



**THE SURPLUS LINE ASSOCIATION  
OF CALIFORNIA**

388 MARKET STREET, 11TH FLOOR  
SAN FRANCISCO, CA 94111

THEODORE M. PIERCE  
EXECUTIVE DIRECTOR

JOY ERVEN  
DIRECTOR, STAMPING OFFICE

TELEPHONE  
(415) 434-4900  
(800) 334-0491  
FAX  
(415) 434-3716  
www.slacal.org

November 12, 2004

**BULLETIN #1054**

**RE: EXPORT LIST HEARING**

The California Department of Insurance (CDI) has scheduled their annual public hearing on the Export List for Friday, December 10, 2004, at 10:00 a.m. in San Francisco, CA at 45 Fremont Street, 22<sup>nd</sup> Floor. The hearing will discuss the coverage and risk categories that can be exported to companies on the List of eligible Surplus Line Insurers (LESLI) without having to conduct a diligent search of the admitted market (Sec. 1763.1). Enclosed is a copy of the CDI's notice of the public hearing and a copy of the current Export List.

  
Theodore M. Pierce  
Executive Director

Attachment

## **NOTICE OF PUBLIC HEARING REGARDING EXPORT LIST**

NOTICE IS HEREBY GIVEN that the Insurance Commissioner of the State of California will hold a public hearing, at the time and place set forth below, concerning the renewal of the export list in the surplus lines area.

December 10, 2004  
10:00 a.m.  
Department of Insurance  
45 Fremont Street, 22<sup>nd</sup> Floor  
San Francisco, California 94105

THE HEARING ROOM IS ACCESSIBLE TO PERSONS WITH MOBILITY IMPAIRMENTS. IF ACCOMMODATIONS NEED TO BE MADE FOR OTHER DISABILITIES, SUCH AS HEARING IMPAIRMENT, PLEASE PHONE THE CONTACT PERSON LISTED IN THIS NOTICE BY NOVEMBER 30 SO ARRANGEMENTS CAN BE MADE.

### **EXPORT LIST**

Pursuant to Insurance Code Section 1763.1, the Commissioner may by order declare eligible for placement with a nonadmitted insurer and exempt from all the requirements of Section 1763, except the filing of a confidential written report, any type of insurance coverage or risk for which he or she finds after a public hearing that there is not a reasonable or adequate market among admitted insurers.

Pursuant to this mandate, the Commissioner has previously collected information on whether or not there is a reasonable or adequate market among admitted insurers for certain risks or coverages. The Department reviewed the export lists in other states. We contacted California surplus line brokers and surveyed them as to the risks most placed by them. We received industry input from admitted carriers and through the Surplus Line Association. We also have held annual public hearings and solicited public comment from all interested parties including surplus line brokers, admitted insurers, trade associations representing admitted insurers, agents and brokers, and consumer groups to provide us with evidence of a lack of a reasonable or adequate market amongst admitted carriers for a particular risk or coverage. After this process, the Department adopted the attached EXPORT LIST.

### **RENEWAL**

Pursuant to Insurance Code Section 1763.1 a public hearing shall be held annually regarding the export list. The above noticed hearing is being set to take testimony on the export list to see if any items should be added or removed.

In preparing your comments and/or testimony please be aware that items not appearing on this list will still be exportable but subject to the full documentation of the search being performed pursuant to Insurance Code Section 1763.

## ITEMS BEING CONSIDERED

The Department is considering adding adoption insurance and lenders collateral protection and lenders environmental liability insurance to the EXPORT LIST. If you are an admitted carrier that writes any of these coverages or any of the coverages currently on the EXPORT LIST or otherwise have reason to believe that such coverages are available in the admitted market, please present evidence of such in writing or appear at the hearing.

## HEARING AND WRITTEN TESTIMONY

As stated before, this hearing is public and interested parties may testify as time permits. The hearing will be structured with time and place priority afforded to those who have signed-up in advance to speak. If you wish to sign-up in advance to speak, submit your written request to the contact person listed below.

PLEASE BE AWARE THAT IN ORDER FOR THE COMMISSIONER TO CONSIDER ADDING A RISK OR COVERAGE TO THE EXPORT LIST, THE COMMISSIONER MUST HAVE EVIDENCE THAT THERE IS NOT AN ADEQUATE OR REASONABLE MARKET FOR THE RISK OR COVERAGE IN THE ADMITTED MARKET. SUBMISSION OF A STATEMENT SIMPLY REQUESTING A RISK OR COVERAGE TO BE ADDED TO THE LIST WITHOUT OTHER SUPPORTING EVIDENCE OF THE LACK OF AN ADEQUATE OR REASONABLE ADMITTED MARKET WILL NOT BE ENOUGH FOR THE COMMISSIONER TO ADD A RISK OR COVERAGE TO THE LIST.

All written testimony, comments, or documents must be sent to the Department of Insurance in triplicate (original and two copies) and received by the Department of Insurance at the address given below no later than 5:00 p.m. on December 10, 2004. All written testimony received at the hearings will be considered part of the hearing record. The Department of Insurance will not accept any written testimony, comments, or documents which are transmitted to it by facsimile.

Please direct any questions regarding this Notice of Investigatory Hearing, opportunities to testify, and written submissions for the record, to: Carol Frair, Senior Staff Counsel, California Department of Insurance, 45 Fremont Street, 21st Floor, San Francisco, CA 94105, (415)538-4408.

DATED: November 5, 2004

JOHN GARAMENDI  
Insurance Commissioner

By \_\_\_\_\_ Carol F. Frair, Senior Staff Counsel

## **EXPORT LIST 2004**

### **Automobile**

Exotic/Classic/Antique Autos With a Value in Excess of  
\$100,000

### **Aviation**

Aviation Excess Liability

### **Crime**

Excess Crime  
Kidnap & Ransom

### **Disability**

Bridge Plan\*  
High Limits Disability\*\*  
International Major Medical

### **Event Coverage**

Event Cancellation

### **Fire & Allied Lines**

Amusement Parks/Carnivals and Amusement Devices  
Commercial DIC/Stand Alone Earthquake  
Disaster Income Protection  
Excess Flood  
Explosive Manufacturing/Sales/Storage  
Hay in the Open  
Homeowners Earthquake-Excess Limits or Deductible Buyback  
Individual Insureds With Large Schedules Where the TIV(Total  
Insured Values)Are in Excess Of \$500 million  
Sawmills  
Vacant Buildings

### **General Liability**

Ambulance Service Including Professional Liability  
Amusement Parks/Carnivals/Devices  
Blasting Contractors  
Building Moving  
Contractors Engaged In Construction of New Tract Homes  
And/Or New Condominiums  
Clinical and Similar Tests of Pharmaceutical, Medical, Biological and Other  
Similar Products  
Demolition Contractors  
Employment Practices Liability  
Environmental Impairment Remediation and Pollution Liability

Excess Liability Where Part of Underlying Is Nonadmitted  
Explosives Including Manufacturing/Sales/Storage  
Fireworks Displays  
Foster Family(occurrence based only)  
Hot Air Balloon  
Limits That Attach In Excess of \$150 Million  
Oilfield Contractors  
Outfitters & Guides  
Patent/Trademark/Copyright Infringement  
Products/Completed Operations (written on a stand alone basis)  
Products Recall  
Security Guard Services  
Seasonal or Mobile, Concessionaires, Vendors and Fairs, with or without  
Liquor Liability  
Short Term Special Event(excluding hole-in-one-coverage)  
Tattoo and Body Piercing Shops

### **Inland Marine**

All vessels in excess of 30 feet and rated with a maximum speed  
of 45 mph  
Any vessel with a Maximum Rated Speed in Excess of 55 mph  
Excess Motor Truck Cargo  
Personal Articles Floaters Written On a Stand Alone Basis where the value of  
the schedule is in excess in of \$1,000,000 or contains a single item(s) over  
\$100,000

### **Political**

Political Risks Including Expropriation, Confiscation, Unfair Calling

### **Prize**

Prize Indemnification(excluding hole-in-one-coverage)

### **Professional Liability**

Architects & Engineers/Condo coverage only  
Campaign Treasurers  
Creditors' Committees  
Tattoo and Body Piercing Shops

The items in bold are headings only and not export items in and of themselves.

The item that is underlined is a new addition to the list.

\*The Bridge Plan covers 65 year old people who must wait a certain period before they can enroll in Medicare. These people either 1) failed to meet the residency requirement of Medicare and must wait 5 years to meet the residency requirement or 2) failed to enroll during the proper Medicare enrollment period

and now must wait a brief period before they are eligible to enroll.

\*\*High Limits Disability is coverage that offers benefit amounts over the admitted market maximum issue and participation limits and/or includes occupations which are not eligible through the admitted markets.