



**THE SURPLUS LINE ASSOCIATION
OF CALIFORNIA**

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BULLETIN # 1219

RE: EXPORT LIST HEARING

The California Department of Insurance (CDI) has scheduled the annual public hearing on the Export List for Monday, December 6, 2010 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). Enclosed is a copy of the CDI notice of public hearing and a copy of the current Export List. The SLA has received a request for one addition to the Export List from Poulton Associates, Inc., Salt Lake City, UT. Below is the Poulton Associates requested item followed by a description of the risk.

1) Landslide: California's unique geography along with its susceptibility to wildfires, which leave behind charred slopes, makes the region especially vulnerable to landslide during and after major rainstorms. Many Californians have high exposure to landslide, but there are inadequate or no insurance options for managing this risk in the standard market. Both residential and commercial "all-peril" or "all-risk" policies typically cover all risks except those specifically excluded. Chief among the standard exclusions in most property policies are damages from earth movement caused by landslide, mudslide or sinkhole. While earthquakes and floods are also excluded, most insureds will have to explore options only available in the nonadmitted market to protect from landslide damage to property.

Theodore M. Pierce
Executive Director

TMP
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 6, 2010
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.

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 6, 2010. 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, 24th Floor, San Francisco, CA 94105, (415) 538-4408.

DATED: November 8, 2010

STEVE POIZNER
Insurance Commissioner

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

EXPORT LIST 2010

Automobile

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

Aviation

Aviation Excess Liability
Short Term Media/Entertainment Non-Owned Contingent Aircraft Liability
(Film/Entertainment Productions)

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

Crane and Rigging Contractors
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

Railroad

Short Term Media/Entertainment Railroad Protective Liability (Film/Entertainment
Productions)

Miscellaneous

Short Term Media/Entertainment Failure to Survive Coverage for \$5 million and over (Film/Entertainment Productions)

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.