



**The Surplus Line Association  
of California**

**Annual Meeting 2011**

# Roll Call and Opening Remarks

**Les Ross, Chairman  
The Surplus Line Association  
of California**

# Head Table

- **James Woods– Dewey & LeBoeuf, LLP**  
**SLA General Counsel**
- **Ted Pierce – The Surplus Line Association**  
**Executive Director**
- **Davis Moore – Worldwide Facilities**  
**Secretary/Treasurer**
- **Joy Erven - The Surplus Line Association**  
**Director, Stamping Office**

Reading of the Resolution  
**Antitrust Admonition**

**Davis Moore**  
**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

Les Ross

- Welcome Attendees
- Thank You 2010 Officers and Committee Chairs
- Changes to SLA Internal Business Operation
- NRRA
- Minimum Capitalization Requirements
- Conclusion

**Secretary- Treasurer's Report**  
**Fiscal Year Ending November 30, 2010**

**Davis Moore**

**SLA Secretary/Treasurer**



**SECRETARY-TREASURER' S REPORT  
FOR THE FISCAL YEAR ENDING NOVEMBER 30, 2010**

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, 2010 was \$9,812,961. Interest income was \$37,704 for the year. The total income, including unrealized gain or losses on investments, was \$9,850,665.

Expenses totaled \$8,638,025 for the year.

As of November 30, 2010 the net asset balance was \$10,971,488.

On July 8<sup>th</sup>, 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 size of the three funds is to be reassessed annually by the Stamping Committee.

A motion was approved by the Executive Committee in 2010 that the reserve fund methodology will be amended for an allowable variance of 50% instead of 25%.

The stamping fee was .250% for the 2010 fiscal year. The stamping fee will remain the same in 2011.

The financial results referred to above 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*

- **Les Ross Year as Chairman**
- **Export List**
- **2010 Important Bulletins**  
#’s 1207, 1211, 1213, 1229, 1224, 1226

- Adoption of Infinity Software “SLIP” Product for Electronic Filing
- Changes within the CA Dept. of Insurance.
- Two-Hour On-Line Training Video, AB 1699, Sec. 1765(f)

- **Three Year Exam – CIC 1780.58 (C)**
- **A.M. Best Report on Surplus Lines**
- **SLA Educational Seminars**

- **Effort to Regulate Insurance**
- **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

- Thank you to our Members
- 2010 Statistic
- State Taxes
- Western States

# 2010 End of Year Statistics

- **Filed Premium \$ 4,189,790,188**  
9.53 % decline from 2009
- **Stamping Fees Invoiced \$ 9,812,961**
- **Item /Policy Count 420,938**  
.75% decline from 2009

# Members of the Association

CA Corporate:	624
CA Individual:	2217
Non Resident Corporate:	439
Non Resident Individual:	1296
Total CA	2841
Total Non Resident	<u>1735</u>
<b>Total in Membership:</b>	<b>4576</b>

# Education Department

- 22 Seminars
- 59 CE credits given
- 2670 Certificates issued

# Largest Writers of Surplus Lines Coverage by Company Type

PREMIUM TOTALS BY COMPANY TYPE				
(in thousands)				
		Revised	%	% of TOTAL
COMPANY TYPE	12/31/10	12/31/09	GROWTH	12/31/10
LESLI LISTED COMPANIES				
FOREIGN INSURERS	\$3,151,025	\$3,590,791	-12.25%	75.21%
LLOYD'S SYNDICATES	729,721	800,103	-8.80%	17.42%
ALIEN INSURERS	270,014	196,136	37.67%	6.44%
<b>SUBTOTAL</b>	<b>\$4,150,761</b>	<b>\$4,587,030</b>	<b>-9.51%</b>	<b>99.07%</b>
ALL OTHER	39,027	44,346	-11.99%	0.93%
<b>TOTAL</b>	<b>\$4,189,788</b>	<b>\$4,631,376</b>	<b>-9.53%</b>	<b>100.00%</b>

# Top 10 Surplus Line Carriers in California Based on Premium Processed by the SLA During 2010

<u>INSURER</u>	<u>PREMIUM PROCESSED</u> (\$ in millions)
LEXINGTON INSURANCE COMPANY	\$684.5
SCOTTSDALE INSURANCE COMPANY	155.4
LLOYD'S OF LONDON SYNDICATE #2623	132.9
EMPIRE INDEMNITY INSURANCE COMPANY	101.6
STEADFAST INSURANCE COMPANY	92.4
ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED	88.6
COLUMBIA CASUALTY COMPANY	83.9
AXIS SURPLUS INSURANCE COMPANY	79.4
QBE SPECIALTY INSURANCE COMPANY	78.9
CHARTIS SPECIALTY INSURANCE COMPANY	77.3

# Top Coverages for 2010

GENERAL LIABILITY	\$754.1
COMMERCIAL DIC/STAND ALONE EARTHQUAKE	\$584.9
ERRORS AND OMISSIONS	\$526.0
ALL RISK COMMERCIAL PROPERTY	\$326.3
INDIVIDUAL INSUREDS WITH LARGE SCHEDULES WHERE THE TIV (TOTAL INSURED VALUES) ARE IN EXCESS OF \$500 MILLION	\$275.4
SPECIAL MULTI-PERIL PACKAGE	\$259.4
EXCESS LIABILITY	\$244.1
EXCESS LIABILITY WHERE PART OF UNDERLYING IS NONADMITTED	\$185.0
MISCELLANEOUS	\$139.0
PROFESSIONAL LIABILITY	\$126.4
DIRECTORS AND OFFICERS	\$107.0

# Largest Filing Brokers

MARSH USA INC.	\$404.0
RISK SPECIALISTS COMPANIES INSURANCE AGENCY, INC.	284.0
AMWINS INSURANCE BROKERAGE OF CALIFORNIA, LLC	262.6
SWETT & CRAWFORD	218.2
AON RISK INSURANCE SERVICES WEST, INC.	193.2
WORLDWIDE FACILITIES, INC.	109.6
CRC INSURANCE SERVICES, INC.	106.4
BLISS AND GLENNON INC	102.0
LOCKTON COMPANIES, LLC	101.9
CRUMP INSURANCE SERVICES, INC.	95.3



# State Taxes

- State Taxes are due March 1, 2011
- Forms are available on the CDI or SLA website
- There is a form for zero premium filers.

# Western States 2011

Hosted by Surplus Line Association of Nevada

Location: Lake Tahoe Dates: July 24 – 27, 2011



# Nominating Committee Slate

Les Ross

Chairman

The Surplus Line Association of  
California

# Election of Officers 2011

**Mr. Pat Hanley**- Socius Insurance Services, Inc.

SLA Chairman

**Mr. Davis Moore** - Worldwide Facilities, Inc.

SLA Vice Chairman

**Ms. Pam Quilici** – Crouse & Associates

SLA Secretary/Treasurer

# Executive Committee Slate 2011

**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. Rupert Hall**

M. J. Hall & Company, Inc.

**Mr. Ian Fitt**

Western Re Managers Inc.

**Mr. Les Ross**

Wholesale Trading Co-Op Insurance  
Services, LLC

**Mr. Denis Brady**

American E & S

**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

- Changes to California surplus line law
- Dodd-Frank (NRRA) provisions affecting surplus lines
- Implementation of federal law in California
- *Silvers v. State Board of Equalization*, 188 Cal. App. 4th 1215 (Cal. Ct. App. 2010).



# Recognition of Service to Outgoing Executive Committee Members

Frank Cravens- M.J. Hall

# Lutine Bell Presentation

Les Ross receives Lutine Bell in recognition of his tenure as  
The Surplus Line Association Chairman



# Adjournment

Please proceed to foyer for refreshments  
followed by lunch