

THE SURPLUS LINE ASSOCIATION

OF CALIFORNIA

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BULLETIN TO ALL MEMBERS:

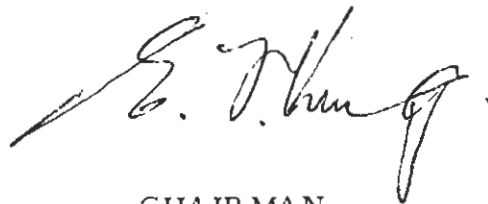
RE: SENATE BILL NO. 1498

On January 22nd of this year there was introduced in the California Legislature SB No. 1498. This bill proposes to amend Section 1763 of the Insurance Code in two major particulars. The Bill would delete from the present law the requirement that insurance may be placed with nonadmitted assurers "only if such insurance cannot be procured from a majority of the insurers admitted for the particular class or classes of insurance". There would be substituted for this provision language permitting the writing of insurance in nonadmitted insurers if such insurance cannot be procured "through ordinary methods with the insurers admitted for the particular class or classes of insurance".

The second amendment would add a new paragraph providing for the appointment of a Surplus Line Committee of not less than three or more than five members, a majority of which must be representatives of admitted insurers.

Inasmuch as these proposed changes would vitally and seriously affect the writing of legitimate surplus line business, we thought you should be advised of it.

We understand that this proposed Bill is to be amended and substantial changes introduced. As soon as we learn of those changes we will furnish you with an analysis of them and the position if any your association intends to take.



CHAIRMAN