



THE SURPLUS LINE ASSOCIATION
OF CALIFORNIA

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EXPORT LIST OPPORTUNITY

The California Department of Insurance (CDI) is planning to hold their annual public hearing on the Export List. The date has not yet been determined. 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.

As you know, Surplus Line Brokers who transact surplus line policies must ensure a diligent search of the admitted market and supervise or complete the SL-2 Form (Diligent Search Report) which describes the diligent search that was conducted. While the diligent search may be performed by the surplus line broker or retail producer, in either case, the surplus line broker is responsible to ensure that a search is made and a copy of the SL-2 form is filed with the SLA within 60 days of the placement of coverage. However, when executing policies for coverage or risk categories that appear on the Export List (Sec. 1763.1), surplus line brokers are exempt from having to supervise or conduct the diligent search and thus do not need to complete this portion of the SL-2 form nor include this information in their SLA filing.

If you have a suggestion for an addition to the Export List and can substantiate your claim that the added item is not available in the admitted market, the SLA will submit testimony on your behalf to the CDI at the fall hearing. Your requested addition must be accompanied by evidence substantiating that an adequate or reasonable market does not exist among admitted insurance carriers. Specifically, the evidence should provide first hand written testimony substantiating that the coverage or risk in question is generally unavailable in the admitted market. Another form of evidence would be written declinations from admitted carriers stating that they are unwilling to underwrite policies for a specific coverage or risk. The evidence must be of a compelling nature that gives the CDI assurances that the entire spectrum of California admitted carriers known for writing in the same type of coverage or risk have been surveyed by the surplus line broker.

If you want the SLA to testify on your behalf, **please forward the information described above to Theodore M. Pierce, Executive Director within 30 days.** Attached is a current copy of the Export List for your review.

Theodore M. Pierce
Executive Director

Attachment

EXPORT LIST 2005

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 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.