



August 18, 1999

BULLETIN #868

RE: Export List Hearing

The California Department of Insurance (CDI) is planning to hold their annual public hearing on the [Export List](#) in the fall. 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.

As you know, Surplus Line Brokers who transact surplus line policies must ensure a diligent search of the admitted market and supervise or complete the SL-2 Form (Diligent Search Report) which describes the diligent search that was conducted. While the diligent search may be performed by the surplus line broker or retail producer, in either case, the surplus line broker is responsible to ensure that a search is made and a copy of the SL-2 form is filed with the SLA within 60 days of the placement of the coverage. By contrast, when executing policies for coverage or risk categories that appear on the Export List (Sec. 1763.1), surplus line brokers are exempt from having to supervise or conduct the diligent search and thus do not need to complete the SL-2 form nor include this information in their SLA filing.

If you have a suggestion for an addition to the Export List and can substantiate your claim that the added item is not available in the admitted market, the SLA will submit testimony on your behalf to the CDI at their Export List hearing in the fall. Your requested addition must be accompanied by evidence substantiating that an adequate or reasonable market does not exist among admitted insurance carriers. Specifically, the evidence should provide first-hand written testimony substantiating that the coverage or risk in question is generally unavailable in the admitted market. Another form of evidence would be written declinations from admitted carriers stating that they are unwilling to underwrite policies for a specific coverage or risk. The evidence must be of a compelling nature that gives the CDI assurances that the entire spectrum of California admitted carriers known for writing in the same general category of coverage or risk have been surveyed by the surplus line broker.

If you want the SLA to testify on your behalf, **please forward the information described above to Ted Pierce, Executive Director.** [Attached is a current copy of the Export List](#) for your review. Before submitting proposed Export List additions to the CDI, the SLA will notify California domiciled insurance companies to ask if they have any objections to the proposed additions.

Theodore M. Pierce
Executive Director