



MARCH 31, 2003

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BULLETIN # 999

RE: REVISION TO THE SLA CONSTITUTION

Members of the Surplus Line Association of California (“SLA”) recently amended the SLA Constitution to provide that only resident members are entitled to vote on SLA governance issues. This amendment was adopted by a two-thirds vote of all SLA members. Collecting the necessary votes, however, was a logistic nightmare, requiring four months of phone calls and follow-up reminders to members who, in many cases, had not filed any premiums with the SLA in years.

In order to avoid a repeat of this tedious and expensive problem in the future, the Executive committee, working with the Association’s counsel, has drafted another proposed amendment to the SLA Constitution to require a two-thirds vote of only active resident SLA members instead of a two-thirds vote of all members. “Active” members are those who have filed one or more SL-1 or SL-2 Forms with the SLA during the 12 months immediately preceding the vote. The executive committee has approved the proposed amendment to the Constitution and now submits it to the resident Membership for approval. A description of the voting process and a copy of the section to be amended (with the exact wording of the amendment) are included. **A ballot to vote on the proposed amendment is enclosed and should be returned by Monday, May 05, 2003.**

Ted Pierce
Executive Director

Member Voting Process

Article X.3 states that any vote to amend the Constitution may, in the discretion of the Chair, be taken at a meeting or by mail or facsimile. The Chair and the Executive committee have determined that a vote by mail will be most expeditious with respect to the proposed amendment in order to avoid the unnecessary expense and inconvenience of convening a Special Meeting of the entire Membership. Article XII requires that any vote to amend the Constitution be approved by at least two-thirds of the entire resident Membership of the SLA, and that resident Members be provided at least two weeks' written notice of such vote. The results of the mail/fax vote will be publicized to the entire Membership.

Accordingly, please be advised that a vote on the proposed amendment described below will be taken up to and including **Monday, May 05, 2003** or such other date as may be determined by the Executive committee. Any ballots actually received by the SLA will be counted to determine whether the proposed amendment receives the necessary affirmative vote from two thirds of the resident Membership. Please review the proposed amendment carefully, complete, sign and date the ballot, and return it by mail, fax, or hand-delivery to the SLA's office, attention: Deanna Zaroni, by **no later than Monday, May 05, 2003**. If you have any questions, please contact Deanna Zaroni.

Proposed Amendment to the SLA Constitution

The current version of the constitution requires a two-thirds vote of all resident members to amend the constitution, regardless of whether those members actually use their California surplus lines broker license or file any premium with the SLA. The Executive Committee believes that it is appropriate to avoid the time and expense of contacting inactive members to amend the constitution, and therefore proposes the following high-lighted amendment to Article XII of the constitution. In particular, the Executive committee believes it to be in the best interest of the SLA membership to permit future amendments to the constitution, as follows:

ARTICLE XII AMENDMENTS

The Constitution may be amended by the affirmative vote of not less than two-thirds of the **entire** resident Membership who have filed one or more SL-1 or SL-2 Forms with the Association within the twelve (12) months immediately preceding the date of the annual meeting of the Association at which the vote is taken or, if the vote is taken by mail or facsimile, within the twelve (12) months immediately preceding the date on which the ballots are mailed by the Association, in the manner set forth in Article X, to adopt an amendment to the Constitution, provided at least two weeks' written notice has been given to the resident Members. If such vote is to be taken at an annual or special meeting of the Association, such notice shall specify that the meeting is called for such general purpose and shall set forth the nature of the proposed amendment; if such vote is to be taken by mail or facsimile, such notice shall specify the exact wording of f the proposed amendment.

All terms of the SLA Constitution shall remain unchanged except as set forth above.

BALLOT REGARDING APRIL 2003 AMENDMENTS TO THE CONSTITUTION
OF THE SURPLUS LINE ASSOCIATION OF CALIFORNIA

TO: Surplus Line Association of California
c/o Deanna Zanoni
Fax (415) 434-3716
or
388 Market Street, 11th Floor
San Francisco, CA 94111

FROM: (Your Name) _____ (FIRM) _____
License # _____

On behalf of _____ (Licensee) I vote as follows:

_____ I **approve** of the amendment to the SLA constitution recommended by the Executive Committee as set forth in Bulletin #999 (i.e., the amendment should be adopted).

_____ I **reject** the amendment to the SLA constitution as set forth in Bulletin #999 (i.e., the amendment should not be adopted).

Dated: _____

Signature

Name (Print)

If signed by a Member's authorized representative,
specify the name of the Member (Print)

NOTE; AS DESCRIBED IN THE ATTACHED BULLETIN #999, THIS BALLOT SHOULD BE RECEIVED BY THE SLA NO LATER THAN MONDAY, MAY 05, 2003.

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