

# SLA Quarterly

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## August 2001



**Stacey A. Beougher**  
Executive Chair, 2001

At the beginning of 2001, the SLA was midway through a software development project with a developer named Sapiens Americas from Cary, North Carolina. Sapiens had been hired to create a new database to run the stamping office operation. Under the leadership of Horst Lechler, the Automation Committee Chairman, in coordination with Mark Uyeda, the SLA's Manager of Information Technology, the software development is now complete! The SLA is operating a new and much improved database. Have you noticed the attractive looking tags?

The surplus line pre-

## Report of the Chair

mium volume has seen significant increases. The top five general coverage categories written in surplus lines in the first six months of 2001 are general liability, environmental liability, commercial DIC/stand alone EQ, errors & omissions, and directors and officers. The average premium per policy in 2001 is \$8,506 compared to \$6,331 in 2000.

The 2001 session of the California Legislature has been a successful one for the SLA. A bill sponsored by the association, SB 1136 (Polanco) to repeal the January 1, 2002 expiration date on California insurance code sections 703.1 and 1773 governing nonadmitted insurer and surplus line broker advertising and solicitation is likely to be enacted this year. The bill was passed by the Senate and is awaiting floor action in the Assembly. ■

# Report of the Director of the Stamping Office, Deanna Zanoni

The total premiums filed for the first six months of 2001 were \$1,060,166,281 up 30.47% over last year. However, the item count was down from the same period last year. We processed 121,629 items, down 4.01%. In the second quarter, we processed some unusually large policies, which is why we are recording an increase in premiums.

After working 13 months on a total rewrite of our computer system, we went live on June 25, 2001. We are capturing much more information on the new database and we're still getting some of the bugs out of the system. We closed the June accounting month early on June 20th to enable conversion to the new system. If your filings for June were not processed, please bare with us; they should be processed in July. I would like to thank my entire staff for all the many hours and weekends they worked, in order to make the transition go smoothly.

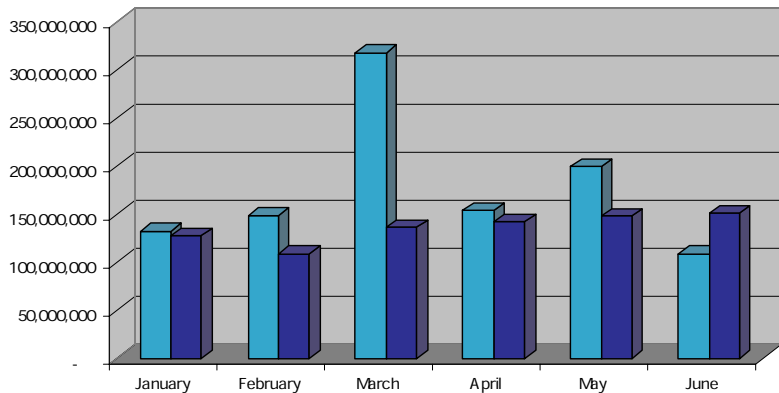
I would like to welcome our new employees: Daniel Schneiderman to the IT Department and Claudia Benitez to the Data Processing Department. We are happy to have you join us at the SLA.

I would also like to welcome new members to the

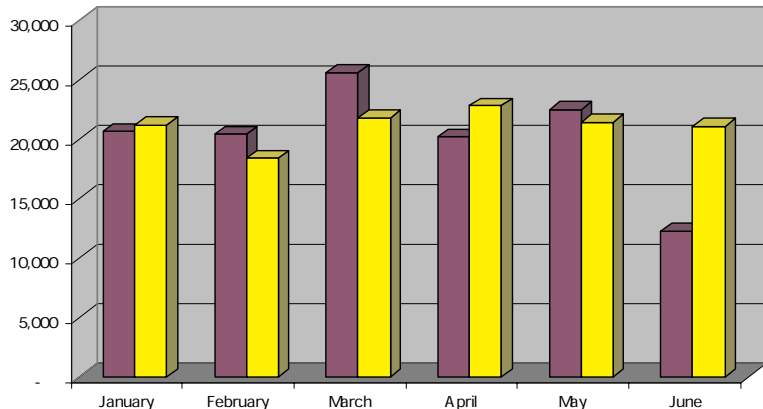
Association: SCB Enterprises, Ltd.; Stellar Financial Services, LLC; Aracus Insurance Brokers, Inc.; Bass Underwriters, Inc.; Joyce Lenora Landwehr; First Dominion Corporation; Admiral General Brokers Corporation; Sterling West Insurance Services, Inc.; Austin & Austin Insurance Services, Inc.; Steven David Goodman; Brent Irving Allen; Winfield Martin Hopkins; Kenneth Robert Masters; Ambis Corporation; Arc-En Insurance Services,

Inc.; Rutherford Insurance Services, Inc.; Health Care Facilities of America LLC; Bonnie Mary Helene Carol Randall-Molaschi; Thorson & Associates Insurance Service & Risk Management; Rangemark Insurance Services, Inc.; Mitchell Hunt Kaliff; Directnet Insurance Agency, Inc.; P. Allen Haney Company; Epolicy.Com Insurance Services, Inc.; Dodge Warren & Peters Insurance Services, Inc.; and Davila Insurance Concepts & Services, Inc.

Comparison of Premium Volume for First Six Months of 2000 vs 2001



Comparison of Transaction Count for First Six Months of 2000 vs 2001



## Legislative Update

SB 773 (Speier) This bill would enact the Financial Information Privacy Act of 2002, which would require a financial institution to provide specified notice to, and to obtain the consent of, a customer before disclosing to or sharing confidential consumer information, as defined, with any nonaffiliated third party, subject to certain exceptions. STATUS: 7/5/01 Joint Rule 61(a)(9) suspended. This bill was heard in the Senate Insurance

Committee for a third time on July 16, 2001.

AB1727 (Calderon) This bill would establish non-resident surplus line brokers in addition to regulating retail sales practices, solicitations, advertising, and offers of any insurance product or annuity to a consumer by a depository institution, or any person engaged in those activities at the office of a depository institution or on behalf of a depository insti-

tution. STATUS: In committee: Set, second hearing. Held under submission. The bill is expected to be acted upon in 2002.

SB 1136 (Polanco) This bill would delete the January 1, 2002, repeal of two provisions (Sec. 703.1 and 1773) governing the advertising by nonadmitted carriers and surplus line brokers. STATUS: 7/12/01 Placed on inactive file on request of Assembly Member Calderon. The bill may be acted upon later this year. ■

## SLA MEMBER PROFILE

Katie Freeman moved to California from West Hartford, Connecticut in 1975 after graduating from Briarwood College. She began her insurance career with Walker & Company (later to be Gerald J. Sullivan & Associates). She worked in the structured settlement department and then started her career in professional liability by underwriting the American Hospital Association and California Hospital Association directors & officers liability programs for Underwriters at Lloyds and Midland Insurance Company.



**Catherine (Katie)  
A. Freeman**

From Gerald J. Sullivan & Associates, Katie went to work for Stewart Smith West brokering professional liability and directors & officers liability and underwrote five

national real estate E&O programs. Katie then went to work for Harbor Insurance Company in the directors & officers liability department and then made another move to Johnson & Higgins of Los Angeles working with general casualty lines.

Katie returned to professional liability when she went to work for Hull & Company in Santa Ana and then to Allen Sterger & Associates as the brokerage manager for all lines of E&O, D&O and medical malpractice.

In November of 1993,

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Katie opened a branch office of Allen Sterger & Associates and soon purchased the book of business forming Katie Freeman Insurance Services as an independent, wholesale, surplus line broker on April 1, 1994. Katie's firm

now handles all lines of E&O, D&O and medical malpractice. Katie Freeman Insurance Services also produces EPLI coverages, small business BOPs and serves as the exclusive wholesale broker in California for the

Competitive Edge product.

Katie Freeman currently serves as Secretary Treasurer of the Surplus Line Association of California (SLA) and as a member of the SLA's Executive Committee. ■

## SLA EMPLOYEE PROFILE

For almost 7 years, Pat McAuley has worked in the SLA's Data Processing Department first as the Assistant to the Manager of Data Processing and for the last 4 years as the Supervisor of the Data Processing Department. Pat supervises a staff of 20 Data Analysts and ensures that the day-to-day operations of the department are functioning efficiently. Pat is also responsible for processing complex surplus line filings, monitoring the productivity levels of the data processing staff and generating informative reports for the California Department of Insurance.

Born in San Francisco's Chinatown, Pat now resides in Daly City with her Husband Joe and her dog Blackie. Pat also has a son, Tony, who is currently attending the University of California at Berkeley. During her spare time Pat



**Pat McAuley**

enjoys reading and exercising. Pat especially enjoys her favorite pastime of re-creating a variety of Barbie doll personalities. Pat's recreations are very artistic and have been featured in several Barbie doll competitions.

Processing insurance policies is nothing new to Pat. Pat has worked in the insurance industry for the past 20 years holding positions such as Benefits Appraiser and Claims Adjuster. Pat's extensive

knowledge of the insurance industry has served as a valuable asset to the SLA. In addition to her professional experience, Pat also holds a Bachelor's degree in Home Economics and Consumer Affairs and a Master's degree in Humanities from San Francisco State University.

Anyone at the SLA can confirm that Pat is a "people" person whose gregarious personality makes her enjoyable to work with. When asked what she enjoys most about working at the SLA, Pat's response was that the SLA presents many challenges for her and gives her the opportunity to grow professionally. As a result, Pat has taken several professional development seminars in human resources, supervisory skills and computer software programs.

For the past year Pat has been working diligently

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on the transaction processing system project. Pat has gone over and above to ensure that all of the requirements concerning the Data Processing Department have been met as well as verifying that

the entire data entry process is functioning properly from beginning to end. Currently for the project, Pat is working on detailed training materials for her staff.

Pat's future professional

goals are to learn more about the "behind the scenes" programming functions of the new system and to identify methods to enhance the system even further. ■

## **SLA of California Implements a New Transaction Processing System**

On June 25, 2001, the Surplus Line Association of California implemented a new transaction processing system. The system, developed by Sapiens Americas, is a product of the Sapiens Object Pool Technology. The system was developed using the Rapid Application Development (RAD) process, which emphasized frequent interaction between developers and end-users.

During the initial phases of the project, both teams participated in Joint Application Design (JAD) sessions to develop the requirements for the system. Subsequently, smaller focus groups were formed to collect more specific information about the processes of each department. The JAD sessions not only gave the SLA staff the opportunity to input their ideas for the new system, but it also gave the staff the chance to work as a team and to learn more about the pro-

cesses of other departments.

Once the application was developed, the SLA staff worked industriously to test each component of the application. The Sapiens development team worked closely with the SLA test team to correct any defects or errors identified during the validation process. In tandem with the validation phase, the SLA team was busy scrubbing data from the old system to prepare for the final data conversion to the new system.

After the validation and data conversion phases were completed, the system went into production. The new system was installed on an AS400/DB2 system. The client is a Windows based program called Sapiens Work Station (SWS), which allows users to access the newly developed Graphical User Interface (GUI) data entry screens, replacing the mundane green screens that the SLA has been using since

1987. The new system also has a unified DB2 database integrating the numerous stand-alone databases that were once functioning in various SLA departments.

In addition to the new screens, many of the once manually performed processes are now automated in the new system. For example, standard and security tags are now automatically generated and manual coding procedures, such as searching for security and coverage codes are now accessible on-line with the use of drop down lists that are populated with real time information. Furthermore, the stamping fee formerly captured in report format only, is now calculated and stored in the DB2 database.

The new system is also equipped to capture additional information regarding surplus line filings. For example, the information on

*(Continued on Page 6)*

**TOP 25 SURPLUS LINE WRITERS IN CALIFORNIA  
BY PREMIUM PROCESSED FROM JANUARY 1  
THROUGH JUNE 30, 2001**

Rank	Company	Premium Processed
1	American Int'l. Specialty Lines Ins. Co.	\$ 205,089,010
2	Lexington Ins. Co.	63,794,208
3	Scottsdale Ins. Co.	44,387,363
4	Steadfast Ins. Co.	31,231,420
5	Admiral Insurance Company	29,873,749
6	Evanston Insurance Co.	29,550,225
7	Royal Surplus Lines Ins. Co.	23,155,348
8	Pacific Ins. Co. Ltd.	21,863,754
9	Essex Ins. Co.	20,812,271
10	General Star Indemnity Co.	19,171,120
11	Illinois Union Insurance Company	19,128,336
12	Lloyd's Syndicate #435	17,434,087
13	United National Ins. Co.	16,980,018
14	Zurich Specialties London Limited	16,512,912
15	Clarendon American Ins. Co.	16,202,731
16	Lloyd's Syndicate #376	14,966,344
17	First Specialty Insurance Corporation	13,953,698
18	Caliber One Indemnity Company	13,646,814
19	Lloyd's Syndicate #79	13,109,083
20	Lloyd's Syndicate #2488	12,803,104
21	American Equity Insurance Company	11,103,586
22	North America Capacity Insurance Co.	10,609,532
23	Commonwealth Insurance Company	9,842,959
24	Legion Indemnity Ins. Company	9,576,491
25	Gulf Underwriters Ins. Co.	9,377,177
	<b>Sub-total</b>	<b>\$ 594,175,340</b>
	All other companies	465,990,944
	<b>TOTAL</b>	<b>\$ 1,060,166,284</b>

(Continued From Page 5)  
the SL1 and SL2 forms are now captured in its entirety and more detailed demographic and contact information are captured as well.

Although most of the requirements for the new system were related to the data processing functions, other areas such as the financial analysis, education,

and membership management components were also integrated into the system. Interfaces to the Department of Insurance Continuing Education Division and the National Association of Insurance Commissioners (NAIC) financial database were also installed in the system to transfer data to and from the SLA's DB2 database.

If you haven't noticed already, our correspondence (invoices, tags, etc...) has also taken on a new look. All of the production and ad-hoc reports were developed using Crystal reports. All reports are now printed on high production laser printers, replacing the antiquated dot matrix reports of the past. Crystal reports will also permit the SLA to access real time data

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instantly from the DB2 database to produce a variety of ad-hoc reports for correspondence and analysis. As a result, the SLA is open to any comments or suggestions to improve or create reports that may be helpful to the SLA

brokerage community.

As a whole, the new transaction processing system is expected to enhance the workflow and productivity of the various functions of the Association.

The next step, tentatively scheduled to begin in late 2001, is to web enable the new processing application so that brokers and agents have the option to complete SLA filings via the Internet.

## Filing Procedure Update

Effective immediately the following changes will impact batch filing procedures for surplus line brokers.

All future filings submitted to the Surplus Line Association should include a batch cover sheet containing the following information:

- The assigned SLA broker number. This number can be found on your monthly billing statement or you can contact anyone in the Data Processing Dept. for this information.

- Name of the insured.
- Policy number.
- Premium amount and stamping fee for each item in the batch.
- Grand total of premium amount being filed.
- A listing of each item in the same order as the documents in the batch.

We would also appreciate it if the following information could also be included on the cover sheet:

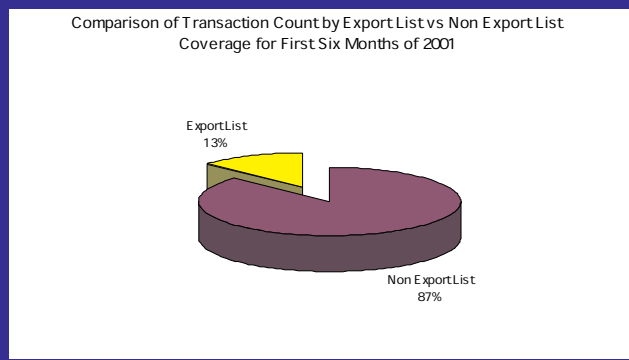
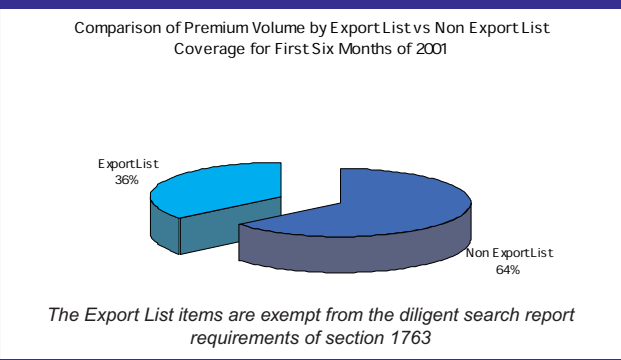
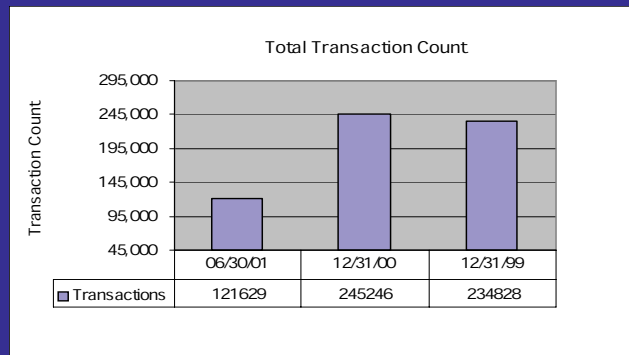
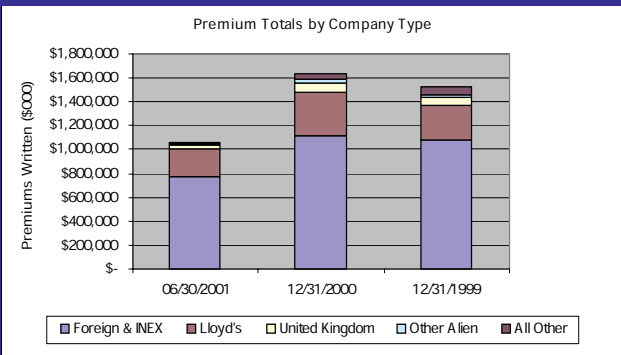
- Type of document being filed (i.e., new, renewal, endorsement, extension

endorsement, cancellation or offset).

- Total item count in the batch.

\* Please note, these requirements do not apply to those batches submitted as non-money endorsements.

You can contact Judith Flowers, Manager of the Data Processing Dept. or Pat McAuley, Operations Supervisor of the Data Processing Dept. if you have any questions.



# *Surplus Line Association of California*

*A guide to education events in 2001*

## JULY 2001

### Western States Surplus Lines Conference

3 CE Credits  
July 25 – July 28, 2001  
Breckenridge, Colorado

## NOVEMBER 2001

### Surplus Lines Is Not Assigned Risk

CPCU All Industry Day Seminar  
2 CE Credits - #97158

**Tuesday, November 6, 2001**

Marriott Hotel  
55 Fourth Street  
San Francisco, CA 94103

### Additional Insured & Certificate of Insurance Issues

#### in the Decade of 2000

3 CE Credits - #100038

**Tuesday, November 13, 2001**

Fairmont Hotel  
950 Mason Street  
San Francisco, CA 94111

**Wednesday, November 14, 2001**

Hilton Universal City & Towers  
555 Universal Terrace Park  
Universal City, CA 91608



## **A u g u s t 2 0 0 1**

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