

THE SURPLUS LINE ASSOCIATION
OF CALIFORNIA

THOMAS A. SCADDEN
MANAGER
ROSS MURPHY
ASST. MANAGER
JOHN L. GUIDERY
ASST. MANAGER

315 MONTGOMERY STREET
SAN FRANCISCO, 4

SAN FRANCISCO
TELEPHONE YUKON 6-0763
LOS ANGELES
510 SOUTH SPRING STREET
MADISON 9-2571

March 2, 1959

NO. 90

BULLETIN TO ALL MEMBERS:

RE: THREE YEAR ENDORSEMENT - MALPRACTICE LIABILITY

In reference to Bulletin No. 61 regarding the issuance of three year malpractice certificates, the following letter being quoted verbatim has just been received in this office from the Insurance Commissioner:

"This will confirm our telephone conversation of February 9, 1959, and our understanding that a three year endorsement providing for adjustment of premium each year if the admitted market rate has changed but committing the non-admitted insurers to continue the policy for three years is not unlawful under our surplus line laws. This decision was predicated upon the proposition that rates would be subject to adjustment each year so that there will be no rate advantage over the admitted market arising out of the three year term."

It will please be noted that it is in order to now issue a three year certificate, provided the policy is endorsed in accordance with paragraph 6 headed "Calculation of premium--three year policies" on page 5 of the "General Rules" Physicians', Surgeons' and Dentists' Professional Liability of the Malpractice Manual of the National Bureau.

No discount for a term policy is permitted.

Please be governed by the above.

Thomas A. Scadden

MANAGER

EEW:ma