



**THE SURPLUS LINE ASSOCIATION
OF CALIFORNIA**

388 MARKET STREET, 11TH FLOOR
SAN FRANCISCO, CA 94111

EDGAR S. CLARK
EXECUTIVE DIRECTOR

DEANNA M. ZANONI
DIRECTOR, STAMPING OFFICE

TELEPHONE
(415) 434-4900
In Ca (800) 334-0491
FAX
(415) 434-3716
www.sla-cal.org

September 27, 1996

BULLETIN #779

RE: EXPORT LIST HEARING

Attached is the California Department of Insurance ("DOI") Notice dated September 27, 1996 regarding the above referenced Export Hearings. This Notice accompanies the Commissioner's Export List which was determined from materials and testimonies provided to the DOI at the November 9, 1996 Export List Hearing held in San Francisco. We recommend you and your staff read these documents in their entirety.

The DOI is requesting your input, either by attendance, personal testimony or testimony in writing. The SLA urges your participation in this process, as your experience in and knowledge of the market is of vital assistance to the DOI.

Should you have any questions or concerns, please feel free to contact Ilona Bovee, Nadine Watso, or myself at 415-434-4900. Thank you.

A handwritten signature in black ink, appearing to read 'Edgar S. Clark', written in a cursive style.

Edgar S. Clark
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 public hearings, at the times and places set forth below, concerning the creation of an export list in the surplus lines area.

October 29, 1996
10:00 a.m.
Department of Insurance
Sixth Floor Hearing Room
425 Market Street
San Francisco, CA 94105

October 30, 1996
10:00 a.m.
Ronald Reagan State Building
Auditorium
300 South Spring Street
Los Angeles, CA 90013

THE HEARING ROOMS ARE 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 OCTOBER 18 SO ARRANGEMENTS CAN BE MADE.

EXPORT LIST

As of January 1, 1996, Section 1763.1 was added to the Insurance Code. This section provides that 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.

Earlier in the year, the commissioner began collecting 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 held a public hearing on July 9, 1996 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 came up with the attached EXPORT LIST. We have checked this list of risks and coverages with the list of filed risks of admitted carriers and find that there is very little if any cross over.

INPUT

We are asking for your input again as to whether or not there is a lack of an adequate or reasonable market in the California admitted market for these risks. If you are an admitted carrier or an agent/broker that routinely is able to place the coverages on this list in the admitted market we need to know. If we do not receive any input from the admitted market, the Department will assume that they have no objection to these risks and coverages being placed on the export list.

We also need to know if the items listed are sufficiently defined to be useful in the industry.

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 by October 18, 1996.

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 November 8, 1996. 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 Fistler
Senior Staff Counsel
California Department of Insurance

45 Fremont Street, 24th Floor
San Francisco, CA 94105
(415) 904-5674

DATED: September 27, 1996

CHUCK QUACKENBUSH
Insurance Commissioner

By 
Carol Fistler
Senior Staff Counsel

EXPORT LIST

Automobile

Exotic/Classic/Antique Autos With a Value in Excess of
\$100,000
Commercial Physical Damage Written on a Stand Alone Basis

Crime

Excess Crime
Kidnap & Ransom

Fire & Allied Lines

Amusement Parks/Carnivals and Amusement Devices
Commercial DIC/Stand Alone Earthquake
Explosive Manufacturing/Sales/Storage
Homeowners Earthquake-Excess Limits or Deductible Buyback
Individual Insureds With Large Schedules Where the TIV(Total
Insured Values)Are in Excess Of \$500 million
Vacant Buildings
Sawmills
Hay in the Open
Excess Flood

General Liability

Day Care Liability Including Adult, Child & Developmentally
Disabled
Ambulance Service Including Professional Liability
Amusement Parks/Carnivals/Devices
Blasting Contractors
Building Moving
Clinical and Similar Tests of Pharmaceutical, Medical,
Biological and Other Similar Products
Contractors Engaged In New Construction of Tract Homes
And/Or Condominiums
Demolition
Environmental Impairment Remediation and Pollution Liability
Employment Practices Liability
Explosives Including Manufacturing/Sales/Storage
Fireworks Displays
Patent/Trademark/Copyright Infringement
Limits That Attach In Excess of \$150 Million
Oilfield Contractors
Products/Completed Operations (written on a stand alone
basis)
Products Recall
Professional liability for Architects & Engineers
Professional Liability for Campaign Treasurers
Outfitters & Guides
Short Term Special Events
Security Guard Services
Excess Liability Where Part of Underlying Is Nonadmitted
Excess Medical Malpractice

Inland Marine

Excess Motor Truck Cargo

Any Vessel with a Maximum Rated Speed in Excess of 55 mph
Personal Articles Floaters Written On a Stand Alone Basis
where the value of the schedule is in excess in excess
of \$1,000,000 or contains a single item(s) over
\$100,000.

All vessels in excess of 30 feet and rated with a maximum
speed of 45 mph

Disability

International Major Medical

High Limits Disability

Bridge Plan

**Political Risks Including Expropriation, Confiscation, Unfair
Calling**