N. CA, Inc.	14,619,658	1.09%
25	Risk Placement Services Insurances Brokers	14,583,710	1.08%
	Subtotal	\$865,783,528	64.37%
	All Other Brokers	479,292,203	35.63%
	Total	\$1,345,075,731	100.00%

Premium Totals by Company Type

Company Type	(\$000) 3/31/2003	(\$000) 3/31/2003	% Change	% of Total 2004
LESLI Listed Companies:				
Foreign Insurers	1,120,342	982,404	14.04	83.29
Lloyd's	171,304	164,356	4.23	12.74
Alien Insurers	37,923	62,654	-39.47	2.82
Subtotal	1,329,569	1,209,414	9.94	98.85
All others	15,506	16,594	-6.56	1.15
Total	1,345,075	1,226,008	9.71	100.00

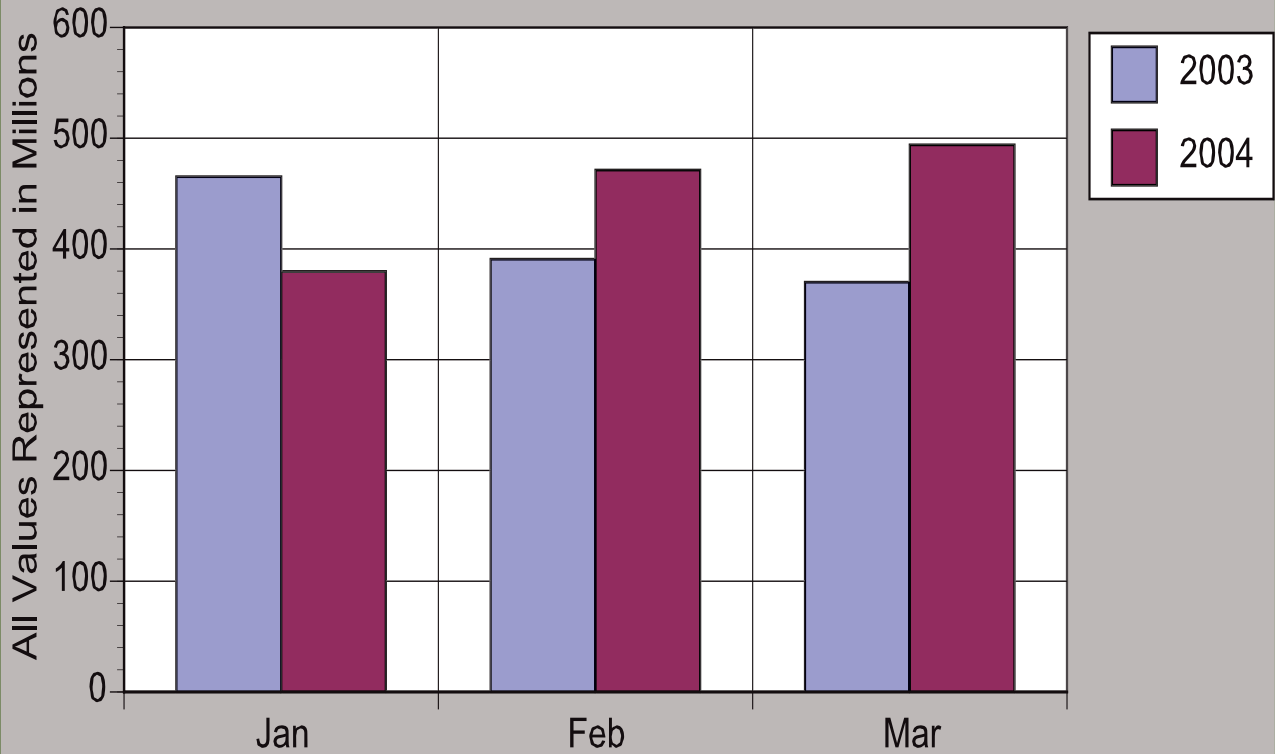
Top 20 Eligible Surplus Line Insurers Based on Premium Processed by the SLA Through March 31, 2004

Rank	Company	Premium Processed	% of Total
1	Lexington Insurance Company	\$154,096,508	11.46%
2	Landmark American Insurance Company	84,763,706	6.30%
3	American International Specialty Lines Insurance Company	67,026,665	4.98%
4	Scottsdale Insurance Company	52,229,199	3.88%
5	Evanston Insurance Company	48,081,968	3.57%
6	Steadfast Insurance Company	46,921,956	3.49%
7	Arch Specialty Insurance Company	46,230,320	3.44%
8	Admiral Insurance Company	37,321,972	2.77%
9	Illinois Union Insurance Company	29,828,197	2.22%
10	North American Capacity Insurance Company	27,194,124	2.02%
11	NIC Insurance Company	26,652,515	1.98%
12	Mt. Hawley Insurance Company	26,282,052	1.95%
13	Axis Specialty Insurance Company	24,471,066	1.82%
14	Gemini Insurance Company	23,608,289	1.76%
15	Clarendon America Insurance Company	22,455,255	1.67%
16	Essex Insurance Company	22,086,282	1.64%
17	Westchester Surplus Lines Insurance Company	21,898,819	1.63%
18	Pacific Insurance Company Ltd.	21,581,916	1.60%
19	Columbia Casualty Company	21,254,878	1.58%
20	Everest Indemnity Insurance Company	18,151,586	1.35%
	Subtotal	\$822,137,272	61.12%
	All Others	522,938,459	38.88%
	Total	\$1,345,075,731	100.00%

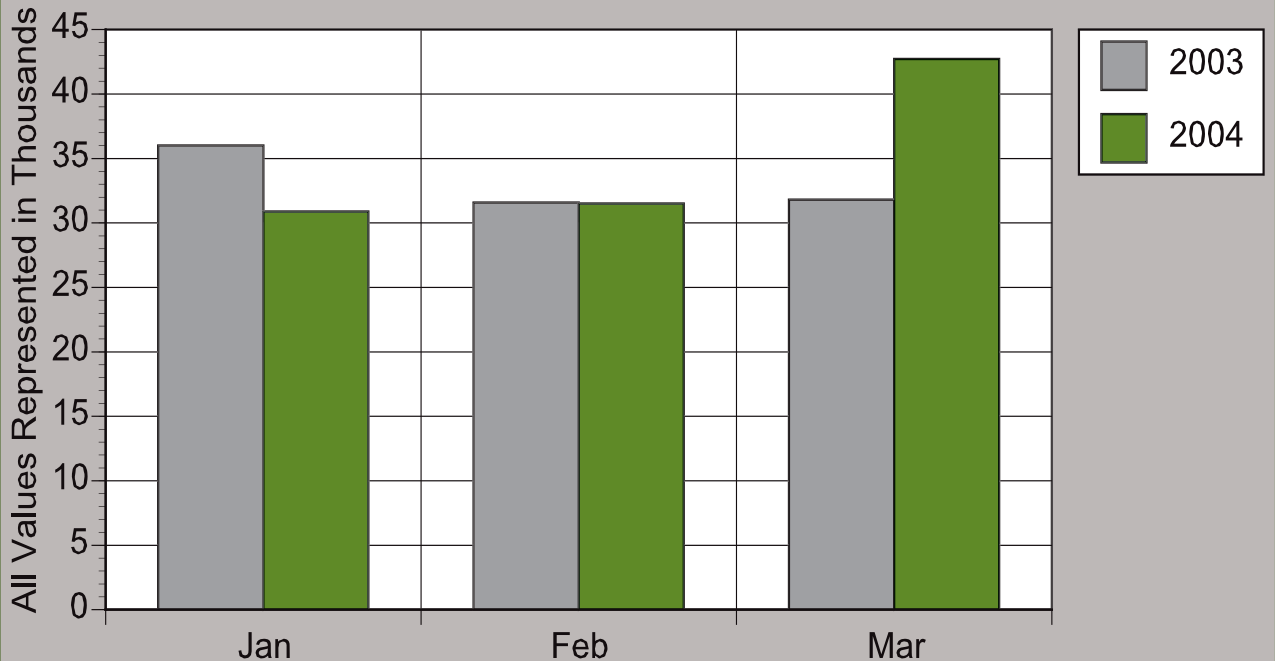
Largest Coverages Based on Premium Processed by the SLA Through March 31, 2004

Coverage Code	Premium Processed	% of Total
General Liability	\$436,813,937	32.48%
Errors And Omissions	139,003,691	10.33%
All Risk Commercial Property	111,833,438	8.31%
Commercial DIC/Stand Alone Earthquake	106,207,919	7.90%
Excess Liability	92,432,469	6.87%
Directors And Officers	65,957,335	4.90%
Special Multi-Peril	55,601,417	4.13%
Professional Liability	45,820,581	3.41%
Excess Liability/Underlying Nonadmitted	40,633,198	3.02%
Indiv Insured W/Large Sched. TIV > \$500m	31,439,586	2.34%
Contractors Engaged In New Tract Homes	30,617,703	2.28%
Environmental Impairment Remediation	28,225,631	2.10%
Employment Practices Liability	21,902,729	1.63%
Inland Marine	14,744,138	1.10%
Products/Completed Operations (Stand Alone)	13,313,021	0.99%
Subtotal	\$1,234,546,793	91.78%
All Other Coverages	110,528,938	8.22%
Total	\$1,345,075,731	100.00%

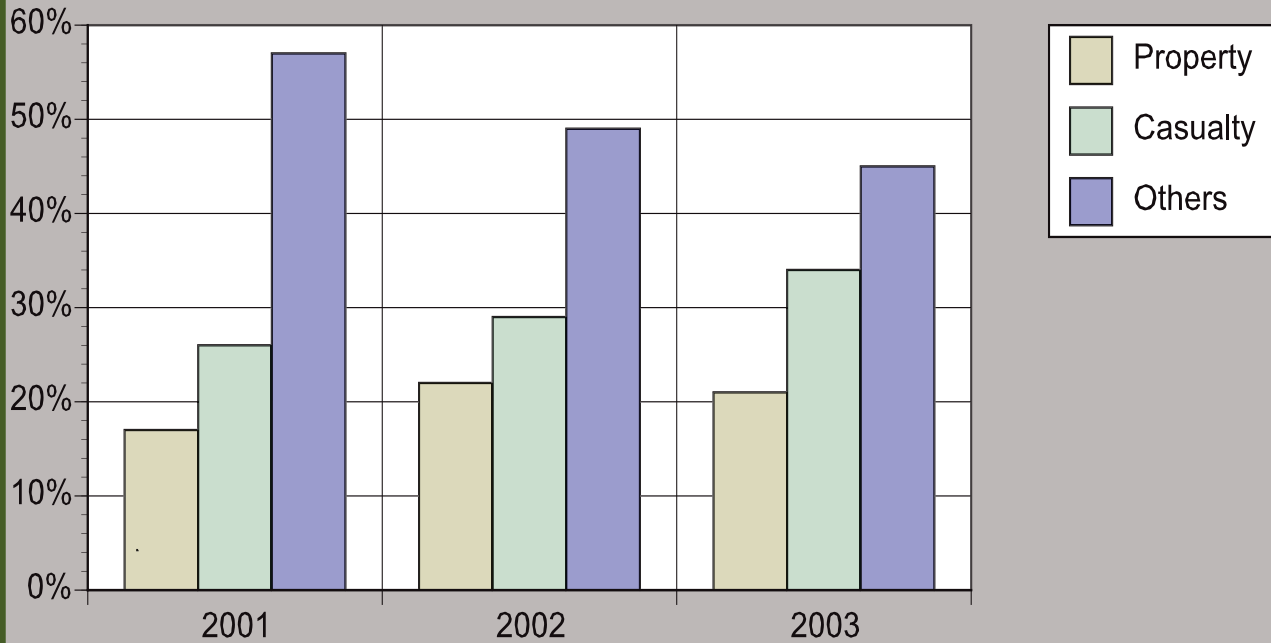
COMPARISON OF PREMIUM PROCESSED FOR 2004 vs. 2003



COMPARISON OF ITEMS PROCESSED FOR 2004 vs. 2003



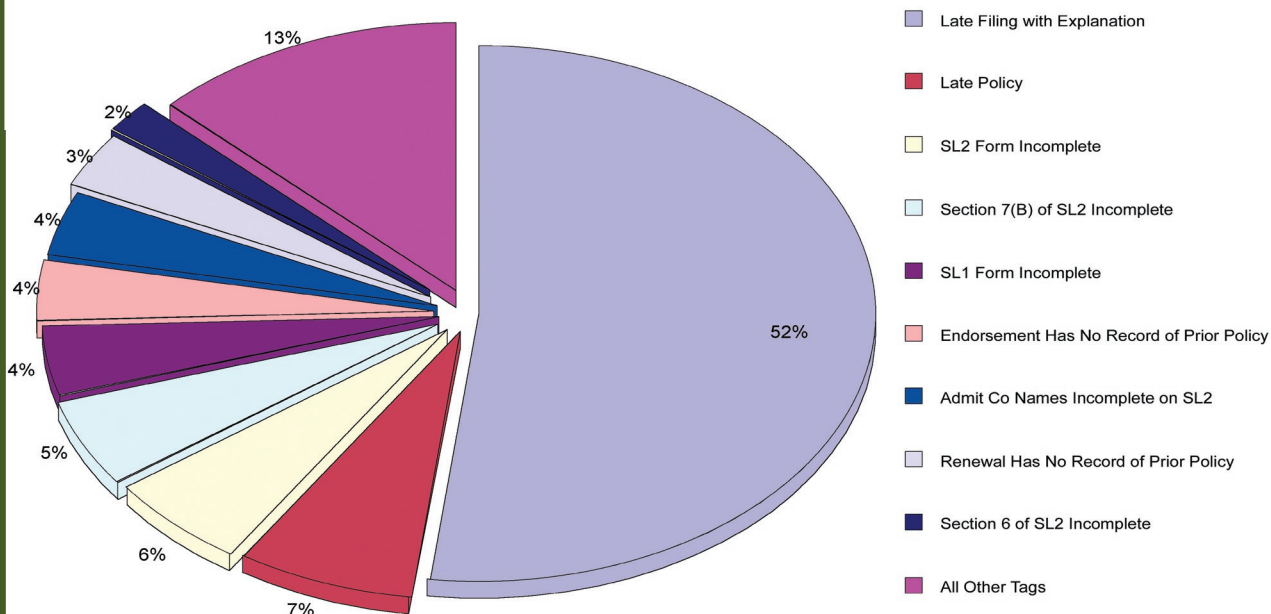
COMPARISON OF PROPERTY AND CASUALTY PREMIUM IN THE SURPLUS LINE MARKET



	2001	2002	2003
PROPERTY*	290,261,766	780,456,139	1,059,360,739
CASUALTY	453,564,585	1,017,929,781	1,711,703,576
OTHERS	999,229,486	1,764,737,370	2,327,885,831
TOTALS	1,743,055,837	3,563,123,90	5,098,950,146

*INCLUDES FIRE, DIFFERENCE IN CONDITIONS, EARTHQUAKE ON COMMERCIAL PROPERTY AND HOMEOWNERS
(DOES NOT INCLUDE SPECIAL MULTI-PERIL)

TOP TAG BREAKDOWN 1ST QUARTER 2004



Surplus Line Association of California

Scheduled Educational Events for May 2004 - July 2004

ALL OUR SEMINARS ARE APPROVED FOR CA
FIRE & CASUALTY
BROKER-AGENTS (FX)

TAKE IT APART QUICKLY (TIAQ™) Employment Practices Liability

Presented by: Laura S. Danoff, CPCU
L S Danoff Educational Enterprises

Registration & Continental Breakfast 7:30 a.m.
Seminar 8:00 a.m. – 12:00 p.m.
4 CE Credits – Course #126599

Tuesday, May 18, 2004
Hilton Irvine/Orange County Airport
18800 Mac Arthur Boulevard
Irvine, CA 92612

Wednesday, May 19, 2004
Red Lion Hotel Modesto
1612 Sisk Road
Modesto, CA 95350

TAKE IT APART QUICKLY (TIAQ™) Analyzing the Exotics

Presented by: Laura S. Danoff, CPCU
L S Danoff Educational Enterprises

Registration & Continental Breakfast 8:00 a.m.
Seminar 8:30 a.m. – 11:30 a.m.
3 CE Credits – Course #80144

Tuesday, June 22, 2004
Hilton Universal City & Towers
555 Universal Hollywood Drive
Universal City, CA 91608

Wednesday, June 23, 2004
Hyatt Regency San Francisco
5 Embarcadero Center
San Francisco, CA 94111

2004 Western States Surplus Lines Conference
July 21 through 24
Harveys Resort Hotel/Casino
Lake Tahoe, NV
www.NSLA.org

May 2004

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388 Market Street, San Francisco, CA 94111
for the members
of the Surplus Line Association

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