

SLA Quarterly

August 2006

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James Pettipas
Chairman, 2006

Report of the Chairman

The six-month total for premium processed by the SLA is \$2.9 billion. If this trend continues, the 2006 total premium volume in California surplus lines will be \$5.8 billion. Currently there are 89 U.S. domiciled insurers on the List of Eligible Surplus Line Insurers and 29 alien and 58 Lloyd's syndicates for a total of 176 entities. From January through June, U.S. domiciled insurers wrote 82.67% of the California surplus line premiums while Lloyd's wrote 12.96% and all other alien insurers wrote 2.77%. An additional 1.66% was written by all other insurers.

Both the total premium and

policy count processed through the first six months of 2006 were up 4.4% over the same period in 2005. New business premiums processed grew nearly 5.0% over last year, while renewal premiums grew 4.3%. However, the policy count from new business grew only 1.1% while the policy count from renewal business grew a substantial 10.1%. The total number of licensed California Surplus Line brokers is now 1,356. Nine-hundred and thirty-two of these brokers are resident and 431 are non resident brokers.

The Surplus Line Association was caught by surprise when we learned the "Non-admitted and Reinsurance Reform Act of 2006" had been introduced in the U.S. House of Representatives in June. The bill (H.R. 5637) was introduced by Rep. Ginny Brown-Waite (R-FL) and referred to the Committee on Financial Services. The bill calls for a uniform 50-state system of surplus line premium tax allocation on multi-state policies, and single situs or home state regulation of surplus line transactions, participation in the

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national producer database, uniform standards for surplus line insurer eligibility, and streamlined regulation of commercial purchases. The bill also calls for uniformity in credit for reinsurance by prohibiting extraterritorial application of State laws and solvency regulation.

The Surplus Line Association of California has not taken a position on the bill but acknowledges the need to find an authoritative solution to the multi-state surplus line premium tax allocation problem. In a hearing held June 21, in the Subcommittee on Capital Markets and Insurance, both the AAMGA and NAPSLO testified in favor the bill. The general

consensus among the other state surplus line associations is that they support the bill with amendments.

In a related matter, the U.S. Senate recently heard arguments in favor and against the optional federal charter bill (S 2509). The bill was introduced by Senator John Sununu (R-NH) and referred to the Committee on Banking, Housing & Urban Affairs. The bill would create an Office of National Insurance within the U.S. Treasury Department to oversee a parallel system of state and federal regulation. The 290-page bill does not include language to address premium tax allocation and licens-

ing concerns of the surplus line insurance industry.

In Sacramento, AB 2125, a bill sponsored by the California Department of Insurance and introduced by Assemblyman Juan Vargas (D), has passed the Assembly and is pending consideration in the Senate Committee on Appropriations. The bill would, among other things, impose a 1% monthly interest charge on the late payment of surplus line premium taxes when a surplus line broker has obtained an extension of time to pay the taxes. ■

Legislative Update



Ted Pierce, Executive Director

California Legislature

AB 2125 (Vargas), a bill sponsored by the California Department of Insurance would, among other things, impose a 1% monthly interest charge on the late payment of surplus line premium taxes when a surplus line

broker has obtained an extension of time to pay the taxes. The bill has passed the Assembly and is pending in the Senate Committee on Appropriations.

United States Congress

H.R. 5637, “The Non-Admitted and Reinsurance Reform Act of 2006,” was introduced by Representative Ginny Brown-Waite (R-FL). The bill calls for a uniform 50-state system of surplus line premium tax allocation on multi-state policies, and single situs or home state regulation of surplus line transactions, partici-

pation in the national producer database, uniform standards for surplus line insurer eligibility, and streamlined regulation of commercial purchases. The bill also calls for uniformity in credit for reinsurance by prohibiting extraterritorial application of State laws and solvency regulation. The bill was referred to the House Committee on Financial Services and is expected to be reported out of Committee this year.

S 2509, “The National Insurance Act of 2006,” was introduced by Senator John Sununu (R-NH)

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and would create an office of National Insurance within the U.S. Treasury Department to oversee a parallel system of state and federal insurance regulation. The bill would also

offer life and property/casualty insurers the choice of a federal rather than a state charter. The bill was referred to the Banking Committee where hearings were held July 11 and 18. The

290-page bill does not include language to address surplus line premium tax remittance and allocation or licensing concerns. ■

Report of the Stamping Office Director



Joy Laughery
Stamping Office Director

The Stamping Office results for the second quarter of 2006 show a 4.4 percent increase in total processed premium over last year's figures. As of June 30, 2006, the total processed premium was \$ 2,876,794 billion. The item count that comprises the premium volume is 256,924 premium bearing documents. This is a small increase over last year as well.

The top five lines of coverage in terms of premium volume for the second quarter were General Liability, Errors and Omissions, Commercial DIC/Stand Alone Earthquake, All Risk Commercial Property, and Excess Liability.

There are a few items that are worth noting:

- The SLA has moved locations. We now occupy the 18th floor of 50 California Street in San Francisco. Please make sure your records are updated.
- We will send a Brokers Satisfaction Survey during the 3rd Quarter. In the meantime, please use the "Contact Us" section of the website to contact Ted Pierce or me with any questions, comments or concerns you may have. We are interested in your feedback!
- We will host some "brown bag lunches" for brokers who would like to learn more about the SLA, its history, functions, and the different services we have to offer. If you are interested in attending, please email me at jlaughery@slacal.org and I'll contact you to discuss the dates and times of these events.

We would like to welcome our newest members to our organization:

New Brokers Added Since April 2006

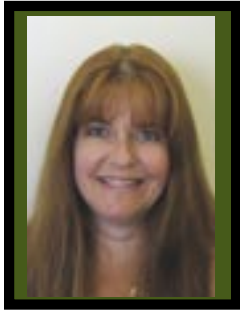
- Alexander, Ronald Leslie
- AmWins Brokerage of Arizona, LLC
- AmWins Brokerage of Michigan, Inc.
- Appalachian Underwriters, Inc.
- Arthur J. Gallagher Risk Management Services, Inc.
- Atkinson, Amy Lee
- Aviation West Insurance Brokers, LLC
- Baccarella, John
- Bernstein, Bruce Paul
- Busby-Stone Insurance Services, Inc.
- Cantwell, Jeanne Terese
- Cardenas, Ana Julia
- Carney, Dennis Malcolm
- Carruth, Brady Farley
- Ching, Ward Randall
- Hokuuokalani
- Chiu, Mary York
- Cohen, Robert
- Cornaggia, Shari Margaret
- Cumbre, Inc.
- Dalburg, Melissa White
- Danhof, Jake Alan

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Daniels-Head Insurance Agency, Inc.	Liberty Insurance Associates, Incorporated	Warburton, Lee (C)
Datarisk LLC	Linsin, Sherman Associates	Wardlow, Richard Leroy
De Vera, Curtis Greg	Risk Management & Insurance Brokerage	Wesley, John Frances
Divelbiss, Connie Jean	Loan Protector General Agency, Inc.	Whiteford, Gerald Carl
Dominguez, Virginia Theresa	Maddox, James Oliver	Winter Group, Inc.
Dow, Erwin Edson	Malone, William Glen	Wood, Bruce Armistead
Drouillard, Kelly M.	Meinhardt, Bradley Alan	Wood, David Allan
Eagleview Insurance Brokerage Services, LLC	Messina, Joseph	Wozniak, Erick Douglas
ECS Industries, Inc.	Midwestern General Agency, Inc.	Total Brokers Added Since April 2006: 101
Ford, Michael Patrick	Moore, John Patrick	Total CA Corporate: 552
Frazee, John Michael	Mortilla, Dean	Non-resident Corporate: 233
Gabriel, Catherine Elizabeth	Mundelius, Manfred Kurt	Total CA Individual: 379
Glendale Insurance Agency, Inc.	National E&S Insurance Brokers, Inc.	Non-resident Individual: 192
Gustavson, Catherine Anne	New Life Agency, Inc.	Total in CA: 931
Hall, Jerold D	Newhouse, Kimberly Therese	Total Non-Resident: 425
Hamby, Michael Edward	Next Wave Insurance Services, LLC	Total Membership Count: 1356 (as of July 17, 2006)
Han Mi Insurance Center, Inc.	O'Brien, Mark James	
Han, Jenny Frances	Paterson, Donald Thomas	
Holder, Marcia Gail	Pelentay, Stephanie Ann	
Honeychurch, Stephen Mark	Petersen, Mark Thomas	
Horton Glenn Michael	Prieston, Arthur John	
Hoyt, Roger Alan	Professional Lines Underwriting Specialists, Inc.	
Hub International	Professional Risk Brokers, Inc.	
Midwest Limited	Reeves, Christie Louise	
Hudson, Michael Joseph	Ritthaler, Michael Philip	
Hurney, Kathleen Theresa	Sawyer, Joshua Stewart III	
Insurance Partners, Inc.	Schatzl, Michael Johann	
Insurance Specialties Services, Inc.	Seabury & Smith, Inc.	
James B. Oswald Company	Strand, Kylie Jean	
Jeffrey Trainor Insurance Services, Inc.	Thatcher, Lesly	
Justice, Craig Lee	Thorson Specialty Insurance Services, Inc.	
Kaercher Campbell & Associates Insurance Brokerage, LLC	Tio, Tomas Eduardo	
Karonsky, Sheri Ann	Tirado, Minerva	
Kelley, Gary Lee	Titus, James Edward	
Kent, Dorothy Jean	U.S. Risk of California, Inc.	
Lamberson Koster & Company	Vaughan, Kathleen Ann	
Leadenhall Insurance Brokers, Inc.	Vella, Mark Andrew	

Member Profile



Melissa Alcorn

*Vice President and Manager
Commercial & Personal Lines
Contract Binding Department
Anderson & Murison, Inc.*

Melissa “Missy” Alcorn serves as Vice President and Manager of Anderson & Murison’s Commercial and Personal Lines binding authorities.

Missy began her insurance career at an early age by working for her dad at Anderson & Murison during the summers while in high school. After attending Pasadena City College, she joined A&M full time in 1979. She left A&M for a brief period in 1982 to manage a retail store in Lake Havasu, Arizona but decided insurance offered her a better career opportunity and she rejoined A&M in 1985.

Starting as a file clerk in the mailroom, she has worked in all of A&M’s underwriting departments and was made Vice President in 2002 after successfully managing A&M’s Personal

Lines Department. In 2004, she advanced to her present position as manager of A&M’s personal and commercial binding authorities.

Melissa has two daughters, Amanda, age 11 and Megan, age 6. She is active in her daughters’ school activities as well as serving as troop leader of Girl Scouts. She is a member of the Church of our Savior in San Gabriel, California. ■

We Care About Your Opinion!

The SLA will conduct a Broker Satisfaction Survey in the coming months. We are interested in feedback from our members on their interactions with our office as well as the services we provide.

If you have suggestions or comments before or after you get our survey please visit our homepage and click on “SLA Feedback”. We look forward to hearing from you.

SLA Management

**TOP 100 CALIFORNIA SURPLUS LINE BROKERS
BASED ON PREMIUM PROCESSED THROUGH JUNE 30, 2006**

Rank	BROKER	PREMIUMS PROCESSED	% OF TOTAL
1	WESTERN RISK SPECIALISTS, INC.	\$235,704,586	8.19%
2	SWETT & CRAWFORD	191,892,692	6.67%
3	MARSH USA INC.	156,992,981	5.46%
4	CRC INSURANCE SERVICES, INC.	110,928,003	3.86%
5	AMERICAN E & S INSURANCE BROKERS OF CALIFORNIA, INC.	97,064,268	3.37%
6	AMWINS INSURANCE BROKERAGE OF CALIFORNIA, LLC	80,359,739	2.79%
7	BLISS & GLENNON, INC.	68,167,627	2.37%
8	WORLDWIDE FACILITIES, INC.	66,709,959	2.32%
9	BISYS COMMERCIAL INSURANCE SERVICES, INC.	64,075,647	2.23%
10	AON RISK SERVICES, INC. OF SOUTHERN CALIFORNIA INSURANCE SERVICES	61,803,771	2.15%
11	LEMAC & ASSOCIATES, INC.	56,325,509	1.96%
12	BROWN & RIDING INSURANCE SERVICES, INC.	56,100,070	1.95%
13	INTERNATIONAL E & S INSURANCE BROKERS, INC.	55,945,220	1.94%
14	BURNS & WILCOX INSURANCE SERVICES, INC.	51,926,798	1.81%
15	LOCKTON INSURANCE BROKERS, INC.	51,514,631	1.79%
16	COLEMONT INSURANCE BROKERS OF CALIFORNIA, LLC	50,788,296	1.77%
17	PARTNERS SPECIALTY GROUP, LLC	41,611,073	1.45%
18	NAVIGATORS CALIFORNIA INSURANCE SERVICES, INC.	39,783,223	1.38%
19	WILLIS INSURANCE SERVICES OF CALIFORNIA, INC.	34,299,700	1.19%
20	CROUSE & ASSOCIATES INSURANCE SERVICES OF NORTHERN CALIFORNIA, INC.	31,334,432	1.09%
21	HULL & COMPANY (CALIFORNIA) INC.	31,007,262	1.08%
22	BORISOFF INSURANCE SERVICES, INC. (DBA: MONARCH E&S INSURANCE SERVICES)	28,690,490	1.00%
23	ECM INSURANCE SERVICES, INC.	25,538,165	0.89%
24	BASS UNDERWRITERS, INC.	24,963,001	0.87%
25	CARPENTER & MOORE INSURANCE SERVICES INC.	23,888,198	0.83%
26	FIRST STATE MANAGEMENT GROUP, INC.	23,711,125	0.82%
27	COOPER & MCCLOSKEY, INC. INSURANCE BROKERS	23,516,067	0.82%
28	CRUMP E&S OF SAN FRANCISCO INSURANCE SERVICES, INC.	22,016,165	0.77%
29	RISK PLACEMENT SERVICES INSURANCE BROKERS	21,764,482	0.76%
30	CHARTWELL INDEPENDENT INSURANCE BROKERS, LLC	21,646,434	0.75%
31	COMMODORE INSURANCE SERVICES, INC.	19,946,659	0.69%
32	LOCKTON COMPANIES, INC.	19,018,502	0.66%
33	SBIB, INC.	18,325,982	0.64%
34	TRINITY E & S INSURANCE SERVICES, INC.	17,818,076	0.62%
35	NEITCLEM WHOLESALE INSURANCE BROKERAGE, INC	17,805,417	0.62%
36	PACIFIC WHOLESALE BROKERS, LLC	17,706,079	0.62%
37	W. BROWN & ASSOCIATES PROPERTY & CASUALTY INSURANCE SERVICES	17,623,482	0.61%
38	YATES & ASSOCIATES INSURANCE SERVICES, INC.	17,332,816	0.60%
39	STEWART SMITH EAST, INC.	17,181,555	0.60%
40	AIS AFFINITY INSURANCE AGENCY, INC.	16,932,548	0.59%
41	WOODRUFF-SAWYER & COMPANY	16,620,831	0.58%
42	HARRY W. GORST COMPANY, INC.	16,263,655	0.57%
43	INTEGRATED RISK SOLUTIONS INSURANCE SERVICES, LLC.	15,181,807	0.53%
44	ALLIANT INSURANCE SERVICES, INC.	14,979,580	0.52%
45	ZURICH E&S INSURANCE BROKERAGE, INC.	14,922,019	0.52%
46	M.J. HALL & COMPANY, INC.	14,580,453	0.51%
47	ARTHUR J. GALLAGHER & CO. INSURANCE BROKERS OF CALIFORNIA, INC. (GLENDALE)	14,554,881	0.51%
48	HILB ROGAL & HOBBS PROFESSIONAL PRACTICE INS BROKERS, INC.	13,865,057	0.48%
49	ALL RISKS, LTD.	13,577,190	0.47%
50	WESTERN SECURITY SURPLUS INSURANCE BROKERS, INC.	13,134,646	0.46%
51	COASTAL BROKERS INSURANCE SERVICES INC.	13,016,108	0.45%
52	PETERSEN INTERNATIONAL UNDERWRITERS	12,697,892	0.44%
53	WESTERN RE/MANAGERS INSURANCE SERVICES, INC.	12,634,987	0.44%
54	NAS INSURANCE SERVICES, INC.	11,793,212	0.41%
55	LAE INSURANCE SERVICES, INC.	11,372,156	0.40%
56	R.E. CHAIX & ASSOCIATES INSURANCE BROKERS, INC.	11,270,389	0.39%

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TOP 100 CALIFORNIA SURPLUS LINE BROKERS BASED ON PREMIUM PROCESSED THROUGH JUNE 30, 2006			
Rank	BROKER	PREMIUMS PROCESSED	% OF TOTAL
57	CAMBRIDGE GENERAL AGENCY	11,108,598	0.39%
58	CRUMP E&S OF CALIFORNIA INSURANCE SERVICES, INC.	10,799,748	0.38%
59	NORMAN SPENCER MCKERNAN AGY(NSM)-TB&C WHOLESALE INS. SERV'S OF PASADENA	10,289,507	0.36%
60	MIDWESTERN GENERAL BROKERAGE, INC.	10,127,426	0.35%
61	HART, ANTHONY JOSEPH	9,756,978	0.34%
62	WILLIS OF NEW YORK INC	9,419,308	0.33%
63	HDR INSURANCE MANAGERS, LLC	9,373,533	0.33%
64	VULCAN EXCESS & SURPLUS INSURANCE SERVICES, INC.	8,871,556	0.31%
65	JOHN L. WORTHAM & SON, L.P.	8,718,081	0.30%
66	G.J. SULLIVAN HEALTHCARE INSURANCE SERVICES, INC.	8,057,199	0.28%
67	ANDERSON & MURISON INC.	7,721,276	0.27%
68	BECHER & CARLSON INSURANCE SERVICES, INC.	7,448,443	0.26%
69	AON/ALBERT G. RUBEN INSURANCE SERVICES, INC.	7,350,928	0.26%
70	GIADROSICH, RONALD BERNARD	7,016,063	0.24%
71	STERLING WEST INSURANCE SERVICES, INC.	6,886,938	0.24%
72	JAMES KLEIN INSURANCE SERVICE INC.	6,578,889	0.23%
73	HCC SPECIALTY UNDERWRITERS, INC.	6,527,557	0.23%
74	EXCESS & SURPLUS LINES INSURANCE BROKERS, INC.	6,515,370	0.23%
75	GALEOTTI, GARY WAYNE	6,447,750	0.22%
76	FRANK CRYSTAL & CO INC	6,433,691	0.22%
77	NATIONAL ADVANTAGE INSURANCE SERVICES, INC.	5,994,379	0.21%
78	RICHTER/ROBB PACIFIC INSURANCE SERVICES, INC.	5,894,261	0.20%
79	NORMAN SPENCER MCKERNAN AGY(NSM)TB&C WHOLESALE INS. SERV'S OF ORANGE CO.	5,884,197	0.20%
80	BROWN & BROWN OF CALIFORNIA, INC.	5,800,047	0.20%
81	ABD INSURANCE AND FINANCIAL SERVICES	5,636,468	0.20%
82	G.J. SULLIVAN CO. EXCESS & SURPLUS LINES BROKERS	5,508,117	0.19%
83	CHIVAROLI & ASSOCIATES, INC.	5,390,422	0.19%
84	CANON INSURANCE SERVICE	5,357,285	0.19%
85	INTERNATIONAL FACILITIES INSURANCE SERVICES, INC.	5,106,569	0.18%
86	ALL RISKS, LLC	5,019,391	0.17%
87	COONEY, RIKARD & CURTIN INSURANCE SERVICES OF CALIFORNIA, LLC	4,960,600	0.17%
88	AMWINS BROKERAGE OF NEW YORK, INC.	4,825,793	0.17%
89	TRANS CAL ASSOCIATES	4,748,397	0.17%
90	DEWITT STERN OF CALIFORNIA,LLC	4,708,894	0.16%
91	ROKS AMERICA, INC. INSURANCE BROKERS	4,697,982	0.16%
92	ACORDIA OF CALIFORNIA INSURANCE SERVICES, INC.	4,458,369	0.15%
93	GEORGE ROTHERT & ASSOCIATES, INC.	4,455,794	0.15%
94	VISTA INSURANCE PARTNERS OF ILLINOIS, INC.	4,422,565	0.15%
95	HERBERT L. JAMISON & CO., LLC	4,285,204	0.15%
96	DEALEY, RENTON & ASSOCIATES INSURANCE BROKERS	4,240,544	0.15%
97	WESTERN BROKERS INSURANCE SERVICES	4,164,628	0.14%
98	INTERWEST INSURANCE SERVICES, INC.	4,047,400	0.14%
99	ROBERTSON TAYLOR (CALIFORNIA), INC.	4,022,504	0.14%
100	WORLDLINK INSURANCE SERVICES, INC.	4,011,752	0.14%
SUBTOTAL		\$2,533,315,992	88.06%
ALL OTHER BROKERS		343,478,869	11.94%
TOTAL		\$2,876,794,861	100.00%

PREMIUM TOTALS BY COMPANY TYPE				
COMPANY TYPE	6/30/2006	6/30/2005	% GROWTH	% of TOTAL 6/30/2006
LESLI LISTED COMPANIES				
FOREIGN INSURERS	\$2,378,144,415	\$2,300,166,312	3.39%	82.67%
LLOYD'S SYNDICATES	372,740,421	347,951,196	7.12%	12.96%
ALIEN INSURERS	79,774,310	70,839,651	12.61%	2.77%
SUB TOTAL	\$2,830,659,146	\$2,718,957,159	4.11%	98.40%
ALL OTHER	46,135,715	36,291,632	27.12%	1.60%
TOTAL	\$2,876,794,861	\$2,755,248,791	4.41%	100.00%

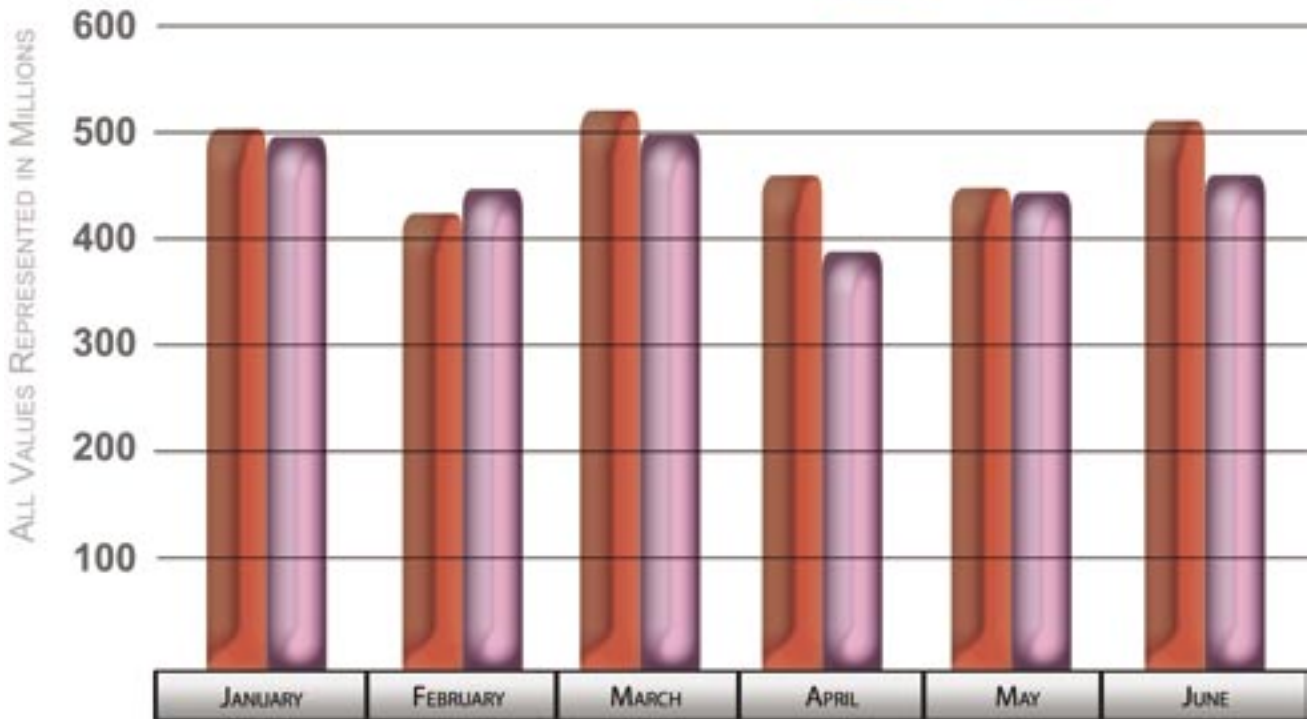
**TOP 50 NONADMITTED CARRIERS BASED ON
PREMIUM PROCESSED BY THE SLA THROUGH JUNE 30, 2006**

RANK	COMPANY	PREMIUM PROCESSED	% OF TOTAL
1	LEXINGTON INSURANCE COMPANY	\$341,387,021	11.87%
2	AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY	139,631,401	4.85%
3	SCOTTSDALE INSURANCE COMPANY	101,263,459	3.52%
4	LANDMARK AMERICAN INSURANCE COMPANY	90,036,409	3.13%
5	ARCH SPECIALTY INSURANCE COMPANY	88,146,389	3.06%
6	GEMINI INSURANCE COMPANY	83,495,296	2.90%
7	ADMIRAL INSURANCE COMPANY	82,926,235	2.88%
8	STEADFAST INSURANCE COMPANY	78,641,466	2.73%
9	WESTCHESTER SURPLUS LINES INSURANCE COMPANY	68,179,634	2.37%
10	EVANSTON INSURANCE COMPANY	65,121,026	2.26%
11	NIC INSURANCE COMPANY	62,082,074	2.16%
12	AXIS SURPLUS INSURANCE COMPANY	56,366,405	1.96%
13	INTERSTATE FIRE & CASUALTY COMPANY	54,833,953	1.91%
14	MT. HAWLEY INSURANCE COMPANY	50,058,904	1.74%
15	ILLINOIS UNION INSURANCE COMPANY	48,585,246	1.69%
16	COLUMBIA CASUALTY COMPANY	44,971,403	1.56%
17	ESSEX INSURANCE COMPANY	44,289,962	1.54%
18	AMERICAN SAFETY INDEMNITY COMPANY	43,375,302	1.51%
19	NORTH AMERICAN CAPACITY INSURANCE COMPANY	41,345,046	1.44%
20	EVEREST INDEMNITY INSURANCE COMPANY	40,611,778	1.41%
21	EMPIRE INDEMNITY INSURANCE COMPANY	40,321,276	1.40%
22	LIBERTY SURPLUS INSURANCE CORPORATION	38,586,457	1.34%
23	COLONY INSURANCE COMPANY	37,555,110	1.31%
24	LLOYD'S OF LONDON SYNDICATE #0033	36,740,559	1.28%
25	LLOYD'S OF LONDON SYNDICATE #2020	34,199,049	1.19%
26	HUDSON SPECIALTY INSURANCE COMPANY	33,978,598	1.18%
27	CENTURY SURETY COMPANY	31,811,193	1.11%
28	LLOYD'S OF LONDON SYNDICATE #2623	29,762,796	1.03%
29	QUANTA SPECIALTY LINES INSURANCE COMPANY	29,278,110	1.02%
30	HOUSTON CASUALTY COMPANY	29,189,133	1.01%
31	BURLINGTON INSURANCE COMPANY	28,408,366	0.99%
32	PACIFIC INSURANCE COMPANY LTD.	28,172,800	0.98%
33	FIRST SPECIALTY INSURANCE CORPORATION	27,931,885	0.97%
34	CLARENDON AMERICA INSURANCE COMPANY	27,877,373	0.97%
35	LLOYD'S OF LONDON SYNDICATE #2987	27,391,501	0.95%
36	CHUBB CUSTOM INSURANCE COMPANY	25,816,031	0.90%
37	UNITED NATIONAL INSURANCE COMPANY	24,172,806	0.84%
38	LLOYD'S OF LONDON SYNDICATE #2488	22,902,564	0.80%
39	LLOYD'S OF LONDON SYNDICATE #2001	22,094,999	0.77%
40	INDIAN HARBOR INSURANCE COMPANY	20,645,649	0.72%
41	TRADERS & PACIFIC INSURANCE COMPANY	20,609,264	0.72%
42	WESTERN HERITAGE INSURANCE COMPANY	19,673,436	0.68%
43	LLOYD'S OF LONDON SYNDICATE #0510	19,029,658	0.66%
44	GENERAL STAR INDEMNITY COMPANY	18,373,604	0.64%
45	AXIS SPECIALTY INSURANCE COMPANY	18,355,475	0.64%
46	JAMES RIVER INSURANCE COMPANY	18,122,745	0.63%
47	GREAT AMERICAN E&S INSURANCE COMPANY	17,156,108	0.60%
48	ST. PAUL SURPLUS LINES INSURANCE COMPANY	16,842,726	0.59%
49	ASPEN INSURANCE UK LIMITED	16,149,327	0.56%
50	STARR EXCESS LIABILITY INSURANCE COMPANY, LTD.	15,544,524	0.54%
	SUBTOTAL	\$2,402,041,531	83.50%
	All Other Companies	474,753,330	16.50%
	TOTAL	\$2,876,794,861	100.00%

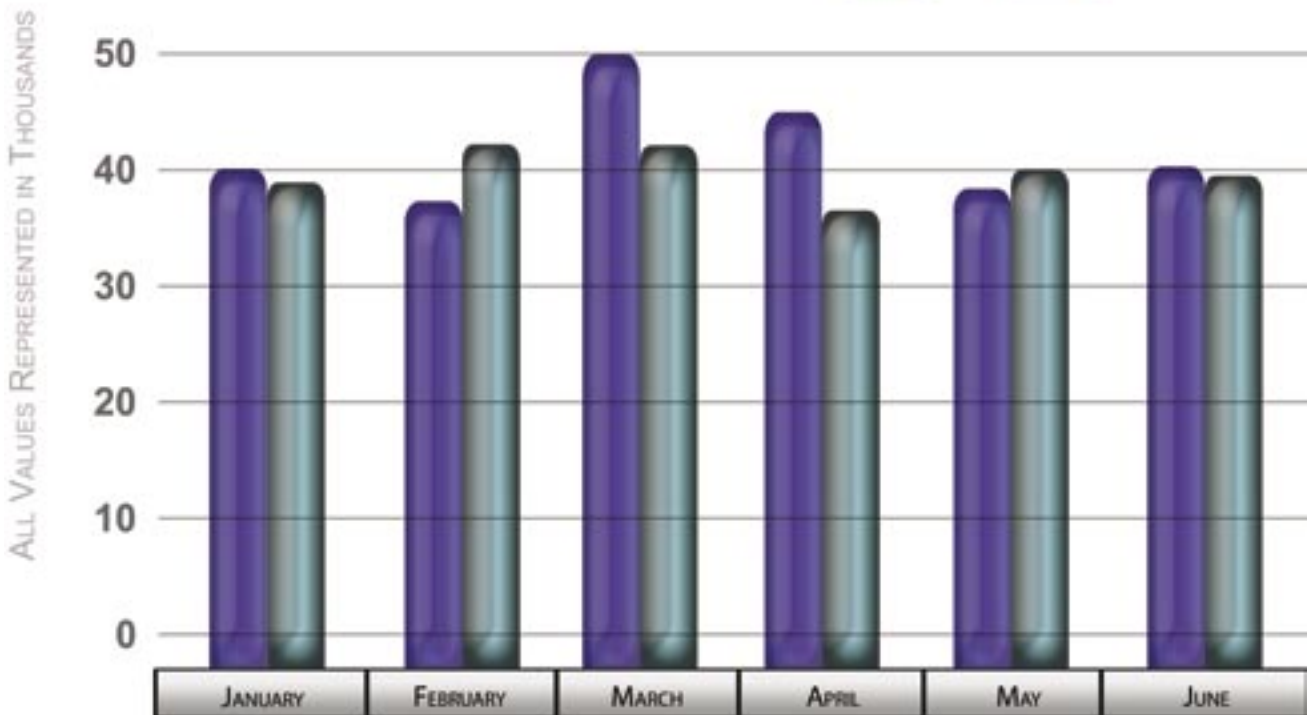
**50 LARGEST COVERAGE CODES BASED ON
PREMIUM PROCESSED BY THE SLA THROUGH JUNE 30, 2006**

RANK	EXPORT	COVERAGE	PREMIUM PROCESSED	% OF TOTAL
1		GENERAL LIABILITY	\$1,046,640,305	36.38%
2		ERRORS AND OMISSIONS	312,515,255	10.86%
3	YES	COMMERCIAL DIC/STAND ALONE EARTHQUAKE	256,321,145	8.91%
4		ALL RISK COMMERCIAL PROPERTY	198,627,090	6.90%
5		EXCESS LIABILITY	137,394,921	4.78%
6		SPECIAL MULTI-PERIL PACKAGE	119,618,372	4.16%
7	YES	CONTRACTORS ENGAGED IN NEW TRACT HOMES	101,493,740	3.53%
8	YES	EXCESS LIABILITY/UNDERLYING NONADMITTED	100,267,841	3.49%
9	YES	ENVIRONMENTAL IMPAIRMENT REMEDIATION	96,663,663	3.36%
10		PROFESSIONAL LIABILITY	78,114,360	2.72%
11		DIRECTORS AND OFFICERS	67,851,395	2.36%
12	YES	INDIV INSURED W/LARGE SCHED TIV > \$500M	38,619,724	1.34%
13	YES	EMPLOYMENT PRACTICES LIABILITY	38,561,362	1.34%
14	YES	PRODUCTS/COMPLETED OPERATIONS(STAND ALONE)	30,947,102	1.08%
15		INLAND MARINE	25,685,032	0.89%
16		MISCELLANEOUS	22,919,728	0.80%
17		HOMEOWNERS MULTI-PERIL	19,148,646	0.67%
18		HOSPITALS	19,040,754	0.66%
19	YES	HIGH LIMITS DISABILITY	15,120,193	0.53%
20		AUTO PHYSICAL DAMAGE-COMMERCIAL	12,822,636	0.45%
21		COMMERCIAL PROPERTY-BASIC	11,315,139	0.39%
22		HOMEOWNERS	10,024,082	0.35%
23		GARAGE LIABILITY	9,461,248	0.33%
24	YES	EVENT CANCELLATION	8,842,906	0.31%
25	YES	SECURITY GUARD SERVICES	8,638,863	0.30%
26		SINGLE FAMILY DWELLING/DUPLEX	7,687,915	0.27%
27		AUTO LIABILITY-COMMERCIAL	7,107,858	0.25%
28		AUTO COMBINED LIAB & PHYS DAMAGE-COMM.	6,446,016	0.22%
29		TERRORISM	6,137,735	0.21%
30	YES	AVIATION EXCESS LIABILITY	5,540,118	0.19%
31		SPECIAL MULTI-PERIL WITH TERRORISM	4,241,637	0.15%
32		FIDELITY	3,851,623	0.13%
33	YES	CLINICAL & SIMILAR TESTS OF PHARMACEUTICAL	3,423,393	0.12%
34		BONDS	2,834,986	0.10%
35		ACCIDENT	2,792,687	0.10%
36	YES	PERSONAL ARTICLES FLOATERS	2,411,042	0.08%
37		AVIATION	1,960,909	0.07%
38	YES	OILFIELD CONTRACTORS	1,916,204	0.07%
39	YES	EXCESS FLOOD	1,862,617	0.06%
40	YES	ARCHITECTS AND ENGINEERS/CONDO COV ONLY	1,630,076	0.06%
41	YES	VACANT BUILDINGS	1,573,758	0.05%
42	YES	DEMOLITION CONTRACTORS	1,514,883	0.05%
43		RESIDENTIAL EARTHQUAKE	1,493,805	0.05%
44		CRIME	1,301,949	0.05%
45	YES	PRODUCTS RECALL	1,035,677	0.04%
46	YES	POLITICAL RISKS INCLUD EXPROPRIATION	999,884	0.03%
47		POLLUTION LEGAL LIABILITY	907,092	0.03%
48	YES	AMUSEMENT PARKS/CARNIVALS/DEVICES	848,116	0.03%
49	YES	OUTFITTERS AND GUIDES	771,029	0.03%
50	YES	TATTOO AND BODY PIERCING	744,537	0.03%
SUBTOTAL			\$2,857,691,049	99.34%
All Other Coverages			19,103,813	0.66%
TOTAL			\$2,876,794,862	100.00%

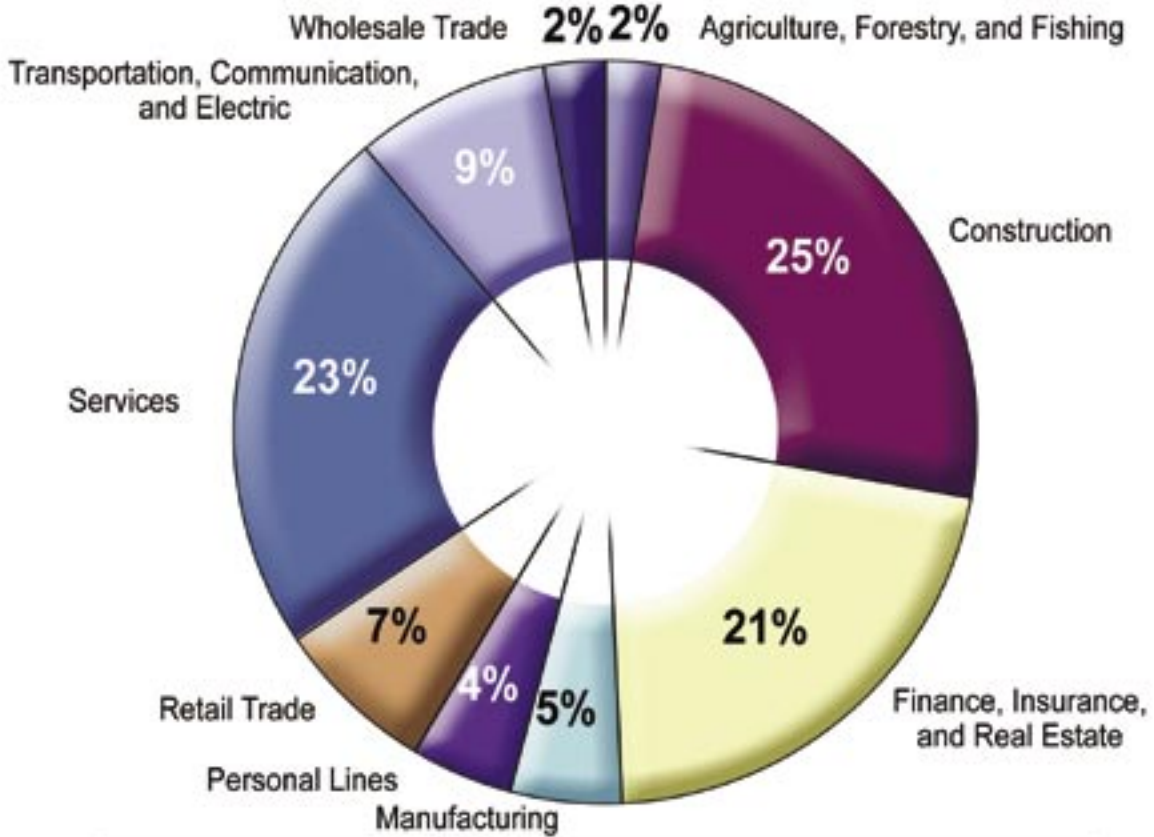
Comparison of Premium Processed for January through June of 2006 vs. 2005



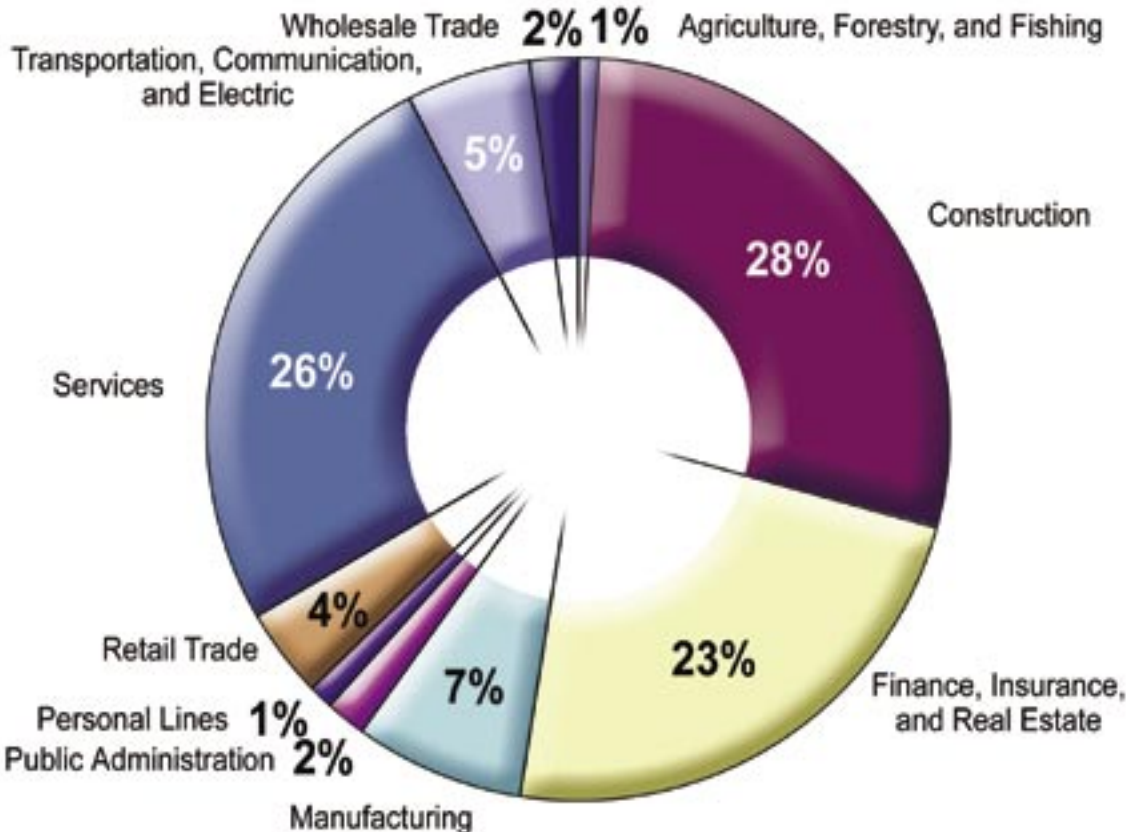
Comparison of Items Processed for January through June of 2006 vs. 2005



Item Breakdown by SIC Divisions for January through June 2006



Premium Breakdown by SIC Divisions for January through June 2006



Charts do not include SIC Divisions with item count or premium processed under 1%

Surplus Line Association of California

Scheduled Educational Events for September - October 2006

ALL OUR SEMINARS ARE APPROVED FOR CA FIRE & CASUALTY BROKER-AGENTS (FX)

CALIFORNIA SURPLUS LINE - STATE TAX & POLICY FILING PROCEDURES

Presented by:

The Surplus Line Association of California
and
California Department of Insurance

Registration & Continental Breakfast 8:00 a.m.
Seminar 8:30 a.m. – 11:30 a.m.
3 CE Credits – Course #184618

Tuesday, September 19, 2006

Sheraton Universal City
333 Universal Hollywood Drive
Universal City, CA 91608

Wednesday, September 20, 2006

Hilton San Francisco
333 O'Farrell Street
San Francisco, CA 94102

IDENTIFYING, INSURING, MANAGING, AND DEFENDING THE HIGH RISK EMPLOYER

Presented by:

Randall J. Krause, Esq.
yourHRdepartment, Inc.

Richard Rupp
Professional Indemnity Agency, Inc.

Registration & Continental Breakfast 8:00 a.m.
Seminar 8:30 a.m. – 11:30 a.m.
3 CE Credits – Course #175899

Tuesday, October 17, 2006

Sheraton Universal City
333 Universal Hollywood Drive
Universal City, CA 91608

Wednesday, October 18, 2006

Hilton San Francisco
333 O'Farrell Street
San Francisco, CA 94102

2006

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