



QUARTERLY

THE SURPLUS LINE ASSOCIATION OF CALIFORNIA
388 MARKET STREET, SAN FRANCISCO, CA 94111

OCTOBER/NOVEMBER 2000



Report of the Chair Marion Perkins

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Third quarter 2000 surplus line premium filed with the SLA was \$426MM, and the year to date total is \$1,238,000,000 which is on par with the first 9 months of 1999. As mentioned last quarter, the Stamping Office staff has significantly reduced the backlog of items to be processed this year. The processing time frame for incoming batches has been reduced from approximately 60 days at the beginning of the year to one week currently, and the staff is committed to maintaining that standard in the future. Kudos to the entire staff on a job well done!

The SLA is nearing completion of the new internal database being developed by Sapiens Americas which will run the stamping office transaction processing operations. The new system is expected to come on-line in the first quarter of 2001. In addition to significantly improving the efficiency in processing approximately 250,000 filed items yearly, this system will give us the capability for

accepting electronic filings in the future. The SLA will be working closely with the Department of Insurance to address the necessary legal and regulatory issues to achieve the electronic filing option as soon as possible.

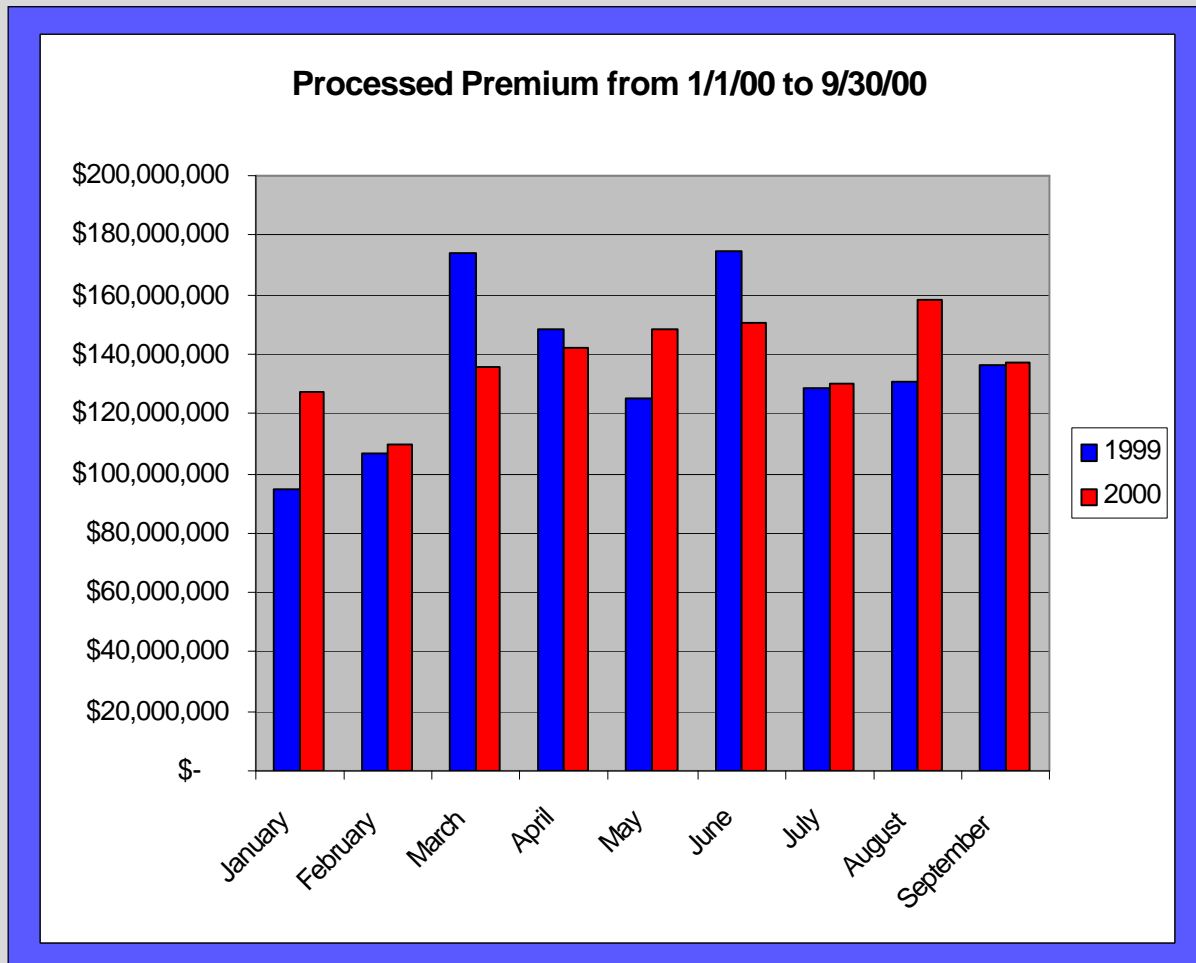
The Education Committee Chaired by Bob Gilbert, and staffed by Nadine Watso the Education Manager, have continued to provide our membership with an increasing number of quality educational workshops and seminars qualifying for Continuing Education credits. They already have over 40 CE hours of education in the pipeline for the year 2001. Because of the planning necessary to obtain adequate locations and space, and plan refreshments etc., we need to ask that our members register for these events as early as possible. When we have a lot of "last minute" registrants it is more difficult to plan and properly accommodate everyone. Watch for information on upcoming education events in mailers, or go to the SLA website – www.sla-cal.org.

Report of the Director of the Stamping Office

The figures for the 3rd quarter are \$1,238,746,819.00 in premiums processed. This is up 1.71% from last year. The item count is 189,014 items processed for the first nine months of this year. This is up 2.19% from the same period last year.

The SLA would like to welcome new employee Catherine Hankins to the Financial Department and the following new members to the Association: SCB Enterprises Ltd., Stellar Financial Services, LLC, Abacus Insurance Brokers, Inc., Bass Underwriters Inc., and Joyce Lenora Landwehr.

The Association is again donating their time on Friday, October 20 to the Insurance Industry Charitable Fund - Bridge Week. IICF Bridge Week is a state-wide event where teams of insurance industry employees volunteer their time for community service at neighborhood non-profit organizations. This year we have volunteered to help remove invasive weeds in the Stinson Gulch in Marin County.



SLA EMPLOYEE PROFILE



ROBERT BACON, SENIOR SYSTEMS ADMINISTRATOR

As today's computer literate job seekers are flocking to newly created dot com companies for employment, Bob Bacon, the SLA's Senior Systems Administrator, prefers the stability of an established organization. Bob enjoys the atmosphere of a company where he gets along with everyone, has a diversity of job responsibilities, and provides enhancement training to keep himself and the SLA current with the latest technology.

Bob joined the Association in January of 1997 as the Backup Network Administrator. In June of this year, he was promoted to Senior Systems Administrator in the IT (Information Technology) Department. His job responsibilities are the installation, configuration, update and maintenance of all network software and hardware. More specifically, Bob installs the operating systems on all of the SLA's desktop PC's, plans the data cabling for each workstation, designs and evaluates the network system architecture, installs all network and

client system upgrades, and administers network security, user access and permission. Although the promotion entails additional responsibilities, Bob is confident that with the personnel and cross training in the IT department, any unforeseen situation can be remedied.

With Bob's enthusiasm and knowledge of the network, it's surprising that a severe hand injury was the catalyst for his introduction into his current position. Rehabilitation and vocational testing revealed an aptitude in electronics, and after extensive training in electronics and additional networking courses, Bob became a certified CNE in network; he is currently working on his MCSE for Microsoft. His openness and love of learning eased the career transition; he impresses his co-workers with his ability to memorize details. Fellow IT staff member and Webster, Jeffrey Laughlin, calls Bob "amazing"; Jeffrey remarks "he remembers everything, including all the IP addresses for every piece of SLA equipment and software."

The new system rewrite brings new challenges for Bob. He is currently coordinating and planning the cabling of six new

workstations as test sites in the SLA conference room. With the new AS400's accessibility through the Internet, Bob is configuring the routers to point to the new system. Future projects will include working with IT's Software Analyst, Lisa Lewis, on testing Windows 2000, and Jeffrey on an intranet and internet server, where the SLA can host its own website. Bob is enthused with the new projects and looks forward to teaming up with his IT co-workers; he calls the IT department a really "tight team," where everyone works well together. Lisa agrees, and believes Bob is a big reason; "he is always willing to help, and is a real problem solver." IT Manager, Mark Uyeda, describes Bob as "a very hard working, productive, intelligent individual who is always willing to learn and makes time for everyone."





SLA DATABASE PROJECT "SLAMDUNK"

For the last 5 months Sapiens InsureTech and the SLA have been working productively on the SLA's internal database system rewrite. The development process has been a constructive experience for both parties. During the initial phase of the project, the Sapiens team conducted their signature development process called Joint Application Development (JAD). During the JAD process, Sapiens and SLA team members worked collaboratively to identify the requirements for the new system. The JAD sessions also helped the SLA to identify the possible workflow changes that may affect the business pro-

cesses in each department. The "team building" environment of the JAD sessions motivated the SLA team to work together, which as a result, produced requirements that would suit the entire organization's business needs. In addition to mediating the JAD sessions, the Sapiens team members contributed to the process by being sensitive to "the customer's needs" thereby producing an application that the SLA will be satisfied with.

Currently, the Sapiens development team is working on data entry screens for all 5 SLA departments. As each screen is completed, focus groups are held with selected SLA staff members to validate the data elements and user-functions. Thus far, Sapiens has presented a number of policy, broker, batch, education, financial and membership screens. A total of 80 screens will be developed for the project.

In preparation for elec-

tronic filing, the Sapiens team included components to the application that will allow a smooth transition to e-commerce. The application will reside on a newly purchased AS400 that will accommodate the SLA's e-filing needs. The back-end of the application will be an IBM DB2 database that will allow the SLA to process filings more rapidly. In addition, the DB2 database, along with Crystal Reports, will give the SLA more reporting flexibility providing quick access to information for broker inquiries and real time data on the SLA web site.

The SLA and Sapiens team will spend most of October and November of this year performing system and business function testing for the new application. During December and January, report construction and design will be performed. The target completion date for the project is February 2001.

Top Ten Export Coverages by Premium Volume for 1/00 through 9/00	2000	1999
Commercial DIC/Stand Alone Earthquake	\$ 112,298,837	\$ 113,711,135
Contractors Engaged in Construction of New Tract Homes/Condos	\$ 49,980,696	\$ 39,867,556
Employment Practices Liability	\$ 47,744,217	\$ 48,479,061
Environmental Impairment Remediation/Pollution Liability	\$ 37,125,923	\$ 62,420,682
Ind. Insureds with Large Schedules W/TIV in Excess of \$500 Million	\$ 30,822,205	\$ 33,632,291
Excess Liability Where Part of Underlying is Nonadmitted	\$ 26,075,833	\$ 17,535,531
High Limits Disability	\$ 11,287,677	\$ 8,546,338
Event Cancellation	\$ 9,161,608	\$ 2,912,502
Products/Completed Operations (Written on a Stand Alone Basis)	\$ 7,743,876	\$ 5,261,724
Security Guard Services	\$ 4,797,213	\$ 4,634,303
Top Ten Coverages by Premium Volume for 1/00 through 9/00	2000	1999
General Liability	\$ 300,233,595	\$ 285,770,078
Errors & Omissions-All Others	\$ 133,267,803	\$ 128,995,158
Commercial DIC/Stand Alone Earthquake	\$ 112,298,837	\$ 113,711,135
Errors & Omissions-Directors & Officers	\$ 91,983,559	\$ 84,918,551
Commercial Property-All Risk	\$ 70,361,404	\$ 69,159,532
Commercial Property-Special Multi-Peril	\$ 65,597,692	\$ 62,531,039
Contractors Engaged in Construction of New Tract Homes/Condos	\$ 49,980,696	\$ 38,867,556
Employment Practices Liability	\$ 47,744,217	\$ 48,479,061
Excess Liability	\$ 45,471,224	\$ 67,849,297
Environmental Impairment Remediation/Pollution Liability	\$ 37,125,923	\$ 62,420,682



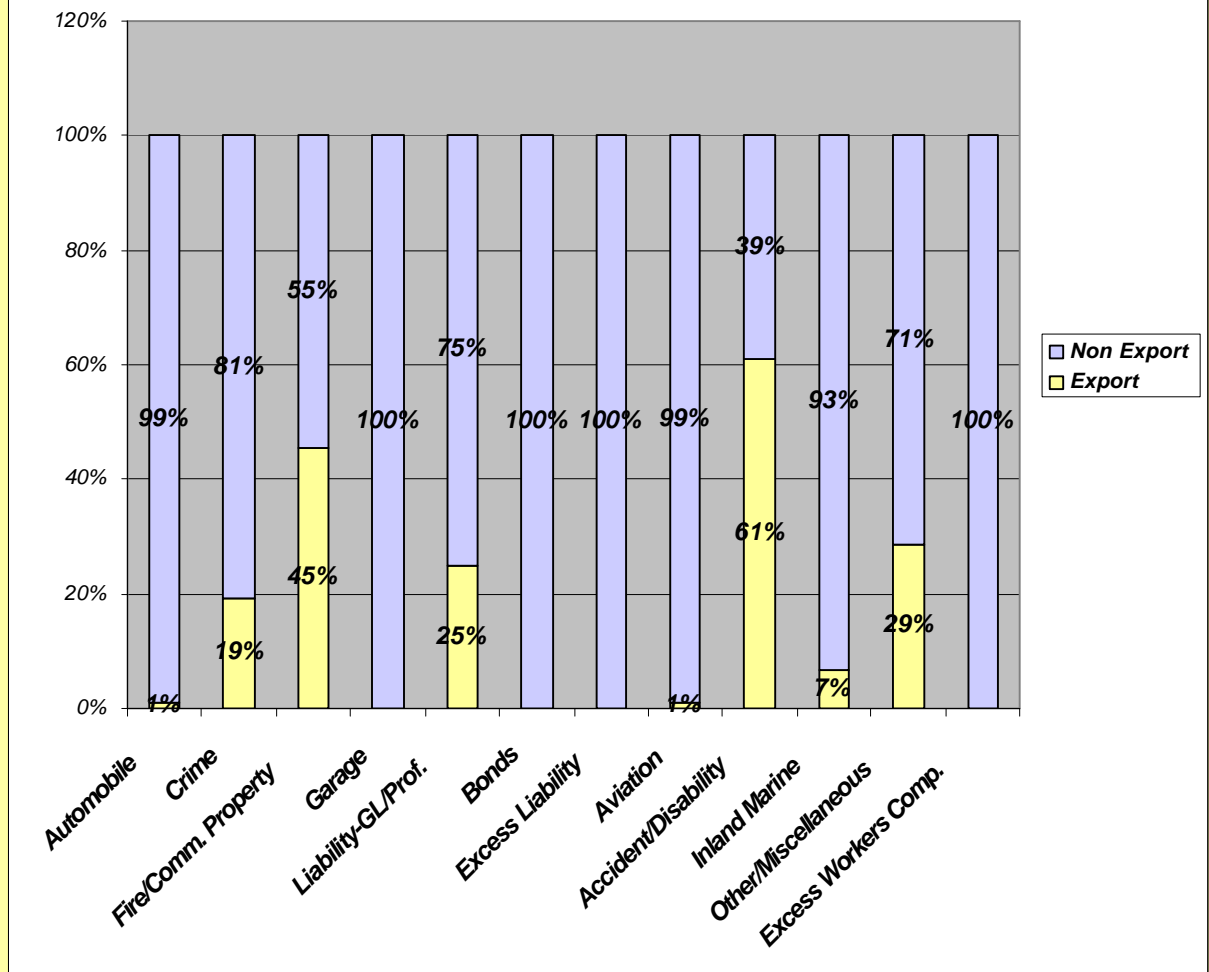
Ted Pierce Earns CAE Designation



SLA Executive Director Theodore M. Pierce recently earned recognition from the American Society of Association Executives by being designated a Certified Association Executive (CAE). This is the highest honor of professional achievement available from the Society. ASAE membership totals more than 24,000, but only about 2,800 hold the CAE designation.

Qualification for this honor requires high standards of achievement, ethical fitness, leadership and passing a comprehensive exam covering the field of association management. Maintaining certification also requires a program of continuing professional development over successive three-year periods. The SLA is fortunate to have Ted in a leadership position, and this recognition reflects great credit not only on him, but the Association. Congratulations Ted!

Percentage of Non Export vs Export Coverage by Premium Volume for Jan. 2000 through Sept. 2000



TOP 25 LESLI CARRIERS IN 3RD QUARTER 2000

Lexington Insurance Company	106,314,258
American International Specialty Lines Insurance Co.	80,236,978
Scottsdale Insurance Company	65,953,034
Pacific Insurance Company	46,547,186
Clarendon America Insurance Company	38,292,906
Admiral Insurance Company	38,100,753
Steadfast Insurance Company	35,676,886
Evanston Insurance Company	34,799,030
General Star Indemnity Company	32,769,890
Royal Surplus Lines Insurance Company	30,501,296
Essex Insurance Company	25,789,660
Legion Indemnity Company	23,466,616
Zurich Specialties London Limited	20,406,965
Lloyd's Syndicate No. 435	18,194,533
Lloyd's Syndicate No. 376	18,075,356
United Capitol Insurance Company	16,284,965
United National Insurance Company	16,234,078
Caliber One Indemnity Company	16,187,255
American Equity Insurance Company	14,620,637
Lloyd's Syndicate No. 79	13,164,746
Gulf Underwriters Insurance Company	11,964,346
Chubb Custom Insurance Company	11,660,662
Columbia Casualty Company	10,438,576
Agricultural Excess and Surplus Insurance Company	9,737,614
Lloyd's Syndicate No. 219	9,160,373



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