



The Surplus Line Association
of California

Annual Meeting 2010

Roll Call and Opening Remarks



**John Edack, Chairman
The Surplus Line Association
of California**

Head Table

- John Edack- Arch Specialty Insurance Agency Inc.
SLA Chairman
- Les Ross – Crump Insurance Services, Inc.
SLA Vice Chairman
- Patrick Hanley- Socius Insurance Services, Inc.
SLA Secretary/Treasurer
- James Woods– Dewey & LeBoeuf, LLP
SLA General Counsel
- Ted Pierce – The Surplus Line Association
Executive Director
- Joy Erven - The Surplus Line Association
Director, Stamping Office

Reading of the Resolution
Antitrust Admonition



Patrick Hanley
SLA Secretary/Treasurer

When involved in meetings or other activities of the Association, Members of the Association should be mindful of the antitrust laws and not engage in discussions or conduct with the purpose or effect, directly or indirectly, of

fixing or stabilizing premiums or producer compensation,

engaging in "bid-rigging" or false quotes for insurance,

engaging in potential anti-competitive conduct or activities that could adversely affect the cost, quality, or availability of insurance products or services, or

engaging in any other anti-competitive conduct or activities affecting their businesses or the business of insurance. Members are advised that violations of state or federal antitrust laws may result in civil and/or criminal penalties, and that any Member acting contrary to the intent of this Resolution shall be subject to disciplinary action under the Association's Constitution.

**Reading of the Minutes From
Previous Annual Meeting**

Report of the Chairman

John Edack

- Welcome Attendees
- Thank You 2009 Officers and Committee Chairs
- Stamping Fee Increase
- Strategic Plan Objectives
- Completion of Computer Software Contract
- Conclusion

Secretary- Treasurer's Report

Fiscal Year Ending November 30, 2009

Patrick Hanley

SLA Secretary/Treasurer

**SECRETARY-TREASURER'S REPORT
FOR THE FISCAL YEAR ENDING NOVEMBER 30, 2009**

- We are pleased to report that our Association continues to be in good financial condition.
- Our revenue from stamping fees for the past fiscal year ending November 30, 2009 was \$8,993,180. Interest income was \$ 128,555 for the year.
- The total income, including unrealized loss of \$7,706 on investments, was \$ 9,114,029 .
- Expenses totaled \$11,664,981 for the year.

As of November 30, 2009 the net asset balance was \$ 9,758,848. On July 8th, 2003 the Executive Committee authorized the SLA to maintain three months worth of average expenditures as an operating fund – plus \$500,000 for a litigation fund and six months average expenditures as a contingency fund. The objective is to maintain our reserves plus or minus 25% of those three funds as calculated. The size of the three funds is to be reassessed annually by the Stamping Committee.

2 changes were made by the Executive Committee this year to the way our funds are calculated. They are as follows:

A motion was approved by the Executive Committee to establish a reserve fund for IT Capital Expenditures in the amount of \$1 million per year for the next three years.

A motion was also passed that the reserve fund methodology reflected in the minutes from the July 8, 2003 Executive Committee Meeting will be amended as follows: Clarification of cash, investments and accounts receivable as liquid assets.

The stamping fee was .225% for the 2009 fiscal year. The stamping fee will be raised to .250%, effective February 1, 2010.

The financial results referred to are unaudited and the audit is being finalized. A copy of the Annual Report concerning our financials by our independent accountants – Hood & Strong LLP- will be available to any member by written request to the SLA office to the attention of the Secretary-Treasurer.

Report of the
Surplus Line Association
Executive Director

Ted Pierce

- **John Edack Year as Chairman**
- **Export List**
- **CDI Bulletin 2009-3**

- Electronic SL-2
- Acquisition of Mike Caturegli as Interim Manager of IT
- Changes within the CA Dept. of Insurance.
- Two-Hour On-Line Training Video, AB 1699, Sec. 1765(f)

- **CA AB 800**
- **Independent Procurement Figures from BOE**
- **Multi-State Insurance Regulatory Compliance Proposals**

- **Washington's Effort to Regulate Insurance**
- **AM Best Special Report on Surplus Lines**
- **Voting Procedures -- SLA Constitution**
- **Thank you to SLA Staff**

Report of the
Surplus Line Association
Director, Stamping Office

Joy Erven

The Surplus Line Association

Commitment to Excellence

- The Role of the SLA
- Changes in the Industry

2009 End of Year Statistics

- **Filed Premium \$ 4,634,007,388**
19.04 % decline from 2008
- **Stamping Fees Invoiced \$ 9,193,400**
- **Item /Policy Count 424,135**
9.06% decline from 2008

Members of the Association

CA Corporate:	619
CA Individual:	2143
Non Resident Corporate:	393
Non Resident Individual:	1187
Total CA	2762
Total Non Resident	<u>1580</u>
Total in Membership:	4342

Education Department

- 34 Seminars
- 105 CE credits given
- 3348 Certificates issued

Largest Writers of Surplus Lines Coverage by Company Type

COMPANY TYPE	(\$ in thousands)		GROWTH	% of TOTAL 12/31/09
	12/31/2009	12/31/2008		
LESLI LISTED COMPANIES				
Foreign Insurers	\$3,592,664	\$4,499,154	-20.15%	77.53%
Lloyd's Syndicates	798,562	847,358	-5.76%	17.23%
Alien Insurers	195,586	232,401	-15.84%	4.22%
SUBTOTAL	\$4,586,811	\$5,578,914	-17.78%	98.98%

Top 10 Surplus Line Carriers in California Based on Premium Processed by the SLA During 2009

<u>INSURER</u>	<u>PREMIUM</u>
LEXINGTON INSURANCE COMPANY	\$809,199,064
LLOYD'S UNDERWRITERS	\$798,561,637
CHARTIS SPECIALTY INS. CO.	\$174,712,108
SCOTTSDALE INSURANCE COMPANY	\$153,911,179
LLOYD'S OF LONDON SYNDICATE #2623	\$117,580,230
EMPIRE INDEMNITY INSURANCE COMPANY	\$113,182,552
EVANSTON INSURANCE COMPANY	\$100,773,356
STEADFAST INSURANCE COMPANY	\$95,769,555
LANDMARK AMERICAN INSURANCE COMPANY	\$94,312,861
QBE SPECIALTY INSURANCE COMPANY	\$84,011,583

Top Coverages for 2009

- General Liability
- Commercial DIC/Stand Alone Earthquake
- Errors and Omissions
- All Risk Commercial Property
- Special Multi-Peril Package

Top 15 Largest Filing Brokers

MARSH USA INC.

SWETT & CRAWFORD

AON RISK INSURANCE SERVICES WEST, INC.

AMWINS INSURANCE BROKERAGE OF CALIFORNIA, LLC

WESTERN RISK SPECIALISTS, INC.

HART, ANTHONY JOSEPH

RISK SPECIALISTS COMPANIES INSURANCE AGENCY, INC.

BLISS AND GLENNON INC

LOCKTON COMPANIES, LLC

RISK PLACEMENT SERVICES INSURANCE BROKERS

CRUMP INSURANCE SERVICES, INC.

WORLDWIDE FACILITIES, INC.

CRC INSURANCE SERVICES, INC.

AMERICAN E & S INSURANCE BROKERS OF CALIFORNIA,

WILLIS INSURANCE SERVICES OF CALIFORNIA, INC.

BURNS & WILCOX INSURANCE SERVICES, INC.

State Taxes

- State Taxes are due March 1, 2010
- Forms are available on the CDI or SLA website
- There is a form for zero premium filers.

Western States 2010

Hosted by Surplus Line Association of Washington

Location: Whistler, Canada

Dates: July 21 – 24, 2010

Remember you will
need a passport!



Nominating Committee Slate

John Edack

Chairman

The Surplus Line Association of
California

Election of Officers 2010

Mr. Les Ross- Crump Insurance Services, Inc.

SLA Chairman

Mr. Pat Hanley- Socius Insurance Services, Inc.

SLA Vice Chairman

Mr. Davis Moore - Worldwide Facilities, Inc.

SLA Secretary/Treasurer

Executive Committee Slate 2010

Mr. Gerald J. Sullivan

Gerald J. Sullivan & Associates, Inc.

Mr. Dean Andrighetto

Westchester Specialty

Mr. Chris Brown

Brown & Riding Insurance Services

Mr. Phil Mazur

Swett & Crawford

Mr. Frank Cravens

M. J. Hall & Company, Inc.

Mr. Ian Fitt

Western Re Management

Ms. Pam Quilici

Crouse & Associates Insurance
Services

Ms. Doris Barnett

Colemont Insurance Brokers

Mr. John Edack

ARCH Specialty Insurance

Ms. Anne McNally

Wells Fargo Insurance Services,
Inc.

Appointment of Judge Harry Low As Mediator



The executive committee approved the re appointment of Judge Harry Low as Mediator. In accordance with the Constitution, this nomination is now submitted for the membership's approval.

Legal Update

James Woods

SLA General Counsel

Dewey & LeBoeuf LLP

Legal Update

- Emergency Response Initiative
- LESLI Minimum Capital and Surplus
- PADIC
- Broker Fees Initiative
- New York Exchange
- Caution regarding Internet Portals and Other Market Practices

Recognition of Service to Outgoing Executive Committee Members

Kristopher Bauer

AmWINS Insurance Brokerage of California, LLC

Warren Stanley

Wholesale Connection

Insurance Services Inc. LLC

Lutine Bell Presentation

John Edack receives Lutine Bell in recognition of his tenure
as The Surplus Line Association Chairman



Adjournment

Please proceed to foyer for refreshments
followed by lunch