



**THE SURPLUS LINE ASSOCIATION
OF CALIFORNIA**

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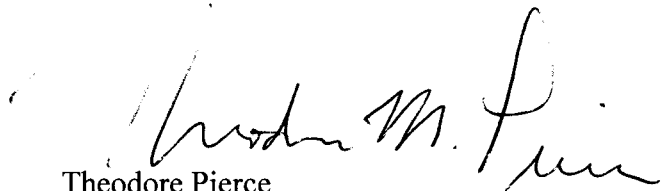
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September 16, 2004

BULLETIN # 1050

RE: REVISED DILIGENT SEARCH REPORT (SL-2) DATED JUNE 2004

This bulletin will serve as a reminder to all California Surplus Line Brokers that the recently revised SL-2 form provided under cover of SLA Bulletin #1038, dated June 16th, 2004, must be used for all placements effective December 1, 2004, and thereafter. Please note: All filings received using the old forms with effective dates of December 1, 2004, or later, will be tagged. Attached for your convenience are the latest copies of both the SL-1 and SL-2 Forms. Should you have any questions, please call Ted Pierce, Joy Erven Laughery, or Pat McAuley at 415-434-4900.


Theodore Pierce
Executive Director

TP/pm
Attachment

Policy Number: _____
California Premium: _____

CONFIDENTIAL REPORT OF SURPLUS LINE PLACEMENT

Please refer to the instructions on Page 2, and the attached current California Export List for assistance in completing this form.

Please check **ONE** box only:

- The following information, accompanied by a copy of the declarations page or certificate or binder, is submitted for an insurance coverage or risk listed on the current California Department of Insurance Export List. (California Insurance Code Section 1763.1)
- The following information, accompanied by a copy of the declarations page or certificate or binder, and a fully executed copy of the diligent search report (SL-2 Form), is submitted in accordance with California Insurance Code Section 1763(a).

1. _____ hereby submits that he/she is:

- (A) a duly licensed surplus line broker, license number _____ : or,
- (B) a transactor on the surplus line license of _____,
(Name of Organization)
- (C) _____ : and,
(License Number)

that he/she or said organizational licensee was engaged by the insured, or the insured's broker, named herein, to obtain insurance against certain risk as described in this report.

2. **RISK DESCRIPTION**

- (A) Name of Insured _____
- (B) Address of Insured _____
(Street and Number)

(City) (State) (Zip Code)
- (C) Description of the Risk _____
(e.g., Laundromat, Liquor Store, - NOT TYPE OF COVERAGE)
- (D) Location of Risk _____
(Street and Number)

(City) (State) (Zip Code)
- (E) Export List Code OR Coverage Code _____
(Coverage Codes listed on Page Two; Export List Codes listed on Export List)

3. **PLACEMENT DESCRIPTION**

List Nonadmitted Insurer(s) Underwriting This Policy with % of Premium. (Include an attachment if additional space is needed, or attach a line slip.) If Gap Provision applies, please include GAP Exemption Form Attachment.

<u>NAME OF NONADMITTED INSURER(S)</u>	<u>% OF PREMIUM</u>
_____	_____
_____	_____
_____	_____

Signature of Person Named on Line 1

Date

INSTRUCTIONS

WHAT MUST ACCOMPANY THE CONFIDENTIAL REPORT OF PLACEMENT:

(A) If the insurance coverage or risk is currently listed on the California Export List, this Report must be accompanied by a copy of the declarations page or certificate or binder. (B) If the insurance coverage or risk is not listed on the California Export List, this Report must be accompanied by the declarations page or certificate or binder, and a fully completed Diligent Search Report (SL-2 Form). (California Insurance Code Section 1763(a))

Note: A copy of the current California Export List may be obtained from the SLA by phone at (415) 434-4900, or by fax to (415) 434-3716.

WHEN TO FILE: This Report must be filed by the surplus line broker within 60 days of placing the insurance with a nonadmitted insurer. (California Insurance Code Section (1763(a))

WHERE TO FILE: This Report must be submitted to The Surplus Line Association of California as designee for the California Insurance Commissioner. Mailing address is as follows: 388 Market Street, 11th Floor, San Francisco, CA 94111.

LOWER RATE FILINGS: This Report may not be used to file a risk placed with a nonadmitted insurer when such insurance is procured at a lower rate of premium or lower premium than the lowest rate or premium available from an admitted insurer. Please contact the Department of Insurance or The Surplus Line Association of California for information regarding the procedures applicable to such "lower rate" filings.

CODE – TYPE OF INSURANCE

050 Auto Liability – Private
051 Auto Liability – Commercial
100 Auto Physical Damage – Private
101 Auto Physical Damage – Commercial
150 Crime
151 Crime – Kidnap & Ransom
200 Combined Auto Liability & P.D. – Private
201 Combined Auto Liability & P.D. – Comm.
300 Excess Liability (Incl. Umbrella)
350 Fidelity Surety & Bonds – Bonds
351 Fidelity Surety & Bonds – Fidelity
400 Fire – Single Family Dwelling, Duplex
401 Fire – Commercial
402 Fire – Homeowners
403 Fire – Homeowners Multiple Peril
404 Fire – Farm Owners Multiple Peril
414 Residential Earthquake
450 Inland Marine
500 General Liability
501 Gen. Liability – Pollution Legal Liability
502 Gen. Liability – Product Tampering

CODE – TYPE OF INSURANCE

510 Aviation
550 Errors & Omissions – All Others
551 Errors & Omissions – Dir. & Off.
600 Malpractice – All Other
606 Malpractice – Hospitals
650 Miscellaneous
651 Miscellaneous – Glass
652 Miscellaneous – Boiler & Machinery
653 Miscellaneous – Nuclear Risks
655 Miscellaneous – Political Risks**
700 Accident
701 Accident – Disability Income
702 Accident – Group Health Insurance
703 Accident – Individual Health Ins.
800 Garage Liability
980 Excess Workers Compensation
990 Commercial Property – All Risk
994 Commercial Property – Special Multi-Peril
996 Commercial Property – DIC***
997 Commercial Property – Earthquake***
998 Commercial Property – Terrorism
999 Commercial Property – Special Multi-Peril with Terrorism

Coverage in **bold** font are additions to the Confidential Report of Placement (rev. 01/97) and Diligent Search Report (rev. 3/95) coverage codes list

**Coverage is currently on Export List

***Coverage is currently on Export List under code 406

Refer to **Bulletin #1022** on the latest export codes. Please note that currently some of the coverage codes have an equivalent export code.

DILIGENT SEARCH REPORT
(Please Refer to the Instructions on Page 3 of This Form)

1. _____ hereby submits that he/she is:
(Full Name of the Individual)
(A) Duly licensed under California Department of Insurance license number _____;
OR (B) Duly licensed and authorized to act as an endorsee on the organizational license of
_____, California Department of Insurance license number _____;
(Name of Organization)
and (C) that he/she or said organizational licensee was engaged by the insured named herein, or the insured's broker, to obtain insurance as described in this report;
and (D) is the licensee who performed or supervised this diligent search.

2. (A) Name of Insured _____
(B) Address of Insured _____
(Street and Number)

(City) (State) (Zip Code)
(C) Description of Risk _____
(e.g. Laundromat, liquor store, ... NOT TYPE OF COVERAGE)
(D) Location of Risk _____
(Street and Number)

(City) (State) (Zip Code)
(E) Type of Insurance coverage _____
(Enter Appropriate Code Number from Pg. 3)

3. If **Private Passenger Automobile Liability Insurance** is identified on line 2(E), complete the following:
(A) Does the insured qualify as a "Good Driver" under Section 1861.025 of the California Insurance Code?
(CHECK ONE) YES NO
(B) Does the coverage that you have placed include, in whole or in part, the limits of coverage provided under the California Automobile Assigned Risk Plan (CAARP)? (CHECK ONE) YES NO
(C) If YES, has this risk been submitted to and found to be ineligible by CAARP?
(CHECK ONE) YES NO
If your answer is NO, then this coverage cannot be placed with a non-admitted insurer. (See Insurance Code section 1763.5)

4. If **Health Insurance** is identified on line 2(E), does the insured qualify as a "Small Employer" under Section 10700(x) of the California Insurance Code? (CHECK ONE) YES NO

5. If this insurance was placed pursuant to Section 125 et seq. of the California Insurance Code governing transactions with **risk purchasing groups** authorized by the Federal Liability Risk Retention Act of 1986, complete the following:
(A) Provide the name and address of the purchasing group of which the insured is a member _____

6. (A) **Describe** the diligent efforts made to place this coverage with admitted insurers and describe how the search was performed (please add additional pages if necessary):

(B) If search was performed by someone other than the person named on line 1, please provide full name of that individual:

7. (A) Was the risk described in Section 2 submitted by you or by someone under your supervision to at least (3) insurers that are admitted in California **and** who actually write the type of insurance described on lines 2(C) and 2(E)? **(CHECK ONE)** YES NO

(B) If YES, please complete ALL sections of the following table; if NO, skip to Section 8:

Full Name of Admitted Company	First & Last Name of Company Representative AND Telephone Number	Check if Employee (E) or Agent (A)	Month, Year of Declination	Declination Code*
1.	_____ () - or "Online Declination" Website	E () A ()	/	
2.	_____ () - or "Online Declination" Website	E () A ()	/	
3.	_____ () - or "Online Declination" Website	E () A ()	/	

*Declination Codes: 1 - Company's capacity reached 2-underwriting reason 3-refused to state 4-other

8. If 7(A) was answered NO, complete the following:

(A) Did you determine that fewer than 3 admitted insurers actually write the type of insurance described on lines 2(C) and 2(E)? **(CHECK ONE)** YES NO

(B) If NO, please explain in detail why the risk was submitted to less than three admitted insurers in California that write this type of insurance.

(C) If YES, please describe how you made this determination. _____

The undersigned licensee hereby certifies that this report is true and correct, and that this risk is not being placed with a non-admitted insurer for the sole purpose of securing a rate or premium lower than the lowest rate or premium available from an admitted insurer.

(Signature of Licensee Named on Line 1)

(Date)

INSTRUCTIONS

SECTION 1: Please provide the full name of the licensed individual who performed or supervised the diligent search. If the search was performed under the individual's license number, enter his/her license number in section (A) or if the individual was authorized as an endorsee under an organizational license, enter the name of the organization and its license number in section (B).

SECTION 6: Please provide a complete response on section (A). Note: The Insurance Commissioner or his designee may require the surplus line broker to conduct a further or additional search among admitted insurers for similar placements in the future. [California Insurance Code Section 1763(b)] An incomplete response may unnecessarily result in a request for a further search to be conducted. If the individual named on line 1 did not perform the diligent search, please provide the full name of the individual who performed the search on section (B).

SECTION 7(B): To avoid mis-identification among insurers with similar names, please provide the complete name of the admitted insurer as listed in the CDI Official Publication of Admitted Companies.

Insurer group names, such as Cigna Group, Chubb Group, California Ins. Group, Hartford Group, etc., are acceptable if the person performing the search verifies that the representative of the group, who declines the risk, does in fact represent an admitted insurer in the group that actually writes the particular type of insurance being sought.

IMPORTANT: Persons who are licensed only as an agent may only submit a risk to admitted insurers that have appointed them as their agent. Agents are not authorized to offer a risk to admitted insurers for which they are not appointed agents. A search which is limited to only those companies that have appointed the agent may not necessarily constitute a diligent search of the admitted market.

WHAT TO FILE: This report must be filed as an attachment to the Report of Placement. (CDI Form SL-1).

WHERE TO FILE: The SL-1 and this report are to be filed by the surplus line broker with The Surplus Line Association of California within 60 days of placement of coverage with non-admitted insurer(s).

MULTIPLE LICENSEES CONDUCTING SEARCH: If two or more licensees conduct a diligent search of admitted insurers, then each licensee must complete a diligent search report (CDI Form SL-2). All such reports should be attached to the SL-1.

CODE TYPE OF INSURANCE	CODE TYPE OF INSURANCE
050 Auto Liability-Private	510 Aviation
051 Auto Liability-Commercial	550 Errors & Omissions-All Others
100 Auto Physical Damage-Private	551 Errors & Omission-Directors & Officers
101 Auto Physical Damage-Commercial	600 Malpractice-All Other
150 Crime	606 Malpractice-Hospitals
151 Crime-Kidnap & Ransom	650 Miscellaneous
200 Combined Auto Liability & P.D.-Private	651 Miscellaneous-Glass
201 Combined Auto Liability & P.D.-Comm.	652 Miscellaneous-Boiler & Machinery
300 Excess Liability (Incl. Umbrella)	653 Miscellaneous-Nuclear Risks
350 Fidelity Surety & Bonds-Bonds	655 Miscellaneous-Political Risks
351 Fidelity Surety & Bonds-Fidelity	700 Accident
400 Fire-Single Family Dwelling, Duplex	701 Accident-Disability Income
401 Fire-Commercial	702 Accident-Group Health Ins.
402 Fire-Homeowners	703 Accident-Ind. Health Ins.
403 Fire-Homeowners Multiple Peril	800 Garage Liability
404 Fire-Farm Owners Multiple Peril	980 Excess Workers Compensation
414 Residential Earthquake	990 Commercial Property-All Risk
450 Inland Marine	994 Commercial Property-Special Multi-Peril
500 General Liability	996 Commercial Property-DIC
501 Gen. Liability-Pollution Legal Liability	997 Commercial Property-Earthquake
502 General Liability-Product Tampering	998 Commercial Property-Terrorism
	999 Commercial Property-Special Multi-Peril w/Terrorism

(This list does not include those coverages on the export list. An updated export coverage list is published every year by the California Dept. of Insurance.)