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REPORT OF THE CHAIRMAN

The 2009 SLA Leadership set three strategic plan goals that require the SLA to conduct a member survey. The strategic planning process is key in helping the association develop a vision of where it will be in the future and determining the



John Edack
Chairman, 2009

best ways to turn that vision into reality. Our members have insights and opinions about SLA services, information and the value they receive from the association which we need to better understand through a survey. The 2009 strategic goals are:

1. Assemble information on requirements for surplus line broker licensees in clear, easy-to-read formats. Provide convenient access to the information through SLA and/or employees.
2. Identify the most effective method to deliver certain types of information (website, bulletin, live education seminars, webinar, etc.), to the brokers.
3. Conduct research into the needs, interests, goals, and expectations of new SLA members.

The SLA is an organization of 4,100 members. This is up from 400 members just 10 years ago due to the requirement for individual licensure and the establishment of nonresident licenses. Eight-hundred or so licensees make stamping office filings. Most SLA filings are made by the organizational rather than the individual licensee. Approximately 350 corporate surplus line broker licensees make regular monthly filings with the SLA. What role the SLA plays for the remaining 3,750 licensees would be the purpose of the member survey. California insurance code section 1780.52(b) states "All surplus line brokers licensed under the surplus line law

The SLA strategic plan represents a consensus among the organization's leadership and management concerning the Association focus, direction, goals and priorities. The plan is an effective management tool to guide decision-making, align organizational resources, and, with an appropriate monitoring process and measurement tools, to evaluate progress toward identified end results.

On June 13, 2008, AB 1699 (Duvall, Chapter 29, Statutes of 2008) immediately became law as an urgency bill. Included in the law is the addition of Section 1765 (f) to the California Insurance Code which requires surplus line business entities to provide two hours of training to its employees who solicit, negotiate, or effect insurance coverage placed by a nonadmitted insurer. The training must be completed by eligible employees once every 5-years. The SLA will announce the on-line availability of the two-hour training by bulletin in the next few weeks. Eligible employees will have 30-days to complete this training after the bulletin is published.

shall be deemed to be members of the advisory organization.”

The association has completed the curriculum and on-line training course for the two-hours of “training” required by AB 1699 (Chapter 29 of the laws of 2008) which said in Section 1(f): A business entity licensed under this chapter shall provide two hours of appropriate training to its employees who solicit, negotiate, or effect insurance coverage placed by a nonadmitted insurer. The training shall be given to each eligible employee every five years. The surplus line advisory organization authorized pursuant to Chapter 6.1 (commencing with Section 1780.50) shall develop the curriculum for the training. This law became effective June 13, 2008 but the CDI has instructed that eligible employees should

complete the initial training within 30 days of the SLA providing the training curriculum to the surplus line brokers.

The California Franchise Tax Board recently provided the SLA with the five-year total figures for independently procured (IP) surplus line premium tax revenue. The IP revenues are as follows: 2007—\$9.3 million, 2006--\$12.2 million, 2005--\$13.2 million, 2004--\$18.6 million, 2003--\$19 million. Figures for 2008 are not yet available. As a total percentage of California surplus line premiums, IP has hovered around 10% but appears to be falling. This trend is attributed to the lessening need for IP due to the establishment of the nonresident surplus line broker’s license. In 2008, eight percent of the SLA premium volume was filed by nonresident brokers.

LEGISLATIVE AND REGULATORY UPDATE

Is Change Afoot for Surplus Line Regulation?

In the past few months, pressures for change in the regulatory scheme for surplus line regulation have arisen from several fronts, both at the federal and state level. In many instances, the proposed changes would result in a blurring of the lines between admitted and nonadmitted business. In addition, there appears to be a nationwide trend towards the greater regulation of surplus line insurance, particularly with respect to personal lines. A brief description of each of the key develop-

ments is set forth below.

Federal Legislation. Three key pieces of federal legislation affecting the regulation of the insurance industry have been introduced – the Financial System Stabilization and Reform Act of 2009 (S. 664), the National Insurance Consumer Protection Act (H.R. 1880), and the Insurance Industry Competition Act of 2009 (H.R. 1583). S. 664 would create a regulator at the federal level who would oversee the regulatory system of the financial services sector including financial institutions and possibly the insurance industry by assessing “systemic risk.” H.R. 1880 would create an optional fed-

eral charter and establish a national guaranty corporation for national insurers. H.R. 1583 provides that the “business of insurance” will be subject to federal antitrust laws, thus repealing the antitrust exemption from the McCarran-Ferguson Act for state regulated insurance business. Although none of these directly affects the regulation of surplus line insurers or brokers, the move towards federalization would have some effect on the market.

In addition, there is reason to believe that both the National Association of Registered Agents and Brokers Reform Act and the Nonadmitted and Reinsurance Reform Act, both of which would have a direct effect on surplus lines, may be reintroduced during the current legislative session.

A.B. 784 (Gaines). Sponsored by the Pacific Association of Domestic Insurance Companies (“PADIC”), this bill would amend Section 700 of the California Insurance Code, which requires insurers that transact insurance business in California to obtain a certificate of authority, in order to permit California domestic insurers to share officers and directors with their nonadmitted affiliates and provide administrative services to those affiliates in California.

Florida Developments. A number of Florida cases have followed the *Essex v. Zota* decision and found that surplus line insurers could not rely on policy exclusions because policies

were not filed. A bill (H.B. 853) has been introduced to clarify that all of Chapter 627 does not apply to surplus lines. The bill would be retroactive to 1998, but has a savings clause. On April 10 the bill was added to the General Government Policy Council agenda. The Senate version (S.B. 1894) has been amended at the request of the trial bar to apply many specific provisions of Chapter 627 to surplus lines. A 501(c)(4) organization (Surplus Line Coalition for Economic Stability) has been formed for the sole purpose of getting *Essex v. Zota* reversed. If corrective legislation is not passed during the current legislative session, the Florida Office of Insurance Regulation may be compelled to enforce the *Essex v. Zota* decisions and require filing of surplus line policies.

Texas Developments. The Texas legislature is considering a number of insurance bills that may affect surplus lines. One (a community investment law) even refers to surplus line insurers as “authorized insurers.” These bills may be viewed, like the developments above, as a symptom of the regulatory trend towards greater regulation of surplus lines.

Given the widespread interest in reform of insurance regulation as part of the response at both the federal and state level to the recent financial crisis, a sense of change is in the air. It is too early to predict the ultimate shape such reforms will take, but the pressures are clear.

The Florida State Legislature approved legislation the week on April 27 clarifying the surplus lines industry’s status regarding forms and policy regulation that was challenged by the Florida Supreme Court’s ruling in 2008 in *Essex v. Zota*.

REPORT OF THE DIRECTOR OF THE STAMPING OFFICE



Joy Erven
Director,
Stamping Office

The Stamping Office results for the first quarter of 2009 show a 13 percent decrease in total processed premium over last year's figures. Premium processed totals through the month of March are \$ 1,130,077,441. The item count that comprises the

premium volume is 110,722 premium bearing documents. This is a small decrease over last year.

Other items worth noting:

- WSSLC 2009: Western States Surplus Lines Conference that will be held July 18 through July 20, 2009. The conference location is The Sun Valley Resort in Sun Valley, Idaho. To register for the conference and preview the program, go to www.wsslc09.com

New Brokers Added to Membership Since October 28, 2008

Business Entity Licenses

Access P&C Insurance Services, Inc.
AFC Insurance, Inc.
AIG Commercial Insurance Agency, Inc.
AmWINS Brokerage of New Jersey, Inc.
Andrew T Duncan Insurance Agency, Inc.
Aon Risk Services, Inc. of Massachusetts

B&L Brokerage Services, Inc.
Boswell Insurance Agency, Agents & Brokers, Inc.
Breckenridge Insurance Services, LLC
BritAmerica Management Group Inc
Brookside General Insurance Services Inc.
Brown & Brown of Tennessee, Inc.
Care West Insurance Risk Management, LLC
Continental Excess & Surplus Inc.
DMM Management & Insurance Services, Inc.
Durham & Bates Agencies, Inc.
E & O Professional Risk Management and Ins. Services, LLC
E-MGA, Inc.
EWI Re, Inc.
Exceptional Risk Advisors, LLC
Foremost Affiliated Insurance Services, Inc.
Frank Crystal & Co of California, Inc.
General Agency Services, Inc.
Gresham and Associates, Inc.
Gridiron Insurance Underwriters, Inc.
Healthcare Professional Services Inc.
Hiscox, Inc.
Holmes, Murphy and Associates, Inc.
Hub International Transportation Insurance Services Inc.
Integrus Specialty Insurance Group, Inc.
Jaymes & Jaymes Inc. Insurance Agents & Brokers
JMB Insurance Agency Inc
Johnson, Kendall And Johnson, Inc.
JRA Surplus Lines, Inc.
K. R. Golsan, Inc.
Keystone Risk Partners, LLC
Leading Insurance Services, Inc.
Lovitt & Touché, Inc.
M. R. Mead & Company, LLC
Mexico Insurance Services, Inc.

The schedule of future Western States Surplus Lines Conferences is as follows:

- 2010 – Washington,
- 2011 – Montana,
- 2012 – Nevada,
- 2013 – California,
- 2014 – Utah,
- 2015 – Arizona,
- 2016 – Idaho.

National Environmental Coverage Corp.	TechInsurance Group, LLC
NBIS Construction & Transport Underwriters Inc.	Trinity Underwriting Managers, Inc.
New Empire Entertainment Insurance Services LLC	U.S.I. Insurance Services of Massachusetts, Inc.
Northwest Insurance Agency, Inc.	U-PIC Insurance Services, Inc.
Phoenix Managed Insurance Solutions, LLC	USG Insurance Services of California, Inc.
Premium Group, Inc. (The)	Venbrook Insurance Services
Professional Liability Insurance Services, Inc.	Willis of Arizona, Inc.
Protection Advantage, Inc.	Willis of New Jersey, Inc.
Starr Specialty Lines Insurance Agency, LLC	Willis of North Carolina, Inc.
Swett & Crawford of Georgia, Inc.	Willis of Oregon, Inc.
	Woodus K. Humphrey & Company, Inc.

Individual Licenses

Abad, Andrea Palermo	Bollinger, Lisa Ann	Christ, Christopher
Abernathy, Jack Neal	Bonini, Mark Leonard	Christopherson, James William
Akerlundh, Yara	Boobar, Thomas Jon	Churma-McNaught,
Allder, Sherry Pauline	Bopp, Jason Matthew	Lorrie Lynette
Allen, Kenn Rene	Bridges, David Lynn	Ciardello, Thomas William Jr
Anderson, Jana Lee	Brougher, Betsy Lee	Civille, James Burdette
Anderson, Rebecca Jean	Brown, Michael Edwards Jr	Claire, Timothy Edward
Ariel, Shmorak	Brown, Stewart Lindblad	Clark, Glenn Wesley
Arnold, Traci Merkel	Browne, Dennis Patrick	Clements, Jon Bailey
Arthur, Eric Andrew	Browning, Diane Elizabeth	Conger, John Christopher
Avila, George Ernesto	Bryant, Jeremy Allen	Cravens, Frank Norris
Baker, Melissa Anne	Bukovinsky, Edward Francis	Crespin, Karen
Baron, Joshua David	Burke, Benjamin Francis	Cruz, Maria Del Rosario
Barschig, Michael Charles	Buse, Paul August	Dale, Barbara Sue
Bartels, Tamara Lea	Cacho-Sousa, Alfredo Jaime	Daugard, Craig Douglas
Batcheller, Edward Jerome III	Cacho-Sousa, Jorge Eduardo	Dawkins, Barbara Lynn
Bates, Dyan Leigh	Cannon, Teresa Kay	Desousa, Alfredo David
Beaver, Janet Elizabeth	Capik, Nicholas	Devine, Abigail Diestro
Becker, Lynda Kathleen	Carney, Brian Michael	Devine, Michael A.
Behar, Norman	Carrillo, Julieta	Di Perno, Mark
Berger, Janice	Carter, Kimberly Rae	Dicola, Therese Margaret
Bernau, Robert Christopher	Cassaday, Patrick Richard	Dill, Corissa Maria
Bianchi, Jeffrey George	Cesare, Joel Thomas	Dobbie, Stuart David
Birge, Michael E	Chassman, Joshua Daniel	Docter, Jordan Michael
Bishara, Marc Joseph	Chilvers, Charles Richard	Donavan, Emily Rene
Bluhm, Aaron Grantford	Chima, Jaswant Singh	Donnelly, Edward Daniel

Long Term Goal #1 – SLA will be an authoritative source of information, gathering, analyzing and disseminating trends and data on non-admitted regulations, activity and viability.

THE SURPLUS LINE ASSOCIATION OF CALIFORNIA
Safeguarding Consumers

Long Term Goal #2 – The SLA will be a trusted, pro-active advisor, providing expertise and input to help shape legislation and regulation with a view toward long-term stability and integrity of the surplus line market.

Doss, Steven Lee	Hill, Jennifer Lamont	Locher, Gregory George
Douglass, Susan Lydia	Hodgkins, Charles Dennison	Loeppke, Jennifer Lorraine
Dutton, Matthew David	Hoeschen, Susan Ranae	Lynch, James Richard-O-Donnell
Esposito, Marjorie	Holbach, Cynthia White	Manassero, Peter Brian
Evans, Teresa C	Holloway, Bernice	Mandado, Marissa G
Ewing, Dianne Fay	Holmes, Christina Louise	Martin, David Allison
Fine, Sharon Palmer	Hooter, Mary Therese	Martinez, Samantha Marie
Fitzsimmons, Robert A.	Hopkins, Thomas Eugene	Maupin, Tamra Rae
Fleeger, Barbara Jo	Horner, John Adams	Maurer, Brad Allan
Flores, Stacy Lynn	Howard, Barbara Ruth	Mavon, Philip Girard III
Forrest, Rosetta Marie	Howard, Jason Adams	Mc Lean, James Kenny
Frainer, Daniel Bruce	Hubbard, Jeffrey Michael	McCann, John Daniel
Friedrich, Jeffrey Gerald	Hudzietz, Nancy Louise	McKenney, Joan Catherine
Gebauer, Allen Eugene Jr	Idelson, Marc David	McNulty, Therese Anne
Gerringer, Kip Loftin	Jackson, Christina Ani	Mead, Michael Richard
Goetz, Robert A Jr	Jackson, Edward Powell	Mendoza, Leticia Edith
Goldring, Keren	Johnson, Rose Deleon	Menegus, Michael Albert
Gordon, William M.	Jones, Carmen Lynn	Moore, Alton Wilson Jr
Gotro, Ryan Thomas	Jones, Gary Evan	Moreno, Anthony Adam
Grace, James Arthur	Jordan, Doris Louise	Morgan, Katherine Marie
Graves, Kevin Wayne	Juarez, Vincent Eric	Morrow, Constance Ellen
Gregg, Kevin Anthony	Kane, Susan Colleen	Munroe, Eric
Gresham, James Virgil	Kasperbauer, Wanda Rae	Munsch, Donna Jean
Griffin, Cathy Vanburen	Kazemi, Katheryn Hemmelgarn	Myer, Daniel Alan
Grove, Janet Lynn	Kelly, Heather Erin	Nardiello, Michael Anthony
Guisinger, Laure K.	Kessler, Kenneth Lyle	Neira, Joaquin
Hall, Alisa Lynn	Khachatryan, Kristina	Newcomer, Matthew Baker
Hamblin, Katherine Day	Kim, Joshua Sun	Nontha, Southaboun Jason
Hamilton, Aretha Coney	Kitchen, John Alan	Nowak, Paul Brian
Hansen, Allen James	Klepper, Richard Joseph	O'Dea, John James
Harnois, David A	Knorr, Landis Jacob	Oh, Kevin Joon
Harter, Eric Paul II	Kristensen, Wolfgang Robert	Ohlson, Dana Ann
Hauff, Stanley G.	Kuehn, Brian Ernest	Orseck, Daniel Laurence
Hawkins, Alisa Laraine	Leamanczyk, Michael J.	Orta, Rocio Legarrea
Heath, David Nicholaseric	Lester-Malek, Kerrigan Marie	Page, David Hartley
Helm, Robert Wallace	Lewis, Earl Donald	Paran, Genaro Homer
Henley, Jonathan Lane	Light, Tracy Lee	Parks, George Webster
Hevaghan, Sandra Patricia	Lindsey, Rick John	Parks, Micheal Lee
Hill, Geoffrey Donalson	Linkenback, Anna Noel	Peichel, Jay Stanley

Penner, Loren Dean	Shepard, Molly	Turner, Jane Marie
Perdomo, Edward	Short, Alison Merritt	Uhl, Scott Michael
Peterson, Marilyn Johnson	Shurson, Stacey Anne	Underwood, Shani Eileen
Pijanowski, Annette Louise	Simons, Theresa Hahn	Vaillancourt, Chandra Alice
Pittinger, James Joseph	Simonton, Stanley Leon	Valine, Kevin John
Plumb, Peter Cary Jr	Sirag, Heather Lynn	Veeh, Nancy Kathleen
Pontolillo, Sheri Marie	Skaggs, Robert Manning Jr	Vega, Mari Jenee
Priseler, Michael Bowen	Smith, Krystal Jean	Vernon, Michael Philip
Pryor, Kelly Gean	Smith, Michael Kevin	Vida, Rodney Quel
Quinlan, Marilyn Cullen	Southard, Pamela Jane	Villalobos, Alma
Ramezani, Shahin	Sproat, Sally Jo	Villaluz, Alvin Acol
Ramirez, Jose Miguel	Stanislaw, Peter W	Virina, Violeta
Rankin, Roy Alan	Stanley, William Mark	Vogle, George R
Ray, Garrett Holton	Steel-Sullivan, Cathy Ann	Vutskova, Maria
Reddy, Sean Patrick	Stevens, Kyle Brent	Waite, Susanne Marie
Refuerzo, Michelle Lynn	Stevenson, James Kirk	Wakefield, Ryan Allen
Remeika, Robert Paul	Stewart, Chip	Wardlaw, Charles Cunningham
Risko, David John	Stewart, Randall Devin	Washington, John Percy Jr
Roe, James Alan	Stone, Gregory Carl	Way, Lyndon Byron
Romano, Tony Lawrence	Stone, Ronald Francis	Weyland, Trevor Adrian
Rozzell, Mary Ellen	Story, Stephanie Slater	White, Elizabeth Brum
Rue, Craig Andrew	Stubblefield, Caroline Ruth	White, Paul Lawrence
Ruetz, Laura Michelle	Swords, Steven Lamar	Williams, Robert Clyde III
Ruiz, Azucena Carrillo	Sylvestri, Jennifer Marie	Willis, Lindsey Claire
Ryerson, Gregory Chadrick	Takii, Leslie Miyo	Wilson, Mark Timothy
Sawyer, Frederick J	Thok, Charley Thy	Wysor, Laura Ruth
Scott, Michelle Moore	Thompson, Alicia Carol	Yeung, Suet Kan
Seifert, Domenic Marco	Thrasher, Peter Scott	Yoon, Tae Won
Senescu, David Jerome	Touche, Charles Albert	Young, Kenneth Francis
Sheehan, Stanley L	Trimble, Anne A	Zebratski, Kristina Ruth
Sheffield, George Wesly	Tucker, Jennifer Gwyn	Zechlin, Margaret Christine
		Zeeh, Deila R

Long Term Goal #3 –
SLA will be an effective
facilitator, supporting the
development and access
to a sound, non-admitted
market with adequate
capacity to meet the
needs of the insurance
consumer. SLA will
encourage and monitor
the highest standards of
compliance with insur-
ance law and regula-
tions.

SLA Membership Totals as of April 29, 2009

California Business Entities	621	Non-Resident Business Entities	365
California Individuals	2,099	Non-Resident Individuals	1,064
Total California	2,720	Total Non-Resident	1,429

Total SLA Membership: 4,149

SLA COMMITTEE MEMBERS 2009

EXECUTIVE COMMITTEE

John Edack - Chairman

Arch Specialty Insurance Agency, Inc.

Les Ross

Crump Insurance Services, Inc

Patrick Hanley

Socius Insurance Services, Inc.

Warren Stanley

Wholesale Connection Insurance Services, LLC

Doris Barnett

Colemont Insurance Brokers

Kris Bauer

AmWINS Insurance Brokerage of CA

Chris Brown

Brown & Riding Insurance Services, Inc.

Frank Cravens

M.J. Hall & Company

Phil Mazur

Swett & Crawford

Anne McNally

Wells Fargo Insurance Services

Davis Moore

Worldwide Facilities, Inc.

Pam Quilici

Crouse & Associates Insurance Services of
Northern California, Inc.

Gerald J Sullivan

Gerald J. Sullivan & Associates, Inc.

Theodore M (Ted) Pierce - Staff Liaison

The Surplus Line Association of California

STAMPING COMMITTEE

Les Ross

Crump Insurance Services, Inc

Dean Andrighetto

ACE USA - Westchester Specialty

Ian Fitt

Western Re Management

Chris Houska

CRC Insurance Services

John Sulpizio

Arch Specialty Insurance Agency, Inc.

Joy Erven - Staff Liaison

The Surplus Line Association of California

AUTOMATION COMMITTEE

Pam Quilici

Crouse & Associates Insurance Services of
Northern California, Inc.

Bill Buckley

G J Sullivan Company E & S Brokers

Joe Pospichal

London American General Agency, Inc.

Long Term Goal #4 – SLA will be a competent educator, raising awareness and understanding of the surplus line industry, and furthering the knowledge and skill of members and related professionals.

Angela Urrutia

Specialty Insurance Underwriters

John Edack - Chairman

Arch Specialty Insurance Agency, Inc.

Brent Hunter - Staff Liaison

The Surplus Line Association of California

EDUCATION COMMITTEE

Bob Gilbert

First Mercury Emerald Ins. Services

Janet Beaver

Jansen & Hastings Insurance Services

Tina Epstein

Argonaut Specialty Insurance Services

Kristina Mason

Worldwide Facilities

Stephanie Reilly, CPCU

Heffernan Insurance Brokers

Vienna Murray - Staff Liaison

The Surplus Line Association of California

LEGISLATIVE COMMITTEE

Hank Haldeman

Gerald J. Sullivan & Associates, Inc.

Dave Anderson

Anderson & Murison, Inc.

Doris Barnett

Colemont Insurance Brokers

AUDIT COMMITTEE

John Edack - Chairman

Arch Specialty Insurance Agency, Inc.

Les Ross

Crump Insurance Services, Inc.

Warren Stanley

Wholesale Connection Insurance Services, LLC

ADMITTED MARKET LIAISON COMMITTEE

Gerald J Sullivan

Gerald J. Sullivan & Associates, Inc.

Chris Brown

Brown & Riding Insurance Services, Inc.

Ian Fitt

Western Re Management

Hank Haldeman

Gerald J. Sullivan & Associates, Inc.

Patrick Hanley

Socius Insurance Services, Inc.

Anne McNally

Wells Fargo Insurance Services

Long Term Goals #5 –
SLA will be an efficient
administrator, providing
support and value-
added service to the
Department of Insurance
and the Commissioner.

MEMBER PROFILE

SLA Mission:

Our mission is to ensure that a responsive and lawful non-admitted insurance market is maintained in California. Our measure of success in this respect is that the consumer is protected, the needs of the regulators are well-served, and unlawful activities are curtailed. Through a professional and committed organization, utilizing state of the art technology and a challenging work environment, we respond to the needs of the California consumer, our membership, and appropriate public agencies. We provide education, processing, evaluation, and dissemination of Surplus Line data and information to help ensure the financial integrity and stability of the non-admitted market.



J.P. Sulpizio

Vice President,
Regional Business
Manager of
Arch Specialty
Insurance Agency Inc

J.P. Sulpizio is Vice President, Regional Business Manager of Arch Specialty Insurance Agency Inc. As a Surplus Lines Broker, he also oversees producer management and regulatory issues for Arch Specialty Insurance Agency.

Prior to joining Arch in February 2004, J.P. spent three years as an equity research analyst, covering the Property & Casualty Insurance industry. Prior to that, he spent 12 years with Marsh as a broker in San Francisco, Seattle and London. J.P. is a graduate of Dartmouth College with a BA in

Economics and an MBA from University of San Francisco.

J.P. is currently serving on the Stamping Committee of The Surplus Line Association of California.

Outside of work, J.P. is an avid triathlete and runner. He has completed five Ironman distance triathlons as well as the Escape from Alcatraz triathlon and the Quad Dipsea trail run.

Arch Specialty Insurance Agency Inc. is a leader in the Excess and Surplus lines market. With offices in San Francisco and Pasadena, marketing through wholesale brokers, they offer specialty property and casualty insurance solutions.

Premium Totals by Company Type

COMPANY TYPE	(\$ in thousands)			% of TOTAL 3/31/2009
	3/31/2009	3/31/2008	% GROWTH	
LESLI LISTED COMPANIES				
FOREIGN INSURERS	905,644	1,414,798	-35.99%	80.14%
LLOYD'S SYNDICATES	173,332	199,011	-12.90%	15.34%
ALIEN INSURERS	40,236	68,200	-41.00%	3.56%
SUBTOTAL	\$1,119,212	\$ 1,682,009	-33.46%	99.04%
ALL OTHER	10,865	121,272	-91.04%	0.96%
TOTAL	\$ 1,130,077	\$1,803,280	-37.33 %	100.00%

Top 50 Surplus Line Brokers

Based on Premium Processed through March 31, 2009

Rank	BROKER	PREMIUMS PROCESSED	% OF TOTAL
1	WESTERN RISK SPECIALISTS, INC.	\$96,125,240	8.51%
2	SWETT & CRAWFORD	90,632,329	8.02%
3	MARSH USA INC.	78,141,201	6.91%
4	AMWINS INSURANCE BROKERAGE OF CALIFORNIA, LLC	48,233,416	4.27%
5	HART, ANTHONY JOSEPH	36,089,128	3.19%
6	AON RISK INSURANCE SERVICES WEST, INC.	35,185,827	3.11%
7	RISK PLACEMENT SERVICES INSURANCE BROKERS	25,120,810	2.22%
8	BLISS AND GLENNON INC	23,573,865	2.09%
9	WORLDWIDE FACILITIES, INC.	22,627,027	2.00%
10	LOCKTON COMPANIES, LLC	22,564,397	2.00%
11	AMERICAN E & S INSURANCE BROKERS OF CALIFORNIA, INC.	21,817,532	1.93%
12	CRUMP INSURANCE SERVICES, INC.	20,844,635	1.84%
13	FIRST STATE MANAGEMENT GROUP, INC.	18,908,364	1.67%
14	BORISOFF INSURANCE SERVICES, INC. (DBA: MONARCH E & S INSURANCE SERVICES)	17,283,668	1.53%
15	CRC INSURANCE SERVICES, INC.	16,536,052	1.46%
16	CRC-STERLING WEST INSURANCE SERVICES, LLC	15,249,823	1.35%
17	BURNS & WILCOX INSURANCE SERVICES, INC.	15,203,856	1.35%
18	COLEMONT INSURANCE BROKERS OF CALIFORNIA, LLC	13,790,902	1.22%
19	PROCTOR FINANCIAL, INC.	13,770,812	1.22%
20	BROWN & RIDING INSURANCE SERVICES, INC.	13,230,087	1.17%
21	HILB ROGAL & HOBBS INSURANCE SERVICES OF CALIFORNIA, INC.	11,458,623	1.01%
22	WILLIS INSURANCE SERVICES OF CALIFORNIA, INC.	11,155,316	0.99%
23	WOODRUFF-SAWYER & COMPANY	10,472,214	0.93%
24	HULL & COMPANY, INC.	9,832,904	0.87%
25	TRACKSURE INSURANCE AGENCY, INC.	9,740,452	0.86%
26	SOCIUS INSURANCE SERVICES, INC.	9,676,228	0.86%
27	CROUSE & ASSOCIATES INSURANCE SERVICES OF NORTHERN CALIFORNIA, INC.	9,609,559	0.85%
28	PARTNERS SPECIALTY GROUP, LLC	8,743,011	0.77%
29	BASS UNDERWRITERS, INC.	8,640,312	0.76%
30	WILLIS OF NEW YORK INC	7,910,044	0.70%
31	SEMINARIO, MICHAEL CARLOS	7,615,727	0.67%
32	ALL RISKS, LLC	7,463,413	0.66%
33	COASTAL BROKERS INSURANCE SERVICES INC.	6,326,427	0.56%
34	ARROWHEAD GENERAL INSURANCE AGENCY, INC.	6,325,748	0.56%
35	INTERNATIONAL FACILITIES INSURANCE SERVICES, INC.	6,270,027	0.55%
36	DEVINE, MICHAEL CHRISTIAN	5,809,249	0.51%
37	WESTERN RE/MANAGERS INSURANCE SERVICES, INC.	5,577,494	0.49%
38	HARRY W. GORST COMPANY, INC.	5,393,976	0.48%
39	ALL RISKS, LTD.	5,345,623	0.47%
40	INTERNATIONAL E & S INSURANCE BROKERS, INC.	5,102,191	0.45%
41	W. BROWN & ASSOCIATES PROPERTY & CASUALTY INSURANCE SERVICES	4,864,520	0.43%
42	POBUDA, CONRAD WALTER	4,790,954	0.42%
43	NEITCLEM WHOLESALE INSURANCE BROKERAGE, INC	4,592,581	0.41%
44	M.J. HALL & COMPANY, INC.	4,353,763	0.39%
45	ZURICH E&S INSURANCE BROKERAGE, INC.	4,337,657	0.38%
46	SBIB, INC.	4,332,954	0.38%
47	R.E. CHAIX & ASSOCIATES INSURANCE BROKERS, INC.	4,235,657	0.37%
48	CAMPBELL & ASSOCIATES INSURANCE BROKERAGE, LLC	3,770,442	0.33%
49	NAS INSURANCE SERVICES, INC.	3,664,705	0.32%
50	GCUBE INSURANCE SERVICES, INC.	3,655,855	0.32%
	SUBTOTAL	\$845,996,592	74.86%
	ALL OTHER BROKERS	284,080,849	25.14%
	TOTAL	\$1,130,077,441	100.00%

THE SURPLUS LINE ASSOCIATION OF CALIFORNIA
Safeguarding Consumers

Top 50 Nonadmitted Carriers

Based on Premium Processed through March 31, 2009

RANK	COMPANY	PREMIUM PROCESSED	% OF TOTAL
1	LEXINGTON INSURANCE COMPANY	\$163,139,684	14.44%
2	AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY	62,388,084	5.52%
3	SCOTTSDALE INSURANCE COMPANY	35,527,418	3.14%
4	EVANSTON INSURANCE COMPANY	28,697,261	2.54%
5	EMPIRE INDEMNITY INSURANCE COMPANY	27,567,032	2.44%
6	LLOYD'S OF LONDON SYNDICATE #2623	24,246,512	2.15%
7	LANDMARK AMERICAN INSURANCE COMPANY	24,219,305	2.14%
8	STEADFAST INSURANCE COMPANY	24,000,679	2.12%
9	COLUMBIA CASUALTY COMPANY	23,613,224	2.09%
10	ADMIRAL INSURANCE COMPANY	22,590,653	2.00%
11	INTERSTATE FIRE & CASUALTY COMPANY	22,549,404	2.00%
12	ILLINOIS UNION INSURANCE COMPANY	21,379,512	1.89%
13	MT. HAWLEY INSURANCE COMPANY	20,795,379	1.84%
14	CHUBB CUSTOM INSURANCE COMPANY	16,650,086	1.47%
15	COLONY INSURANCE COMPANY	16,537,091	1.46%
16	LLOYD'S OF LONDON SYNDICATE #0033	16,106,414	1.43%
17	ARCH SPECIALTY INSURANCE COMPANY	15,906,530	1.41%
18	LIBERTY SURPLUS INSURANCE CORPORATION	15,779,633	1.40%
19	ENDURANCE AMERICAN SPECIALTY INSURANCE COMPANY	15,496,091	1.37%
20	WESTCHESTER SURPLUS LINES INSURANCE COMPANY	15,122,569	1.34%
21	AXIS SURPLUS INSURANCE COMPANY	14,966,660	1.32%
22	NAVIGATORS SPECIALTY INSURANCE COMPANY	14,956,227	1.32%
23	LLOYD'S OF LONDON SYNDICATE #2987	14,363,731	1.27%
24	AMERICAN SAFETY INDEMNITY COMPANY	14,019,401	1.24%
25	NATIONAL FIRE & MARINE INSURANCE COMPANY	13,873,632	1.23%
26	MAX SPECIALTY INSURANCE COMPANY	13,573,641	1.20%
27	QBE SPECIALTY INSURANCE COMPANY	13,533,205	1.20%
28	HOUSTON CASUALTY COMPANY	13,487,625	1.19%
29	ESSEX INSURANCE COMPANY	12,899,156	1.14%
30	LLOYD'S OF LONDON SYNDICATE #2003	12,898,432	1.14%
31	ALLIED WORLD NATIONAL ASSURANCE COMPANY	11,979,915	1.06%
32	GEMINI INSURANCE COMPANY	10,972,271	0.97%
33	PACIFIC INSURANCE COMPANY LTD.	10,878,783	0.96%
34	INDIAN HARBOR INSURANCE COMPANY	10,834,001	0.96%
35	FIRST MERCURY INSURANCE COMPANY	10,490,311	0.93%
36	ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED	10,376,299	0.92%
37	JAMES RIVER INSURANCE COMPANY	10,244,411	0.91%
38	VOYAGER INDEMNITY INSURANCE COMPANY	10,210,910	0.90%
39	NORTH AMERICAN CAPACITY INSURANCE COMPANY	10,024,942	0.89%
40	LLOYD'S OF LONDON SYNDICATE #1200	9,593,698	0.85%
41	DARWIN SELECT INSURANCE COMPANY	9,053,059	0.80%
42	CENTURY SURETY COMPANY	9,007,200	0.80%
43	NAUTILUS INSURANCE COMPANY	8,400,682	0.74%
44	LLOYD'S OF LONDON SYNDICATE #0510	7,774,744	0.69%
45	ASPEN INSURANCE UK LIMITED	7,567,106	0.67%
46	EVEREST INDEMNITY INSURANCE COMPANY	6,955,215	0.62%
47	LLOYD'S OF LONDON SYNDICATE #2488	6,908,234	0.61%
48	SWISS RE INTERNATIONAL SE	6,338,807	0.56%
49	LLOYD'S OF LONDON SYNDICATE #0623	6,249,910	0.55%
50	BURLINGTON INSURANCE COMPANY	6,149,590	0.54%
	SUBTOTAL	\$930,894,358	82.37%
	All Other Companies	199,183,083	17.63%
	TOTAL	\$1,130,077,441	100.00%

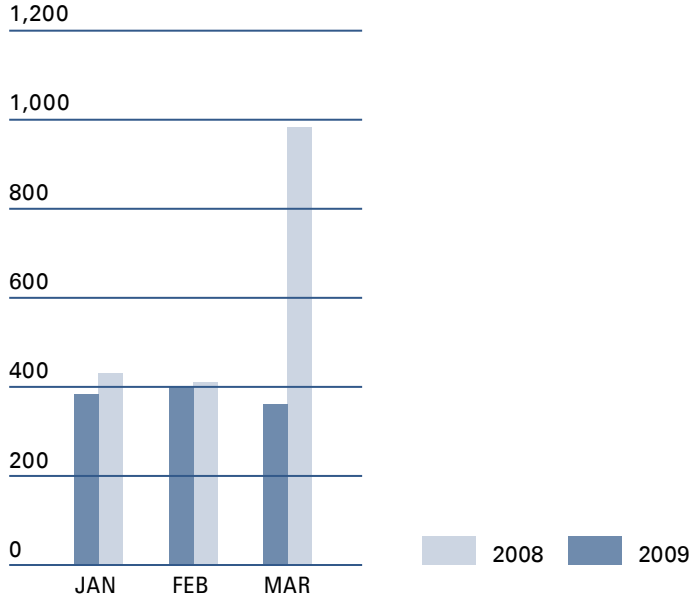
Top 50 Coverages

Based on Premium Processed through March 31, 2009

RANK	EXPORT	COVERAGE	PREMIUM PROCESSED	% OF TOTAL
1		GENERAL LIABILITY	\$257,391,002	22.78%
2	E	COMMERCIAL DIC/STAND ALONE EARTHQUAKE	139,263,781	12.32%
3		ERRORS AND OMISSIONS	124,266,065	11.00%
4		EXCESS LIABILITY	74,777,652	6.62%
5		ALL RISK COMMERCIAL PROPERTY	69,955,534	6.19%
6		SPECIAL MULTI-PERIL PACKAGE	59,663,831	5.28%
7	E	ENVIRONMENTAL IMPAIRMENT REMEDIATION & POLLUTION LIABILITY	54,482,719	4.82%
8		PROFESSIONAL LIABILITY	50,884,145	4.50%
9		MISCELLANEOUS	44,697,887	3.96%
10	E	EXCESS LIABILITY/UNDERLYING NONADMITTED	34,787,323	3.08%
11	E	INDIVIDUAL INSUREDS WITH LARGE SCHEDULES WHERE THE TIV (TOTAL INSURED VALUES) ARE IN EXCESS OF \$500 MILLION	34,366,994	3.04%
12		DIRECTORS AND OFFICERS	25,949,091	2.30%
13		COMMERCIAL PROPERTY-BASIC	23,299,091	2.06%
14	E	PRODUCTS/COMPLETED OPERATIONS (WRITTEN ON A STAND ALONE BASIS)	17,249,714	1.53%
15	E	EMPLOYMENT PRACTICES LIABILITY	16,853,257	1.49%
16		INLAND MARINE	9,263,014	0.82%
17		HOMEOWNERS MULTI-PERIL	8,023,605	0.71%
18	E	EVENT CANCELLATION	7,809,911	0.69%
19		HOSPITALS	7,586,815	0.67%
20	E	CONTRACTORS ENGAGED IN CONSTRUCTION OF NEW TRACT HOMES AND/OR NEW CONDOMINIUMS	7,550,672	0.67%
21		AUTO PHYSICAL DAMAGE-COMMERCIAL	5,826,359	0.52%
22		HOMEOWNERS	4,502,616	0.40%
23		GARAGE LIABILITY	4,107,228	0.36%
24		SINGLE FAMILY DWELLING/DUPLEX	3,881,336	0.34%
25	E	HIGH LIMITS DISABILITY	3,753,993	0.33%
26	E	SECURITY GUARD SERVICES	3,429,048	0.30%
27	E	VACANT BUILDINGS	3,017,780	0.27%
28		AUTO LIABILITY-COMMERCIAL	2,172,000	0.19%
29	E	AMUSEMENT PARKS/CARNIVALS/DEVICES	2,070,381	0.18%
30		TERRORISM	1,975,573	0.17%
31		AUTO COMBINED LIAB & PHYS DAMAGE-COMM.	1,928,751	0.17%
32		DISABILITY INCOME	1,873,653	0.17%
33		SPECIAL MULTI-PERIL WITH TERRORISM	1,749,469	0.15%
34	E	PRODUCTS RECALL	1,633,944	0.14%
35		BONDS	1,390,484	0.12%
36		EXCESS WORKERS COMPENSATION	1,319,892	0.12%
37	E	OILFIELD CONTRACTORS	1,150,327	0.10%
38	E	SHORT TERM SPECIAL EVENTS (EXC HOLE IN ONE)	939,750	0.08%
39	E	CRANE & RIGGING CONTRACTORS	851,819	0.08%
40	E	PERSONAL ARTICLES FLOATERS WRITTEN ON A STAND ALONE BASIS	771,717	0.07%
41		BOILER & MACHINERY	768,714	0.07%
42		ACCIDENT	696,313	0.06%
43		GROUP HEALTH	647,890	0.06%
44	E	POLITICAL RISKS INCLUDING EXPROPRIATION, CONFISCATION, UNFAIR CALLING	641,820	0.06%
45		CRIME	481,344	0.04%
46	E	EXCESS FLOOD	476,154	0.04%
47	E	DEMOLITION CONTRACTORS	465,434	0.04%
48		FIDELITY	462,609	0.04%
49		AVIATION	449,051	0.04%
50		PRODUCT TAMPERING	417,138	0.04%
		SUBTOTAL	\$1,121,974,688	99.28%
		All Other Coverages	8,102,753	0.72%
		TOTAL	\$1,130,077,441	100.00%

Comparison of Premium Processed for 1st Quarter 2009 versus 2008

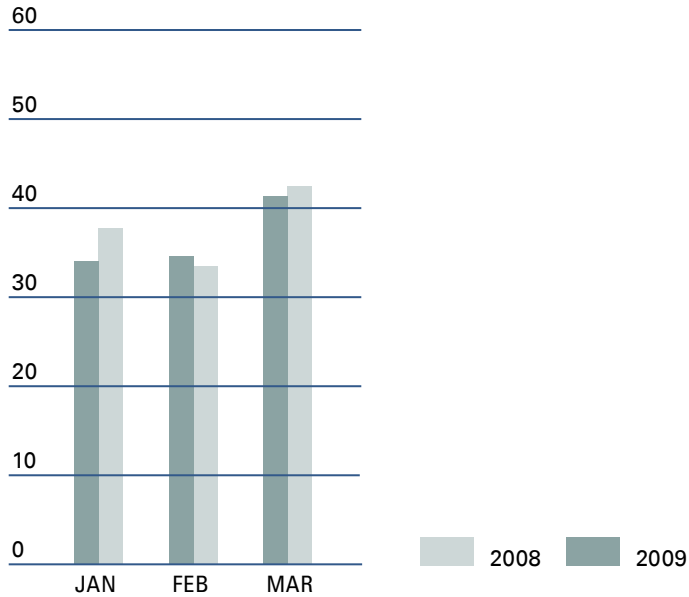
All values represented in Millions



The SLA's main goal is to continue working together with its Members and the Department of Insurance to help maintain a healthy, fair, and competitive marketplace in California, as well as protect the interests of the California consumers, the eligible non-admitted insurers, and the brokers.

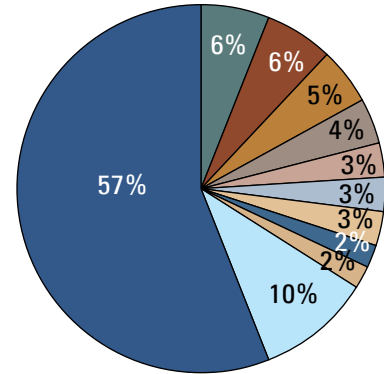
Comparison of Items Processed for 1st Quarter 2009 versus 2008

All values represented in Thousands



Issued Tags for 1st Quarter 2009

Tags Description	Percentage	Count
Late Filing with Explanation	57%	18,519
Late Filing	6%	1,935
Incomplete SL2 Form	6%	1,916
Section 7(B) of SL2 Incomplete	5%	1,502
Incomplete SL1 Form	4%	1,262
No Record of Policy Endorsement	3%	1,024
Renewal has No Record of Prior Policy	3%	887
Incomplete Admitted Company Names	3%	838
Lloyd's Syndicate Numbers	2%	666
Unlisted Admitted Company	2%	577
All Other Tags	10%	3,338
Total		32,464



Over 50% of the tags issued by the stamping office are for late filings.

IT CORNER



Brent Hunter
Manager, Information Technology

The IT Department continues on a highly aggressive software development schedule for our new internal stamping office application, EAS. The Administration Department is now using the system live in production, and the Education and Data processing Departments are working hard alongside the IT Department to conduct their EAS Phase 1 User Acceptance Testing (UAT). Concurrently, we are working closely with the Financial Department – a minimum of 4 hours

per day – to gather and document business requirements for EAS Phase 2. Recently we also completed a project to establish connectivity to the National Association of Insurance Commissioners (NAIC) database to download critical data which is used by the Financial Department. We also just completed the Requirements Document for our new Broker Portal, and the document is being reviewed. In addition to the system development initiatives just described and in addition to all of the day-to-day support we provide to SLA members and employees, we are also spearheading a project to deliver a “front end” to our automated server-to-server filing system.

Scheduled Educational Events for The Surplus Line Association of California

May 2009 - August 2009

All our seminars are approved for California Fire & Casualty Broker-Agents (FX)
and Personal Lines Broker-Agents (PL)

The Broker's Guide to Additional Insureds, Certificates of Insurance and Contractual Liability Insurance

Presented by

Ruth F. Cazden, CPCU

Registration & Continental Breakfast at 8:00 a.m.

Seminar 8:30 a.m. - 11:30 a.m. - 3 CE Credits - Course # 217882

Dates

Tuesday, May 19, 2009

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

Wednesday, May 20, 2009

PG&E Conference Center Auditorium
245 Market Street
San Francisco, CA 94105
(use rear entrance)

How to Successfully Develop, Market and Manage Program Business

Presented by

Margaret Zechlin, CPCU, ARe, ASLI, RPLU
Executive Vice President, Underwriting Practice Group
Swett & Crawford

Lois Massa

Independent Insurance Consultant

Registration & Continental Breakfast at 8:00 a.m.

Seminar 8:30 a.m. - 11:30 a.m. - 3 CE Credits - Course # 221125

Dates

Tuesday, June 9, 2009

Sheraton Los Angeles Downtown
711 South Hope Street
Los Angeles, CA 90017

Wednesday, June 10, 2009

PG&E Conference Center Auditorium
245 Market Street
San Francisco, CA 94105
(use rear entrance)

Ethics in the Insurance Industry

Presented by

Laura S. Danoff, CPCU, AIS, ASLI
Assistant Manager, Education Department
The Surplus Line Association of California

Registration & Continental Breakfast at 7:30 a.m.

Seminar 8:00 a.m. - 12:00 p.m. - 3 CE Credits - Course #224448

Dates

May 12	Sacramento
June 16	San Diego
June 24	Fresno
July 8	San Rafael
August 12	Stockton

2009 SLA Executive Committee

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Arch Specialty Insurance Agency,
Inc.

Les Ross - Vice Chairman

Crump Insurance Services, Inc.

Patrick Hanley - Secretary Treasurer

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