August 23, 1995

BULLETIN #717

SL-1 AND SL-2 FORMS REVISED MARCH 1995

This bulletin will serve as a reminder to the Membership that the recently revised SL-1 and SL-2 forms provided under cover of SLA Bulletin #693, dated April 12, 1995, must be used for all placements effective September 1, 1995, and thereafter. Please note: All filings received using the old forms with effective dates of September 1, 1995, or later, will be tagged. Attached for your convenience are the latest copies of both the SL-1 and SL-2 Forms. Should you have any questions, please feel free to call Sandy Clark, Jim Pugh, Ilona Bovee or Judith Flowers at 415-434-4900.

Edgar S. Clark
Executive Director

Policy Number:_______________ Calif. Premium:_______________

CONFIDENTIAL REPORT OF SURPLUS LINE PLACEMENT

Please refer to the instructions on Page 2. This form must be accompanied by a diligent search report and a copy of the declarations page or certificate or binder. (California Insurance Code Section 1763 (a))

1. _______________________________ hereby submits that he/she is:
   (A) A duly licensed surplus line broker, license number
   or (B) A transactor on the surplus line license of
   (Name of Organization)
   ________________________________, license number ________________
   and (C) that he/she or said organizational licensee was engaged by the insured, or the insured's broker, named herein, to obtain insurance against certain risk as described in this report.

2. RISK DESCRIPTION

   (A)Name of Insured ________________________________
   (B)Address of Insured ________________________________
   (C)Description of the Risk ________________________________
(e.g. Laundromat, Liquor Store, NOT TYPE OF COVERAGE)

(D) Location of the Risk
(Street and Number)
(City) (State) (Zip Code)
(E) Type of Insurance coverage

(Enter Appropriate Code Number—See Codes on Page 2)

3. PLACEMENT DESCRIPTION
List Non-admitted Insurer(s) Underwriting This Policy with % of Premium.
(Include an attachment if additional space is needed or attach a line slip)
If GAP provision applies, please include GAP Exemption Form-Attachment.

NAME OF NONADMITTED INSURER(S) % OF PREMIUM
(Signature of Person Named on Line 1) (Date)

INSTRUCTIONS

WHAT MUST ACCOMPANY THE REPORT: This report must be accompanied by a copy of the declarations page or certificate or binder, and a diligent search report Form SL-2. Note: The surplus line broker submitting this form is responsible to ensure that a diligent search is made among admitted insurers and that the risk meets the conditions for surplus line exportation. (California Insurance Code 1763 (a).)

WHEN TO FILE: This report must be filed by the surplus line broker within 60 days of placing the insurance with a nonadmitted insurer. (California Insurance Code (1763(a).)

WHERE TO FILE: This report must be submitted to The Surplus Line Association of California as designee for the California Insurance Commissioner.

LOWER RATE FILINGS: This report may not be used to file a risk placed with a nonadmitted insurer when such insurance is procured at a lower rate of premium or lower premium than the lowest rate or premium available from an admitted insurer. Please contact the Department of Insurance or The Surplus Line Association of California for information regarding the procedures applicable to such "lower rate" filings.

CODE TYPE OF INSURANCE CODE TYPE OF INSURANCE
050 Auto Liability-Private 510 Aviation
051 Auto Liability-Commercial 550 Errors & Omissions - All others
100 Auto Physical Damage-Private 551 Errors & Omissions - Dir. & off.
101 Auto Physical Damage-Commercial 600 Malpractice - All Other
150 Crime 606 Malpractice - Hospitals
151 Crime-Kidnap & Ransom 650 Miscellaneous
200 Combined Auto Liability & P.D.-Private 651 Miscellaneous - Glass
201 Combined Auto Liab & P.D.-Comm 652 Miscellaneous - Boiler & Machinery
300 Excess Liability (Incl. Umb.) 653 Miscellaneous - Nuclear Risks
350 Fidelity, Surety & Bonds - Bonds 655 Miscellaneous - Political Risks
351 Fidelity, Surety & Bonds - Fidelity 700 Accident
400 Fire -Sgl. Fam. Dwelling, Duplex 701 Accident - Disability Income
401 Fire -Commercial 702 Accident - Group Health Insurance
402 Fire - Homeowners 703 Accident - Individual Health Ins.
403 Fire - Homeowners Multiple Peril 800 Garage Liability
404 Fire - Farm owners Multiple Peril 980 Excess Workers Compensation
450 Inland Marine 990 Commercial Property - All Risk
500 General Liability 994 Commercial Property - Sp. M. Peril
501 Gen. Liability - Pollution Legal Liability 996 Commercial Property - DIC
502 General Liability - Product Tampering 997 Commercial Property - Earthquake
SLA (REV. 3/95)

Policy Number:_______________

GAP EXEMPTION FORM
(Attachment to SL-1)

Complete both Sections A and B if this is a layered risk. Complete only Section B
if this is not a layered risk.

(A) List all known layers if placed by your brokerage or not.
The primary policy is the first layer.' For additional layers, include an attachment.

Excess of % of Layer with
Layer # Limit of Liability (underlying limits) GAP Insurers
1 $ $ %
2 $ $ %
3 $ $ %
4 $ $ %
5 $ $ %
6 $ $ %
7 $ $ %
8 $ $ %
9 $ $ %
10 $ $ %
ME For this type of insurance for this insured:

a. Total Number of Layers _______________

b. Total Limits of Liability _______________ (for all layers combined)

c. Total % of GA? Insurers _______________% (for all layers combined)

d. This submission is for layer _______________

(B) List GAP Insurers-participating on this layer or underwriting this policy:

GAP Insurer(s) % of Participation This Layer/Policy

(Signature of Person on Line 1 of SL-1) (Date of Signature)

GAP (3/95)

GAP Exemption Form-Requirements

GAP EXEMPTION PLACEMENT CONDITIONS/REQUIREMENTS
California Insurance Code Section 1765.1k

Placement Conditions-

1. Multiple insurers are needed to obtain coverage for 100% of the risk.
2. Eighty per cent (80%) of the risk is placed with listed or admitted insurers.
3. Unlisted insurers do not represent a disproportionate portion of the lower layers of coverage.
4. Within thirty (30) days of placement, and annually thereafter, the placing broker must submit to the Commissioner copies of all documentation that the broker relied upon to determine that the financial stability, reputation and integrity of the company was adequate to safeguard the interest of the insured. The documentation should be sent to the California Department of Insurance at the following address:

45 Fremont Street, 24th Floo
San Francisco, CA 94105
Attention: Surplus Line Enforcement Unit
GAP EXEMPTION

Requirements For The Insured:
1. The insured must be a sophisticated insurance purchaser.
2. The insured must have annual aggregate insurance premiums, excluding workers compensation and health insurance, totalling at least $100,000.
3. The insured cannot be a multiple employer welfare arrangement as defined in
1002 (40) (A) of Title 29 of the United States Code, or any other arrangement among
two or more employers that are not under common ownership or control, which is
established or maintained for the primary purpose of providing insurance benefits
to the employees or two or more employers.

Security Requirements:
1. The nonadmitted insurer must demonstrate financial stability, reputation, and integrity.
2. The nonadmitted insurer must not have been previously objected to, removed from the eligibility list
or denied placement on the list.

Coverage Limitation:
1. Unlisted insurers cannot be used if the coverage includes employer-sponsored health insurance or
insurance mandated by government.

DILIGENT SEARCH REPORT
(Please Refer to the Instructions on Page 5 of This Form)

________________________________________________hereby submits that he/she is:

(A) Duly licensed under California Department of Insurance license number

or (B) Duly licensed and authorized to act as an endorsee on the organizational license of

__________________________________________ (Name of Organization) California Department of Insurance license

number__________________________________________;

and (C) that he/she or said organizational licensee was engaged by the insured named herein,
or the insured's broker, to obtain insurance as described in this report.

2. (A) Name of Insured____________________________________________________

(B) Address of Insured ____________________________________________________(Street and Number)

________________________________________________________

(City) (State) (Zip Code)

(C) Description of the Risk

____________________________________________________________________

(e.g. Laundromat, liquor store .... NOT TYPE OF COVERAGE)

(D) Location of the Risk____________________________________________________

(Street and Number)

________________________________________________________

(City) (State) (Zip Code)
(E) Type of Insurance coverage___________________________(See Codes on Page 6)
(Enter Appropriate Code Number)

SL-2 (REV. 3195)