

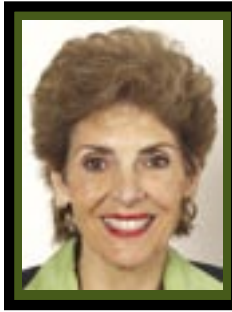
SLA Quarterly

March 2007

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Ceil Norton
Chairman, 2007



John Edack
Vice Chairman, 2007



Warren Stanley
Secretary - Treasurer, 2007

SLA Elects Officers

Presiding over the Surplus Line Association of California's Annual Meeting held in Northern California on January 23 and in Southern California on January 25, 2007, the Association Chairman, Jim Pettipas opened the meeting by announcing there was a quorum. The Chairman also asked for a vote to approve the appointment of Justice Harry Low (Ret.) for a one year term as SLA Arbitrator. The motion passed by unanimous vote. The Chairman then thanked the SLA General Counsel, Jim Woods and his associate Rick Brown of LeBoeuf, Lamb, Greene & MacRae for their dedication, counsel and guidance over the past year. Chairman Pettipas also thanked the Executive Committee and his standing committee chairs for their dedication and service during the year.

In reviewing the year, Chairman Pettipas said the SLA set another record with \$6.02 Billion in processed premium representing over 500,000 surplus line policies. He noted that the SLA had reduced the stamping fee beginning January 1, 2007 from .175% to .125%. He added that the SLA office had relocated from Market Street in San Francisco to California Street so the entire organization could be housed on one floor.

Chairman Pettipas' remarks were followed by the Secretary-Treasurer's Report presented by John Edack. Mr. Edack was followed by presentations from the Executive Director, Ted Pierce, Director of the Stamping Office, Joy Laughery, and the Nominating Committee Chairman, Rupert Hall.

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The major business item of the Annual Meeting was the election of officers. The members elected Ceil Norton of Burns & Wilcox Insurance as Chairman. Other elected officers include John Edack of Arch Specialty Insurance Agency, Inc., as Vice Chairman, and Warren Stanley of Wholesale Connection Insurance Services as Secretary-Treasurer. Re-elected members of the Executive Committee include Jim Pettipas of Socius, Rupert Hall of M.J. Hall & Company, Inc., Greg Crouse of Crouse & Associates, Chris Brown of Brown & Riding Insurance Brokers, Les Ross of Tri-City Brokerage, A Division

of BISYS Commercial Insurance Services, Inc., Frank Cravens of Cravens, Leffler & McCormick, and Davis Moore of Worldwide Facilities, Inc. Newly elected members of the Executive Committee include Jerry Sullivan of Gerald J. Sullivan & Associates, Inc., Kris Bauer of AmWINS Insurance, and Phil Mazur of Swett & Crawford. At the conclusion of the business meeting, the immediate past Chairman Rupert Hall presented Chairman Jim Pettipas with a replica of the Lutine Bell that hangs in the trading room of Lloyd's as a

token of appreciation for his year of service.

Those present also heard a twenty-five minute presentation from the SLA General Counsel James Woods of LeBoeuf, Lamb, Greene & MacRae. Mr. Woods provided an update of the legal, regulatory, and legislative issues of direct impact on the Surplus Line Association and the surplus line broker community. Mr. Woods was followed by a two-hour continuing education seminar on indemnification and insurance coverage issues presented by Robert J. Marshburn of R.J. Marshburn & Associates. ■

Jerry Sullivan Receives First Ever Chairman's Award



Gerald J. Sullivan
President
Gerald J. Sullivan
& Associates, Inc.

During the SLA Annual Meeting on January 25 in Beverly Hills, CA, Chairman Jim Pettipas presented the first ever Chairman's Award plaque to Jerry Sullivan of Gerald J. Sullivan & Associates, "In appreciation

of your exceptional vision and leadership spanning four decades of loyal and dedicated service". Chairman Pettipas noted that "Jerry Sullivan has served the Surplus Lines industry for over 40 years and has spent countless hours of his own time and money to further our industry and association." This is the, "first chairman's award which he so richly deserves," the Chairman said.

EDUCATION:

Bachelor of Arts Degree in Business Administration,

University of Washington. Masters in Business Administration, the Wharton School of the University of Pennsylvania.

SURPLUS LINE ASSOCIATION OF CALIFORNIA: Chairman, Security Committee 1976 – 1983. Chairman, 1979 & 1995. Executive Committee member 1977 to 1981 & 1989 to 1996. Chairman, Legislative Committee 1992 to 1994. Legislative Committee 2000 to present. Stamping Office Committee, 1997, 2003 to 2006. Executive Committee 2007.

Executive Director's Address SLA Annual Meeting 2007



Ted Pierce
Executive Director

Thank you Jim, it's been a pleasure to work with you this year. I appreciate your leadership. Jim Pettipas is the first chairman to attend the meeting of every SLA committee and therefore to directly involve himself in every aspect of our volunteer leadership. Jim, I thank you and the SLA staff thanks you for your tremendous contribution to the SLA operations.

Under Jim's Leadership, the SLA:

Reestablished the Admitted Market Liaison Committee and appointed Jerry Sullivan as Chair. This committee is to liaise with the admitted market on matters of common interest. And to work with the SLA Arbitrator on questions, complaints, or controversies.

Under Jim's leadership, the SLA has equipped itself financially and strategically to establish an electronic filing system for broker filings before year end.

As you will hear from Joy Laughery, we are fully staffed in the area of Information Technology and have great confidence that our manager of Information Technology, Dominique Bourdon and the Chairman of the Automation Committee Pam Quilici will see the e-filing system through to a successful development and implementation.

In the next few months, you may hear from a representative of either the public relations firm of Hill & Knowlton or the polling firm Kelton Research. These two firms are conducting surveys for the SLA on electronic filing and member satisfaction. If you receive a phone call from either firm, I highly encourage you to cooperate with them in the fullest. Both firms have signed confidentiality agreements to protect your privacy. Turning to the state Legislature, in 2006, the only bill of direct impact on surplus line brokers to be enacted in California was AB 2125 (Juan Vargus). This was a cleanup bill sponsored by the California Department of Insurance intended to, among other things:

Impose a penalty of 10% of the amount of the monthly SL premium tax owed by an SL broker if they fail to make the necessary payment within the time required, plus interest at

1% per calendar month from the due date of the payment. The Commissioner may forgive the penalty if an excusable mistake is revealed.

In the United States Congress, we were caught by surprise by the introduction of the "Non-Admitted and Reinsurance Reform Act", on June 19, 2006. This bill would:

1. Prohibit any state other than the "home state" from requiring a premium tax payment for nonadmitted insurance.
2. Prohibit states from establishing eligibility requirements for nonadmitted insurers that are not in conformance with the NAIC Non-Admitted Insurance Model Act.
3. Require that all alien insurers be listed on the NAIC International Insurance Division Quarterly List.
4. Exempt SL brokers on certain commercial purchases from having to conduct a diligent search of the admitted market.
5. Would declare the state of domicile of reinsurers to be their sole regulator of financial solvency if the state regulations are NAIC accredited.

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In the United States House of Representatives, we were also surprised by the introduction of an Optional Federal Charter Bill by California's own Congressman Ed Royce R-40th District – Fullerton, CA.

Turning to the SLA statistics, the total number of SL brokers is 1,464. We have 1,007 Resident brokers and 457 Non-Resident Brokers. The states with the largest number of non-resident California Surplus Line Brokers are as follows:

TX - 44
 NY - 43
 IL - 40
 NJ - 29
 OH - 23
 WA - 23
 AZ - 21
 FL - 20

In calendar year 2006,

U.S. Insurers wrote 80.5%,
 Lloyd's wrote 14%,
 Other Aliens wrote 3.5%

All others wrote 2% of the California surplus line premium.

The five largest writers of surplus lines coverage for 2006 in California in terms of premium volume were:

Lexington Ins. Co.
 American International
 Specialty Lines Ins. Co.
 Scottsdale Ins. Co.
 Landmark American Ins. Co.
 Arch Specialty Ins.Co.

The five largest coverages in terms of premium remain:

General Liability
 Errors & Omissions
 Commercial DIC/ Stand Alone
 Earth quake
 Commercial Property
 Excess Liability

The five largest surplus line brokers in terms by premium volume were:

Western Risk Specialists,

Swett & Crawford
 Marsh USA
 AmWINS Insurance Brokers
 AON Risk Services

In Conclusion:
 We have no word as of yet as to CDI plans for additions or deletions to the Export List. I want to emphasize how pleased I am to serve as Executive Director. There is no ownership in the SLA. My contract is based on your trust and confidence in the people you've hired and elected to manager your Association.

We have some excellent speakers lined up next starting with Joy Laughery, the Director of the Stamping Office.

Again, thank you. ■

Legal Update

Export List Hearing

The export list hearing was held by the CDI in San Francisco on December 18, 2006. On behalf of the SLA, Hank Haldeman presented testimony in support of adding the following coverages to the export list:

An extension of coverage for a period of not more than 90 days, provided by a surplus lines carrier on the same risks insured under an existing surplus line policy. Such an extension may not include a change in coverage, terms and conditions, or limits; and

additional premium, if any, is determined pro-rata based on the premium of the existing surplus line policy.

Mr. Haldeman asked that the coverages currently appearing on the export list be retained and also

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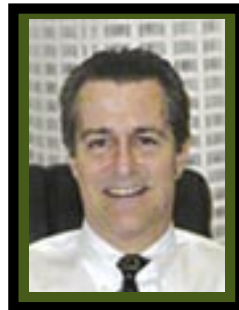
presented requests received from SLA Members that the following coverages be added to the export list:

- Non-owned Contingent Aircraft Liability (Film/Entertainment Productions)
- Railroad Protective Liability (Film/Entertainment Productions)
- Media Liability/Errors and Omissions (Production Budget Exceeding \$50 million)
- Failure to Survive Coverage
- Individual Exotic Animal Owners Liability Insurance; Individual Domestic Animal Owners Liability Insurance; Commercial Exotic Animal Owners Liability Insurance; Commercial Domestic Animal Owners Liability Insurance
- Sexual Misconduct to a Patient, Client, or Customer (when written on a stand-alone basis or in combination with Employment Practices Liability)

Representatives of the

Association of California Insurance Companies (“ACIC”) and the Personal Insurance Federation (“PIF”) attended the hearing. ACIC testified in support of adding short-term extensions to the export list and PIF testified that it was “neutral” regarding adding short-term extensions. No objections were offered regarding any of the coverages requested to be added to the export list.

At the time of this newsletter publication, the CDI had yet to render a decision on the additions to the export list.



Hank Haldeman
Gerald J. Sullivan & Associates, Inc
Contingent Commissions

- On December 19, 2006, a complaint was filed by Connecticut’s Attorney General in the matter of State of Connecticut v. Acordia, Inc. The Acordia complaint alleges violation of Connecticut’s Unfair Trade Practices Act based on alleged misrepresentations and failures to properly

disclose contingent commissions received by Acordia to its clients. The complaint is based exclusively on alleged unfair trade practices under the Connecticut statute and does not include allegations of common law fraud. Also, the Acordia complaint did not allege that contingent commissions are unlawful, only that they were not properly disclosed.

- Chubb has announced that it is eliminating contingent commissions entirely.
- St. Paul Travelers Insurance Group has announced that it will cease paying contingent commissions on several lines of business and phase out all contingent commissions by January 1, 2008. According to press reports, provisions in the AG settlements with St. Paul Travelers, AIG, ACE, and Zurich require them to eliminate contingent commissions once 65% of an insurance line they offer is sold by insurers that do not offer contingent commissions. In November 2006, St. Paul Travelers and

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other insurers subject to similar settlements were advised that the 65% “tipping point” had been reached for automobile, homeowners, and several other lines of insurance.

- Separately, the New York Attorney General settlements with Marsh & McLennan and Aon have been amended to permit contingent commissions where the broker is acting as an MGA. The apparent rationale is that where the broker’s role is that of an MGA, thereby serving as the “market” for a particular line of business offered by an insurer, the MGA clearly acts on behalf of the insurer and therefore need not disclose its compensation arrangements to insurance buyers, their brokers, or agents.

It appears contingent commissions will continue to be controversial with AG’s and insurance regulators for the foreseeable future.

Broker/Agent Fees

In the matter of American Reliable, the Office of Administrative Law determined on November 10, 2006, to review on the merits the Petition filed by

IBA West challenging the CDI’s designation of its settlement with American Reliable Insurance Company (“American Reliable”) as a “precedential decision” under Government Code § 11425.60. IBA West contends that designation of the American Reliable settlement as a precedential decision constitutes an “underground regulation” in violation of Government Code § 11340.5.

The American Reliable settlement contains extensive recitals of legal theories to support the proposition that brokers de facto become agents for insurance regulatory purposes if they perform numerous common broker functions that the CDI seeks to characterize as equivalent to the functions performed by insurance agents. Many industry observers consider that, if the American Reliable settlement is allowed to serve as legal precedent for future CDI enforcement actions, the CDI would effectively be able to bypass the rulemaking requirements of the Administrative Procedures Act.

A decision on the IBA West Petition presently is expected by April 16, 2007.

New Reinsurance Regulations

California’s new reinsurance regulations became effective January 1, 2007. The new Regulations, although extensive and detailed, are substantively identical in most respects to the NAIC Credit for Reinsurance Model Regulation.

Note that the new Regulations subject reinsurance intermediaries to CDI examination and oversight. New Regulations, § 2303.17. They also require reinsurance contracts involving a reinsurance intermediary to include a specific clause regarding deemed receipt of payments to and from an intermediary. New Regulations, § 2303.14(b)(2).

Stamping Office Director's Address



Joy Laughery
Stamping Office Director

-Change is hard. Change is hardest on those caught by surprise. Change is hardest on those who have difficulty changing too. But change is natural; change is not new, change is important.-

Quote from "The World is Flat"

As you have heard in the Chairman and Executive Director speeches- the SLA is changing. The insurance industry is changing. The way we work is changing.

My first job I worked in an office with a telex, a ditto machine, and I didn't even have a business email address. I had an AOL email account and it made my day when I heard "you've got mail".

I currently have a computer, printer, cell phone and PDA, and email that is used liberally by the members of our association.

Change has been good to the SLA. We are processing more

items and batches than ever before. We currently employ 68 people. We have a robust website with links to informational sources for every aspect of the admitted and non admitted industry. You can receive training through Web-Ex. You can register for CE classes on line, or answer tags. We are working on our new processing software and hope to continue on our quest to stay current with technology and continue to provide the best possible service to the members of our association.

I would like to thank Linda Cheng, Financial Dept. Manager, and Pat McAuley, Data Processing Manager. These are two long time SLA employees. They have weathered new procedures, new management, and continue to adapt and provide great value to our organization through their forward thinking as well as historical perspective.

I would also like to thank Mr. Dominique Bourdon – our IT manager and Vienna Murray, Education Manager. As two newer managers, they have provided fresh perspectives and new ideas. Their dedication and enthusiasm towards the Surplus Line Association mission and goals has been a wonderful addition and we will value their input in this new era.

The SLA embraces the changes in the way our industry works and rest assured we are doing everything possible to provide the most up to date ways to communicate, submit batches and problem solve with the members of our organization.

Two things that have NOT changed. – Taxes and Tags!

TAXES: Please note state taxes are due MARCH 1 . The forms are up on the CDI and the SLA website. There are forms and instructions available. Even if business was not filed under your personal license you still need to file your tax return with the state. Do not rely on your company – they may only file the corporate licenses.

My second favorite topic - Like death and taxes, tags are a certainty. However, they don't have to be, 80,000 out of 132,000 tags are due to late filings. Please, take a closer look at your processes and evaluate what changes so those batches get to us within the 60 days allowed.

We all know that time is money, and if we can eliminate the run-around chasing those 80,000 tags we can put that time to better use.

That's it for the reminders. Please
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feel free to contact me if you have any questions.

New Brokers Added Since November 2006

Arouesty, Raymond Lloyd
 Aviation Insurance Services of Nevada, Inc.
 Babtkis, Melvin Randal
 Beecher Carlson Insurance Services, LLC
 Brower, Karen Sears
 Cashel, Mark Thomas
 CCIS Insurance Group, Inc.
 Chamber Insurance Agency Services, LLC
 Chivaroli Enterprises LLC
 Cohen, Jeffrey Brian
 Cooksey, Kenneth Edward
 Curnutte, Patricia Ann
 Deinhard, Karlene Kay
 Dowling, Konrad Charles
 DWNC, Inc.
 Eilert Insurance Agency, LLC
 Elysian Park Insurance Services, LLC
 Erzen, Robert George
 Finigan, Michael Ignatius
 Flake, Douglas Cunningham
 Gombar, George Joseph

Gosling, Joanne Marie
 Great Point Insurance Services, Inc.
 Hartan Brokerage, Inc.
 Healthcare Liability Solutions, Inc.
 Hooper, Tiffany Nicole
 Hub International Northeast Limited
 Hunt, James William
 Jaras, Jennifer Jo
 Jumper, Randy Allen
 Kiehl, Diana Joyce
 Kupiec, Charles Edward
 Landess, Charles Arthur
 LLL Insurance Services of California, LLC
 Madnick, Seth Baker
 Marker, Gary Lee
 Mexus Insurance Services, Inc.
 Miller, Pamela Sue
 Newton, William Henry
 Nugroho, Dani Lukas
 Owen & Company
 PUC Midwest Acquisition Corp
 Ramey, Michael John
 Relmark Program Managers, Inc.
 Ringwalt & Liesche Co.
 RJF-Private Client Group, Inc.

Ryan, Thomas Joseph III
 Sampson, Kate Elizabeth Rego
 Securance Group, LLC
 Smith, Bell & Thompson, Inc.
 Synergy Professional Associates, Inc.
 Vonderlinn, Janet Marie
 Wiley, Robert Allen
 Witt, Scott Alan
 Wolf, Sandra Knapp
 Yearsley Bloodstock Insurance Service (Lexington), Ltd.
 Young, Bruce Andrew

Total Brokers Added Since November 2006: 57

Total CA Corporate: 564
 Non-resident Corporate: 258
 Total CA Individual: 443
 Non-resident Individual: 216
 Total in CA: 1,007
 Total Non-Resident: 474

Total Membership Count: 1481
 (as of January 19, 2007)

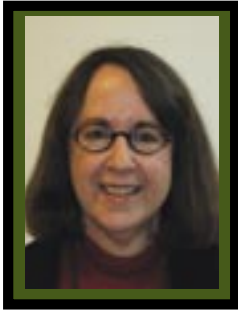
Save The Date!

Arizona will host this years
 Western States Surplus Lines Conference

June 19 - 23, 2007
 Scottsdale, AZ

For more information, and to register: www.kc-a.com/clients/wsslc

Staff News



**Laura S. Danoff ,
CPCU, AIS, ASLI**

*Assistant Manager, Education
Surplus Line Association of
California*

Laura Danoff Achieves ASLI Designation

SLA Assistant Manager of the Education Department Laura Danoff, CPCU, AIS, achieved her ASLI designation on Sept. 5th, 2006. Prior to joining the SLA in 2006 Laura was an excess and surplus lines broker for over twenty years and an independent educator in the insurance industry for seven years. In the short time that Laura has been with the SLA, she has immersed herself in SLA procedures and is a valuable liaison between broker and SLA processes.

Laura is a strong promoter of education. She has been an instructor for the Insurance Educational Association and the AAMGA University. Laura is well respected in the broker community, providing a number of SLA seminars for our membership. She also provided several in-house classes on insurance coverage for the SLA staff. She conducted a nine week in-house course for the ASLI 161 and lunch hour workshops for the ASLI 162.

Congratulations, Laura, on another impressive achievement.

SLA Renowned Former Chairmen

2006 James Pettipas	1993 James Widgren	1980 Jay A. Lloyd
2005 Rupert Hall	1992 I.H. Anderson	1979 G.J. Sullivan
2004 Greg Crouse	1991 R.P. Keul	1978 John F. Donerty
2003 Katie Freeman	1990 George O’Gorman	1977 George Gibbs
2002 Horst Lechler	1989 Philip E. Beauchamp	1976 Thomas Carey
2001 Stacey Shurson	1988 Donald Grant	1975 Hartley Cravens
2000 Kathy Nelson	1987 Edward F. Casey	1974 David Anderson
1999 Marion A. Perkins	1986 David F Riding	1973 Edward Stabb
1998 William Newton	1985 R.P. Welch	1972 George Walker
1997 Michael J. Hall	1984 R.P. Keul	1971 JC Field
1996 Hank Haldeman	1983 H.R. (Rod) Ludwig	1969 S R Farley
1995 Gerald Sullivan	1982 David F. Anderson	1968 R.G. Smart
1994 John J. Connolly	1981 Hartley Cravens	1967 Harold J. Toso
		1966 John C. Spencer

Member Profile



Ian D.G. Fitt,
*Senior Vice President
 Western Re/Managers
 Insurance Services, Inc.*

Ian Fitt graduated from the University of Kansas in 1989 with a BA in Journalism and Marketing. After a three year stint in the advertising industry, Ian began his insurance career with NAC Reinsurance in 1992 as a Casualty Facultative Underwriter analyzing various casualty lines including, GL, AL, Umbrella and Miscellaneous E&O covers. He aggressively pursued opportunities within NAC Reinsurance taking on a

wide array of responsibilities in their San Francisco, Hartford and Chicago offices where he finished as a Senior Underwriter and Direct Program Coordinator.

In 1998 Ian joined Western Re/Managers to broaden his underwriting experience into the property arena and to explore the entrepreneurial side of the business by joining this privately held company. Western Re's underwriters/partners average over 30 years of experience in the industry and the opportunity to learn the business from the best was undeniable. By 2001 Ian had become a partner and his responsibilities have now expanded to treaty negotiations, portfolio management, product expansion and system integration alongside his underwriting and marketing responsibilities. He also served as President of the California Association of

Insurance Professionals from 1999-2004.

Western Re/Managers is an underwriting management company that was incorporated in 1971 and specializes in underwriting Commercial Earthquake/DIC and Terrorism risks. Over Western Re's history they have represented over 20 domestic and international carriers and have recently opened a branch office in Evanston, Illinois. Western Re offers their carriers a unique blend of underwriting experience and technical savvy to manage the intricacies of the individual risk within the complexities of a portfolio of business.

Ian still plays competitive hockey and is an avid skier. But his pride and joy is his family: wife Michelle, six year old son Colin and 3 year old daughter Hailey. They provide the foundation for which he builds. ■

PREMIUM TOTALS BY COMPANY TYPE				
COMPANY TYPE	(\$000)	(\$000)	%	% of TOTAL
	12/31/2006	12/31/2005	GROWTH	12/31/2006
LESLI LISTED COMPANIES				
FOREIGN INSURERS	\$4,853,657	\$4,493,970	8.00%	80.56%
LLOYD'S SYNDICATES	841,606	719,331	17.00%	13.97%
ALIEN INSURERS	215,505	198,769	8.42%	3.58%
SUB TOTAL	\$5,910,768	\$5,412,070	9.21%	98.10%
ALL OTHER	114,286	64,965	75.92%	1.90%
TOTAL	\$6,025,054	\$5,477,035	10.01%	100.00%

**Top 100 California Surplus Line Brokers
Based on Premium Processed by the SLA During 2006**

Rank		BROKER	Premium Processed (\$million)		% of Change	% of Total
2006	2005		2006	2005	2006 - 2005	2006
1	1	WESTERN RISK SPECIALISTS, INC.	\$474.4	\$383.6	23.67%	7.87%
2	2	SWETT & CRAWFORD	380.4	302.6	25.71%	6.31%
3	3	MARSH USA INC.	328.3	292.5	12.24%	5.45%
4	5	AMWINS INSURANCE BROKERAGE OF CALIFORNIA, LLC	304.9	173.8	75.40%	5.06%
5	4	AON RISK SERVICES, INC. OF SO CALIF INSURANCE SERVICES	220.7	225.6	-2.20%	3.66%
6	25	CRC INSURANCE SERVICES, INC.	184.9	58.6	215.56%	3.07%
7	6	AMERICAN E & S INSURANCE BROKERS OF CALIFORNIA, INC.	168.6	153.0	10.21%	2.80%
8	8	WORLDWIDE FACILITIES, INC.	133.6	112.4	18.87%	2.22%
9	15	BLISS & GLENNON, INC.	130.2	98.7	31.90%	2.16%
10	21	COLEMONT INSURANCE BROKERS OF CALIFORNIA, LLC	125.1	75.1	66.62%	2.08%
11	17	BISYS COMMERCIAL INSURANCE SERVICES, INC.	111.5	95.8	16.37%	1.85%
12	18	BROWN & RIDING INSURANCE SERVICES, INC.	110.4	85.2	29.53%	1.83%
13	12	INTERNATIONAL E & S INSURANCE BROKERS, INC.	98.4	104.5	-5.86%	1.63%
14	19	PARTNERS SPECIALTY GROUP, LLC	91.8	81.2	13.03%	1.52%
15	9	BURNS & WILCOX INSURANCE SERVICES, INC.	90.6	109.5	-17.26%	1.50%
16	13	LOCKTON INSURANCE SERVICES, INC.	89.5	103.7	-13.65%	1.49%
17	11	LEMAC & ASSOCIATES, INC.	88.6	105.3	-15.84%	1.47%
18	20	WILLIS INSURANCE SERVICES OF CALIFORNIA, INC.	80.6	80.6	-0.01%	1.34%
19	22	CROUSE & ASSOCIATES INSURANCE SERVICES OF NO CALIF, INC.	76.5	72.7	5.36%	1.27%
20	23	RISK PLACEMENT SERVICES INSURANCE BROKERS	72.9	66.9	9.08%	1.21%
21	24	HULL & COMPANY (CALIFORNIA) INC.	58.2	64.7	-10.03%	0.97%
22	27	FIRST STATE MANAGEMENT GROUP, INC.	53.5	52.7	1.70%	0.89%
23	26	SOCIUS INSURANCE SERVICES, INC. (FKA: ECM INSURANCE SVCS, INC.)	52.3	57.8	-9.55%	0.87%
24	28	BORISOFF INS SERVICES, INC. (DBA: MONARCH E & S INS SVCS)	52.1	45.4	14.85%	0.86%
25	10	NAVIGATORS CALIFORNIA INSURANCE SERVICES, INC.	48.9	105.9	-53.87%	0.81%
26	33	BASS UNDERWRITERS, INC.	46.6	38.2	22.08%	0.77%
27	30	WOODRUFF-SAWYER & COMPANY	46.6	42.8	8.98%	0.77%
28	46	LOCKTON COMPANIES, INC.	40.5	29.4	37.77%	0.67%
29	51	CARPENTER & MOORE INSURANCE SERVICES INC.	40.1	25.8	55.65%	0.67%
30	39	SBIB, INC.	39.9	34.5	15.48%	0.66%
31	58	CRUMP E&S OF SAN FRANCISCO INSURANCE SERVICES, INC.	38.2	19.5	95.93%	0.63%
32	35	COMMODORE INSURANCE SERVICES, INC.	37.5	37.2	0.71%	0.62%
33	34	YATES & ASSOCIATES INSURANCE SERVICES, INC.	36.7	37.4	-1.81%	0.61%
34	32	W. BROWN & ASSOCIATES PROPERTY & CASUALTY INS SVCS	35.8	38.5	-7.26%	0.59%
35	38	TRINITY E & S INSURANCE SERVICES, INC.	34.9	34.8	0.44%	0.58%
36	-	CRC-STERLING WEST INSURANCE SERVICES, LLC	34.3	0.0	100.00%	0.57%
37	60	ARTHUR J. GALLAGHER & CO. INS BROKERS OF CA, INC. (GLENDALE)	33.9	17.9	89.70%	0.56%
38	120	HART, ANTHONY JOSEPH	33.3	6.1	446.65%	0.55%
39	48	NEITCLEM WHOLESALE INSURANCE BROKERAGE, INC	32.3	28.6	12.60%	0.54%
40	43	HARRY W. GORST COMPANY, INC.	32.0	30.2	6.30%	0.53%
41	31	ZURICH E&S INSURANCE BROKERAGE, INC.	31.6	41.0	-22.85%	0.52%
42	44	M.J. HALL & COMPANY, INC.	30.9	30.1	2.52%	0.51%
43	53	CHARTWELL INDEPENDENT INSURANCE BROKERS, LLC	30.7	25.1	22.21%	0.51%
44	-	COOPER & MCCLOSKEY, INC. INSURANCE BROKERS	30.4	0.0	100.00%	0.50%
45	37	PACIFIC WHOLESALE BROKERS, LLC	29.6	34.9	-15.34%	0.49%
46	36	ARTHUR J. GALLAGHER & CO. INS BROKERS OF CA, INC. (SF)	29.3	35.8	-17.96%	0.49%
47	56	INTEGRATED RISK SOLUTIONS INSURANCE SERVICES, LLC.	29.2	19.7	48.02%	0.48%
48	41	R.E. CHAIX & ASSOCIATES INSURANCE BROKERS, INC.	28.8	31.5	-8.47%	0.48%
49	55	ALL RISKS, LTD.	26.2	20.6	27.29%	0.43%
50	71	LAE INSURANCE SERVICES, INC.	25.6	14.5	76.21%	0.42%
51	77	ALLIANT INSURANCE SERVICES, INC.	25.2	11.7	114.25%	0.42%
52	52	COASTAL BROKERS INSURANCE SERVICES INC.	25.1	25.3	-0.79%	0.42%
53	49	PETERSEN INTERNATIONAL UNDERWRITERS	23.3	28.4	-17.83%	0.39%
54	113	MIDWESTERN GENERAL BROKERAGE, INC.	22.9	6.8	237.71%	0.38%
55	62	WESTERN SECURITY SURPLUS INSURANCE BROKERS, INC.	22.6	17.7	28.06%	0.38%
56	79	WESTERN RE/MANAGERS INSURANCE SERVICES, INC.	22.5	11.5	95.03%	0.37%
57	54	AIS AFFINITY INSURANCE AGENCY, INC.	22.1	22.3	-0.82%	0.37%
58	45	AON RISK SERVICES, INC. OF NO CALIF INSURANCE SERVICES	22.0	29.4	-25.20%	0.37%
59	59	NAS INSURANCE SERVICES, INC.	20.8	19.2	8.53%	0.35%
60	65	CRUMP E&S OF CALIFORNIA INSURANCE SERVICES, INC.	20.3	16.7	21.42%	0.34%

(Continued on Page 12)

(Continued from Page 11)

**Top 100 California Surplus Line Brokers
Based on Premium Processed by the SLA During 2006**

Rank		BROKER	Premium Processed (\$million)		% of Change	% of Total
2006	2005		2006	2005	2006 - 2005	2006
61	42	WILLIS OF NEW YORK INC	20.2	30.4	-33.41%	0.34%
62	57	CAMBRIDGE GENERAL AGENCY	19.2	19.7	-2.18%	0.32%
63	93	BROWN & BROWN OF CALIFORNIA, INC.	19.2	8.3	131.08%	0.32%
64	347	HAGAN, PHILIP STEPHEN	18.9	0.6	3259.69%	0.31%
65	-	ALBERICO, DONALD ANTHONY	18.4	0.0	100.00%	0.30%
66	332	NORMAN SPENCER MCKERNAN AGY(NSM)-TB&C WHOLESAL INS. SERV'S OF PASADENA	18.3	0.7	2674.93%	0.30%
67	73	HDR INSURANCE MANAGERS, LLC	17.7	13.9	27.97%	0.29%
68	323	ARROWHEAD GENERAL INSURANCE AGENCY, INC.	16.0	0.8	1974.64%	0.27%
69	67	VULCAN EXCESS & SURPLUS INSURANCE SERVICES, INC.	16.0	15.1	5.85%	0.26%
70	29	HILB ROGAL & HOBBS PROFESSIONAL PRACTICE INS BROKERS, INC.	15.5	43.3	-64.18%	0.26%
71	92	ABD INSURANCE AND FINANCIAL SERVICES	15.1	8.5	77.94%	0.25%
72	184	JOHN L. WORTHAM & SON, L.P.	14.8	2.6	471.68%	0.24%
73	64	ANDERSON & MURISON INC.	14.5	16.7	-13.53%	0.24%
74	195	GIADROSICH, RONALD BERNARD	14.3	2.2	537.09%	0.24%
75	86	CHIVAROLI & ASSOCIATES, INC.	14.0	9.5	47.31%	0.23%
76	7	STEWART SMITH EAST, INC.	13.9	115.5	-87.97%	0.23%
77	-	HOBBS GROUP INSURANCE	13.7	0.0	100.00%	0.23%
78	-	NORMAN SPENCER MCKERNAN AGY(NSM)TB&C WHOLESAL INS. SERV'S OF ORANGE CO.	13.6	0.0	100.00%	0.23%
79	-	PETERSON, GARY TODD	12.5	0.0	100.00%	0.21%
80	76	G.J. SULLIVAN CO. EXCESS & SURPLUS LINES BROKERS	11.8	11.8	-0.31%	0.20%
81	69	HEFFERNAN INSURANCE BROKERS	11.6	14.7	-21.13%	0.19%
82	74	FRANK CRYSTAL & CO INC	11.5	13.8	-16.29%	0.19%
83	40	AON/ALBERT G. RUBEN INSURANCE SERVICES, INC.	11.5	31.8	-63.93%	0.19%
84	63	JAMES KLEIN INSURANCE SERVICE INC.	11.5	16.8	-31.76%	0.19%
85	68	BARNEY & BARNEY, LLC.	11.4	14.8	-23.35%	0.19%
86	97	ARC WEST COAST EXCESS & SURPLUS BROKERAGE, LLC	11.2	7.9	41.76%	0.19%
87	66	EXCESS & SURPLUS LINES INSURANCE BROKERS, INC.	11.1	15.3	-27.35%	0.18%
88	84	NATIONAL ADVANTAGE INSURANCE SERVICES, INC.	11.0	9.7	13.82%	0.18%
89	257	AMWINS BROKERAGE OF NEW YORK, INC.	10.8	1.3	708.24%	0.18%
90	75	INTERNATIONAL FACILITIES INSURANCE SERVICES, INC.	10.7	12.4	-13.95%	0.18%
91	108	ALL RISKS, LLC	10.3	7.2	43.48%	0.17%
92	81	GALEOTTI, GARY WAYNE	10.3	11.4	-10.11%	0.17%
93	110	ALEXANDER, MORFORD & WOO, INC.	10.1	7.1	42.93%	0.17%
94	162	NAPCO, LLC	10.0	3.0	233.02%	0.17%
95	-	ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC.	9.7	0.0	100.00%	0.16%
96	128	ROBERTSON TAYLOR (CALIFORNIA), INC.	9.6	4.9	96.58%	0.16%
97	124	HILB ROGAL & HOBBS INSURANCE SERVICES OF CALIFORNIA, INC.	9.3	5.2	79.52%	0.15%
98	82	TRANS CAL ASSOCIATES	9.2	10.5	-11.93%	0.15%
99	114	G.J. SULLIVAN HEALTHCARE INSURANCE SERVICES, INC.	9.2	6.7	36.61%	0.15%
100	205	BEECHER CARLSON INSURANCE SERVICES, INC.	9.2	2.1	338.34%	0.15%
SUBTOTAL			\$5,235.2	\$4,466.7	17.21%	86.89%
All Other Brokers			789.9	1,010.4	-21.82%	13.11%
TOTAL			\$6,025.1	\$5,477.0	10.01%	100.00%

**Top 100 Surplus Line Carriers in California
Based on Premium Processed by the SLA for 2006**

Rank		Company	Premium Processed (\$million)		% Growth	Market Share (%)	
2006	2005		2006	2005	2006 - 2005	2006	2005
1	1		LEXINGTON INSURANCE COMPANY	\$777.5	\$653.9	18.90%	12.91%
2	2	AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY	276.9	293.8	-5.77%	4.60%	5.36%
3	5	SCOTTSDALE INSURANCE COMPANY	192.5	183.7	4.79%	3.19%	3.35%
4	6	LANDMARK AMERICAN INSURANCE COMPANY	183.9	165.5	11.13%	3.05%	3.02%
5	3	STEADFAST INSURANCE COMPANY	182.1	241.5	-24.61%	3.02%	4.41%
6	4	ARCH SPECIALTY INSURANCE COMPANY	176.2	199.8	-11.80%	2.92%	3.65%
7	7	ADMIRAL INSURANCE COMPANY	165.5	152.2	8.74%	2.75%	2.78%
8	10	GEMINI INSURANCE COMPANY	152.9	132.5	15.42%	2.54%	2.42%
9	11	NIC INSURANCE COMPANY	149.4	125.3	19.21%	2.48%	2.29%
10	8	WESTCHESTER SURPLUS LINES INSURANCE COMPANY	146.7	138.3	6.07%	2.44%	2.53%
11	9	EVANSTON INSURANCE COMPANY	127.7	138.3	-7.64%	2.12%	2.53%
12	13	MT. HAWLEY INSURANCE COMPANY	112.7	92.8	21.52%	1.87%	1.69%
13	12	ILLINOIS UNION INSURANCE COMPANY	107.9	94.8	13.87%	1.79%	1.73%
14	25	AXIS SURPLUS INSURANCE COMPANY	101.7	65.6	55.11%	1.69%	1.20%
15	19	INTERSTATE FIRE & CASUALTY COMPANY	97.4	76.3	27.62%	1.62%	1.39%
16	16	AMERICAN SAFETY INDEMNITY COMPANY	93.4	79.5	17.43%	1.55%	1.45%
17	14	ESSEX INSURANCE COMPANY	92.4	91.9	0.64%	1.53%	1.68%
18	29	EMPIRE INDEMNITY INSURANCE COMPANY	89.0	60.6	46.77%	1.48%	1.11%
19	17	COLUMBIA CASUALTY COMPANY	88.6	79.3	11.71%	1.47%	1.45%
20	24	EVEREST INDEMNITY INSURANCE COMPANY	82.4	66.1	24.76%	1.37%	1.21%
21	21	LLOYD'S OF LONDON SYNDICATE #2020	81.0	74.3	8.97%	1.34%	1.36%
22	18	LIBERTY SURPLUS INSURANCE CORPORATION	78.6	76.9	2.17%	1.30%	1.40%
23	15	LLOYD'S OF LONDON SYNDICATE #0033	75.8	85.0	-10.92%	1.26%	1.55%
24	23	NORTH AMERICAN CAPACITY INSURANCE COMPANY	75.6	70.6	7.09%	1.25%	1.29%
25	26	COLONY INSURANCE COMPANY	75.4	63.4	18.91%	1.25%	1.16%
26	35	LLOYD'S OF LONDON SYNDICATE #2987	69.9	48.3	44.70%	1.16%	0.88%
27	32	LLOYD'S OF LONDON SYNDICATE #2623	69.3	52.0	33.33%	1.15%	0.95%
28	87	ENDURANCE AMERICAN SPECIALTY INSURANCE COMPANY	66.4	9.6	593.43%	1.10%	0.17%
29	27	PACIFIC INSURANCE COMPANY LTD.	63.7	61.8	3.11%	1.06%	1.13%
30	28	CENTURY SURETY COMPANY	62.5	61.3	1.85%	1.04%	1.12%
31	34	HOUSTON CASUALTY COMPANY	55.4	49.9	10.97%	0.92%	0.91%
32	45	HUDSON SPECIALTY INSURANCE COMPANY	55.0	32.6	68.47%	0.91%	0.60%
33	33	CLARENDON AMERICA INSURANCE COMPANY	53.7	50.6	6.10%	0.89%	0.92%
34	22	FIRST SPECIALTY INSURANCE CORPORATION	53.7	70.8	-24.09%	0.89%	1.29%
35	31	BURLINGTON INSURANCE COMPANY	53.6	52.4	2.33%	0.89%	0.96%
36	43	UNITED NATIONAL INSURANCE COMPANY	48.9	34.3	42.54%	0.81%	0.63%
37	37	CHUBB CUSTOM INSURANCE COMPANY	48.7	45.1	7.91%	0.81%	0.82%
38	46	INDIAN HARBOR INSURANCE COMPANY	48.1	32.1	49.83%	0.80%	0.59%
39	36	LLOYD'S OF LONDON SYNDICATE #2488	47.0	47.3	-0.70%	0.78%	0.86%
40	39	LLOYD'S OF LONDON SYNDICATE #2001	44.7	40.7	9.71%	0.74%	0.74%
41	42	LLOYD'S OF LONDON SYNDICATE #0510	44.4	35.7	24.40%	0.74%	0.65%
42	38	WESTERN HERITAGE INSURANCE COMPANY	38.8	43.4	-10.50%	0.64%	0.79%
43	50	COMMONWEALTH INSURANCE COMPANY	37.8	28.3	33.73%	0.63%	0.52%
45	56	JAMES RIVER INSURANCE COMPANY	36.1	20.9	72.85%	0.60%	0.38%
46	48	LLOYD'S OF LONDON SYNDICATE #2003	34.0	28.6	18.77%	0.56%	0.52%
47	52	STARR EXCESS LIABILITY INSURANCE COMPANY, LTD.	32.8	25.3	29.78%	0.54%	0.46%
48	44	ST. PAUL SURPLUS LINES INSURANCE COMPANY	32.0	34.2	-6.48%	0.53%	0.62%
49	40	LLOYD'S OF LONDON SYNDICATE #0623	31.3	40.5	-22.59%	0.52%	0.74%
50	47	SR INTERNATIONAL BUSINESS INSURANCE COMPANY LIMITED	31.0	31.8	-2.64%	0.51%	0.58%

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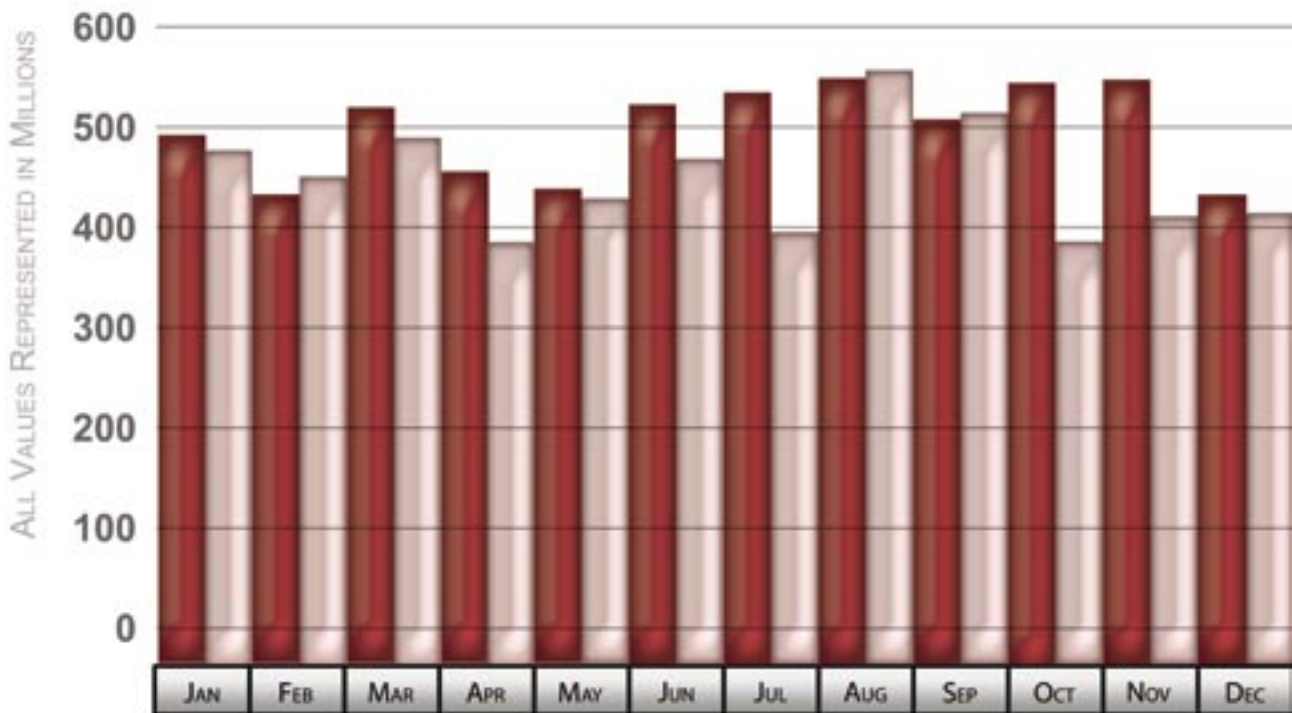
**Top 100 Surplus Line Carriers in California
Based on Premium Processed by the SLA for 2006**

Rank		Company	Premium Processed (\$million)		% Growth	Market Share (%)	
2006	2005		2006	2005	2006 - 2005	2006	2005
51	65	ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED	30.8	17.2	79.45%	0.51%	0.31%
52	41	GENERAL STAR INDEMNITY COMPANY	30.7	35.8	-14.35%	0.51%	0.65%
53	61	NATIONAL FIRE & MARINE INSURANCE COMPANY	29.3	19.0	54.52%	0.49%	0.35%
54	51	NAUTILUS INSURANCE COMPANY	28.8	26.0	10.91%	0.48%	0.47%
55	53	GREAT AMERICAN E&S INSURANCE COMPANY	28.7	24.6	16.64%	0.48%	0.45%
56	59	HOMELAND INSURANCE COMPANY OF NEW YORK	27.8	19.2	44.73%	0.46%	0.35%
57	75	ASPEN INSURANCE UK LIMITED	26.9	12.8	110.44%	0.45%	0.23%
58	20	QUANTA SPECIALTY LINES INSURANCE COMPANY	26.4	76.1	-65.32%	0.44%	1.39%
59	77	LLOYD'S OF LONDON SYNDICATE #1200	24.8	11.8	109.80%	0.41%	0.22%
60	30	AXIS SPECIALTY INSURANCE COMPANY	24.1	53.2	-54.74%	0.40%	0.97%
61	49	GLENCOE INSURANCE LIMITED	23.8	28.3	-15.88%	0.40%	0.52%
62	55	FIRST MERCURY INSURANCE COMPANY	23.3	21.0	11.14%	0.39%	0.38%
63	62	LLOYD'S OF LONDON SYNDICATE #0435	22.2	19.0	16.96%	0.37%	0.35%
64	57	LLOYD'S OF LONDON SYNDICATE #0570	21.8	20.9	4.25%	0.36%	0.38%
65	66	ASPEN SPECIALTY INSURANCE COMPANY	21.2	16.6	27.37%	0.35%	0.30%
67	88	LLOYD'S OF LONDON SYNDICATE #1225	20.4	9.4	117.37%	0.34%	0.17%
68	85	LLOYD'S OF LONDON SYNDICATE #4472	20.2	10.2	97.56%	0.34%	0.19%
69	64	NEWMARKET UNDERWRITERS INSURANCE COMPANY	19.7	17.5	12.41%	0.33%	0.32%
70	163	ROCKHILL INSURANCE COMPANY	19.3	0.4	4242.21%	0.32%	0.01%
71	72	LLOYD'S OF LONDON SYNDICATE #1084	19.3	13.8	39.44%	0.32%	0.25%
72	90	LLOYD'S OF LONDON SYNDICATE #1414	19.2	9.0	113.04%	0.32%	0.16%
73	60	LLOYD'S OF LONDON SYNDICATE #2791	19.0	19.0	-0.20%	0.31%	0.35%
74	63	AMERICAN EMPIRE SURPLUS LINES INSURANCE COMPANY	17.2	18.4	-6.44%	0.29%	0.34%
75	54	GREAT LAKES REINSURANCE (UK) PLC	17.1	24.6	-30.53%	0.28%	0.45%
76	68	NUTMEG INSURANCE COMPANY	16.3	15.4	5.61%	0.27%	0.28%
77	98	COLONY NATIONAL INSURANCE COMPANY	15.0	7.0	115.82%	0.25%	0.13%
78	73	LLOYD'S OF LONDON SYNDICATE #5000	14.8	13.5	9.68%	0.25%	0.25%
79	76	LLOYD'S OF LONDON SYNDICATE #0958	14.8	12.7	16.74%	0.25%	0.23%
80	74	PENN-STAR INSURANCE COMPANY	14.7	13.3	10.63%	0.24%	0.24%
81	67	NOETIC SPECIALTY INSURANCE COMPANY	14.1	15.6	-9.54%	0.23%	0.29%
82	71	USF INSURANCE COMPANY	13.9	14.4	-3.65%	0.23%	0.26%
83	86	LLOYD'S OF LONDON SYNDICATE #1861	13.1	10.2	29.10%	0.22%	0.19%
84	89	LLOYD'S OF LONDON SYNDICATE #2000	13.0	9.0	43.89%	0.22%	0.17%
85	69	TUDOR INSURANCE COMPANY	12.9	15.1	-14.26%	0.21%	0.27%
86	80	MOUNT VERNON FIRE INSURANCE COMPANY	12.8	11.1	15.63%	0.21%	0.20%
87	78	LLOYD'S OF LONDON SYNDICATE #0727	11.7	11.8	-0.61%	0.19%	0.22%
88	91	GOTHAM INSURANCE COMPANY	10.9	8.8	24.18%	0.18%	0.16%
89	102	LLOYD'S OF LONDON SYNDICATE #2010	10.6	5.6	90.02%	0.18%	0.10%
90	83	LLOYD'S OF LONDON SYNDICATE #1183	10.4	10.9	-4.69%	0.17%	0.20%
91	110	LLOYD'S OF LONDON SYNDICATE #4444	10.4	4.8	117.16%	0.17%	0.09%
92	82	NORTHFIELD INSURANCE COMPANY	10.2	11.0	-7.02%	0.17%	0.20%
93	93	LLOYD'S OF LONDON SYNDICATE #0807	9.9	7.9	24.74%	0.16%	0.14%
94	0	DARWIN SELECT INSURANCE COMPANY	9.0	0.0	100.00%	0.15%	0.00%
96	94	WESTERN WORLD INSURANCE COMPANY	7.8	7.4	5.82%	0.13%	0.13%
97	105	ENERGY INSURANCE MUTUAL LIMITED	7.1	5.4	32.29%	0.12%	0.10%
98	103	MAXUM INDEMNITY COMPANY	6.7	5.4	24.34%	0.11%	0.10%
99	99	AMERICAN WESTERN HOME INSURANCE COMPANY	6.6	6.5	1.07%	0.11%	0.12%
100	97	LLOYD'S OF LONDON SYNDICATE #1206	6.5	7.0	-7.46%	0.11%	0.13%
SUBTOTAL			\$5,777.3	\$5,233.0	10.40%	95.89%	95.54%
All Other Companies			247.7	244.0	1.51%	4.11%	4.46%
TOTAL			\$6,025.1	\$5,477.0	10.01%	100.00%	100.00%

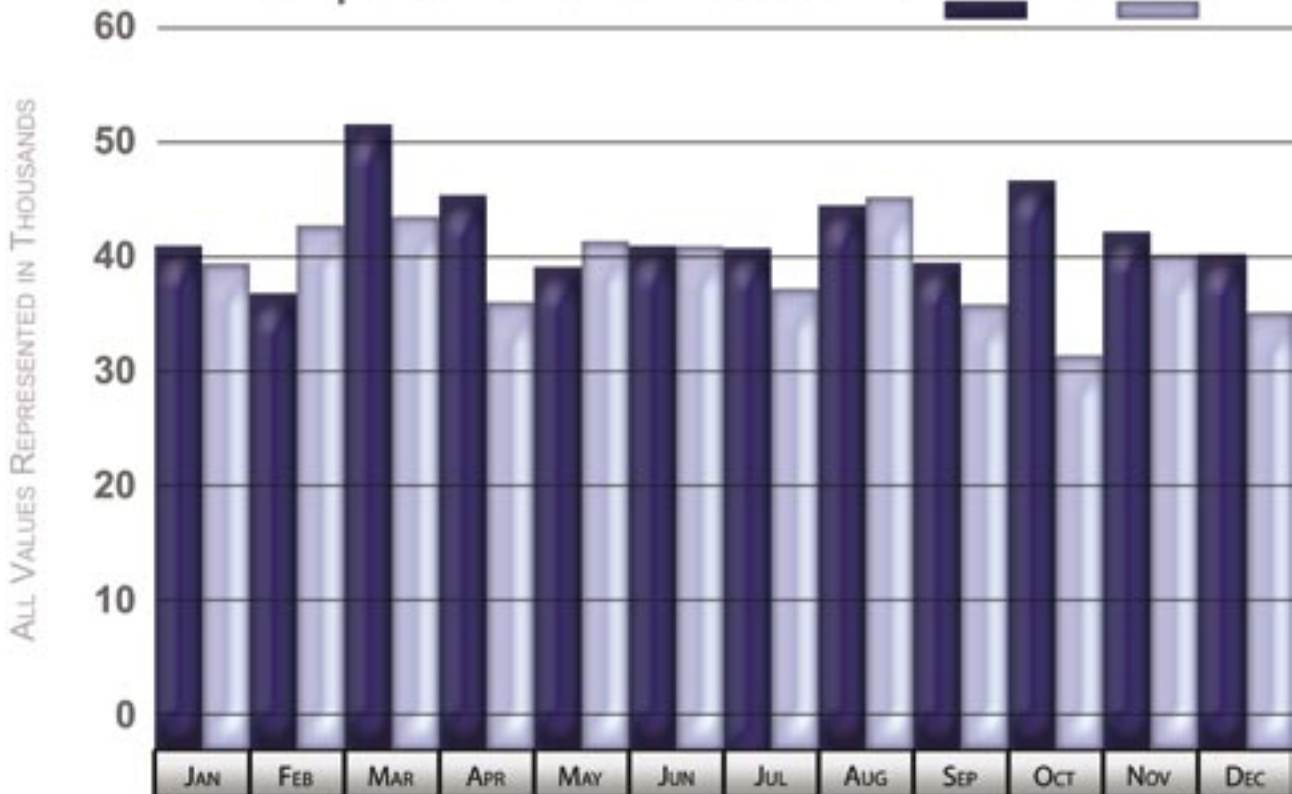
**50 Largest Coverages
Based on Premium Processed by the SLA During 2006**

Rank		EXPORT	COVERAGE	Premium Processed (\$million)		% Growth	% of Total
2006	2005			2006	2005	2006 - 2005	2006
1	1		GENERAL LIABILITY	\$2,044.0	\$2,020.5	1.17%	33.93%
2	4	YES	COMMERCIAL DIC/STAND ALONE EARTHQUAKE	619.8	393.7	57.40%	10.29%
3	2		ERRORS AND OMISSIONS	585.9	573.4	2.18%	9.72%
4	3		ALL RISK COMMERCIAL PROPERTY	457.0	402.3	13.60%	7.58%
5	5		EXCESS LIABILITY	301.6	257.0	17.37%	5.01%
6	6		SPECIAL MULTI-PERIL PACKAGE	269.3	245.6	9.66%	4.47%
7	12	YES	INDIV INSURED W/LARGE SCHED TIV > \$500M	200.0	121.6	64.51%	3.32%
8	8	YES	EXCESS LIABILITY/UNDERLYING NONADMITTED	194.7	182.9	6.42%	3.23%
9	7	YES	CONTRACTORS ENGAGED IN NEW TRACT HOMES	188.1	195.3	-3.69%	3.12%
10	9	YES	ENVIRONMENTAL IMPAIRMENT REMEDIATION & POLLUTION LIABILITY	179.1	168.0	6.56%	2.97%
11	11		PROFESSIONAL LIABILITY	141.3	123.0	14.87%	2.35%
12	10		DIRECTORS AND OFFICERS	138.9	132.9	4.55%	2.31%
13	13	YES	EMPLOYMENT PRACTICES LIABILITY	79.5	75.1	5.84%	1.32%
14	16		MISCELLANEOUS	76.8	44.3	73.51%	1.28%
15	14	YES	PRODUCTS/COMPLETED OPERATIONS(STAND ALONE)	68.4	64.3	6.34%	1.14%
16	15		INLAND MARINE	53.2	51.4	3.42%	0.88%
17	17		HOMEOWNERS MULTI-PERIL	39.1	43.6	-10.43%	0.65%
18	23		HOSPITALS	34.7	23.2	49.39%	0.58%
19	18	YES	HIGH LIMITS DISABILITY	30.3	31.2	-2.90%	0.50%
20	19		AUTO PHYSICAL DAMAGE-COMMERCIAL	30.0	28.8	4.18%	0.50%
21	21		HOMEOWNERS	23.1	24.7	-6.32%	0.38%
22	20		COMMERCIAL PROPERTY-BASIC	20.9	26.6	-21.19%	0.35%
23	24		GARAGE LIABILITY	18.8	21.5	-12.67%	0.31%
24	28		SINGLE FAMILY DWELLING/DUPLEX	17.2	15.0	14.71%	0.29%
25	30		TERRORISM	17.0	12.7	33.44%	0.28%
26	27	YES	SECURITY GUARD SERVICES	16.9	17.1	-1.01%	0.28%
27	32	YES	EVENT CANCELLATION	16.9	9.1	86.30%	0.28%
28	22		AVIATION	16.5	23.5	-29.89%	0.27%
29	26		AUTO LIABILITY-COMMERCIAL	16.2	19.0	-14.40%	0.27%
30	29		AUTO COMBINED LIAB & PHYS DAMAGE-COMM.	11.3	12.8	-11.56%	0.19%
31	31	YES	AVIATION EXCESS LIABILITY	9.6	9.9	-2.94%	0.16%
32	33		SPECIAL MULTI-PERIL WITH TERRORISM	7.8	8.6	-9.52%	0.13%
33	45	YES	CLINICAL & SIMILAR TESTS OF PHARMACEUTICAL	6.5	2.9	124.77%	0.11%
34	36		FIDELITY	5.5	4.8	14.84%	0.09%
35	39	YES	PERSONAL ARTICLES FLOATERS WRITTEN ON A STAND ALOND BASIS	5.3	3.6	45.49%	0.09%
36	35		BONDS	4.1	4.9	-15.95%	0.07%
37	63	YES	ARCHITECTS AND ENGINEERS/CONDO COV ONLY	3.9	0.5	610.12%	0.06%
38	42	YES	OILFIELD CONTRACTORS	3.9	3.3	18.14%	0.06%
39	46	YES	EXCESS FLOOD	3.7	2.5	46.88%	0.06%
40	34		ACCIDENT	3.6	6.2	-42.14%	0.06%
41	49		CRIME	3.4	2.3	50.35%	0.06%
42	38	YES	VACANT BUILDINGS	3.2	4.0	-18.64%	0.05%
43	40	YES	DEMOLITION CONTRACTORS	3.2	3.6	-11.72%	0.05%
44	41		RESIDENTIAL EARTHQUAKE	2.6	3.4	-23.03%	0.04%
45	48		EXCESS WORKERS COMPENSATION	2.3	2.3	-1.82%	0.04%
46	50	YES	SHORT TERM SPECIAL EVENTS (EXC HOLE IN ONE)	2.1	1.9	12.19%	0.03%
47	80	YES	POLITICAL RISKS INCLUD EXPROPRIATION, CONFISCATION	2.1	0.1	1846.98%	0.03%
48	53	YES	PRODUCTS RECALL	1.8	1.4	25.06%	0.03%
49	43	YES	EXCESS CRIME	1.8	3.1	-42.86%	0.03%
50	51	YES	TATTOO AND BODY PIERCING	1.7	1.8	-7.42%	0.03%
SUBTOTAL				\$5,984.2	\$5,430.9	10.19%	99.32%
All Other Coverages				40.9	46.1	-11.30%	0.68%
TOTAL				\$6,025.1	\$5,477.0	10.01%	100.00%

Comparison of Premium Processed for 2006 vs. 2005

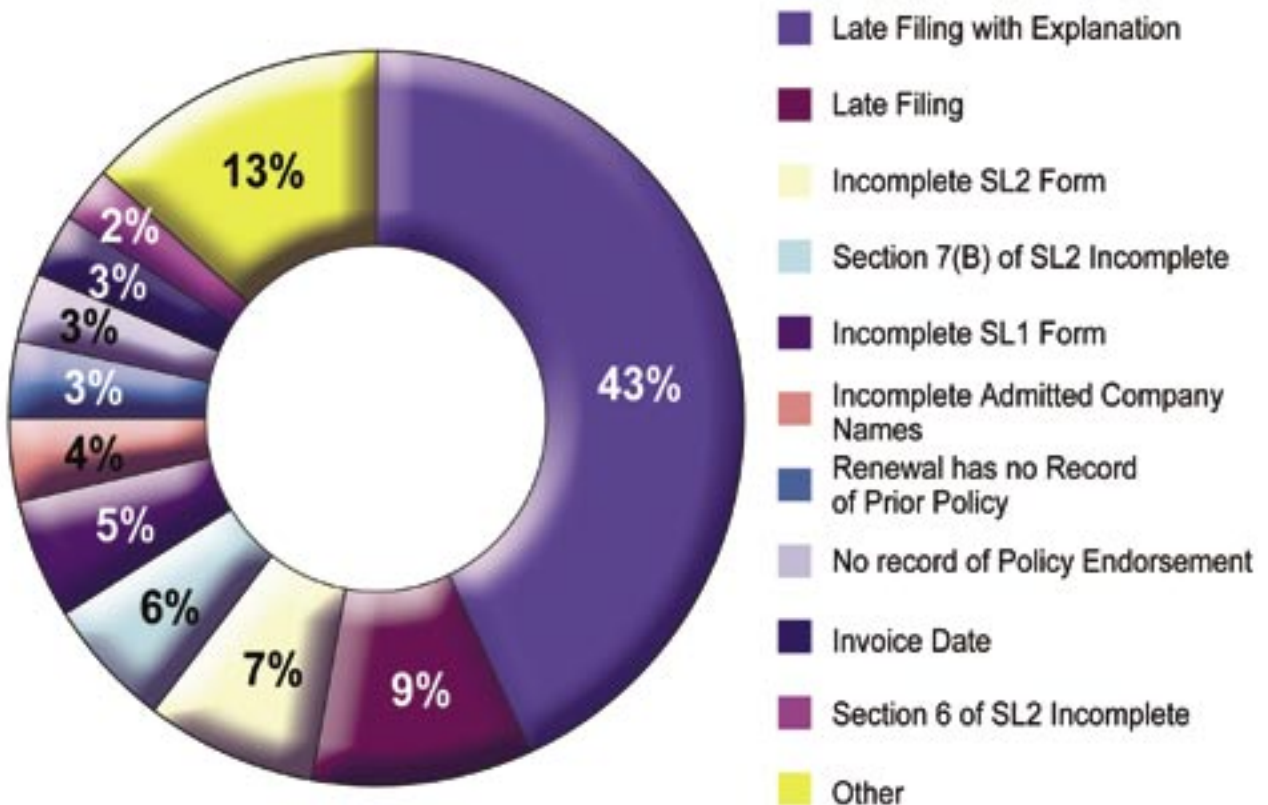


Comparison of Items Processed for 2006 vs. 2005



Tag Count For January through December 2006

Tags Description	Percentage	Count
Late Filing with Explanation	43%	58,724
Late Filing	9%	12,781
Incomplete SL2 Form	7%	10,051
Section 7(B) of SL2 Incomplete	6%	7,995
Incomplete SL1 Form	5%	6,886
Incomplete Admitted Company Names	4%	5,117
Renewal has no Record of Prior Policy	3%	4,297
No record of Policy Endorsement	3%	4,170
Invoice Date	3%	3,940
Section 6 of SL2 Incomplete	2%	3,255
Other	13%	18,142
		<u>135,398</u>



Reporting Insurance Fraud to the California Department of Insurance



more information or assistance with fraud related matters. To contact your nearest Fraud Division Regional Office, select the Regional Office or select the appropriate county on the map.

FRAUD DIVISION REGIONAL OFFICES

Fraud Division Headquarters Office

- * Dale Banda, Deputy Commissioner, Enforcement Branch
- * Rick Plein, Bureau Chief, Workers' Compensation Fraud Program, Northern Region
- * Michael Ingram, Bureau Chief, Property/Casualty, Healthcare/Disability & Training/Outreach Programs, Central Region
- * John Standish, Bureau Chief, Auto Fraud Program, Southern Region
- * Dennis Dunbar, Manager, Enforcement Branch Headquarters
- * John Auvinen, Acting Division Chief, Investigation Division
- * Marta York, Chief Investigator, Internal Affairs

The Fraud Division has established a method for consumers to report suspected insurance fraud. It is important to know that notification of insurance fraud may be made anonymously. You may contact any of the Fraud Division Regional Offices directly responsible for your county. Other types of complaints may be directed to the department's Consumer Services Division using the Consumer Request for Assistance Form.

9342 Tech Center Drive, Suite 100
Sacramento, CA 95826
Phone: (916) 854-5760
Fax: (916) 255-3202

The Insurance Code states that no insurer, or the employees or agents of any insurer, shall be subject to civil liability for libel, slander or any other relevant cause of action by virtue of providing information concerning a Suspected Fraudulent Claim to law enforcement, including the California Department of Insurance, Fraud Division.

Note: To discourage unsolicited automatic e-mails, we have changed the way in which our e-mail address is listed. To report suspected fraud or reach Fraud Division staff, address your e-mail to Fraud at insurance.ca.gov. Please use the @ sign in place of "at" when typing the e-mail address.

The Fraud Division is here to help you if you need

Benicia Regional Office

Eric Weirich, Chief Investigator
1100 Rose Drive, Suite 100
Benicia, CA 94510
Phone: (707) 751-2000
Fax: (707) 747-8233

Serving Alameda, Contra Costa, Del Norte, Humboldt, Lake, Marin, Mendocino, Napa, San Francisco, Solano and Sonoma Counties.

Commerce Regional Office

Martin Gonzalez, Chief Investigator
Laureen Pedroza, Chief Investigator, Los Angeles
Auto Insurance Fraud Task Force
5999 East Slauson Avenue
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Phone: (323) 278-5000
Fax: (323) 838-0028

Serving Southern Los Angeles County.

Fresno Regional Office

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Phone: (559) 440-5414
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Serving Fresno, Inyo, Kern, Kings, Madera, Mariposa, Merced, San Luis Obispo and Tulare Counties.

Morgan Hill (San Jose) Regional Office

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Rancho Cucamonga Regional Office

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Serving Riverside and San Bernardino Counties.

San Diego Regional Office

Shawn Ferris, Chief Investigator
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Valencia Regional Office

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Fax: (661) 286-1457

Serving Northern Los Angeles, Santa Barbara and Ventura Counties.

Surplus Line Association of California

Scheduled Educational Events for March - April 2007

ALL OUR SEMINARS ARE APPROVED FOR
CALIFORNIA FIRE & CASUALTY
BROKER-AGENTS (FX) AND
PERSONAL LINES BROKER-AGENTS (PL)

COMMERCIAL LIABILITY: WHAT'S REALLY COVERED?

Presented by:
Ruth F. Cazden, CPCU

Registration & Continental Breakfast 8:00 a.m.
Seminar 8:30 a.m. - 11:30 a.m.
3 CE Credits – Course #193498

Tuesday, March 13, 2007

Hilton Universal City
555 Universal Hollywood Drive
Universal City, CA 91608

Wednesday, March 14, 2007

PG&E Conference Center - Auditorium
245 Market Street
San Francisco, CA 94105

IDENTITY THEFT AND CYBER LIABILITY COVERAGES

Presented by:
Mary K. Saunders, CPCU, ARM
Shand Morahan & Co., Inc.

Registration & Continental Breakfast 7:30 a.m.
Seminar 8:00 a.m. - 12:00 p.m.
4 CE Credits – Course #193719

Tuesday, April 17, 2007

Hilton Universal City
555 Universal Hollywood Drive
Universal City, CA 91608

Wednesday, April 18, 2007

PG&E Conference Center - Auditorium
245 Market Street
San Francisco, CA 94105

**please check our website for updates:
www.slacal.org under "Education"*

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