



**THE SURPLUS LINE ASSOCIATION
OF CALIFORNIA**

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BULLETIN #1110

EXPORT LIST HEARING

The California Department of Insurance (CDI) has scheduled the annual public hearing on the Export List for Monday, December 18, 2006 at 10:00 a.m. in San Francisco at 45 Fremont Street, 22nd Floor hearing room. 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).

The Surplus Line Association of California will request the following additions to the List: extension endorsements, non-owned contingent aircraft; failure to survive; annual celebrity accident; media liability/errors and omissions; railroad protective liability; and sexual misconduct to a patient, client, or customer.

Enclosed is a copy of the CDI notice of public hearing and a copy of the current Export List.

A handwritten signature in black ink, reading 'Theodore M. Pierce'.

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 18, 2006
10:00 a.m.
Department of Insurance
45 Fremont Street, 22nd 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.

Items that are being considered to be added to the list are the following: non-owned contingent aircraft, failure to survive, annual celebrity accident, media liability/errors and omissions, railroad protective liability, and sexual misconduct to a patient, client or customer.

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.

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 18, 2006. 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 20, 2006

JOHN GARAMENDI
Insurance Commissioner

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

EXPORT LIST 2006

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.**