



June 2, 1994

BULLETIN #644

RE: ADMITTED INSURANCE COMPANY ALLEGES SURPLUS LINE LAW

VIOLATIONS_____

In response to inquiries from the membership, we are attaching the caption page of a lawsuit recently announced in the press together with a copy of the plaintiff's press release. The suit was filed by an admitted insurance company on May 20, 1994 in Los Angeles Superior Court against several nonadmitted insurers and California surplus line brokers alleging violation of the Surplus Line Law and unfair competition. Please contact the SLA's office if you wish to obtain a copy of the complaint.

A.D. Freeman, Jr.

Manager

ADF/imb

Enclosure

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Attorneys for Plaintiff

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

CRESADER INSURANCE COMPANY

Plaintiff,

vs.

SCOTTSDALE INSURANCE COMPANY, a corporation;

ILLINOIS INSURANCE EXCHANGE, a corporation;

ADMIRAL INSURANCE COMPANY, a corporation;

WESTERN HERITAGE INSURANCE COMPANY,

a corporation; R.I.C. INSURANCE GENERAL AGENCY,

INC., a corporation; CANYON PACIFIC WHOLESALE

INSURANCE SERVICE, INC., a corporation; TRANS

CAL ASSOCIATES, a corporation; and DOES 1 through

100, inclusive,

Defendants.

No. BC105336

COMPAINT FOR:

(1) VIOLATION OF INSURANCE CODE 1763

(2) CONSPIRACY TO VIOLATE INSURANCE

CODE 1763

(3) VIOLATION OF BUSINESS AND PROFESSIONS

**CODE 17200, ET SEQ
(4) INTENTIONAL INTERFERENCE WITH
PROSPECTIVE ECONOMIC ADVANTAGE
(5) UNFAIR COMPETITION**

24 PLAINTIFF ALLEGES:

25

**26 1. At all times mentioned herein, Plaintiff Crusader
27 Insurance Company has been engaged in the
business of insurance as
28 a corporation organized and existing under the
laws'of the State of**

PRESS RELEASE

Crusader Insurance Company announced today that it has filed a lawsuit in Los Angeles Superior Court against the Illinois Insurance Exchange, Scottsdale Insurance Company, Western Heritage Insurance Company, and Admiral Insurance Company.

The suit alleges violations of the California Insurance Code, Conspiracy, violations of the Business and Professions Code, Unfair Competition and Intentional Interference with Prospective Economic Advantage. The Defendant insurance companies all sell insurance in California on a non-admitted basis. Crusader Insurance Company is a California Admitted Company.

Also named as Defendant in the litigation are Trans Cal Associates, R.J.C. Insurance General Agency, Inc., and Canyon Pacific Wholesale Services, Inc. These Defendants are Surplus Lines Brokers who market non-admitted insurance in California.

In filing this lawsuit, Roger H. Platten, Vice President and General Counsel of Crusader Insurance Company, states that Crusader Insurance Company is seeking to halt the sale of insurance policies in the State of California by non-admitted insurance companies when that insurance is readily available from Crusader Insurance Company and other California Admitted Insurance Companies. Further, the suit seeks to compensate Crusader Insurance Company for economic damages due to the sale of such insurance in the past.

The suit asks for compensatory damages of twenty million dollars (\$20,000,000.00) and also seeks the award of punitive damages for the alleged intentional acts of the defendants. Mr. Platten states that considering the immense wealth of some of the named defendants, any award of punitive damages could be very significant.

Mr. Platten also states that Crusader Insurance Company has not completed its research and it is very probable that additional defendants will be added to the suit at a later date.

Crusader Insurance Company is a wholly owned subsidiary of Unico American Corporation, a publicly owned corporation.