



Annual Meeting 2012

The Surplus Line Association
of California

Opening Remarks and Roll Call

- **Patrick Hanley, Chairman**
The Surplus Line Association of California

Head Table

- **Patrick Hanley- Chairman, SLA Executive Committee**
Socius Insurance Services, Inc

- **Pam Quilici–Secretary/Treasurer, SLA Executive Committee**
Crouse & Associates

- **James Woods– Dewey & LeBoeuf LLP**
SLA General Counsel

- **Joy Erven - The Surplus Line Association**
Director, Stamping Office

Pam Quilici

SLA Secretary/Treasurer

Antitrust Admonition

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

Patrick Hanley

Pam Quilici

SLA Secretary/Treasurer

Fiscal Year Ending November 30, 2011

Secretary-Treasurer's Report

Fiscal Year Ending November 30, 2011

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, 2011 was \$10,971,238. Interest income was \$14,142 for the year.

The total income, including unrealized gain or losses on investments, was \$10,520,434.

Expenses totaled \$10,805,032 for the year.

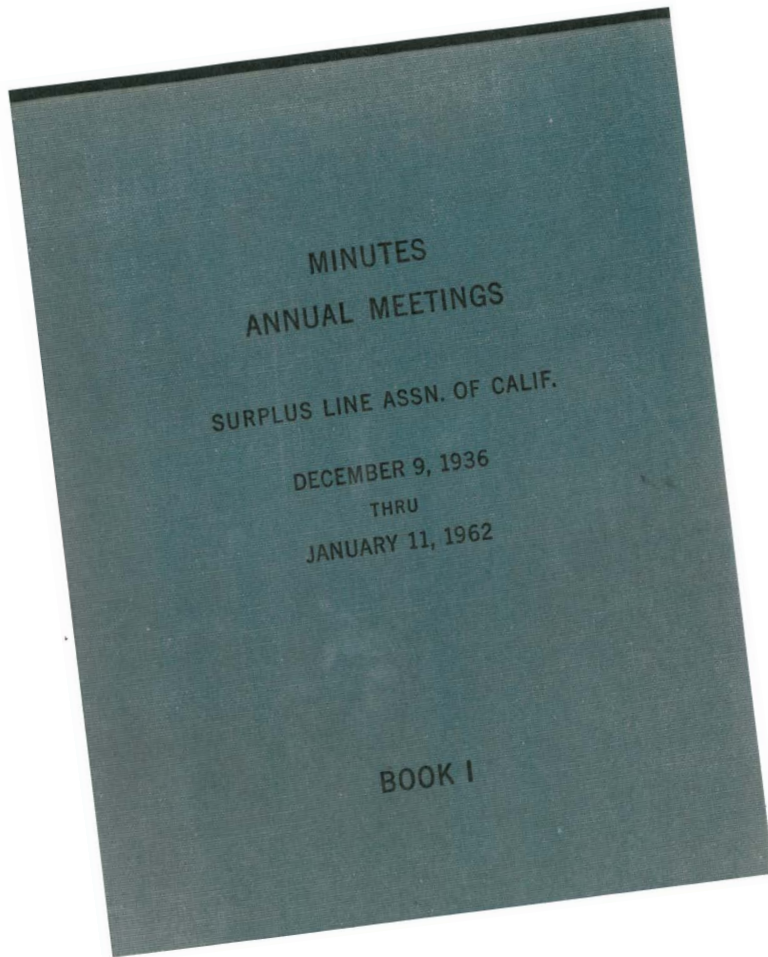
As of November 30, 2011 the net asset balance was \$10,696,893. The stamping fee was .250% for the 2011 fiscal year. The stamping fee will remain the same in 2012.

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 Director, Stamping Office

Joy Erven

Welcome



MINUTES OF MEETING HELD BY SURPLUS LINE BROKERS

Pursuant to invitations sent out to all surplus line brokers in Northern California, a meeting of surplus line brokers was held in the Board Room of the Court of Marine Underwriters, San Francisco, at 1200 S.W. December 9th, 1936. There were present at this meeting representatives of the following licensed surplus line brokers:

Harry, O'Neill & DeSaan	Mathews & Livingston
F. P. Brundt & Co.	Alfred L. Merrill
Congrove & Company, Inc.	Albert J. Mitchell
Creswell, Dargatz & Fox	Richard & Barry, Inc.
George H. Hinesworth & Co.	Paul W. Ripport
Johnson & Higgins of Calif.	Richardson, Fink & Sealy
John C. Johnson & Company	Richardson, Fink & Sealy
George Jordan	Deeth & Crawford
A. B. Knowles	Richardson & Company
Leviason Brothers	George J. Thurman
Burns & McManus, J.B.F. Davis & Son	Richardson, Fink & Sealy

Absent:

Bank Line Transport & Trading Co.

Mr. Brundt, acting as temporary Chairman, called the meeting to order and announced that the purpose of the meeting was to form a permanent organization of all licensed surplus line brokers in the State of California for the purpose of promoting good practices in the business and to create harmony with the admitted companies and their organizations. Those present unanimously signified their approval to the formation of such an organization, whereupon Mr. F. P. Brundt was nominated and unanimously elected as Chairman and appointed Mr. Charles Sealey as temporary secretary. An action was made and carried out for the appointment of an executive committee consisting of seven members, five of which were to be appointed from the membership in Northern California and two from Southern California. In addition the Chairman was directed to act as an ad hoc committee of this committee. It was agreed that one active and two non-active surplus line brokerage offices should be represented on this committee. The Chairman suggested that the three members active of surplus line brokers in the committee, which suggestion was approved, be directed to represent their interests on the committee, which suggestion was also approved. The following were unanimously elected to serve on the executive committee:

Mr. V. Thompson
Mr. J. Holttus
Mr. E. Murphy
Mr. F. J. Davis
Mr. C. Sealey

Mr. J. B. Knowles was then appointed to the Chairman as a representative of the surplus line brokers of Northern California to go to Los Angeles to confer with the surplus line brokers in that City for the purpose of obtaining their agreement to the plan of organization and to arrange for the appointment of two members from Southern California to the executive committee.

The executive committee was then instructed to draw up a set of by-laws and rules for the organization to be submitted to the entire membership for approval at an early date. It was further agreed that a permanent secretary should be employed and that the expenses of operating the permanent office conducting the secretary's activity, would be defrayed by the organization as a surplus line broker with no additional companies and organizations (excepting Owen North Builders).

A suggestion was made to the executive committee that it consider employing competent legal counsel, and also to consider the question of incorporating to relieve the individual members of any liability.

There being no further business to come before it, an action was taken to adjourn.

C/S
C. Sealey

-
- **Welcome- 75th Anniversary of the SLA**
 - **Patrick Hanley- Chairman**
 - **Year in review – NRRA, AB 315, SLIP**
 - **2011 Metrics**
 - **State taxes**
 - **WSSLC 2012**
 - **Looking ahead**
 - **Conclusion**

The Year in Review

- **NRRA**
- **AB 315**
- **SLIP**

NRRA/ AB315 Working Group

Many thanks to:

Hank Haldeman

Jerry Sullivan

Jim Woods

Nicole Zyac

Hilary Kang

Woody Girion

Louis Quan

Al Bottalico

Emma Hirschorn

Carol Frair

Keith Kuzmich

Susan Stapp

Laura Alarcon

SLIP Implementation

- **First 120 days of releasing SLIP**
 - over 600 members have used the system
 - submitting 2,231 batches
 - responding to nearly 7,000 tags/alerts.
 - The batches were comprised of over 14,000 items (policies).
 - Over 400 different brokerages and companies are using SLIP for California Surplus Lines processing.
 - Implemented over 47 improvements to the software

2011 End of Year Statistics

- **Filed Premium: \$4,327,464,111**
 - 3.29 % increase from 2010
- **Stamping Fees Invoiced: \$10,709,286**
- **Item/Policy Count: 459,097**
 - 9.07% increase from 2010

Members of the Association

- **CA Corporate:** 622
- **CA Individual:** 2232
- **Non Resident Corporate:** 471
- **Non Resident Individual:** 1354
- ***Total in Membership:*** 4,679

Education Department

- **1947 certificates issued**
- **21 Seminars**
- **34 CE credits given**
- **11 On Line Training Sessions**
- **36 Office Visits**
- **Specialized NRRA training**
- **Live Webinar training for SLIP users**
- **Recorded tutorials for members to access thru our website**

Premium Totals by Company Type

COMPANY TYPE	(\$ thousands)		% GROWTH	% of TOTAL
	2011	2010		
LASLI LISTED COMPANIES				
FOREIGN INSURERS	\$3,314,311	\$3,151,025	5.18%	76.59%
LLOYD'S SYNDICATES	\$710,249	\$729,721	-2.67%	16.41%
ALIEN INSURERS	\$264,674	\$270,014	-1.98%	6.12%
SUBTOTAL	\$4,289,234	\$4,150,761	3.34%	99.12%
<u>ALL OTHER COMPANIES</u>	<u>38,230</u>	<u>39,027</u>	<u>-2.04%</u>	<u>0.88%</u>
TOTAL	\$4,327,464	\$4,189,788	3.29%	100.00%

Top 15 Surplus Lines Carriers in California Based on Premium Processed

	(\$ million)
LEXINGTON INSURANCE COMPANY	\$503.5
SCOTTSDALE INSURANCE COMPANY	\$178.2
LLOYD'S OF LONDON SYNDICATE #2623	\$134.3
CHARTIS SPECIALTY INSURANCE COMPANY	\$121.0
STEADFAST INSURANCE COMPANY	\$98.0
COLUMBIA CASUALTY COMPANY	\$94.8
QBE SPECIALTY INSURANCE COMPANY	\$90.4
EMPIRE INDEMNITY INSURANCE COMPANY	\$84.2
IRONSHORE SPECIALTY INSURANCE COMPANY	\$80.7
LANDMARK AMERICAN INSURANCE COMPANY	\$80.3
ILLINOIS UNION INSURANCE COMPANY	\$75.9
AXIS SURPLUS INSURANCE COMPANY	\$75.8
WESTCHESTER SURPLUS LINES INSURANCE COMPANY	\$74.3
ENDURANCE AMERICAN SPECIALTY INSURANCE COMPANY	\$73.6
ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED	\$73.6

Top 15 Coverage Codes Based on Premium Processed

	(\$ million)
GENERAL LIABILITY	\$781.8
E COMMERCIAL DIC/STAND ALONE EARTHQUAKE	\$668.1
ERRORS AND OMISSIONS	\$594.9
ALL RISK COMMERCIAL PROPERTY	\$322.7
E INDIVIDUAL INSUREDS WITH LARGE SCHEDULES WHERE THE TIV (TOTAL INSURED VALUES) ARE IN EXCESS OF \$500 MILLION	\$267.7
SPECIAL MULTI-PERIL PACKAGE	\$232.1
EXCESS LIABILITY	\$217.6
E EXCESS LIABILITY WHERE PART OF UNDERLYING IS NONADMITTED	\$186.5
E ENVIRONMENTAL IMPAIRMENT REMEDIATION & POLLUTION LIABILITY	\$138.4
PROFESSIONAL LIABILITY	\$120.0
MISCELLANEOUS	\$115.6
DIRECTORS AND OFFICERS	\$107.3
E EMPLOYMENT PRACTICES LIABILITY	\$84.2
E PRODUCTS/COMPLETED OPERATIONS (WRITTEN ON A STAND ALONE BASIS)	\$58.6
INLAND MARINE	\$33.6

E = Export List

Top 15 California Surplus Lines Brokers Based on Premium Processed

	(\$ million)
MARSH USA INC.	\$445.1
SWETT & CRAWFORD	395.9
AMWINS INSURANCE BROKERAGE OF CALIFORNIA, LLC	282.0
AON RISK INSURANCE SERVICES WEST, INC.	267.3
RISK SPECIALISTS COMPANIES INSURANCE AGENCY, INC.	166.1
R-T SPECIALTY, LLC	140.4
WORLDWIDE FACILITIES, INC.	122.4
BLISS AND GLENNON INC.	115.3
LOCKTON COMPANIES, LLC	110.4
CRUMP INSURANCE SERVICES, INC.	93.6
RISK PLACEMENT SERVICES, INC.	92.4
BROWN & RIDING INSURANCE SERVICES, INC.	88.5
PARTNERS SPECIALTY GROUP, LLC	81.5
CRC INSURANCE SERVICES, INC.	67.4
ARTHUR J. GALLAGHER & CO. INSURANCE BROKERS OF CALIFORNIA, INC.	66.4

State Taxes

- **State Taxes are due March 1, 2012**
- **Forms are available on the CDI or SLA website**
- **There is a form for zero premium filers.**
- **There are significant changes due to NRRA implementation**
- **FAQ available from Education Department**

Western States 2012

Hosted by Surplus Line Association of California

St. Regis Monarch Beach

July 25 to 28th, 2012

St. Regis Monarch Beach

July 25 to 28th, 2012

- **Website and Registration**
- **Early Bird Discount**
- **St. Regis- Dana Point**
- **Key Note- Neal Petersen**
- **Gain valuable knowledge from insurance industry leaders on the trends of the surplus lines industry**
- **Earn CE credits**
- **Networking Opportunities**
- **Family friendly conference**

All with panoramic view of the Pacific Ocean!

St. Regis Monarch Beach



Conclusion

- **Efficiency and innovation**
- **Customer Service**
- **The SLA will continue to grow and adapt to the needs of its members**

Patrick Hanley
Chairman

The Surplus Line Association of California

Election of Officers 2012

- **Mr. Davis Moore – Worldwide Facilities, Inc.
SLA Chairman**
- **Ms. Pam Quilici – Crouse & Associates
SLA Vice Chairman**
- **Mr. Ian Fitt – Western Re Managers Inc.
SLA Secretary/Treasurer**

Executive Committee Slate 2012

- **Mr. Gerald J. Sullivan**
Gerald J. Sullivan & Associates,
Inc.
- **Mr. Chris Brown**
Brown & Riding Insurance Services
- **Mr. Rupert Hall**
M. J. Hall & Company, Inc.
- **Mr. John Edack**
ARCH Specialty Insurance
- **Mr. Dean Andrighetto**
Westchester Specialty
- **Mr. Phil Mazur**
Swett & Crawford
- **Mr. Denis Brady**
American E & S
- **Ms. Anne McNally**
Wells Fargo Insurance Services, Inc.
- **Mr. Les Ross**
Wholesale Trading Co-Op Insurance
Services, LLC

Appointment of Mediator



- **The executive committee approved the reappointment of Judge Harry Low.**
- **In accordance with the Constitution, this nomination is now submitted for the membership's approval.**

James R. Woods

SLA General Counsel

Dewey & LeBoeuf LLP



DEWEY & LeBOEUF

General Counsel Report at SLA Annual Meeting

January 24, 2012

The Bently Reserve, 301 Battery Street, San Francisco

January 26, 2012

The Jonathan Club, 545 South Figueroa Street, Los Angeles

James R. Woods

Partner and Co-Chair, Global Insurance Industry Sector

Dewey & LeBoeuf LLP

Phone: (650) 845-7305

Email: jrwoods@dl.com

Dewey & LeBoeuf
dl.com

Presentation Overview

- California Update
 - Key Provisions of the Surplus Line Law Amended by AB 315
 - ◆ Home State Authority
 - ◆ Premium Tax Payment
 - ◆ LESLI vs. LASLI
 - ◆ Broker Reporting Requirements
 - ◆ Transition Rules
 - NRRA Implementing Legislation – Reinsurance
 - SB 131: Delegation of Reporting Requirement
 - AB 2404: Return of Unearned Premium Calculation Disclosure Requirement
- Federal Update
 - NRRA Update – Nonadmitted Insurance
 - The Federal Insurance Office

Home State Authority

- The federal Nonadmitted and Reinsurance Reform Act (NRRA) was enacted in July 2010 as part of the larger financial services reform bill, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), to streamline the multistate surplus lines transactions.
- In July 2011, California enacted AB 315 to implement the provisions of the NRRA.
- The operating provisions of AB 315 became effective on July 21, 2011.
- As of July 21, 2011, California law will govern all placements with nonadmitted insurers where California is the home state of the insured.
- Surplus line brokers are responsible for determining whether or not California is the home state of the applicant before making any placements with a nonadmitted insurer.
 - Brokers may rely on information provided in good faith by the applicant.
 - California would be the home state if: (i) the insured’s principal place of business or residence is located in California unless 100% of the risk or exposure is located outside California; or (ii) if the principal place of business is in a state where none of the risk or exposure being insured is located and the portion of the premium allocated to California is greater than any other state.

Premium Tax Payment

- Surplus line brokers are required to make a tax payment on 100% of the premium charged, regardless of the amount allocated to California, when California is the home state of the insured.
 - Under the Insurance Department's interpretation of AB 315, premium tax for non-U.S. risks or exposures will not be collected (i.e., if the policy covers risks located in California and Germany, and California is the home state of the insured, tax payment will be required only on the portion of the premium not allocated to Germany).

LESLI vs. LASLI

- Surplus line brokers may make placements with nonadmitted insurers that meet the following eligibility requirements:
 - In the case of a foreign insurer: (1) licensed to write the type of insurance in the state of domicile; and (2) have minimum capital and surplus totaling at least \$45,000,000.
 - In the case of an alien insurer: listed on the NAIC IID list.
- The Insurance Department will no longer maintain a list of eligible surplus line insurers (LESLI).
- Instead, the Insurance Department maintains a list of approved surplus insurers (LASLI) who voluntarily seek to meet the standards contained in the new section 1765.2, which are essentially identical to the pre-NRRA insurer eligibility requirements.
 - To be listed on LASLI, insurers must make the necessary filings with the Insurance Department and be approved.
 - Of the 3 LASLI filings submitted since July 21, 2011, one has been approved and the other two are still pending.

LESLI vs. LASLI (con't)

- Insurers that were on LESLI prior to July 21, 2011 pursuant to the former section 1765.1 will be listed on LASLI until the subsequent expiration of the policies of those insurers in effect on July 21, 2011.
- Surplus line brokers are not required to make placements with LASLI-listed surplus line insurers.
- However, when seeking to place with nonadmitted insurers that are not on LASLI, surplus line brokers should verify the insurer's eligibility, including any procedural compliance requirements (i.e., filing requirements) prior to making the placement.

Broker Reporting Requirements

- When California is the home state of the insured, surplus line brokers are required to annually report the following information when remitting premium taxes:
 - The total amount of premium;
 - The total premium for single state risks where 100 percent of the premium is attributable to risks in California; and
 - For multi-state risks, the percentage of premium allocated to California and each other state.
 - The Commissioner may waive or modify any of the requirements by issuance of a notice to be published on the CDI website.
- Surplus line brokers are required to maintain the following information for each policy:
 - Verification that the insured is a California home state insured;
 - Verification that the commercial insured or the industrial insured qualifies for the applicable exemptions;
 - Whether the policy is a single state or multi-state policy; and
 - Data as necessary to allocate the premium to the states.
 - The Commissioner may waive or modify any of the requirements by issuance of a notice to be published on the CDI website.

Transition Rules

- Until October 18, 2012, the following transition rules apply to policies with an effective date prior to July 21, 2011:
 - Policies with effective dates between January 1, 2011 and July 20, 2011 that were placed prior to July 21, 2011 are considered “business done” as of their effective dates (i.e., they are to be taxed under the law in effect on the policy’s effective date).
 - Any cancellations or endorsements to policies with effective dates prior to July 21, 2011 are “business done” on the policy effective date (i.e., any resulting changes to premium will be taxed under the law in effect prior to July 21, 2011).
 - Installment premiums for policies with effective dates prior to July 21, 2011 are “business done” as of the most recent invoice that includes premium tax changes issued prior to July 21, 2011 (i.e., installment premiums will be taxed under the law in effect on the policy effective date).
- These provisions expire on October 18, 2012 (one year + 90 days after AB 315 takes effect), and the surplus line law as amended by AB 315 will apply in all respects (including taxation) to endorsements, cancellations, and installment payments after that date.

NRRA-Implementing Legislation – Reinsurance

- The NRRA also addresses reinsurance regulation reform.
 - With respect to regulation of credit for reinsurance and reinsurance agreements, the NRRA provides that:
 - ◆ If the domiciliary state of a ceding insurer “recognizes credit for reinsurance for the insurer’s ceded risk, then no other State may deny such credit for reinsurance.”
 - ◆ The laws of non-domiciliary state of the ceding insurer are preempted to except those with respect to taxes and assessments on insurance company or insurance income.
 - With respect to regulation of reinsurance solvency, the NRRA provides that:
 - ◆ The domiciliary state of a reinsurer “shall be solely responsible for regulating the financial solvency of the reinsurer.”
 - ◆ No other state may require the reinsurer to provide any additional financial information other than that required by the reinsurer’s domiciliary state.
 - ◆ Non-domiciliary states may request a copy of any financial statement filed with the reinsurer’s domiciliary state.

NRRA-Implementing Legislation – Reinsurance (con't)

- California is expected to introduce legislation to conform California law to the NRRA.
 - California has already issued a bulletin (2011-2) stating its position on non-domiciliary credit for reinsurance issues under NRRA, and the proposed legislation is expected to codify the positions taken in the bulletin.
 - In addition, the legislation is expected to address the provisions of NRRA that prohibit non-domestic states from imposing additional solvency and financial reporting requirements on what California calls "professional reinsurers," i.e., insurers that:
 - ◆ are principally engaged in the business of reinsurance;
 - ◆ do not conduct significant amounts of direct insurance as a percentage of their net premiums; and
 - ◆ are not engaged in an ongoing basis in the business of soliciting direct insurance).

SB 131: Delegation of Reporting Requirement

- Effective January 1, 2012, when two or more licensed surplus line brokers are involved in making a placement for a home state insured, only one of the following licensed surplus line brokers involved in the transaction is required to include the policy in his or her sworn statement:
 - The licensed surplus line broker responsible for negotiating, effecting the placement, remitting the premium to the nonadmitted insurer or its representatives, and filing the confidential written report (the “transaction” broker);
or
 - The licensed surplus line broker delegated the responsibility for the filing of the confidential written report pursuant to a written agreement between the brokers (the “filing” broker).
- The written agreement must:
 - Be signed by the “transaction” and “filing” surplus line brokers; and
 - Provide by its terms that the agreement be made available to the Commissioner upon request. CIC § 1774(b).

AB 2404: Return of Unearned Premium Calculation Disclosure Requirement

- Pursuant to section 481(c) of the Insurance Code, any insurance policy issued or renewed on or after January 1, 2012 must disclose the following if the policy includes a provision to refund premium other than on a pro rata basis:
 - The fact that the return of unearned premium will be calculated on a non-pro rata basis;
 - Whether or not the policy is subject to a cancellation fee, if applicable; and
 - Actual or maximum fees or penalties to be applied (may be stated in the form of percentages of the premium).
- This disclosure must be provided prior to, or concurrent with, the application and prior to each renewal.
- If the application is made by phone, the disclosure must be mailed to the applicant within 5 business days.
- The disclosure is not required if the policy provision permits, but does not require, the insurer to refund premium other than on a pro rata basis, and the insurer does in fact return unearned premium on a pro rata basis.

AB 2404: Return of Unearned Premium Calculation Disclosure Requirement (con't)

- Although section 481(c) disclosure requirement does not expressly apply to surplus line policies, to avoid potential regulatory and commercial disputes, surplus line brokers are encouraged to comply with the disclosure requirement to the greatest degree practicable.
 - When policies are received, verify whether the policy contains provisions that provide refunds on a non-pro rata basis.
 - If so, work with insurers to ensure the disclosure is provided.
 - Maintain records that show an attempt to comply with the disclosure requirement was made (i.e., requested the insurer to provide the disclosure).

NRRA Update – Nonadmitted Insurance

- Since the enactment of the NRRA, states have responded by enacting NRRA implementing legislation and/or issuing insurance department bulletins and notices to address its effect on state surplus line laws.
- 45 states require a tax on 100% of the premium (expressly by statute or according to insurance department interpretation of the law).
 - AL, AK, AZ, AR, CA, CT, DE, FL, GA, HI, ID, IL, IN, KS, KY, LA, ME, MD, MA, MI, MS, MO, MT, NE, NV, NH, NJ, NM, NY, NC, ND, OH, OK, OR, PA, RI, SD, TN, TX, UT, VT, VA, WA, WV, and WY
 - Colorado will only tax on the portion of the premium allocated to Colorado.
 - Iowa, Minnesota, and Wisconsin have pending legislation that would provide for a tax on 100% of the premium.
 - District of Columbia and South Carolina have not yet introduced NRRA implementing legislation.

NRRA Update – Nonadmitted Insurance (con't)

- The NRRA allows states to enter into a compact or establish other procedures to allocate premium taxes paid to an insured's home state.
 - One compact and one agreement have been put forth to address premium allocation.
- Surplus Line Insurance Multistate Compliance Compact (SLIMPACT)
 - Requires enactment in at least 10 states to become operational
 - To date, nine states have enacted SLIMPACT
 - ◆ AL, IN, KS, KY, NM, ND, RI, TN, and VT
- Nonadmitted Insurance Multi-State Agreement (NIMA)
 - Following states are signatories to NIMA: AK, CT, FL, HI, LA, MS, NV, SD, UT and WY
 - ◆ Nebraska recently withdrew from NIMA
 - NIMA requires surplus line brokers to remit taxes, collected pursuant to NIMA allocation schedule, to a Clearinghouse established by NIMA.
 - NIMA states anticipate that a Clearinghouse will not be operational prior to July 1, 2012 and have deferred the applicability of multi-state premium tax allocations and the NIMA allocation schedule until July 1, 2012.
 - Accordingly, at least for the first two quarters of 2012, taxes will need to be remitted to the home state of the insured.

The Federal Insurance Office

- The Dodd-Frank Act created the Federal Insurance Office (the “FIO”) within the U.S. Treasury Department to monitor developments in the domestic insurance industry.
- The former Illinois Insurance Director Michael T. McRaith was appointed as the FIO Director.
- The FIO is expected to issue a report, due on January 21, 2012, on how to improve and modernize the insurance regulatory scheme in the U.S.
 - In connection with the report, the FIO received nearly 150 comments from the insurance industry.
 - In response to a concern that the FIO may be perceived as an additional regulatory authority, Director McRaith assured the industry that the FIO, although has subpoena power, is not a regulator.
- After personal discussions and meeting with Director McRaith, it appears that he is expected to serve as a U.S. interface with European regulators.
 - The FIO is now a full member of the International Association of Insurance Supervisors.
- However, the FIO is also the single point of contact for the industry at the federal level, and Director McRaith may facilitate discussions with other state regulators on state-specific matters.

Other Business

Lutine Bell Presentation

**Patrick Hanley receives Lutine Bell in recognition of
his tenure as
The Surplus Line Association Chairman**



Adjourn

**Please proceed to foyer for
refreshments followed by lunch**



Annual Meeting 2012

The Surplus Line Association
of California