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REPORT OF THE CHAIRMAN

The Executive Committee and the Stamping Committee have approved an increase in the stamping fee from .225% to .250% effective February 1, 2010. The fee is being raised because the processed premium filed by the Surplus Line



John Edack
Chairman, 2009

Broker community is expected to drop significantly. This is based on 2009 trends and a 2010 projection that includes both premium volume considerations and overall economic activity. The stamping fee is a calculation of the processed premium predicted for the following year. See SLA Bulletin # 1194 for details on how the stamping fee change applies to new, renewal, and nonrenewal business as well as extension endorsements.

From January through September 2009, the SLA data shows a decline in California surplus line premium volume. The \$4.3 billion in total premium processed in the first 9-months of 2009 is 20.38% down compared to the 2008 eight month total. The SLA processed 327,020 surplus line insurance policies through September which represents a 9% decline compared to the 2008 9-month total.

There are currently 97 U.S. domiciled insurers on the List of Eligible Surplus Line Insurers (LESLI) and 30 alien and 77 Lloyd's syndicates. There are 10 applicants pending eligibility in California as surplus line insurers. From January through September, U.S. domiciled insurers wrote 77.61% of the California surplus line premiums while Lloyd's wrote 17.34% and all other aliens wrote 4.15%.

An additional 0.90% was processed as premiums held in suspense for unknown carriers, broker fees, or coverage written by carriers that have not been properly identified or were de-listed, or Lloyd's without syndicate detail.

Based on 2009 trends in premium volume and economic activity, the processed premium filed by the Surplus Line Broker community is expected to continue to decline in 2010. See SLA Bulletin #1194 for details on how the stamping fee applies to new, renewal, and nonrenewal business as well as extension endorsements.

LEGISLATIVE UPDATE

STATE LEGISLATION

Governor Arnold Schwarzenegger is advocating a bill (AB 196) that would establish a 4.8 percent surcharge on all new or renewal commercial and residential fire and multi-peril property insurance policies issued or renewed on or after January 1, 2010. The bill did not pass the legislature but is expected to be reconsidered in January.

AB 196 (Committee on Budget): This bill establishes a 4.8 percent surcharge on all new or renewed commercial and residential fire and multiperil property insurance policies issued or renewed on or after January 1, 2010. The surcharge revenue would be deposited

combat the effects of emergencies and disasters. Local agencies would receive 31.3 percent of revenues deposited into the Emergency Response Fund beginning July 1, 2010. AB 196 passed the Senate on June 26th with a vote of 23-13; however, the urgency clause failed passage with a vote of 23-14. The bill was granted reconsideration and is currently on the Third



Complicating the schedule this year, legislators are expected to return to Sacramento for several special sessions.

Reading File of the Senate and can be taken up at any time. AB 39xxx (Evans) contains the same language as AB 196 relative to the fire surcharge. This measure passed the Assembly on June 28th with a vote of 44-31. It is currently in the Senate.

into an Emergency Response Fund for use for emergency activities of the California Emergency Management Agency, the Department of Forestry and Fire Protection, and the Military Department. This bill also establishes the Local Government Mutual Aid Enhancement Program to provide local agencies additional funding to enhance or sustain fire and rescue disaster mutual aid capacity to

AB 784 (Gaines): This bill would provide that a nonadmitted insurer that is affiliated with a California domestic insurer shall not be deemed to be transacting insurance in California as long as all California business written by the nonadmitted insurer is transacted by and through a surplus lines broker

licensed in California. The bill would also authorize a nonadmitted insurer to receive administrative services rendered in California by its California domestic insurer affiliate or any other affiliate as long as the administrative services do not relate to the placement or transaction of any California risk or constitute management of the nonadmitted insurer. The bill would also permit a nonadmitted insurer and its California domestic affiliate to have common directors and officers as long as the nonadmitted insurer maintains a resident operating manager in its home state. AB 784 is a two year bill and could be acted upon in 2010.

FEDERAL LEGISLATION

The Nonadmitted and Reinsurance Reform Act (NRRRA) of 2009 (HR 2571 & S 1363) was introduced by Rep. Dennis Moore (D-KS) in the House and Senators Evan Bayh (D-IN), Mel Martinez (R-FL), Bill Nelson (D-FL), and Mike Crapo (R-ID) in the Senate. The NRRRA would limit the compliance requirements of surplus line brokers placing multi-state risks to the laws of the home state and adopt a uniform standard for multi-state premium tax allocation via an interstate compact. The bill would also create uniformity in state eligibility standards for nonadmitted insurers and create direct access to the surplus lines market for sophisticated commercial purchasers. The legislation's reinsurance provisions include

(1) the ceding insurer's domiciled state to be the sole regulatory authority for determining credit for reinsurance for the insurer's ceded risk; (2) federal preemption of a state's ability to regulate on an extraterritorial basis in certain circumstances, and (3) the reinsurer's domiciliary state to be the sole regulator of that reinsurer's financial solvency. This bill attempts to create a uniform regulatory system while preserving the role of the state regulator.

The National Association of Registered Agents and Brokers Reform Act, H.R. 2554, was introduced by Representatives David Scott (D-GA) and Randy Neugebauer (R-TX), along with more than 30 House colleagues. The bill would streamline the multi-state licensing process for insurance producers. The National Association of Registered Agents and Brokers Reform Act — or "NARAB II" as the bill is informally called — would create an organization whose specific jurisdiction would be the oversight of producer reciprocal licensing and continuing education standards on a national level.

The Insurance Information Act of 2009 (HR 2609), would establish within the Department of the Treasury the Office of Insurance Information. This new office would have the authority to monitor all aspects of the insurance industry, establish Federal policy on international insurance matters, serve as a

The U.S. House of Representatives passed the Nonadmitted and Reinsurance Reform Act (HR 2571) on September 9, 2009. The bill now moves to the Senate, where it was introduced on June 25, 2009 by Sens. Evan Bayh (D-IN), Mel Martinez (R-FL), Mike Crapo, (R-ID), and Bill Nelson (D-FL).

liaison between the Federal government and the several States regarding insurance matters, and serve as an advisory to the Treasury regarding the export promotion of United States insurance products and services.

The National Insurance Consumer Protection Act (HR 1880), would create an optional fed-

eral charter through an Office of National Insurance. A federal charter would create a framework for a national system of state-based regulation and create uniform standards in such areas as market conduct, licensing, the filing of new products and reinsurance. California Insurance Commissioner, Steve Poizner is opposed to the federal charter legislation.

The California Superior Court of Los Angeles rejected an effort to require surplus line insurers with California insureds to pay a 2.35% tax on gross premiums in addition to the 3% surplus line premium tax already imposed upon their surplus line policies under California law.

SILVERS DECISION ISSUED; FEDERAL INITIATIVES UNRESOLVED

On September 2, 2009, the California Superior Court for Los Angeles County issued a decision in the *Silvers v. State Board of Equalization, et al.* litigation rejecting an effort to require surplus line insurers with California insureds to pay a 2.35% tax on gross premiums written (the premium, or “doing business” tax) in addition to the 3% surplus lines premium tax already imposed upon their surplus lines policies under California law. As previously noted, The Surplus Line Association of California (the “SLA”), filed an amicus curiae brief early in the proceedings explaining that Plaintiffs’ position is contrary to 70 years of established case law and contrary to the legislative history of the relevant California statutes. In addition, Dennis Ward, who is a consultant to the SLA, testified from the perspective of a non-party with experience regulating the surplus lines market in California. He provided the court with informative testimony about the nature of the surplus lines

market, how it is regulated and taxed, and why the surplus lines market performs an essential function. The opinion recognized his testimony as “credible and persuasive.” This decision affirms the validity of existing practices with respect to taxation of surplus line transactions in California.

In contrast, federal regulatory initiatives that would affect the surplus line marketplace remain under discussion, with no clear indication of actions to be taken.

Notably, on September 9, 2009, the House of Representatives passed the Nonadmitted and Reinsurance Reform Act of 2009 (HR 2571). This is the third time that the House has passed the NRRRA, which failed to pass the Senate in 2007 and 2008. The prospects for Senate action this year, whether on NRRRA as a stand-alone bill or as part of overall insurance regulatory reform legislation, are unclear as of

writing. If passed, the NRRRA would simplify tax remittance and compliance requirements for surplus line brokers in multi-state transactions.

Legislation creating an Office of National Insurance (“ONI”), which was introduced in May as the Insurance Information Act of 2009 (HR 2609) was the subject of hearings before the House Financial Services Committee on October 6, 2009, and its author has circulated a discussion draft of revisions titled the Federal Insurance Office Act of 2009. This legislation would create an office within the U.S. Treasury that would collect and analyze data on insurance; establish federal policy on inter-

national insurance matters; and ensure that state insurance laws remain consistent with federal policy in coordinating international trade agreements and is subject to criticism from some industry participants who argue that the ONI would become a de facto federal regulator.

While federal initiatives on insurance reform remain the topic of much discussion, with increasing pressure towards creating a federal role in insurance regulation, prospects for enacting such reform this year remain unclear. We continue to monitor these developments and their impact on the future of surplus line regulation.

The rift over federal involvement in insurance regulation was evident in an Oct. 7, 2009, hearing in the House Financial Services Committee. The committee called witnesses from the insurance industry to testify about H.R. 2609, the Federal Insurance Office Act of 2009. The act, sponsored by Rep. Paul Kanjorski (D-PA), would create an insurance office within the Treasury Department. All witnesses endorsed the concept of a centralized repository of insurance regulatory expertise but opinions differed on what the exact purpose of a Federal Insurance Office (FIO) should be.

REPORT OF THE DIRECTOR OF THE STAMPING OFFICE



Joy Erven
Director,
Stamping Office

The stamping office has seen a decline of filed premiums of 20.38%. Anticipated filed premium for 2009 is estimated at \$4.5 billion. In comparison, filed premium in 2008 was \$5.8 billion, 2007 was \$6.2 billion. BEST Special

Report stated this is the first nationwide decline in filed surplus lines premium since 2001. Item count is down, though not in proportion to premiums, which indicates while surplus lines business is still being written, it is at much lower premiums.

It is budget time and we have compiled a budget for the Association keeping in mind the current economic times. The stamping office fiscal year runs from 12/1 to 11/30. We currently have 63 employees and 5 departments- Admin, IT, Data Processing, Financial, and Education. The stamping fee is evaluated every year by the Stamping and Executive Committee. Per Insurance Code 1780.56 (b) The Association will charge a stamping fee to cover necessary expenses. Our current stamping fee is .225%. This is charged against all new, renewal policies as well as premiums bearing endorsements.

In past years filed premiums exceeded market

projections and the Association stamping fee revenue exceeded expenses. The Association lowered the stamping fee in hopes of using the excess funds. The market softened to a historic low, and with less stamping fee revenue the excess cash was depleted.

Working with its members and the CDI, the Association helps maintain a healthy, fair, and competitive surplus line marketplace in California, as well as protect the interest of California consumers.

The SLA continues to accomplish the responsibilities set forth by the insurance code and the resulting Plan of Operation written in collaboration with the Commissioner of Insurance. The SLA helps to maintain a lawful and sound surplus line marketplace while practicing fiscal responsibility and prudent management.

New Brokers Added to Membership Since July 28, 2009

Business Entity Licenses

Alta Financial & Insurance Services, LLC
 Aon Private Risk Management of CA
 Ins. Agency, Inc.
 Assurance Agency, Ltd.
 Black Ink Insurance Services, Inc.
 Brock Insurance Agency, Inc.
 Brown & Brown of Washington, Inc.
 FTP Inc
 G & S Insurance, Inc.
 G.S. Levine Insurance Services, Inc.
 Great American Insurance Agency, Inc.
 Griffin Underwriting Services Division of
 Cochrane, Griffin & Co, Inc.
 Jardine Lloyd Thompson Insurance
 Services, Inc.

Maclean, Oddy & Associates, Inc.
 Meadowbrook, Inc.
 NIF Insurance Agency, Ltd.
 Presidio Group, Inc., The
 Richmond General Insurance Services
 Roamnet Insurance Marketing, Inc.
 RSD Insurance Services, Inc.
 Swett & Crawford of Texas, Inc.
 Tapco Underwriters, Inc.
 U.S. Risk of Virginia, LLC
 United America Insurance Services, LLC
 Walnut Advisory Corporation, The
 Willis Insurance Services of Atlanta, Inc.
 Willis of Texas, Inc.

Individual Licenses

Ackley, Corisa Anne	Barbe, Don Charles	Brown, David Alan
Alburger, John Eric	Barberie, Donald Stephen II	Bryce, Walter Pierce Jr.
Anderson, Matthew Robert	Bauer, Michael H.	Camara, Justin Bradford
Anderson, Virgil Lee	Bay, Jill Denise	Carabas, Elizabeth Venne
Arledge, Cameron Scott	Beshore, Chris Darren	Castaneda, Susan Louise
Auld, Arran Nathaniel	Brady, Scott Thomas	Charles, James Lyons Jr.
Baker, Raymond Frank	Branson, Paul Lee	Chouinard, Patricia Ann

Collier, Bradley James	Kelson, Gregory Allen	Perez-Reyes, Arturo
Colucci, Lynda Anne	Khoury, Margaret Elizabeth	Pine, Glenn L.
Coy, Mark Anthony	Kirk, Lindsey Ryan	Powell, Frank Jeffery Jr.
Crane, Thaddeus James	Kronenberger, Kristina Dolores	Pratt, Richard Wells
Cubell, Darren Hadley	Kruger , Lisa Js	Revis, Donnalyn
Davis, Richard Edward	Kruger, Larry Michael	Reynolds, Karen Susanne
Dodds, Jeffrey William	Leinas, Margaret M.	Ring, John David
Duncan, Brenda Barton	Levine, Gary Steven	Roberson, Elizabeth Ann
Ellinwood, Todd Mcdowell	Levinson, Lynn Marie	Ross, Richard Lynn
Erlbacher, Mickey Jean	Lindblom, Susan Elizabeth	Sackett, Matthew T
Eveland, Christine Marie	Lyons, Paul Creston III	Sarich, Valerie Fry
Felker, Theodore Planting	Mariani, Anthony James	Scollin, Bruce Lad
Ferrer, Efrain Hector	Martin, Jeffrey Wayne	Sena, Brian Matthew
Gaudette, Marie Freer	Massi, Eric Jonathan	Sokolov, Rod J.
Geimer, Catherine Lee	McKeegan, Peter Gerard	Struve, John Manuel
Guercio, Joseph Schliessman	McKinney, David Bruce	Turner, Regan Michael
Hailom, Helen Natznet	McNelly, Gregg Lee	Turner, Robert Edward
Hammesfahr, Scott Gardner	Merget, William Arnold	Van Deusen, Ellen Jane
Harrell, Bruce Edward	Mitcheom, Michael John	Weckerle, Laura Ann
Harwell, William Charles Jr.	Mitrani, Cesare J.	Wesson, Lawrence McBride Jr.
Heinson, Jonathan Edwa	Moffett, Barry Andrus	Whaling, Robert Penick Jr.
Hessing, Ariel Mordecai	Monteith, Bruce Souther	Whitenight, Thomas Alan
Hite, Daniel Durand	Moreno, Steven Gregroy	Wiegers, Jeffrey Guy
Hurd, Ashley Loren	Mozingo, Floyd Glenn	Wiser, Ronald Francis
Johnson, Lynn Kimmel	Munoz, Andrew Paul	Wolf, Boyd Hoover
Kane, Patrick James	Noonan, Kathryn Ann	Worden, Robin Kizer
Keeney, Kenneth Alan	Orchard, Janet Ruth	Young, Jafir Dwayne
Keith, Leeper Atwell	Ott, Heather	Zochowski, David Allen
Kelly, Lisa Ann	Penny, Robert James	

A surplus line broker is an insurance producer with a specialty license that authorizes the broker to solicit, negotiate and place insurance with eligible surplus line insurers.

SLA Membership Totals as of October 27, 2009

California Business Entities	622	Non-Resident Business Entities	385
California Individuals	2,176	Non-Resident Individuals	1,166
Total California	2,798	Total Non-Resident	1,551
Total SLA Membership: 4,349			

MEMBER PROFILE



Debbie and Al Hernandez

Vice President, and President
Lawyers Pacific Insurance Brokerage

Married for over 27 years and business associates for the last 16 years, Al and Debbie Hernandez formed Lawyers Pacific Insurance Brokerage in 2008. Together they bring to the table over 30 years experience in lawyers' professional liability.

For 15 years, insurance carriers have relied on the skill and experience of Debbie Hernandez. As Senior Vice President of one of California's leading insurance agencies, Debbie managed a \$5 million book of business. She has been involved in the research and development of several lawyers' professional liability programs.

With 18 years of specialization in lawyers' professional liability, Al has amassed a wealth of experience and knowledge. Acting as the managing Executive Vice President of one

of California's largest independently owned agencies, Al managed business in excess of \$25 million.

Al and Debbie are committed to excellence in every aspect of their profession. They have developed strong relationships with the highest rated providers of lawyer's professional liability insurance and have been integral in the introduction of several professional liability programs in California.

Al Hernandez has held a Surplus Lines License since 1995 and is also a licensed Fire & Casualty Broker and Property & Casualty Agent. In addition to being members of the Surplus Lines Association of California, Al and Debbie are involved with the American Bar Association Legal Standing Committee on Lawyers Professional Liability and the Professional Liability Underwriters Society.

Outside the office, California natives Al and Debbie enjoy running, kayaking, scuba diving and taking long drives along the coast.

Lawyers Pacific Insurance Brokerage is a leader in providing lawyers professional liability coverage solutions. Rather than subscribe to 'one-size-fits-all' models, Lawyers Pacific prefers to work with a variety of admitted and non-admitted carriers to match each client with the right insurance program to maximize coverage benefits.

Correction: The "Member Profile" in the SLA Quarterly dated August 2009 inadvertently identified Tina Epstein Abrams as Assistant Vice President, Regional Business Manager of Arch Specialty Insurance Agency, Inc. Tina Epstein Abrams is actually Assistant Vice President – Excess Casualty Underwriter at Argonaut Specialty Insurance Services, Los Angeles office.

Top 100 Surplus Line Brokers

Based on Premium Processed through September 30, 2009

Rank	BROKER	PREMIUMS PROCESSED	% OF TOTAL
1	MARSH USA INC.	\$289,036,202	8.03%
2	SWETT & CRAWFORD	262,598,596	7.30%
3	RISK SPECIALISTS COMPANIES INSURANCE AGENCY, INC. (FKA: WESTERN RISK SPECIALISTS, Inc.)	252,625,384	7.02%
4	AON RISK INSURANCE SERVICES WEST, INC.	216,453,680	6.01%
5	HART, ANTHONY JOSEPH	140,701,110	3.91%
6	AMWINS INSURANCE BROKERAGE OF CALIFORNIA, LLC	134,660,402	3.74%
7	BLISS AND GLENNON INC	79,044,130	2.20%
8	RISK PLACEMENT SERVICES INSURANCE BROKERS	78,522,385	2.18%
9	CRUMP INSURANCE SERVICES, INC.	75,566,933	2.10%
10	LOCKTON COMPANIES, LLC	71,268,438	1.98%
11	WORLDWIDE FACILITIES, INC.	62,476,248	1.74%
12	AMERICAN E & S INSURANCE BROKERS OF CALIFORNIA, INC.	60,952,043	1.69%
13	WILLIS INSURANCE SERVICES OF CALIFORNIA, INC.	57,132,252	1.59%
14	CRC INSURANCE SERVICES, INC.	50,554,215	1.40%
15	FIRST STATE MANAGEMENT GROUP, INC.	48,436,175	1.35%
16	CRC-STERLING WEST INSURANCE SERVICES, LLC	48,406,867	1.34%
17	BURNS & WILCOX INSURANCE SERVICES, INC.	45,228,127	1.26%
18	COLEMONT INSURANCE BROKERS OF CALIFORNIA, LLC	44,213,106	1.23%
19	BORISOFF INSURANCE SERVICES, INC. (DBA: MONARCH E & S INSURANCE SERVICES)	43,743,423	1.22%
20	BROWN & RIDING INSURANCE SERVICES, INC.	36,688,805	1.02%
21	CHARTWELL INDEPENDENT INSURANCE BROKERS, LLC	36,349,420	1.01%
22	PARTNERS SPECIALTY GROUP, LLC	33,960,278	0.94%
23	CROUSE & ASSOCIATES INSURANCE SERVICES OF NORTHERN CALIFORNIA, INC.	31,861,948	0.89%
24	PROCTOR FINANCIAL, INC.	30,325,304	0.84%
25	SEMINARIO, MICHAEL CARLOS	28,900,587	0.80%
26	WESTERN RE/MANAGERS INSURANCE SERVICES, INC.	28,089,312	0.78%
27	HULL & COMPANY, INC.	27,816,682	0.77%
28	SOCIUS INSURANCE SERVICES, INC.	27,563,907	0.77%
29	WOODRUFF-SAWYER & COMPANY	26,440,612	0.73%
30	BASS UNDERWRITERS, INC.	26,159,773	0.73%
31	ALL RISKS, LLC	23,692,815	0.66%
32	INTEGRO USA INC.	22,498,319	0.63%
33	ARTHUR J. GALLAGHER & CO. INSURANCE BROKERS OF CALIFORNIA, INC. (GLENDALE)	19,843,928	0.55%
34	WILLIS OF NEW YORK INC	19,093,268	0.53%
35	HARRY W. GORST COMPANY, INC.	18,385,626	0.51%
36	ALLIANT INSURANCE SERVICES, INC.	16,766,952	0.47%
37	COASTAL BROKERS INSURANCE SERVICES INC.	16,464,849	0.46%
38	AIS AFFINITY INSURANCE AGENCY, INC.	16,294,345	0.45%
39	ALL RISKS, LTD.	15,335,183	0.43%
40	HRH E&S SERVICES, LLC	14,197,921	0.39%
41	JOHN L. WORTHAM & SON, L.P.	14,106,204	0.39%
42	M.J. HALL & COMPANY, INC.	14,087,036	0.39%
43	ZURICH E&S INSURANCE BROKERAGE, INC.	13,400,902	0.37%
44	WELLS FARGO OF CALIFORNIA INSURANCE SERVICES, INC.	13,391,323	0.37%
45	INTERNATIONAL E & S INSURANCE BROKERS, INC.	13,162,377	0.37%
46	W. BROWN & ASSOCIATES PROPERTY & CASUALTY INSURANCE SERVICES	12,957,894	0.36%
47	ROBERTSON TAYLOR (CALIFORNIA), INC.	12,938,079	0.36%
48	FRANK CRYSTAL & CO INC	12,138,040	0.34%
49	COOPER GAY RISK SERVICES, INC.	11,977,240	0.33%
50	SBIB, INC.	11,874,491	0.33%

THE SURPLUS LINE ASSOCIATION OF CALIFORNIA
Safeguarding Consumers

Rank	BROKER	PREMIUMS PROCESSED	% OF TOTAL
51	MIDWESTERN GENERAL BROKERAGE, INC.	11,636,259	0.32%
52	HILB ROGAL & HOBBS INSURANCE SERVICES OF CALIFORNIA, INC.	11,458,623	0.32%
53	NEITCLEM WHOLESALE INSURANCE BROKERAGE, INC	11,443,310	0.32%
54	CARPENTER MOORE INSURANCE SERVICES, INC.	10,788,495	0.30%
55	R.E. CHAIX & ASSOCIATES INSURANCE BROKERS, INC.	10,763,540	0.30%
56	WESTERN SECURITY SURPLUS INSURANCE BROKERS, INC.	9,933,742	0.28%
57	MERCATOR RISK SERVICES, INC.	9,928,037	0.28%
58	TRACKSURE INSURANCE AGENCY, INC.	9,881,986	0.27%
59	PETERSEN INTERNATIONAL UNDERWRITERS	9,610,512	0.27%
60	BARNEY & BARNEY, LLC	9,590,619	0.27%
61	YATES & ASSOCIATES INSURANCE SERVICES, INC.	9,586,412	0.27%
62	GALEOTTI, GARY WAYNE	9,367,503	0.26%
63	BROWN & BROWN OF CALIFORNIA, INC.	9,063,768	0.25%
64	BEECHER CARLSON INSURANCE SERVICES, LLC	8,866,100	0.25%
65	EXCEPTIONAL RISK ADVISORS, LLC	8,799,346	0.24%
66	NAS INSURANCE SERVICES, INC.	8,648,984	0.24%
67	ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC.	8,578,426	0.24%
68	INTERNATIONAL FACILITIES INSURANCE SERVICES, INC.	8,496,641	0.24%
69	COOPER & MCCLOSKEY, INC. INSURANCE BROKERS	7,858,866	0.22%
70	ARTHUR J. GALLAGHER & CO. INSURANCE BROKERS OF CALIFORNIA, INC. (SF)	7,812,627	0.22%
71	MESSINA, JOSEPH	7,670,065	0.21%
72	PACIFIC WHOLESALE INSURANCE BROKERS, LLC	7,666,749	0.21%
73	ALEXANDER, MORFORD & WOO, INC.	7,634,197	0.21%
74	U.S. RISK OF CALIFORNIA, INC.	7,555,232	0.21%
75	ALBERICO, DONALD ANTHONY	6,943,501	0.19%
76	E.L.M. INSURANCE BROKERS, INC.	6,887,120	0.19%
77	HUB INTERNATIONAL INSURANCE SERVICES INC.	6,842,130	0.19%
78	COMMODORE INSURANCE SERVICES, INC.	6,757,096	0.19%
79	ARC WEST COAST EXCESS & SURPLUS BROKERAGE, LLC	6,607,602	0.18%
80	AON/ALBERT G. RUBEN INSURANCE SERVICES, INC.	6,499,304	0.18%
81	W. B. AHERN ENTERPRISES, INC.	6,490,491	0.18%
82	TRINITY E & S INSURANCE SERVICES, INC.	6,488,526	0.18%
83	ARROWHEAD GENERAL INSURANCE AGENCY, INC.	6,450,444	0.18%
84	NAPCO, LLC	6,206,197	0.17%
85	WNC INSURANCE SERVICES, INC.	5,980,480	0.17%
86	MCGRIFF, SEIBELS & WILLIAMS, INC.	5,887,740	0.16%
87	NORMAN SPENCER MCKERNAN AGY(NSM)TB&C WHOLESALE INS. SERV'S OF ORANGE CO.	5,873,883	0.16%
88	DEVINE, MICHAEL CHRISTIAN	5,809,249	0.16%
89	KEYSTONE RISK PARTNERS, LLC	5,769,387	0.16%
90	HCC SPECIALTY UNDERWRITERS, INC.	5,752,976	0.16%
91	JAMES KLEIN INSURANCE SERVICE INC.	5,565,909	0.15%
92	POBUDA, CONRAD WALTER	5,523,876	0.15%
93	USI OF SOUTHERN CALIFORNIA INSURANCE SERVICES, INC.	5,521,501	0.15%
94	HDR INSURANCE MANAGERS, LLC	5,516,026	0.15%
95	LIPPA SURPLUS LINES BROKERS, INC.	5,449,502	0.15%
96	ANDERSON & MURISON INC.	5,341,694	0.15%
97	G.J. SULLIVAN CO. EXCESS & SURPLUS LINES BROKERS	5,224,928	0.15%
98	HEFFERNAN INSURANCE BROKERS	5,202,718	0.14%
99	HALL, JAMES ALLAN	5,181,893	0.14%
100	PROWEST INSURANCE SERVICES, INC.	5,180,355	0.14%
	SUBTOTAL	\$3,085,977,706	85.73%
	ALL OTHER BROKERS	513,566,991	14.27%
	TOTAL	\$3,599,544,697	100.00%

Top 100 Nonadmitted Carriers

Based on Premium Processed through September 30, 2009

RANK	COMPANY	PREMIUM PROCESSED	% OF TOTAL
1	LEXINGTON INSURANCE COMPANY	\$619,882,984	17.22%
2	AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY	141,859,456	3.94%
3	SCOTTSDALE INSURANCE COMPANY	116,880,502	3.25%
4	LLOYD'S OF LONDON SYNDICATE #2623	89,861,916	2.50%
5	EMPIRE INDEMNITY INSURANCE COMPANY	89,656,575	2.49%
6	LANDMARK AMERICAN INSURANCE COMPANY	76,266,892	2.12%
7	EVANSTON INSURANCE COMPANY	72,718,022	2.02%
8	STEADFAST INSURANCE COMPANY	68,144,728	1.89%
9	QBE SPECIALTY INSURANCE COMPANY	66,931,699	1.86%
10	MT. HAWLEY INSURANCE COMPANY	65,158,366	1.81%
11	ADMIRAL INSURANCE COMPANY	64,533,551	1.79%
12	COLUMBIA CASUALTY COMPANY	63,940,040	1.78%
13	AXIS SURPLUS INSURANCE COMPANY	61,468,569	1.71%
14	ARCH SPECIALTY INSURANCE COMPANY	58,766,231	1.63%
15	ILLINOIS UNION INSURANCE COMPANY	57,967,350	1.61%
16	ENDURANCE AMERICAN SPECIALTY INSURANCE COMPANY	54,006,636	1.50%
17	WESTCHESTER SURPLUS LINES INSURANCE COMPANY	53,416,993	1.48%
18	COLONY INSURANCE COMPANY	51,845,046	1.44%
19	LLOYD'S OF LONDON SYNDICATE #2987	50,936,084	1.42%
20	LLOYD'S OF LONDON SYNDICATE #0033	50,437,141	1.40%
21	INTERSTATE FIRE & CASUALTY COMPANY	49,338,717	1.37%
22	LIBERTY SURPLUS INSURANCE CORPORATION	48,044,019	1.33%
23	NAVIGATORS SPECIALTY INSURANCE COMPANY	44,306,479	1.23%
24	HOUSTON CASUALTY COMPANY	43,604,843	1.21%
25	LLOYD'S OF LONDON SYNDICATE #2003	42,114,949	1.17%
26	CHUBB CUSTOM INSURANCE COMPANY	37,163,960	1.03%
27	MAX SPECIALTY INSURANCE COMPANY	36,586,267	1.02%
28	INDIAN HARBOR INSURANCE COMPANY	35,184,557	0.98%
29	ESSEX INSURANCE COMPANY	34,165,479	0.95%
30	FIRST MERCURY INSURANCE COMPANY	33,725,323	0.94%
31	SWISS RE INTERNATIONAL SE	29,718,400	0.83%
32	ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED	29,663,883	0.82%
33	LLOYD'S OF LONDON SYNDICATE #1200	29,424,183	0.82%
34	AMERICAN SAFETY INDEMNITY COMPANY	29,369,916	0.82%
35	GEMINI INSURANCE COMPANY	29,079,131	0.81%
36	NATIONAL FIRE & MARINE INSURANCE COMPANY	28,689,581	0.80%
37	JAMES RIVER INSURANCE COMPANY	28,489,956	0.79%
38	NORTH AMERICAN CAPACITY INSURANCE COMPANY	28,078,587	0.78%
39	CENTURY SURETY COMPANY	27,610,332	0.77%
40	LLOYD'S OF LONDON SYNDICATE #0510	27,086,735	0.75%
41	PRINCETON EXCESS AND SURPLUS LINES INSURANCE COMPANY	25,810,041	0.72%
42	CATLIN SPECIALTY INSURANCE COMPANY	25,704,657	0.71%
43	NAUTILUS INSURANCE COMPANY	25,661,719	0.71%
44	LLOYD'S OF LONDON SYNDICATE #0623	25,482,292	0.71%
45	ALLIED WORLD NATIONAL ASSURANCE COMPANY	23,910,141	0.66%
46	LLOYD'S OF LONDON SYNDICATE #2488	23,870,324	0.66%
47	IRONSHORE SPECIALTY INSURANCE COMPANY	22,579,406	0.63%
48	GREAT LAKES REINSURANCE (UK) PLC	22,357,494	0.62%
49	PACIFIC INSURANCE COMPANY LTD.	20,494,102	0.57%
50	DARWIN SELECT INSURANCE COMPANY	19,615,868	0.54%

THE SURPLUS LINE ASSOCIATION OF CALIFORNIA
Safeguarding Consumers

RANK	COMPANY	PREMIUM PROCESSED	% OF TOTAL
51	BURLINGTON INSURANCE COMPANY	18,273,124	0.51%
52	LLOYD'S OF LONDON SYNDICATE #5000	18,070,094	0.50%
53	COMMONWEALTH INSURANCE COMPANY	17,230,366	0.48%
54	EVEREST INDEMNITY INSURANCE COMPANY	16,648,280	0.46%
55	LLOYD'S OF LONDON SYNDICATE #4472	16,441,652	0.46%
56	GREAT AMERICAN E&S INSURANCE COMPANY	15,824,964	0.44%
57	ASPEN INSURANCE UK LIMITED	15,733,167	0.44%
58	LLOYD'S OF LONDON SYNDICATE #2001	15,432,537	0.43%
59	HUDSON SPECIALTY INSURANCE COMPANY	14,967,354	0.42%
60	LLOYD'S OF LONDON SYNDICATE #4444	14,405,489	0.40%
61	LLOYD'S OF LONDON SYNDICATE #4242	13,856,866	0.38%
62	LLOYD'S OF LONDON SYNDICATE #1414	13,695,395	0.38%
63	COLONY NATIONAL INSURANCE COMPANY	13,555,401	0.38%
64	GENERAL STAR INDEMNITY COMPANY	13,380,920	0.37%
65	LLOYD'S OF LONDON SYNDICATE #1225	12,341,382	0.34%
66	LLOYD'S OF LONDON SYNDICATE #2010	12,329,927	0.34%
67	LLOYD'S OF LONDON SYNDICATE #1084	11,926,845	0.33%
68	HOMELAND INSURANCE COMPANY OF NEW YORK	11,334,198	0.31%
69	WESTERN HERITAGE INSURANCE COMPANY	11,029,589	0.31%
70	LLOYD'S OF LONDON SYNDICATE #0958	11,026,329	0.31%
71	FIREMAN'S FUND INSURANCE COMPANY OF OHIO	10,887,094	0.30%
72	VOYAGER INDEMNITY INSURANCE COMPANY	10,797,877	0.30%
73	LLOYD'S OF LONDON SYNDICATE #2791	10,128,586	0.28%
74	FIRST SPECIALTY INSURANCE CORPORATION	9,605,906	0.27%
75	LLOYD'S OF LONDON SYNDICATE #1183	8,853,906	0.25%
76	ROCKHILL INSURANCE COMPANY	8,716,785	0.24%
77	LLOYD'S OF LONDON SYNDICATE #2000	8,421,572	0.23%
78	LLOYD'S OF LONDON SYNDICATE #0570	8,298,848	0.23%
79	LANTANA INSURANCE LTD.	8,201,589	0.23%
80	LLOYD'S OF LONDON SYNDICATE #1206	7,931,726	0.22%
81	LLOYD'S OF LONDON SYNDICATE #0435	7,833,369	0.22%
82	MOUNT VERNON FIRE INSURANCE COMPANY	7,710,460	0.21%
83	PENN-STAR INSURANCE COMPANY	7,664,861	0.21%
84	LLOYD'S OF LONDON SYNDICATE #0807	7,464,544	0.21%
85	LLOYD'S OF LONDON SYNDICATE #2121	7,379,502	0.21%
86	UNITED SPECIALTY INSURANCE COMPANY	7,370,053	0.20%
87	PHILADELPHIA INSURANCE COMPANY	7,308,537	0.20%
88	USF INSURANCE COMPANY	7,276,116	0.20%
89	AMERICAN EMPIRE SURPLUS LINES INSURANCE COMPANY	7,269,149	0.20%
90	ENERGY INSURANCE MUTUAL LIMITED	6,992,822	0.19%
91	GENERAL SECURITY INDEMNITY COMPANY OF ARIZONA	6,972,771	0.19%
92	GOTHAM INSURANCE COMPANY	6,874,905	0.19%
93	UNITED NATIONAL INSURANCE COMPANY	6,851,031	0.19%
94	INTEGON SPECIALTY INSURANCE COMPANY	6,609,766	0.18%
95	PROASSURANCE CASUALTY COMPANY	6,517,527	0.18%
96	ST. PAUL SURPLUS LINES INSURANCE COMPANY	6,455,252	0.18%
97	NOETIC SPECIALTY INSURANCE COMPANY	6,286,898	0.17%
98	ASPEN SPECIALTY INSURANCE COMPANY	6,261,303	0.17%
99	MAXUM INDEMNITY COMPANY	6,000,964	0.17%
100	LLOYD'S OF LONDON SYNDICATE #3624	5,819,955	0.16%
	SUBTOTAL	\$3,419,877,670	95.01%
	ALL OTHER COMPANIES	179,667,027	4.99%
	TOTAL	\$3,599,544,697	100.00%

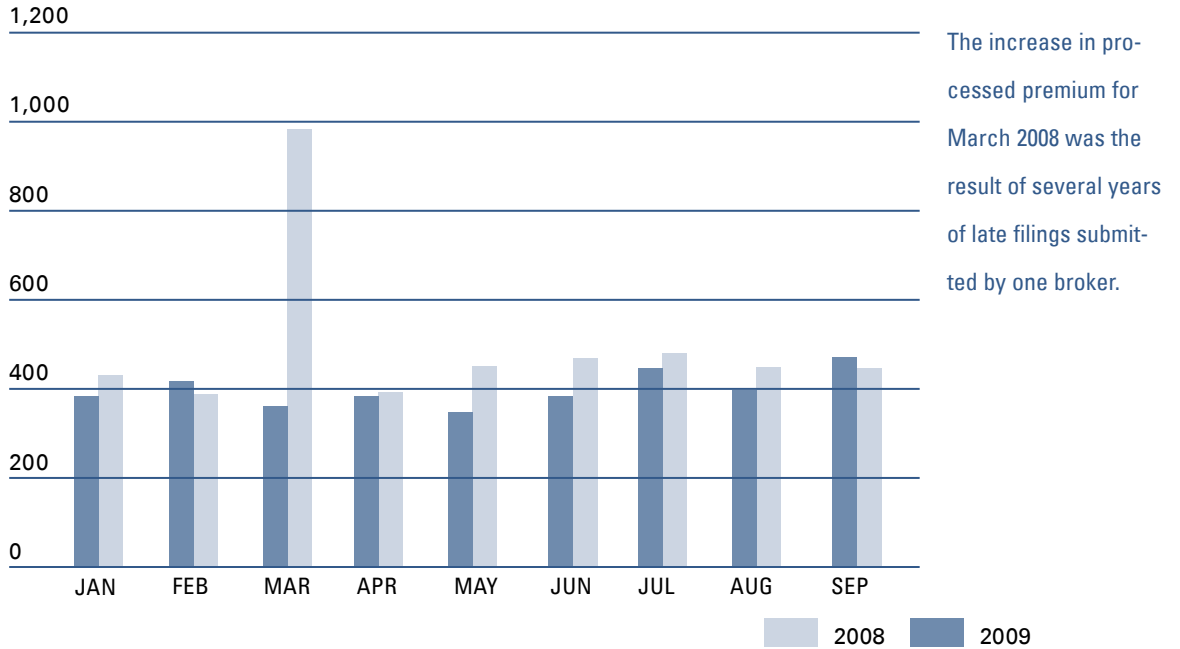
Top 50 Coverages

Based on Premium Processed through September 30, 2009

RANK	EXPORT	COVERAGE	PREMIUM PROCESSED	% OF TOTAL
1		GENERAL LIABILITY	\$709,132,054	19.70%
2	E	COMMERCIAL DIC/STAND ALONE EARTHQUAKE	507,664,511	14.10%
3		ERRORS AND OMISSIONS	452,818,904	12.58%
4		ALL RISK COMMERCIAL PROPERTY	283,456,220	7.87%
5		SPECIAL MULTI-PERIL PACKAGE	226,389,450	6.29%
6	E	INDIVIDUAL INSUREDS WITH LARGE SCHEDULES WHERE THE TIV (TOTAL INSURED VALUES) ARE IN EXCESS OF \$500 MILLION	178,845,878	4.97%
7		MISCELLANEOUS	169,043,177	4.70%
8		EXCESS LIABILITY	163,714,749	4.55%
9		PROFESSIONAL LIABILITY	113,030,481	3.14%
10	E	ENVIRONMENTAL IMPAIRMENT REMEDIATION & POLLUTION LIABILITY	106,814,241	2.97%
11	E	EXCESS LIABILITY/UNDERLYING NONADMITTED	97,980,536	2.72%
12		DIRECTORS AND OFFICERS	79,226,632	2.20%
13		COMMERCIAL PROPERTY-BASIC	53,190,281	1.48%
14	E	PRODUCTS/COMPLETED OPERATIONS (WRITTEN ON A STAND ALONE BASIS)	47,409,453	1.32%
15	E	EMPLOYMENT PRACTICES LIABILITY	47,325,143	1.31%
16		INLAND MARINE	31,189,556	0.87%
17	E	VACANT BUILDINGS	28,363,208	0.79%
18		HOSPITALS	26,020,995	0.72%
19	E	EVENT CANCELLATION	23,714,231	0.66%
20		HOMEOWNERS MULTI-PERIL	22,915,376	0.64%
21		AUTO PHYSICAL DAMAGE-COMMERCIAL	17,621,174	0.49%
22		EXCESS WORKERS COMPENSATION	17,276,435	0.48%
23		TERRORISM	13,261,401	0.37%
24		HOMEOWNERS	13,119,198	0.36%
25	E	HIGH LIMITS DISABILITY	12,107,104	0.34%
26		GARAGE LIABILITY	10,871,197	0.30%
27	E	SECURITY GUARD SERVICES	10,185,349	0.28%
28		SINGLE FAMILY DWELLING/DUPLEX	9,768,922	0.27%
29		AUTO LIABILITY-COMMERCIAL	9,058,976	0.25%
30		AVIATION	8,565,821	0.24%
31		AUTO COMBINED LIAB & PHYS DAMAGE-COMM.	8,238,419	0.23%
32		ACCIDENT	8,073,344	0.22%
33	E	CONTRACTORS ENGAGED IN CONSTRUCTION OF NEW TRACT HOMES AND/OR NEW CONDOMINIUMS	6,450,868	0.18%
34		GROUP HEALTH	5,250,767	0.15%
35	E	PRODUCTS RECALL	5,180,570	0.14%
36	E	AMUSEMENT PARKS/CARNIVALS/DEVICES	5,022,501	0.14%
37		SPECIAL MULTI-PERIL WITH TERRORISM	4,673,786	0.13%
38	E	PERSONAL ARTICLES FLOATERS WRITTEN ON A STAND ALONE BASIS	4,654,626	0.13%
39		DISABILITY INCOME	4,240,771	0.12%
40	E	OILFIELD CONTRACTORS	3,457,612	0.10%
41	E	CRANE & RIGGING CONTRACTORS	3,223,964	0.09%
42		BONDS	3,111,250	0.09%
43	E	OUTFITTERS AND GUIDES	2,804,530	0.08%
44		FIDELITY	2,610,176	0.07%
45	E	SHORT TERM SPECIAL EVENTS (EXC HOLE IN ONE)	2,472,630	0.07%
46		CRIME	2,438,481	0.07%
47	E	CLINICAL & SIMILAR TESTS OF PHARMACEUTICAL	2,202,982	0.06%
48		RESIDENTIAL EARTHQUAKE	2,145,582	0.06%
49		PRODUCT TAMPERING	1,912,897	0.05%
50	E	AVIATION EXCESS LIABILITY	1,887,749	0.05%
		SUBTOTAL	\$3,570,134,158	99.18%
		All Other Coverages	29,410,539	0.82%
		TOTAL	\$3,599,544,697	100.00%

Comparison of Premium Processed for 3rd Quarter 2009 versus 2008

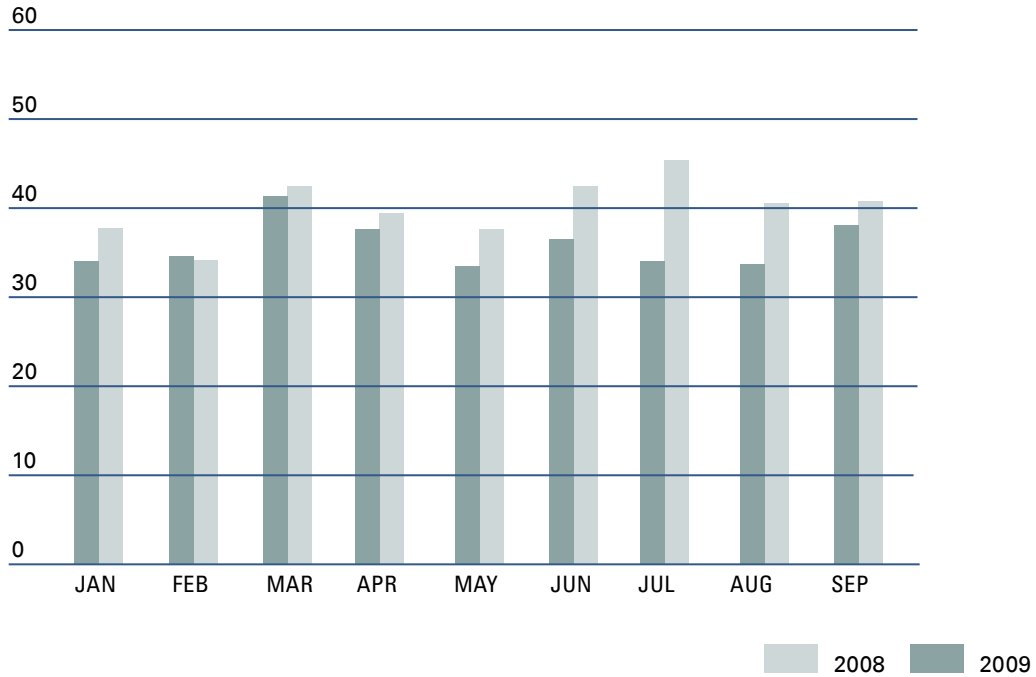
All values represented in Millions



The 9-month premium total of \$3.6 billion is 20.38% less than the 2008 9-month total. The 9-month policy count of 327,020 is 8.84% less than the 2008 9-month total.

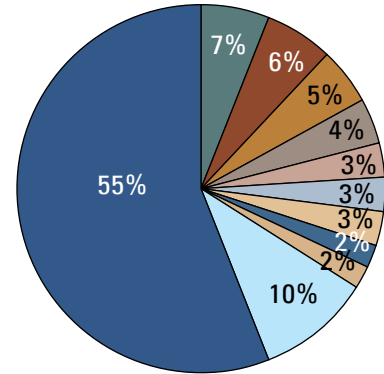
Comparison of Items Processed for 3rd Quarter 2009 versus 2008

All values represented in Thousands



Issued Tags for 3rd Quarter 2009

Tags Description	Percentage	Count
Late Filing with Explanation	55%	50,636
Incomplete SL2 Form	7%	6,020
Late Filing	6%	5,426
Section 7(B) of SL2 Incomplete	5%	4,662
Incomplete SL1 Form	4%	3,854
Renewal has No Record of Prior Policy	3%	2,723
Incomplete Admitted Company Names	3%	2,593
No Record of Policy Endorsement	3%	2,531
Lloyd's Syndicate Numbers	2%	1,822
Unlisted Admitted Company	2%	1,787
All Other Tags	10%	9,379
Total		91,432



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

Premium Totals by Company Type

COMPANY TYPE	9/30/2009	9/30/2008	% GROWTH	% of TOTAL 6/30/2009
LESLI LISTED COMPANIES				
FOREIGN INSURERS	2,793,733,998	3,582,705,094	-22.02%	77.61%
LLOYD'S SYNDICATES	624,146,934	632,489,071	-1.32%	17.34%
ALIEN INSURERS	149,207,969	175,446,809	-14.96%	4.15%
SUBTOTAL	\$3,567,088,800	\$ 4,390,640,973	-18.76%	99.10%
ALL OTHER	32,455,897	130,519,353	-75.13%	0.90%
TOTAL	\$ 3,599,544,697	\$4,521,160,326	-20.38 %	100.00%

Scheduled Educational Events for The Surplus Line Association of California

November 2009 - January 2010

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

Professional Submissions; Avoiding Insurance Agent & Brokers E&O Claims; Lloyd's of London?

Presented by

Lori M. Hunter, CPCU, ASLI
Property/Casualty Broker
Worldwide Facilities, Inc.

Kristina B. Mason
Financial Services/Executive Liability Broker
Worldwide Facilities, Inc.

Anthony Joseph
Senior Vice President
Lloyd's America, Inc.

Registration & Continental Breakfast at 8:00 a.m.
Seminar 8:30 a.m. - 11:30 a.m. - 3 CE Credits - #231367

Dates

Tuesday, November 17, 2009
Hilton Universal City
555 Universal Hollywood Drive
Universal City, CA 91608

Wednesday, November 18, 2009
PG&E Conference Center Auditorium
245 Market Street
San Francisco, CA 94105
(use rear entrance)

NO SEMINARS IN DECEMBER

Cyber and Privacy Liability

Presented by

Graeme Newman
Business Development Director
CFC Underwriting Limited

Registration & Continental Breakfast at 8:00 a.m.
Seminar 8:30 a.m. - 11:30 a.m. - 3 CE Credits - *pending CDI approval*

Dates

Tuesday, January 12, 2010
Sheraton Los Angeles Downtown
711 South Hope Street
Los Angeles, CA 90017

Wednesday, January 13, 2010
PG&E Conference Center Auditorium
245 Market Street
San Francisco, CA 94105
(use rear entrance)

SAVE THE DATE!

The 2010 Annual Meeting will be held in **San Francisco on Tuesday, January 26th** and **Los Angeles on Thursday, January 28th**. A bulletin with full details will follow.

2009 SLA Executive Committee

John Edack - Chairman
Arch Specialty Insurance Agency, Inc.

Les Ross - Vice Chairman
Crump Insurance Services, Inc.

Patrick Hanley - Secretary Treasurer
Socius Insurance Services, Inc.

Warren Stanley
Wholesale Connection Insurance Services

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, Inc.

Anne McNally
Wells Fargo Insurance Services

Phil Mazur
Swett & Crawford

Davis Moore
Worldwide Facilities, Inc

Pam Quilici
Crouse & Associates

Gerald J Sullivan
Gerald J. Sullivan & Associates

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Executive Director, SLA

Joy Erven
Director, Stamping Office, SLA

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