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REPORT OF THE CHAIRMAN

The 2010 six-month total for premium processed by the SLA is \$1.9 billion which is a 15.5% decrease compared to the same period in 2009. The total number of policies filed with the SLA from January 1 through June 30, 2010 was 209,545 representing a 4% decrease compared to the 2009 six month policy count.



Les Ross
Chairman, 2010

Currently there are 100 U.S. domiciled insurers on the List of Eligible Surplus Line Insurers (LESLI) and 35 alien and 72 Lloyd's syndicates for a total of 207 entities. From January through June, U.S. domiciled insurers wrote 76.39% of the California surplus line premiums while Lloyd's wrote 17.13% and all other alien insurers wrote 5.44%. The remaining percentage was written by GAP companies or was processed

as Lloyd's without syndicate details, premiums held in suspense for unknown carriers, broker fees, or coverage written by carriers that have not been properly identified or were de-listed.

The primary statutory function of the SLA Financial Department is to evaluate the financial soundness and integrity of insurers on the California Department of Insurance (CDI) LESLI and those seeking to become an approved surplus line carrier in California. Insurers are required to submit annual and quarterly financial and updated non-financial information to the CDI, who then forwards the documents to the SLA for compliance and financial review.

The SLA Financial Department's financial analysts review the financial and non-financial information submitted by insurers applying and reapplying for eligibility in California.

The analysts prepare Security Summary Reports (SSR), which contain financial analyses about the insurers and recom-

Average hours spent reviewing a company:

- *Compliance review conducted by Assistants: approximately 20 - 26 hours per company*
- *Financial review conducted by Financial Analysts: approximately 70 - 100 hours per company*
- *Final review and signoff of SSRs by the Managers: depends on the complexity of the financial review*

The State Legislature reconvened from summer recess on August 2. From August 16 to 31, the Legislature is in floor session only. No committees may meet for any purpose. The last day for any bill to be passed and sent to the Governor's office is August 31. The last day for the Governor to sign or veto bills passed by the legislature is September 30.

recommendations to the CDI. The analysts' review focuses on key risks that have material impact on the financial strength and sustainability of an insurer, with due emphasis placed on adequacy of capital and surplus, asset

quality, reserving position, and reinsurance arrangements. The recommendations focus on financial issues and concerns (if any), and the insurer's suitability to operate in the California surplus line market.

LEGISLATIVE UPDATE

STATE LEGISLATION

A.B. 1708 (Villines) would require the total capital and surplus requirements for non-admitted insurers in California to be at least \$45,000,000. If a nonadmitted insurer on the List of Eligible Surplus Line insurers does not meet the capital and surplus requirements as of January 1, 2011, the insurer would be required to have at least \$30,000,000 in capital and surplus as of Dec. 31, 2011, and at least \$45,000,000 as of Dec. 31, 2013.

A.B. 1837 (Gaines) would explicitly authorize admitted affiliates of California domestic insurers to provide administrative services to non-admitted affiliates and is considering amendments to the bill. The bill is pending final consideration on the Senate floor.

A.B. 1258 (Kehoe) would implement the Governor's Emergency Response Initiative (ERI). The bill would require a special purpose surcharge of 4.8% on all commercial and

residential fire and multi-peril insurance policies, including policies with combined property and liability coverage, issued or renewed on or after July 1, 2010. Funds collected would go to the California Emergency Management Agency, the Department of Forestry and Fire Protection, and the Military Department. Insurers collecting the surcharge would be required to make a specified disclosure on the policy declarations page, billing statement, or a separate document accompanying the declarations page or billing statement. The Governor's office estimates that such a surcharge would generate about \$238 million in the budget year and about \$480 million per year thereafter. The bill was passed by the Senate Governmental Organization Committee on April 15. The bill also heard in the Senate Banking, Finance & Insurance Committee on April 21. Because the surcharge has been declared a tax and the bill does not reflect the Proposition 98 (Education) obligation it would create, the bill has little chance of enactment this year.

DEVELOPMENTS TO WATCH IN THE SURPLUS LINES MARKET

President Obama signed into law the Nonadmitted and Reinsurance Reform Act of 2010 (the “NRRA”) as part of a larger bill, the Dodd-Frank Wall Street Reform and Consumer Protection Act, on July 21, 2010. Significant features of the NRRA are as follows:

- 1. Surplus line brokers will need to continue to remit their premium tax payments to the Franchise Tax Board and stamping fees to the SLA for placements for which California is the insured’s home state.**

The NRRA proposes to make some significant changes to the national regulatory landscape for nonadmitted insurance. Most notably, the NRRA would simplify tax remittance and compliance requirements for surplus line brokers in multi-state transactions. Specifically, the NRRA authorizes states to enter into an interstate compact to establish uniform procedures for reporting, collecting, and allocating premium taxes for nonadmitted insurance. However, the NRRA contemplates a continued role for each state in collecting premium tax for nonadmitted insurance for which the state is the insured’s home state.

- 2. Surplus line brokers will need to continue to submit the SL-1, SL-2, and GAP filing forms to the SLA for processing when California is the insured’s home state.**

In addition to the exclusive taxing authority granted to the insured’s home state, the NRRA provides that the insured’s home state has exclusive authority to regulate the placement of nonadmitted insurance and to require a broker to be licensed in order to place such insurance. As such, California’s requirements, such as those for diligent search and “gap” coverage placements, will remain in effect for placements with insureds for which California is the insured’s home state.

- 3. The NRRA significantly limits the factors a state may use to determine which nonadmitted insurers may qualify to be on the “white list,” or LESLI.**

Specifically, for foreign insurers, unless states adopt uniform requirements, forms, and procedures pursuant to an interstate compact, state regulators will have very limited discretion with respect to surplus line eligibility if the nonadmitted insurer:

- is licensed in its home state for the type of insurance it is placing through a surplus line broker; and
- has capital and surplus (determined under the laws of its home state) equal to the greater of \$15,000,000 or the minimum capital and surplus

The surplus lines modernization provisions will make access for insurance consumers to the surplus lines market quicker, more efficient and the payment of surplus lines premium taxes to the states less burdensome for the consumer and broker. The legislation also establishes that only one state, the home state of the insured, can regulate a multi-state surplus line transaction.

requirements of the state in which nonadmitted status is sought.

California is seeking to increase its minimum capital and surplus requirement of at least \$15,000,000 to at least \$45,000,000¹. With respect to alien insurers, states are given even less discretion, and may not object to the eligibility of any insurer approved for the Quarterly Listing of the

International Insurance Department.

The SLA will continue to monitor the status of the NRRA and other developments that have the potential to affect the surplus lines market and will continue to alert members to any changes that may affect business practices.

AB 1708 would require the total capital and surplus requirements for nonadmitted insurers in California to be at least \$45,000,000. If a non-admitted insurer on the List of Eligible Surplus Line insurers does not meet the capital and surplus requirements as of January 1, 2011, the insurer would be required to have at least \$30,000,000 in capital and surplus as of Dec. 31, 2011, and at least \$45,000,000 as of Dec. 31, 2013.

¹AB 1708 is in the Senate for a third reading

REPORT OF THE DIRECTOR OF THE STAMPING OFFICE



Joy Erven
Director,
Stamping Office

Industry trends have continued on the decline, as demonstrated by California surplus lines premium processed. Premium processed through June 2010 was \$ 1,905,207,328. If this trend continues, we will process \$ 3.8 billion

for the year. The item count for 2010 is 209,545 versus 217,839 processed last year at this time.

As always, our office is available to assist in any way we can the members of our organization. If you have filing questions, education questions or any other surplus lines issue we are here to help you resolve your issues.

We would like to welcome our newest brokers:

New Brokers Added to Membership Since April 1, 2010

Business Entity Licenses

Allied Solutions, LLC

American Lease Insurance

Agency Corporation

Aon Risk Services, Inc. of Maryland

Aon Risk Services, Inc. of Washington D.C.

Belmont Underwriters LLC

Brit Insurance Services USA, Inc.

C.B.I.P. Management, Inc.

Cabrillo Pacific Insurance Services, LLC

Citadel Insurance Services LC

CSU Producer Resources, Inc.

Forrest T. Jones & Co., Inc.

G.S. Chapman & Associates, Insurance Brokers, Inc.	Insurance Services, Inc.
Green Insurance Exchange, LLC	Northeast National Brokerage, LLC
Impact Risk Solutions, LLC	Orchid Underwriters Agency, Inc.
Intercare Insurance Solutions, Inc.	Program Underwriters Associates, Inc.
J.H. Ferguson & Associates LLC	R-T Specialty, LLC
Mulberry Insurance Services Inc	Willis Insurance Services of Georgia, Inc.
New Beginnings Insurance Services, Inc.	Willis of Greater Kansas, Inc.
New Empire Entertainment	Willis of Ohio, Inc.
	Willis of Seattle, Inc.
	XS Group Inc

A surplus line broker is an insurance producer with a specialty license that authorizes them to solicit, negotiate, and place insurance with an eligible surplus line insurer.

Individual Licenses

Abram, Souriana	Drag, Timothy James	Leverett, Camille Dubose
Adcock, Sharon Lynn	Dugaduga, Peter David	Loiseau, Denis John
Baccarella, Clara Ruth	Eggleston, Kevin Boyd	Magnuson, Leslie Ann
Barone, Michael Joseph	Enriquez, Rebecca Lureen	Mahoney, Cameron P.
Beckman, Michael Bruce	Fenlon, Colleen Ann	Markese, Robert Ernest
Borg-Morawietz, Angela Nadine	Findley, Christina Mechelle	May, Richard A
Boyett, Bradley Reilly	Gadbois, Siri Scott	McCormack, Alice Marie
Bradshaw, Thomas Callahan	Gorski, Steven Thomas	McElrath, Jason David
Brandt, Wesley Robert	Gould, Alexander Nelson	McLure, Elsy
Chapman, Gregory Stephen	Harris, Elizabeth Gayle	Mejia, Esthela
Chudy, Thomas F	Harrison, William Walter	Messmer, Kathy Lynn
Clark, Samuel Wayne Jr	Hayes, Christopher Brian	Monares, James Michael
Coleman, Laurie Summers	Hogan, Edel Mary	Murnieks, Andrew Peter
Collins, Joshua Sage	Hoskins, Steven Monroe	Murphy, Robert Lee
Cosgrove, Megan Catherine	Jones, Tanna Lee	Nadeau, Angela L
Davine, Anne Marie	Keefe, Lawrence Michael	Nekota, Michio
Dickson, John Allan	Khalaj, Nelly	Neville, Michael Leo
Dinkelaker, Steven Edward	Kirwan, Christopher John	Newell, Scott Denison
Dong, Serene Moy	Koch, Karl Wyatt	Petersen, Casey William
Dowling, Brian M.	Lakin, Derek M	Phillips, Frank Linden
	Lang, Rosalie	Pogosyan, Tigran

The SLA serves to support the development and access to a sound, non-admitted insurance market with adequate capacity to meet the needs of the insurance consumer. The SLA encourages and monitors the highest standards of compliance with insurance law and regulation.

Poleri, Steven Charles	Shook, Robert John	Turknette, Kathleen Kiesel
Ray, Michael Thomas	Simpson, Deborah Ann	Vidal De Andrade, Gabriela V
Rodgers, James William	Smith, Eric Boone	Webb, Victoria Louise
Romney, Jason Douglas	Smith, Samuel Kerr	Wheeler, Nicole Marie
Ross, Frank	Stewart, James G	Witherspoon, John
Rutherford, M Lissa Kaye	Tewksbury, Andrew Baird	Alexander IV
Ryan, Michael Joseph	Thorsen, Jeffrey Norbert	Ybarguen, Joanne
Salter, De'andre Martin	Tokarz, Michael Richard	
San Gil, Channy Heng	Touhey, Francis Patrick	

SLA Membership Totals as of July 8, 2010

California Business Entities	630	Non-Resident Business Entities	425
California Individuals	2,195	Non-Resident Individuals	1,261
Total California	2,825	Total Non-Resident	1,686

Total SLA Membership: 4,511

MEMBER PROFILE



Ingrid Merriwether
 President & CEO
 Merriwether & Williams

Ingrid Merriwether began her professional career in 1979 with AFCO, a subsidiary of Continental Insurance Company, where she applied her prior training in finance to developing sophisticated finance options of insurance programs. In 1997, Ingrid purchased the assets of ARISCO and formed Merriwether & Williams Insurance Services (MWIS). As the President and CEO, Ingrid oversees production, marketing, and corporate operations, and serves as Client

Executive on several of the firm's large accounts including; MUNI Third Street Light Rail OCIP; City and County of San Francisco; SMUD, and SFPUC OCIP, and BART. Ingrid's experience in Insurance Brokerage activities transcends more than 20 years.

Merriwether & Williams with its 31 employees is headquartered in the heart of San Francisco's financial district and has offices in Oakland, Los Angeles and a satellite in San Diego. In addition to traditional Property and Casualty brokering business serving public entities, utilities, developers and non-profits, the firm is known for its contractor bonding assistance

program administered for public agencies throughout the State of California. These programs have facilitated over \$400 Million in bonding for small community contractors.

Merriwether & Williams mission is to establish a new industry paradigm in risk management that enables innovation, opens doors, and creates better synergies between business and community.

AWARDS:

Top 100 Woman Owned Businesses	–	2007, 2006, 2004
Finance Award “MED Week”	–	2007, 2006
Madam CJ Walker “Entrepreneur of the Year”	–	2005
National Association of Minority Contractors Advocate Award	–	2005
African American Excellence in Business	–	2004
Business to Business “Service of the Year”	–	2004
COMTO, Minority Business of the Year	–	2009
California Public Utilities Commission, WBE Business Award	–	2009

The SLA is a competent educator, raising awareness and understanding of the surplus line industry, and furthering the knowledge and skill of California surplus line brokers and related professionals.

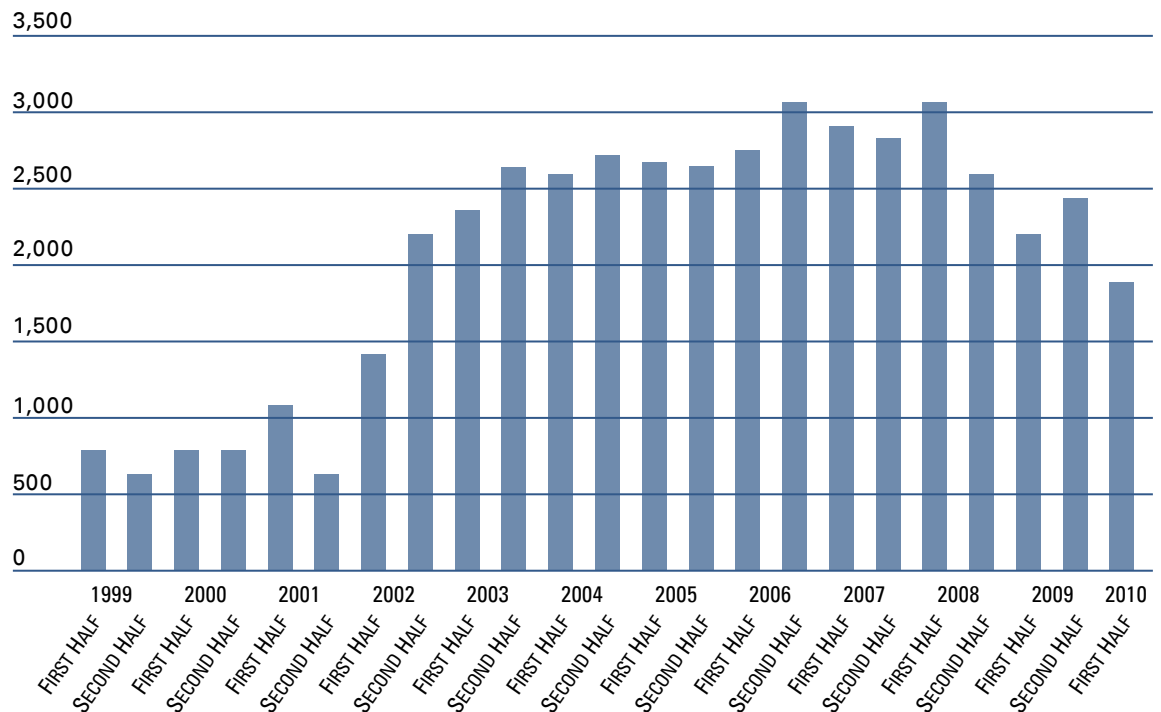
RENOWNED FORMER SLA CHAIRMEN

2009 John Edack	1994 John J. Connolly	1980 Jay A. Lloyd
2008 Warren Stanley	1993 James Widgren	1979 G.J. Sullivan
2007 Ceil Norton	1992 I.H. Anderson	1978 John F. Donerty
2006 James Pettipas	1991 R.P. Keul	1977 George Gibbs
2005 Rupert Hall	1990 George O’Gorman	1976 Thomas Carey
2004 Greg Crouse	1989 Philip E. Beauchamp	1975 Hartley Cravens
2003 Katie Freeman	1988 Donald Grant	1974 David Anderson
2002 Horst Lechler	1987 Edward F. Casey	1973 Edward Stabb
2001 Stacey Shurson	1986 David F Riding	1972 George Walker
2000 Kathy Nelson	1985 R.P. Welch	1971 JC Field
1999 Marion A. Perkins	1984 R.P. Keul	1969 S R Farley
1998 William Newton	1983 H.R. (Rod) Ludwig	1968 R.G. Smart
1997 Michael J. Hall	1982 David F. Anderson	1967 Harold J. Toso
1996 Hank Haldeman	1981 Hartley Cravens	1966 John C. Spencer
1995 Gerald Sullivan		

Premium History

All values represented in Millions

California surplus line premium rose steadily from 2002 through 2006. California premium has been in a steady decline from 2008 to present.



Premium Totals by Company Type

COMPANY TYPE	(\$ in thousands)			% of TOTAL 3/31/2010
	6/30/2010	6/30/2009	% GROWTH	
LESLEI LISTED COMPANIES				
FOREIGN INSURERS	1,455,411	1,784,304	-18.43%	76.39%
LLOYD'S SYNDICATES	326,403	364,153	-10.37%	17.13%
ALIEN INSURERS	103,677	85,461	21.32%	5.44%
SUBTOTAL	\$1,885,491	\$ 2,233,918	-15.60%	98.97%
ALL OTHER	19,717	18,981	-3.88%	1.03%
TOTAL	\$ 1,905,207	\$2,252,899	-15.43%	100.00%

Top 100 Surplus Line Brokers

Based on Premium Processed through June 30, 2010

Rank	BROKER	PREMIUMS PROCESSED	% OF TOTAL
1	RISK SPECIALISTS COMPANIES INSURANCE AGENCY, INC.	\$131,756,443	6.92%
2	SWETT & CRAWFORD	114,193,973	5.99%
3	AON RISK INSURANCE SERVICES WEST, INC.	112,614,110	5.91%
4	AMWINS INSURANCE BROKERAGE OF CALIFORNIA, LLC	105,695,423	5.55%
5	MARSH USA INC.	105,259,215	5.52%
6	HART, ANTHONY JOSEPH	90,461,600	4.75%
7	CRC INSURANCE SERVICES, INC.	58,769,430	3.08%
8	CRUMP INSURANCE SERVICES, INC.	51,703,058	2.71%
9	WORLDWIDE FACILITIES, INC.	48,783,962	2.56%
10	LOCKTON COMPANIES, LLC	47,830,160	2.51%
11	RISK PLACEMENT SERVICES, INC.	46,203,918	2.43%
12	BLISS AND GLENNON INC	40,637,682	2.13%
13	WILLIS INSURANCE SERVICES OF CALIFORNIA, INC.	37,332,357	1.96%
14	AMERICAN E & S INSURANCE BROKERS OF CALIFORNIA, INC.	34,536,536	1.81%
15	PROCTOR FINANCIAL, INC.	33,088,817	1.74%
16	BURNS & WILCOX INSURANCE SERVICES, INC.	30,646,207	1.61%
17	BROWN & RIDING INSURANCE SERVICES, INC.	26,921,196	1.41%
18	PARTNERS SPECIALTY GROUP, LLC	20,902,952	1.10%
19	CROUSE & ASSOCIATES INSURANCE SERVICES OF NORTHERN CALIFORNIA, INC.	19,877,424	1.04%
20	COLEMONT INSURANCE BROKERS OF CALIFORNIA, LLC	17,992,014	0.94%
21	CHARTWELL INDEPENDENT INSURANCE BROKERS, LLC	17,573,237	0.92%
22	WESTERN RE/MANAGERS INSURANCE SERVICES, INC.	17,415,479	0.91%
23	HULL & COMPANY, INC.	16,280,442	0.85%
24	WOODRUFF-SAWYER & COMPANY	16,015,962	0.84%
25	ALLIANT INSURANCE SERVICES, INC.	16,012,215	0.84%
26	WILLIS OF NEW YORK INC	15,529,844	0.82%
27	BASS UNDERWRITERS, INC.	14,665,136	0.77%
28	ALL RISKS, LLC	14,590,384	0.77%
29	SOCIUS INSURANCE SERVICES, INC.	14,039,263	0.74%
30	BORISOFF INSURANCE SERVICES, INC. (DBA: MONARCH E & S INSURANCE SERVICES)	13,569,627	0.71%
31	HARRY W. GORST COMPANY, INC.	13,140,469	0.69%
32	PETERSEN INTERNATIONAL UNDERWRITERS	12,698,328	0.67%
33	INTEGRO USA INC.	11,713,240	0.61%
34	COOPER GAY RISK SERVICES, INC.	10,742,684	0.56%
35	COASTAL BROKERS INSURANCE SERVICES INC.	10,334,425	0.54%
36	ALL RISKS, LTD.	9,781,820	0.51%
37	W. BROWN & ASSOCIATES PROPERTY & CASUALTY INSURANCE SERVICES	8,630,197	0.45%
38	R.E. CHAIX & ASSOCIATES INSURANCE BROKERS, INC.	8,328,589	0.44%
39	JOHN L. WORTHAM & SON, L.P.	8,023,501	0.42%
40	EDGEWOOD PARTNERS INSURANCE CENTER	7,874,334	0.41%
41	M.J. HALL & COMPANY, INC.	7,791,965	0.41%
42	FRANK CRYSTAL & CO INC	7,785,362	0.41%
43	MIDWESTERN GENERAL BROKERAGE, INC.	7,564,478	0.40%
44	LAE INSURANCE SERVICES, INC.	7,385,341	0.39%
45	SEMINARIO, MICHAEL CARLOS	7,383,087	0.39%
46	SBIB, INC.	7,317,282	0.38%
47	MESSINA, JOSEPH	7,235,659	0.38%
48	ZURICH E&S INSURANCE BROKERAGE, INC.	6,791,382	0.36%
49	PACIFIC WHOLESALE INSURANCE BROKERS, LLC	6,604,265	0.35%
50	MERCATOR RISK SERVICES, INC.	6,404,847	0.34%

THE SURPLUS LINE ASSOCIATION OF CALIFORNIA
Safeguarding Consumers

Rank	BROKER	PREMIUMS PROCESSED	% OF TOTAL
51	GALEOTTI, GARY WAYNE	6,378,616	0.33%
52	WESTERN SECURITY SURPLUS INSURANCE BROKERS, INC.	6,219,402	0.33%
53	NEITCLEM WHOLESALE INSURANCE BROKERAGE, INC	6,212,035	0.33%
54	NAS INSURANCE SERVICES, INC.	6,171,670	0.32%
55	COOPER & MCCLOSKEY, INC. INSURANCE BROKERS	6,011,120	0.32%
56	IMA OF COLORADO, INC.	5,609,054	0.29%
57	EXCEPTIONAL RISK ADVISORS, LLC	5,504,647	0.29%
58	WELLS FARGO INSURANCE SERVICES USA, INC.	5,416,592	0.28%
59	ALBERICO, DONALD ANTHONY	5,040,134	0.26%
60	YATES & ASSOCIATES INSURANCE SERVICES, INC.	4,988,525	0.26%
61	CAMPBELL & ASSOCIATES INSURANCE BROKERAGE, LLC	4,841,464	0.25%
62	E.L.M. INSURANCE BROKERS, INC.	4,787,650	0.25%
63	NATIONAL SPECIALTY UNDERWRITERS, INC.	4,694,296	0.25%
64	W. B. AHERN ENTERPRISES, INC.	4,649,660	0.24%
65	A.I. RISK SPECIALISTS INSURANCE, INC.	4,457,759	0.23%
66	HEFFERNAN INSURANCE BROKERS	4,445,177	0.23%
67	AON/ALBERT G. RUBEN INSURANCE SERVICES, INC.	4,333,430	0.23%
68	BARNEY & BARNEY, LLC	4,323,292	0.23%
69	BEECHER CARLSON INSURANCE SERVICES, LLC	4,148,431	0.22%
70	COLEMONT INSURANCE BROKERS OF ILLINOIS LLC	3,840,011	0.20%
71	HALL, JAMES ALLAN	3,804,395	0.20%
72	REPATH MCAULEY WOODS, LLC	3,728,924	0.20%
73	TRINITY E & S INSURANCE SERVICES, INC.	3,710,333	0.19%
74	DEALEY, RENTON & ASSOCIATES INSURANCE BROKERS	3,660,488	0.19%
75	WELLS FARGO OF CALIFORNIA INSURANCE SERVICES, INC.	3,616,746	0.19%
76	MCGRIFF, SEIBELS & WILLIAMS, INC.	3,612,720	0.19%
77	TIO, TOMAS EDUARDO	3,561,582	0.19%
78	WILLIS OF MASSACHUSETTS, INC.	3,530,744	0.19%
79	WILLIS OF ILLINOIS, INC.	3,429,273	0.18%
80	ARC WEST COAST EXCESS & SURPLUS BROKERAGE, LLC	3,267,583	0.17%
81	ADELMAN, JASON MICHAEL	3,186,820	0.17%
82	ALEXANDER, MORFORD & WOO, INC.	3,173,548	0.17%
83	HUB INTERNATIONAL INSURANCE SERVICES INC.	3,116,377	0.16%
84	G.J. SULLIVAN CO. EXCESS & SURPLUS LINES BROKERS	3,033,185	0.16%
85	AIS AFFINITY INSURANCE AGENCY, INC.	3,018,352	0.16%
86	SULLIVAN BROKERS WHOLESALE INSURANCE SOLUTIONS, INC.	3,013,202	0.16%
87	ANDERSON & MURISON INC.	2,954,425	0.16%
88	HCC SPECIALTY UNDERWRITERS, INC.	2,920,412	0.15%
89	PROWEST INSURANCE SERVICES, INC.	2,801,925	0.15%
90	WHOLESALE CONNECTION INSURANCE SERVICES, LLC	2,715,291	0.14%
91	NARVER ASSOCIATES, INC., INSURANCE AGENCY	2,662,272	0.14%
92	ENTERTAINMENT BROKERS INTERNATIONAL INSURANCE SERVICES	2,640,965	0.14%
93	PROGRAM BROKERAGE CORPORATION	2,623,254	0.14%
94	BROWN & BROWN OF CALIFORNIA, INC.	2,619,843	0.14%
95	COLEMONT INSURANCE BROKERS OF TEXAS, LP	2,614,587	0.14%
96	U.S. RISK OF CALIFORNIA, INC.	2,592,628	0.14%
97	JAMES KLEIN INSURANCE SERVICE INC.	2,584,048	0.14%
98	CESARANI, RONDA LEE	2,577,901	0.14%
99	CULPEPPER, DONALD DEAN	2,576,577	0.14%
100	ROBERTSON TAYLOR (CALIFORNIA), INC.	2,553,250	0.13%
	SUBTOTAL	\$1,698,403,934	89.15%
	ALL OTHER BROKERS	206,803,394	10.85%
	TOTAL	\$1,905,207,328	100.00%

Top 100 Nonadmitted Carriers

Based on Premium Processed through June 30, 2010

RANK	COMPANY	PREMIUM PROCESSED	% OF TOTAL
1	LEXINGTON INSURANCE COMPANY	\$353,468,285	18.55%
2	SCOTTSDALE INSURANCE COMPANY	71,976,319	3.78%
3	LLOYD'S OF LONDON SYNDICATE #2623	55,609,964	2.92%
4	EVANSTON INSURANCE COMPANY	48,217,675	2.53%
5	EMPIRE INDEMNITY INSURANCE COMPANY	47,804,174	2.51%
6	COLUMBIA CASUALTY COMPANY	39,714,589	2.08%
7	AXIS SURPLUS INSURANCE COMPANY	38,786,628	2.04%
8	STEADFAST INSURANCE COMPANY	36,961,894	1.94%
9	QBE SPECIALTY INSURANCE COMPANY	35,941,780	1.89%
10	LANDMARK AMERICAN INSURANCE COMPANY	35,840,784	1.88%
11	ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED	32,837,960	1.72%
12	MT. HAWLEY INSURANCE COMPANY	32,237,783	1.69%
13	ILLINOIS UNION INSURANCE COMPANY	32,126,643	1.69%
14	COLONY INSURANCE COMPANY	31,649,266	1.66%
15	ENDURANCE AMERICAN SPECIALTY INSURANCE COMPANY	31,154,086	1.64%
16	ADMIRAL INSURANCE COMPANY	30,386,535	1.59%
17	IRONSHORE SPECIALTY INSURANCE COMPANY	28,615,745	1.50%
18	ARCH SPECIALTY INSURANCE COMPANY	26,658,502	1.40%
19	HOUSTON CASUALTY COMPANY	26,393,376	1.39%
20	WESTCHESTER SURPLUS LINES INSURANCE COMPANY	24,420,912	1.28%
21	NAVIGATORS SPECIALTY INSURANCE COMPANY	24,365,525	1.28%
22	FIRST MERCURY INSURANCE COMPANY	22,734,235	1.19%
23	LLOYD'S OF LONDON SYNDICATE #2003	21,813,410	1.14%
24	LLOYD'S OF LONDON SYNDICATE #2987	21,248,486	1.12%
25	LIBERTY SURPLUS INSURANCE CORPORATION	21,007,098	1.10%
26	LLOYD'S OF LONDON SYNDICATE #0033	20,877,307	1.10%
27	AMERICAN SAFETY INDEMNITY COMPANY	20,687,253	1.09%
28	ESSEX INSURANCE COMPANY	20,437,831	1.07%
29	CHUBB CUSTOM INSURANCE COMPANY	19,712,469	1.03%
30	INTERSTATE FIRE & CASUALTY COMPANY	19,618,388	1.03%
31	GEMINI INSURANCE COMPANY	19,382,875	1.02%
32	NAUTILUS INSURANCE COMPANY	17,212,079	0.90%
33	ASPEN SPECIALTY INSURANCE COMPANY	16,767,832	0.88%
34	SWISS RE INTERNATIONAL SE	16,608,672	0.87%
35	PRINCETON EXCESS AND SURPLUS LINES INSURANCE COMPANY	15,801,906	0.83%
36	GREAT LAKES REINSURANCE (UK) PLC	15,667,698	0.82%
37	JAMES RIVER INSURANCE COMPANY	15,226,850	0.80%
38	MAX SPECIALTY INSURANCE COMPANY	15,105,209	0.79%
39	LLOYD'S OF LONDON SYNDICATE #0510	15,012,013	0.79%
40	CATLIN SPECIALTY INSURANCE COMPANY	14,185,149	0.74%
41	INDIAN HARBOR INSURANCE COMPANY	13,894,348	0.73%
42	CENTURY SURETY COMPANY	13,278,125	0.70%
43	NORTH AMERICAN CAPACITY INSURANCE COMPANY	13,217,647	0.69%
44	LLOYD'S OF LONDON SYNDICATE #0623	13,123,043	0.69%
45	DARWIN SELECT INSURANCE COMPANY	12,499,811	0.66%
46	ALLIED WORLD NATIONAL ASSURANCE COMPANY	11,769,515	0.62%
47	LLOYD'S OF LONDON SYNDICATE #1200	10,832,244	0.57%
48	ENERGY INSURANCE MUTUAL LIMITED	10,637,680	0.56%
49	GREAT AMERICAN E&S INSURANCE COMPANY	10,539,002	0.55%
50	LLOYD'S OF LONDON SYNDICATE #2488	9,848,728	0.52%

THE SURPLUS LINE ASSOCIATION OF CALIFORNIA
Safeguarding Consumers

RANK	COMPANY	PREMIUM PROCESSED	% OF TOTAL
51	BURLINGTON INSURANCE COMPANY	9,180,701	0.48%
52	HUDSON SPECIALTY INSURANCE COMPANY	8,977,353	0.47%
53	LLOYD'S OF LONDON SYNDICATE #2001	8,591,758	0.45%
54	LLOYD'S OF LONDON SYNDICATE #4472	8,577,152	0.45%
55	LLOYD'S OF LONDON SYNDICATE #4444	8,572,471	0.45%
56	LLOYD'S OF LONDON SYNDICATE #4242	8,046,368	0.42%
57	NATIONAL FIRE & MARINE INSURANCE COMPANY	8,017,665	0.42%
58	WESTERN HERITAGE INSURANCE COMPANY	7,865,702	0.41%
59	LLOYD'S OF LONDON SYNDICATE #0958	7,578,527	0.40%
60	UNITED SPECIALTY INSURANCE COMPANY	7,494,554	0.39%
61	EVEREST INDEMNITY INSURANCE COMPANY	7,169,836	0.38%
62	LLOYD'S OF LONDON SYNDICATE #1084	7,122,473	0.37%
63	COMMONWEALTH INSURANCE COMPANY	7,081,114	0.37%
64	GENERAL STAR INDEMNITY COMPANY	6,572,808	0.34%
65	LLOYD'S OF LONDON SYNDICATE #0807	6,354,068	0.33%
66	LLOYD'S OF LONDON SYNDICATE #1414	6,283,010	0.33%
67	COLONY NATIONAL INSURANCE COMPANY	6,271,151	0.33%
68	LLOYD'S OF LONDON SYNDICATE #2010	6,173,314	0.32%
69	LLOYD'S OF LONDON SYNDICATE #4020	5,450,560	0.29%
70	LLOYD'S OF LONDON SYNDICATE #3624	5,439,353	0.29%
71	LLOYD'S OF LONDON SYNDICATE #5000	5,390,877	0.28%
72	ASPEN INSURANCE UK LIMITED	5,333,949	0.28%
73	LLOYD'S OF LONDON SYNDICATE #1209	5,329,752	0.28%
74	UNITED NATIONAL INSURANCE COMPANY	5,050,498	0.27%
75	LLOYD'S OF LONDON SYNDICATE #0570	5,012,876	0.26%
76	FIREMAN'S FUND INSURANCE COMPANY OF OHIO	4,995,503	0.26%
77	GENERAL SECURITY INDEMNITY COMPANY OF ARIZONA	4,889,831	0.26%
78	MAXUM INDEMNITY COMPANY	4,886,052	0.26%
79	LLOYD'S OF LONDON SYNDICATE #1206	4,823,406	0.25%
80	ROCKHILL INSURANCE COMPANY	4,803,704	0.25%
81	LLOYD'S OF LONDON SYNDICATE #2791	4,794,639	0.25%
82	MOUNT VERNON FIRE INSURANCE COMPANY	4,788,982	0.25%
83	USF INSURANCE COMPANY	4,254,387	0.22%
84	FIRST SPECIALTY INSURANCE CORPORATION	4,043,359	0.21%
85	LLOYD'S OF LONDON SYNDICATE #1183	4,037,199	0.21%
86	T.H.E. INSURANCE COMPANY	4,013,951	0.21%
87	HOMELAND INSURANCE COMPANY OF NEW YORK	3,890,245	0.20%
88	LLOYD'S OF LONDON SYNDICATE #2000	3,804,738	0.20%
89	GOTHAM INSURANCE COMPANY	3,737,783	0.20%
90	LLOYD'S OF LONDON SYNDICATE #1225	3,630,929	0.19%
91	AXIS SPECIALTY EUROPE LIMITED	3,557,413	0.19%
92	PENN-STAR INSURANCE COMPANY	3,515,577	0.18%
93	PHILADELPHIA INSURANCE COMPANY	3,469,293	0.18%
94	TM SPECIALTY INSURANCE COMPANY	3,415,012	0.18%
95	TORUS SPECIALTY INSURANCE COMPANY	3,151,568	0.17%
96	LLOYD'S OF LONDON SYNDICATE #0435	3,075,397	0.16%
97	ST. PAUL SURPLUS LINES INSURANCE COMPANY	2,878,432	0.15%
98	NORTHFIELD INSURANCE COMPANY	2,876,386	0.15%
99	LLOYD'S OF LONDON SYNDICATE #2121	2,787,439	0.15%
100	AIX SPECIALTY INSURANCE COMPANY	2,784,254	0.15%
	SUBTOTAL	\$1,823,758,697	95.72%
	All Other Companies	81,448,631	4.28%
	TOTAL	\$1,905,207,328	100.00%

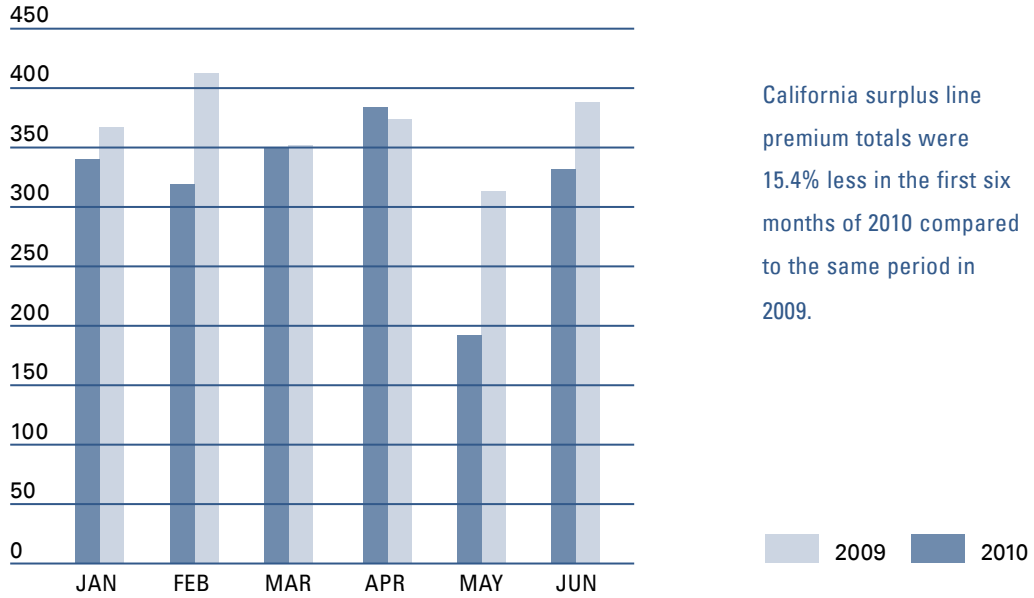
Top 50 Coverages

Based on Premium Processed through June 30, 2010

RANK	EXPORT	COVERAGE	PREMIUM PROCESSED	% OF TOTAL
1		GENERAL LIABILITY	\$374,064,226	19.63%
2	E	COMMERCIAL DIC/STAND ALONE EARTHQUAKE	272,244,865	14.29%
3		ERRORS AND OMISSIONS	216,644,983	11.37%
4		ALL RISK COMMERCIAL PROPERTY	151,339,508	7.94%
5		SPECIAL MULTI-PERIL PACKAGE	124,249,851	6.52%
6		EXCESS LIABILITY	107,736,106	5.65%
7		MISCELLANEOUS	105,040,330	5.51%
8	E	INDIVIDUAL INSUREDS WITH LARGE SCHEDULES WHERE THE TIV (TOTAL INSURED VALUES) ARE IN EXCESS OF \$500 MILLION	92,536,347	4.86%
9	E	EXCESS LIABILITY WHERE PART OF UNDERLYING IS NONADMITTED	76,193,826	4.00%
10		PROFESSIONAL LIABILITY	65,835,170	3.46%
11		DIRECTORS AND OFFICERS	38,163,019	2.00%
12	E	EMPLOYMENT PRACTICES LIABILITY	36,716,283	1.93%
13		COMMERCIAL PROPERTY-BASIC	30,969,705	1.63%
14	E	PRODUCTS/COMPLETED OPERATIONS (WRITTEN ON A STAND ALONE BASIS)	25,550,984	1.34%
15		INLAND MARINE	16,340,958	0.86%
16	E	HIGH LIMITS DISABILITY	15,053,398	0.79%
17		HOMEOWNERS MULTI-PERIL	13,397,919	0.70%
18	E	VACANT BUILDINGS	11,956,478	0.63%
19	E	EVENT CANCELLATION	10,956,031	0.58%
20		AUTO PHYSICAL DAMAGE-COMMERCIAL	9,487,466	0.50%
21	E	CONTRACTORS ENGAGED IN CONSTRUCTION OF NEW TRACT HOMES AND/OR NEW CONDOMINIUMS	9,350,163	0.49%
22		HOSPITALS	9,182,278	0.48%
23		HOMEOWNERS	8,793,913	0.46%
24		GARAGE LIABILITY	7,391,742	0.39%
25		TERRORISM	5,983,210	0.31%
26		SINGLE FAMILY DWELLING/DUPLEX	5,724,345	0.30%
27	E	SECURITY GUARD SERVICES	5,593,720	0.29%
28		ACCIDENT	4,675,125	0.25%
29		AUTO LIABILITY-COMMERCIAL	4,114,511	0.22%
30		GROUP HEALTH	3,834,081	0.20%
31	E	PRODUCTS RECALL	3,818,664	0.20%
32	E	AMUSEMENT PARKS/CARNIVALS/DEVICES	3,618,509	0.19%
33		AVIATION	2,667,254	0.14%
34		RESIDENTIAL EARTHQUAKE	2,553,939	0.13%
35		AUTO COMBINED LIAB & PHYS DAMAGE-COMM.	2,295,457	0.12%
36	E	PERSONAL ARTICLES FLOATERS WRITTEN ON A STAND ALONE BASIS WHERE THE VALUE OF THE SCHEDULE IS IN EXCESS OF \$1,000,000 OR CONTAINS A SINGLE ITEM(S) OVER \$100,000	2,004,542	0.11%
37		DISABILITY INCOME	1,887,778	0.10%
38	E	AMUSEMENT PARKS/CARNIVALS AND AMUSEMENT DEVICES	1,852,773	0.10%
39		PRODUCT TAMPERING	1,710,926	0.09%
40		FIDELITY	1,668,159	0.09%
41		BONDS	1,602,825	0.08%
42		SPECIAL MULTI-PERIL WITH TERRORISM	1,549,943	0.08%
43	E	SHORT TERM SPECIAL EVENTS (EXCLUDING HOLE IN ONE COVERAGE)	1,524,250	0.08%
44	E	CRANE & RIGGING CONTRACTORS	1,484,766	0.08%
45	E	CLINICAL & SIMILAR TESTS OF PHARMACEUTICAL, MEDICAL, BIOLOGICAL AND OTHER SIMILAR PRODUCTS	1,357,560	0.07%
46		EXCESS WORKERS COMPENSATION	1,339,743	0.07%
47	E	EXCESS FLOOD	1,019,875	0.05%
48		CRIME	937,203	0.05%
49	E	OILFIELD CONTRACTORS	930,033	0.05%
50	E	EXCESS CRIME	861,907	0.05%
		SUBTOTAL	\$1,895,806,649	99.51%
		All Other Coverages	9,400,679	0.49%
		TOTAL	\$1,905,207,328	100.00%

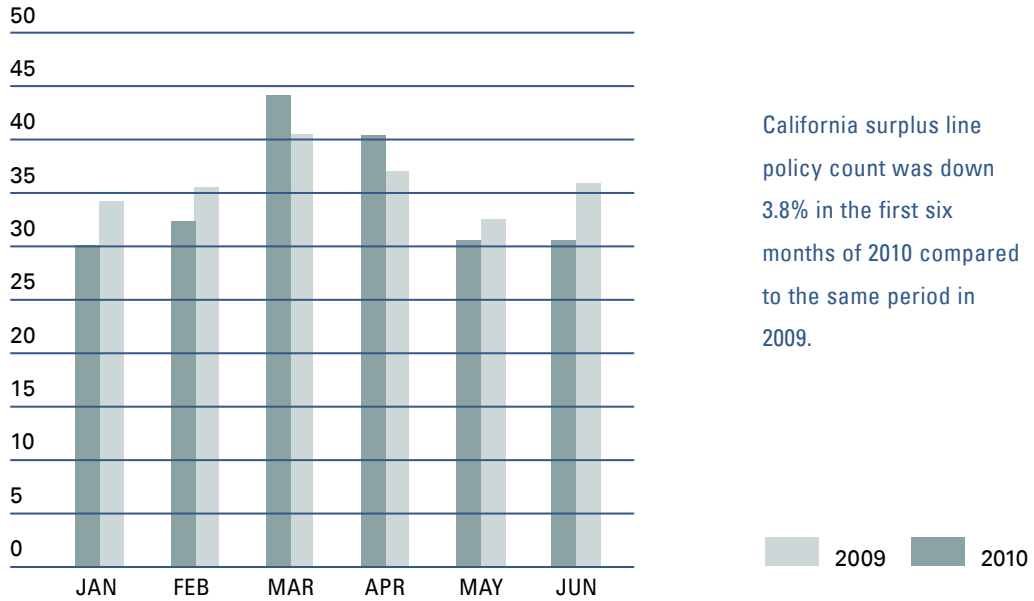
Comparison of Premium Processed for 2nd Quarter 2010 versus 2009

All values represented in Millions



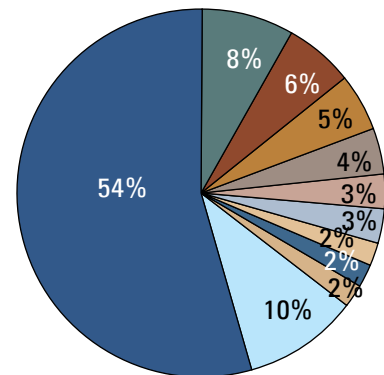
Comparison of Items Processed for 2nd Quarter 2010 versus 2009

All values represented in Thousands



Issued Tags for 2nd Quarter 2010

Tags Description	Percentage	Count
Late Filing with Explanation	54%	28,414
Late Filing	8%	4,252
Incomplete SL2 Form	6%	3,203
Section 7(B) of SL2 Incomplete	5%	2,881
Incomplete SL1 Form	4%	2,353
Renewal has No Record of Prior Policy	3%	1,846
No Record of Policy Endorsement	3%	1,746
Incomplete Admitted Company Names	2%	1,263
Invoice Date	2%	1,096
Unlisted Admitted Company	2%	967
All Other Tags	10%	5,072
Total		53,093



Over 50% of the tags issued by the stamping office are for late filings with explanation.

INFORMATION TECHNOLOGY

The new Stamping Office software “EAS” that went into production at the SLA in December, 2009 continues to benefit the SLA through faster and more accurate filing information. Earlier this year, several major enhancements to the software were put in place to further automate existing processes, including detailed filing statistics, analyst quality review, and additional reporting functions. The next step in the SLA-EAS automation project is the implementation of a new broker electronic filing system or Broker Portal. The SLA is currently working on developing this product with software provider, Infinity Software of Tallahassee, FL. The Broker Portal will be based on Infinity’s SLIP product, which is now being used at other SLA’s. One added benefit of this project,

is that once completed, brokers will be able to have filings automatically filed through their Agency Management System (AMS) directly to the California SLA. The degree of automation will be dependent on the existing technology at each broker’s office. The Broker Portal is expected to be available to all SLA members in Q2’2011.

The SLA IT department has also implemented a variety of usability improvements to the SLA website. These improvements include better search capabilities, additional help screens, better organization of member details, and faster navigation to frequently used sections. You can view these changes and provide feedback at www.slacal.org

Scheduled Educational Events for The Surplus Line Association of California

October - November 2010

All our seminars are approved for California Fire & Casualty Broker-Agents (FX)
and Personal Lines Broker-Agents (PL)

Medical Professional Liability Insurance

Facilitated by

Fran O'Connell

Managing Director, Medical Professional Underwriting
Markel

Registration at 8:00 a.m.

Seminar 8:30 a.m. - 11:30 a.m. - 3 CE Credits - *Pending CDI approval*

Dates

Tuesday, October 19, 2010

Hilton Universal City
555 Universal Hollywood Drive
Universal City, CA 91608

Wednesday, October 20, 2010

PG&E Conference Center Auditorium
245 Market Street
San Francisco, CA 94105
(use rear entrance)

Avoiding E&O Surplus Line Brokers in Blunderland

Facilitated by

Edward Garson

Partner
Wilson Elser Moskowitz Edelman & Dicker LLP

Registration at 8:00 a.m.

Seminar 8:30 a.m. - 11:30 a.m. - 3 CE Credits - *Pending CDI approval*

Dates

Tuesday, November 9, 2010

Hilton Universal City
555 Universal Hollywood Drive
Universal City, CA 91608

Wednesday, November 10, 2010

PG&E Conference Center Auditorium
245 Market Street
San Francisco, CA 94105
(use rear entrance)

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Patrick Hanley - Vice Chairman

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