

SLA Quarterly

August 2002

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Horst Lechler
Executive Chair, 2002

Chairman's Perspective

The Surplus Line Association is experiencing an obvious increase in premium volume from the Surplus Line Broker community. If current forecasts hold, the total premium volume for the year may reach \$2.8 billion if the stamping office can overcome the current backlog of unprocessed broker batch filings. The previous high set in 2001 was \$1.7 billion. The SLA's 21 data entry analysts are working extended hours during the week and Saturdays to help bring down the backlog. I want to commend the staff for their diligent efforts to address the large influx of broker batch filings. They have responded under tremendous

pressure by adopting new and improved ways to coping with the increased workload resulting from the robust surplus line market.

As of this publication date, there are 228 non-admitted carriers on California's List of Eligible Surplus Line Insurers. Thirty-three of these carriers are alien, 92 are foreign and 103 are Lloyd's syndicates.

The bill (A.B. 2984) sponsored by the California Department of Insurance (CDI) to update broker licensing was

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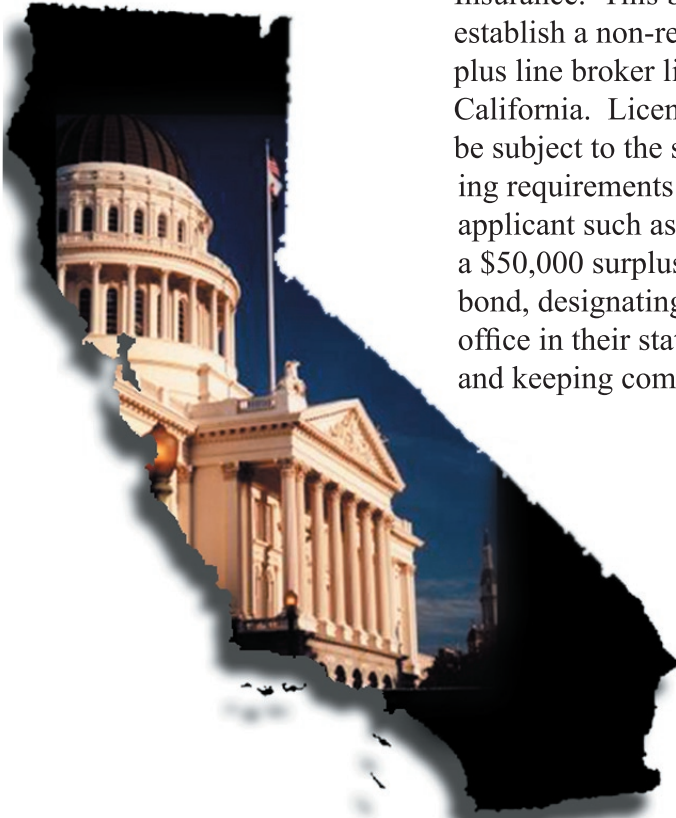
sent to the Governor for signature on July 17. This legislation will establish non-resident surplus line broker licenses in California. These non-resident licensees would be subject to the same qualifying requirements as a resident applicant such as maintaining a surplus line brokers bond, designating a principal office in their state of residence, keeping complete records of business transacted with nonadmitted insurers and filing with the Surplus Line Association of Califor-

nia. In addition, non-resident applicants will be required to provide the CDI with a fingerprint submission. If the law is approved by the Governor as expected, it becomes effective on January 1, 2003.

The Surplus Line Association is approaching the delivery date on a new feature that will allow Surplus Line Brokers to electronically file their batch filings with the stamping office. This new system, called the Broker Extranet will become

available to brokers this fall. The new system is expected to eliminate most of the common tags and streamline the tag response process. Brokers will be able to view their transaction history and accounts receivable and remedy discrepancies. Due to regulatory and statutory requirements, brokers who use the electronic system will still be required to send a hard copy, image or fax of their completed SL-2 form and declaration page to the SLA for hard copy files. ■

Legislative Update



A.B. 2984, Committee on Insurance. This bill would establish a non-resident surplus line broker license in California. Licensees would be subject to the same qualifying requirements as a resident applicant such as maintaining a \$50,000 surplus line brokers bond, designating a principal office in their state of residence and keeping complete records

of business transacted with nonadmitted insurers. The bill was sent to the Governor for signature on July 17, 2002. With the Governor's approval, the bill will become law on January 1, 2003.

S.B. 1972, Richard Polanco (D). This bill states the Legislature's intent to add to the types of insurance that may be placed with a nonadmitted insurer through a surplus line broker relative to coverage for the costs of shipment of a deceased insured to Mexico and the cost of burial in Mexico. The bill was sent to the Assembly where it is being held at desk.

Continued on Page 3

S.B. 1678, Richard Polanco (D). This bill would define the measure of recovery under and open fire policy that requires payment of actual cash value of a loss as well as under an open fire policy that requires payment of independent cost for a loss. The bill would provide that deviations from the standard fire policy with respect to fire and other perils shall not be in conflict with the previous governing and standard policy and shall be substantially equivalent or more favorable to the insured than the standard policy. The bill failed passage in the Assembly Insurance Committee.

S.B. 1763, Deborah Ortiz (D). This bill would require any specified property or liability insurance policy issued, amended, or renewed on or after January 1, 2003, to cover mold as an ensuing peril. The bill would provide, however, that insurers could otherwise exclude mold as a covered peril if the insurer states the exclusion in clear, explicit and understandable terms. The bill was re-referred to the Assembly Insurance Committee. ■

Report of the Director of the Stamping Office, *Deanna Zanoni*



Deanna Zanoni
Director of the Stamping
Office

The total premiums for the first six months of 2002 is \$1,384,368,920. This is up 29.14% over last year. The item count is 151,517 up 22.76% from last year. We are still working on the backlog. We are also trying to get all the bugs out of the new system.

Our latest computer project is the extranet. This will enable you to make filings on line. We are still in the test phase of the project. The employees are putting in many extra hours on this

project.

We would like to welcome our newest employees: Anh Tran in the Financial Department; Aireen DeLeon our new Receptionist; Temeica Coleman and Lynn De Leon in the Data Processing Department.

We would also like to welcome the following new members to the Association:

AMC E&S Insurance Agency, Inc.
Andrea Palermo Abad
Bernard Allen Weston, Jr.
CHIC Insurance Services, Inc.
Gagliardi Insurance Services, Inc.
Hanleigh General Agency, Inc.
MFC Insurance Services, LLC
RIK Excess & Surplus Lines Brokers, LLC
S.I.U. & Associates Insurance Services, LLC
Titus-Leavitt Insurance & Financial Services, Inc.

Yvonne Theresa Cordova ■

SLA MEMBER PROFILE



Rupert C. Hall
President and CEO
Golden Bear Insurance Company

Rupert C. Hall was born in England and immigrated to the United States as a small child. His family moved to San Francisco and Marin counties directly from England.

In 1969, he moved to Stockton, California with his family where he attended elementary school. He then enrolled in the college preparatory school Woodside Priory, a Benedictine Boarding school in Silicon Valley. Upon graduation, he attended the University of Southern California where he majored in political science and international relations and received a double major (Bachelor of Arts in Political Science and Bachelor of Arts degree in International Relations).

Mr. Hall moved to San Francisco and was employed by the Fireman's Fund Insurance Company after completing the fireman's fund underwriting training program in Novato, California. Mr. Hall became senior casualty underwriter in the San Francisco branch of Fireman's Fund. He resigned to take a position with an underwriting syndicate at Lloyds of London, Merritt Underwriting Agency Ltd. There Mr. Hall worked alongside three syndicates 1066, 1067 & 1068, which were Barrett, Burnhope & Lawrence. While employed at Merritt, Mr. Hall was engaged in direct facultative placements, personal article floaters, political risks, bloodstock, bankers blanket bonds, and high valued property. Mr. Hall left England and began his career at Golden Bear Insurance Company, where he started as a casualty underwriter, introducing Golden Bear into the primary casualty business in 1989. He has held various positions throughout Golden Bear Insurance Company and is currently the President and Chief Executive Officer of Golden Bear Insurance Company celebrating its 21st year of domicile in California. ■

Coming Soon

The Launch of the Surplus Line Associations ALL NEW Public Website

AND

Our NEW Extranet. A central location for all the information you want to know about your Surplus Line filings!

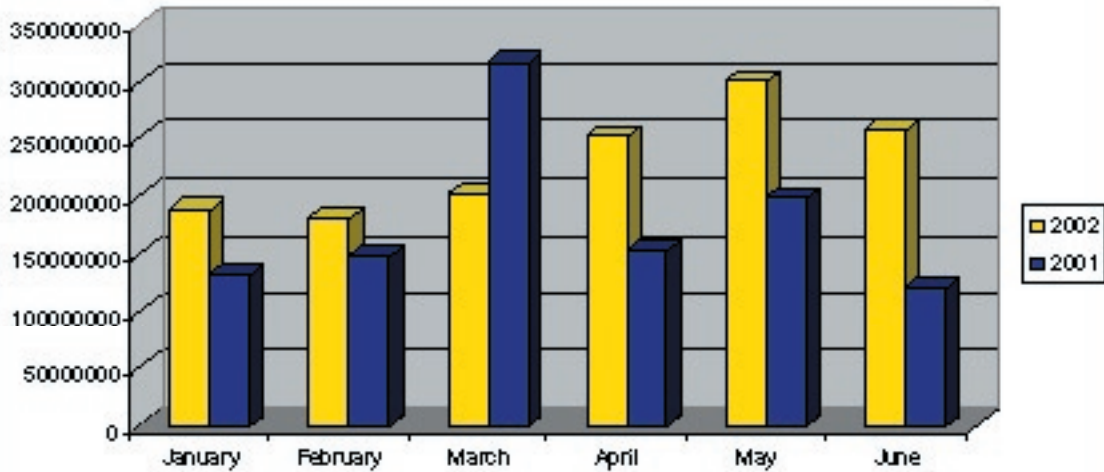
**TOP 25 INSURERS Based on Premium Processed
for the First Six Months of 2002**

		Total Premium	% of Total
1	LEXINGTON INSURANCE COMPANY	121,458,960	8.77%
2	STEADFAST INSURANCE COMPANY	85,865,929	6.20%
3	AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY	75,209,660	5.43%
4	SCOTTSDALE INSURANCE COMPANY	64,021,565	4.62%
5	ADMIRAL INSURANCE COMPANY	48,001,650	3.47%
6	EVANSTON INSURANCE COMPANY	47,024,975	3.40%
7	ROYAL SURPLUS LINES INSURANCE COMPANY	40,977,281	2.96%
8	ESSEX INSURANCE COMPANY	37,280,197	2.69%
9	PACIFIC INSURANCE COMPANY LTD.	34,981,624	2.53%
10	GENERAL STAR INDEMNITY COMPANY	32,431,677	2.34%
11	COLUMBIA CASUALTY COMPANY	31,716,437	2.29%
12	CLARENDON AMERICA INSURANCE COMPANY	29,653,803	2.14%
13	UNITED NATIONAL INSURANCE COMPANY	25,210,016	1.82%
14	LLOYD'S OF LONDON SYNDICATE #0435	23,075,147	1.67%
15	SPECIALTY SURPLUS INSURANCE COMPANY	21,980,793	1.59%
16	CALIBER ONE INDEMNITY COMPANY	21,746,110	1.57%
17	LLOYD'S OF LONDON SYNDICATE #2488	20,342,458	1.47%
18	FIRST SPECIALTY INSURANCE CORPORATION	18,693,913	1.35%
19	ILLINOIS UNION INSURANCE COMPANY	18,296,341	1.32%
20	LLOYD'S OF LONDON SYNDICATE #0623	16,460,069	1.19%
21	GEMINI INSURANCE COMPANY	15,039,039	1.09%
22	ZURICH SPECIALTIES (LONDON) LIMITED	14,751,920	1.07%
23	WESTCHESTER SURPLUS LINES INSURANCE COMPANY	14,441,903	1.04%
24	AMERICAN EQUITY INSURANCE COMPANY	14,377,022	1.04%
25	MT. HAWLEY INSURANCE COMPANY	14,176,249	1.02%
		887,214,736	64.09%
	All Others	497,107,639	35.91%
	Total	1,384,322,375	100.00%



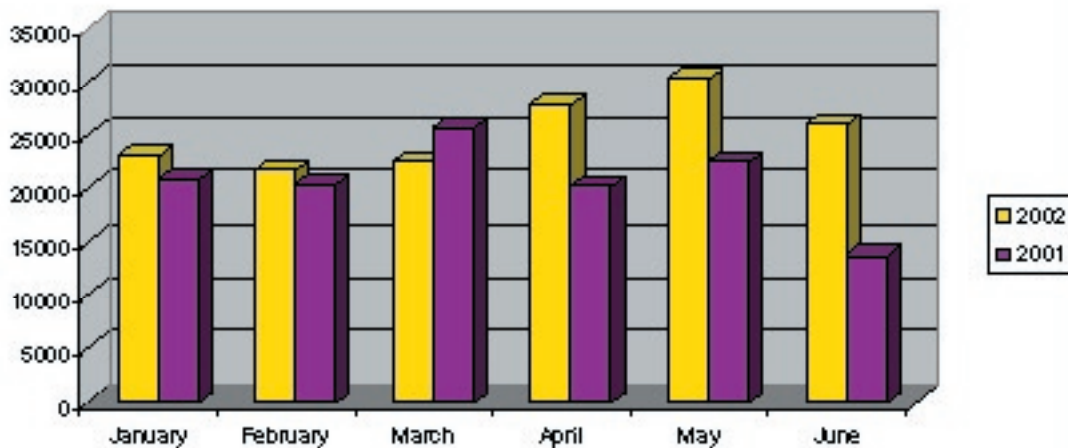
Hard work really pays off!

Comparison of Processed Premium for 1st Six Months of 2002 vs 2001



	2002	2001
January	1,889,199.53	1,321,382.96
February	1,815,282.54	1,486,771.37
March	2,013,930.30	3,177,879.34
April	2,522,340.82	1,534,363.90
May	3,017,259.30	1,989,669.71
June	2,585,676.71	1,209,523.92

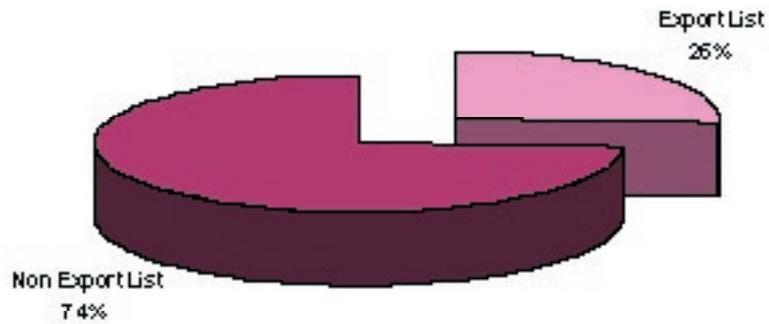
Comparison of Processed Transactions for 1st Six Months of 2002 vs 2001



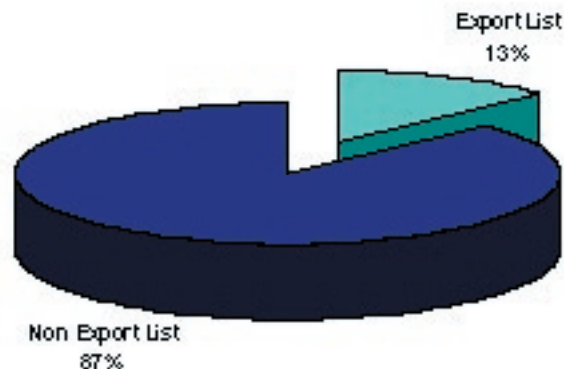
	2002	2001
January	23,117	20,733
February	21,789	20,460
March	22,401	25,716
April	27,855	20,249
May	30,302	22,531
June	26,053	13,740

Comparison of Processed Premium by Export vs Non Export List Coverage for 1st Six Months of 2002

*Export List items are exempt from the diligent search report requirements of Section 1763



Comparison of Processed Transactions by Export vs Non Export List Coverage for 1st Six Months of 2002



Surplus Line Association of California

A guide to scheduled educational events 2002
ALL OUR SEMINARS ARE APPROVED FOR CA Fire & Casualty

Broker – Agents (FX)

SEPTEMBER

Directors & Officers Liability Profit & Non-Profit

Presented by: Laura S. Danoff, CPCU
L S Danoff Educational Enterprises
3 CE Credits

Wednesday, September 18, 2002

Hilton Universal City & Towers
555 Universal Terrace Parkway
Universal City, CA 91608

Thursday, September 19, 2002

The Fairmont Hotel
950 Mason Street
San Francisco, CA 94108

OCTOBER

Construction Defect Presentation

Presented by: Michael J. Mugglebee
General Cologne Re
3 CE Credits - Course #123318

Thursday, October 17, 2002

Hilton Universal City & Towers
555 Universal Terrace Parkway
Universal City, CA 91608

Thursday, June 20, 2002

The Fairmont Hotel
950 Mason Street
San Francisco, CA 94108



August 2002

The SLA Quarterly is published by the Surplus Line Association of California,
388 Market Street, San Francisco, CA 94111
For the members of
The Surplus Line Association

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