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SLA ELECTS OFFICERS

Presiding over the Surplus Line Association of California's 72nd Annual Meeting held in Northern California on January 26 and Southern California on January 28, 2010, the Association Chairman, John Edack called the meeting to order and



Les Ross
Chairman, 2010



Patrick Hanley
Vice Chairman, 2010



Davis Moore
Secretary-Treasurer, 2010

thanked the Executive Committee and his standing committee chairs for their dedication and service to the industry.

In reviewing the year, Chairman Edack noted an SLA member survey had been completed during the year that indicated the brokers want improvements in the stamping office electronic filing system. Mr. Edack explained the brokers had been heard on this issue and the SLA is fast at work on an improved electronic filing system.

After reports from the Secretary-Treasurer, Executive Director, and the Director of the Stamping Office, Chairman Edack moved to the major business item of the meeting – the election of officers. The meeting attendees were read the slate of officers and executive committee members who had been nominated to serve in 2010. The nominees are as follows:

Les Ross of Crump Insurance Services, Inc., as SLA Chairman. The other two elected officers included Patrick Hanley of Socius Insurance Services, Inc., as Vice Chairman, and Davis Moore of Worldwide Facilities, Inc., as Secretary-Treasurer. The remaining Executive Committee nominees included John Edack of Arch Specialty Insurance Agency, Inc.,

In his keynote address, outgoing SLA Chairman John Edack of Arch Specialty Insurance Agency advised that SLA had conducted a 2009 membership survey in which 13% of the 4,350 surplus line broker licensees responded. "What you the brokers said loud and clear is you want the SLA to improve the stamping office electronic filing system," John said.

Governor Arnold Schwarzenegger reintroduced his proposed emergency response initiative. If enacted, surplus line brokers would be required to collect a 4.8% "surcharge" on the property portion of any homeowners policy or all risk insurance policies that include fire coverage placed with a nonadmitted insurer and remit it in the same manner as the stamping fee.

Pamela Quilici of Crouse & Associates, Frank Cravens of M.J. Hall & Company, Inc., Doris Barnett of Colemont Insurance Brokers, Anne McNally of Wells Fargo Insurance Services, Gerald J. Sullivan of Gerald J. Sullivan & Associates, Inc., Chris Brown of Brown & Riding Insurance Brokers, Phil Mazur of Swett & Crawford, Ian Fitt of Western Re/Managers Insurance Services, Inc, and Dean Andrighetto of Westchester Specialty Insurance Services.

The Chairman then asked for any outstanding nominations from the floor, hearing none, the slate of nominees were put to a vote which was unanimous in its favor of the slate. The Chairman also asked for a vote to approve the appointment of Justice Harry Low (Ret.) for a one year term as SLA Mediator. The motion

to appoint Harry Low as Mediator passed by unanimous vote. The Chairman then called upon the SLA General Counsel, Jim Woods of Dewey & LeBoeuf to provide a legal update.

At the conclusion of the business meeting, the incoming Chairman, Les Ross presented the outgoing Chairman John Edack, 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.

The business session of the SLA Annual Meeting can be viewed on the SLA website (www.slacal.org) under Publications, Annual Meeting Materials, Annual Meeting 2010, WATCH.

LEGAL UPDATE

As we begin a new year, there are a number of pending developments, including both new ideas and old ideas that have resurfaced, that have the potential to affect the surplus lines market. The SLA is monitoring these developments and will continue to alert members to any changes that may affect business practices.

Emergency Response Initiative:

Governor Arnold Schwarzenegger has reintroduced this proposed surcharge on property insurance premiums to fund

emergency response services. Initially discussed in 2008 and 2009, the surcharge currently proposed is currently 4.8% of premiums (up from 2.8% in the previous iteration). Surplus line brokers would be required to collect it "with respect to the property portion of any homeowners policy, all risk insurance policy, or named peril insurance policy that specifically includes fire coverage placed with a nonadmitted insurer" and remit it in the same manner as the stamping fee. The SLA will monitor the progress of this proposal and keep members apprised of its implementation requirements if adopted.

LESLI Minimum Capital and Surplus:

Following the lead of New York, we understand that the California Department of Insurance is seeking legislation (AB 1708) to increase the minimum capital and surplus required for non-admitted insurers from \$15 million to \$45 million. The SLA will monitor this and any other changes in LESLI qualifications.

PADIC:

Since early 2009, the Pacific Association of Domestic Insurance Companies ("PADIC") has been seeking legislation or regulatory action that would facilitate the establishment and sharing of resources and management between non-admitted affiliates and California domestic insurers. The SLA has worked with PADIC to make a regulatory proposal that would not require legislation but would simply clarify existing law on these issues. To date, the California Department of Insurance has not acted on the proposal. We understand that PADIC has introduced a placeholder bill for similar legislation this year. The SLA is monitoring developments in order to identify and challenge legislative changes that could upset the surplus lines market.

Broker Fees Initiative:

Harvey Rosenfield is pursuing an initiative that would require approval of installment fees for premiums and prohibit brokers who collect broker fees from receiving commissions. All of the proposed changes

are to statutory language expressly applicable only to Proposition 103 business transacted "pursuant to Insurance Code Section 33 and 1623." Brokers who place admitted business should monitor developments as the initiative would change the applicable law governing broker fees in the admitted market. The initiative currently is in the signature collection phase. The deadline for collection of the necessary signatures to qualify for the ballot is April 1, 2010.

New York Exchange:

The New York Insurance Department has proposed creating a new exchange and held a preliminary conference on the proposal with interested parties. Although the shape of the exchange and its role are still being developed, its formation could affect the shape of the surplus lines market in the United States. The SLA is monitoring developments.

Caution regarding Internet Portals and Other Market Practices. It has come to the attention of the SLA that market practices of surplus line brokers are receiving scrutiny from both admitted market participants and the California Department of Insurance. Members should exercise caution and ensure that their internet portal and marketing practices comply with California law.

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LEGISLATIVE UPDATE

STATE LEGISLATION

A.B. 1708 (Villines): Would require the total capital and surplus requirement of eligible surplus line insurers to be at least \$45 million. With respect to insurance exchanges, the bill would require each individual syndicate to maintain capital and surplus of not less than \$45 million.

FEDERAL LEGISLATION

The Wall Street Reform and Consumer Protection Act of 2009 (HR 4173) is a comprehensive bill to overhaul regulations in the financial sector. It would create a new Financial Protection Agency to regulate products like home mortgages, car loans and credit cards, give the Treasury Department new authority to place non-bank financial firms, like insurance companies into receivership and regulate the over-the-counter derivatives market. The bill creates the Federal Insurance Office that would monitor all aspects of the insurance industry with an emphasis on finding gaps in regulation. The bill also includes the full text of the Nonadmitted and Reinsurance Reform Act (HR 2571). The bill passed the House in 2009 and is currently pending in the Senate on Banking, Housing and Urban Affairs.

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

California Assembly Bill 1708 (Villines) would raise the minimum capital and surplus for nonadmitted insurer eligibility in California from \$15 million to \$45 million. Insurer solvency is the greatest single consumer protection goal of insurance regulation. Increasing California's minimum capitalization requirement would improve an insurer's underwriting leverage as well as strengthen its risk-based capital ratio.

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 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 federal 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.

Restoring American Financial Stability Act (Discussion Draft), was released to the public by Senator Christopher Dodd (D-CT) on November 10, 2009. The Dodd Bill includes the language of the Nonadmitted and Reinsurance Reform Act (S 1363). The bill would regulate financial institutions, their products, and includes corporate governance and executive compensation provisions that would apply to public companies. The bill



Legislative proposals have been introduced to address the inefficiencies, high costs, and inconsistencies posed by state insurance regulation.

includes improvements over the Shareholder Bill of Rights Act proposed by Senator Charles Schumer (D-NY), but represents a federal regulation into areas that are currently attended by state regulation. The general governance and executive compensation provisions in the bill will be under scrutiny and revision but there is extreme pressure in the Capitol to enact legislation to reform the financial system.

A comprehensive regulatory overhaul designed to make the U.S. financial system less prone to crisis faces uncertainty as interested parties, policymakers and legislators maneuver for opportunities to push it through Congress, change it or kill it.

EXECUTIVE DIRECTOR'S ADDRESS - SLA ANNUAL MEETING 2010



Ted Pierce
Executive Director

On December 11, 2009, Phil Mazur of Swett & Crawford testified at the California Department of Insurance annual Export List Hearing. The Export List comprises the types of insurance coverage or risk that can be exported to the nonadmitted market without the completion of a diligent search report because there is not a reasonable or adequate market among admitted insurers.

John Edack's year as chairman was active. John held three regular meetings of the Executive Committee and 5 special meetings. During the year, John formed three special committees including the Chairman's Committee made up of the Chairman, Vice Chairman, and Secretary-Treasurer. The committee was formed to make quick decisions that don't require a full vote of the 13-member Executive Committee. John also formed the Ad-Hoc Committee on the Western States Surplus Lines Conference 2012 and named Patrick Hanley of Socius Insurance Services as chairman. Finally, John formed the Information Technology Oversight Committee to provide high level guidance to the Information Technology Committee on software contracting. The SLA gained from John Edack's business acumen and management philosophy. We are very grateful for his contribution during the year.

I want to thank Phil Mazur of Swett & Crawford for delivering the SLA testimony at the December 11, 2009 Export List hearing. The SLA received 8 recommendations for additions to the Export List in 2009 as follows: 1) Website copyright/ infringement; 2) 1st and 3rd party legal liability for computer system breaches; 3) Privacy breach notification costs and credit monitoring; 4) Privacy

regulatory action - defense costs and fines; 5) Cost to repair damaged information assets; 6) Loss of revenue due to failure of security or computer attack; 7) Cyber extortion ; and 8) Professional/General Liability for Skilled Nursing Homes . We learned recently that the California Department of Insurance (CDI) did not grant any of these additions. The SLA will ask for these additions again in December 2010.

CDI Bulletin 2009-3

In 2009, the CDI issued Bulletin 2009-3 which included license fee reductions for surplus line brokers. On March 26, 2009, the CDI issued the bulletin informing all insurance producers that they are decreasing licensing fees by 6% effective July 1, 2009. Individual surplus line broker licensees who do not conduct business under their own license saw a reduction in their annual licensing fee from \$250 to \$235. Individual SLB licensees who do conduct business under their license went from \$500 to \$470, and the filing fee for adding or deleting an individual broker went from \$24 to \$23 (see SLA Bulletin 1180) for details.

In 2009, the CDI agreed in principle to the development of a virtual Diligent Search Report or SL-2 form in order to ease the creation of an improved electronic filing system. The electronic SL-2 form provides an audit trail of any changes made to the completed form by surplus line brokers that alter the

way the form was completed by their retail broker/agents.

In 2009, the SLA acquired the consulting services of Mike Caturegli who is as Acting Manager of IT. Mike's background includes: Senior Manager at E-Bay. As well as IT management positions at: Andersen Consulting, the Southern Company, and Apple Computer. We welcome Mike Caturegli and have already benefited from his know-how.

At the California Department of Insurance: Woody Girion's move from Deputy Insurance Commissioner for the Rate Regulation Branch to Deputy Insurance Commissioner for the Financial Surveillance Branch brings surplus line experience to this position. Woody is also former Deputy Insurance Commissioner of the Consumer Services and Market Conduct Branch and former chief of the Financial Analysis Division. Woody brings 33 years of experience to the job and is the only Deputy Commissioner to serve in all three major branches of the CDI. We're also pleased that Louie Quan, was named Chief Financial Analysis Division. I'd like to recognize the other regulators from the CDI who are attending the SLA Annual Meeting: Carol Frair, Jill Jacobi, Susan Stapp, Adolfo Cagulada, Jenny Chuang, Olivia Escriba, Emma Hirschorn, Mariza Lubrica, David Okumura, Virginia Quijano, Mimi Tsang, and Shirley Villalon.

Continuing in the theme of California State Government, CA AB 1699 of the Laws of 2008 (CIC Sec. 1765(f)), requires all surplus line insurance workers involved in surplus line

transactions (whether licensed as SLBs or not) to complete a two-hour training course in basic surplus line law and regulation. The two-hour training became available on the SLA home page on June 2, 2009 and was improved on Dec. 31, 2009. Completion of the training video results in the issuance of a certificate of completion from the SLA to the trainee. This training certificate must be renewed once every 5-years (see SLA Bulletin 1181).

California A.B. 800 (Duvall), the California Insurance Department's insurance code "cleanup bill" for 2009 was signed by the Governor on Oct. 11, (now Chapter 254, Statutes of 2009), became effective January 1, 2010. The new law is relevant to Surplus Line Brokers in the following ways: 1) establishes a mandatory response owed the CDI when criminal and administrative background questions are required for license renewal; 2) requires that license applications and renewals be handled electronically with the CDI via email; 3) requires nonresident organizational licensees to perform their California transactions outside of the state or via resident individual Surplus Line Broker (SLB) licensees who are endorsed to the nonresident organizational SLB license; 4) requires nonresident licensees to name an executive from their entity who is responsible for CA regulatory compliance; 5) exempts nonresident licensees, who convert to a CA resident license, from the CA Fire & Casualty 12-hour pre-licensing education requirement.

The SLA has completed the curriculum for the two-hour E&S Basics video "training" required by AB 1699 (Chapter 29 of the laws of 2008) which said: 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 (see the SLA home page at www.slacal.org for a link to the training video).

The California Board of Equalization reports a steady decline in state revenues from independently procured surplus line insurance. State revenues from these taxes were \$19 million in 2003 but amounted to only \$7.4 million in 2008. The downturn in these revenues is likely due to the establishment of the California non-resident surplus line brokers license.

The figures from the California Board of Equalization on the State's total revenue in 2008 (the most recent year for which statistics are available) from premium taxes on independently procured surplus line policies was \$7.4 million compared to \$9.3 mil in 2007, \$12.2 mil in 2006, \$13.2 mil in 2005, \$18.6 mil in 2004, and \$19 mil in 2003. There is an obvious down-turn in the premiums written in direct procurement surplus line policies -- probably due to the advent of the nonresident surplus line broker's license.

Moving to the national scene, there are seven major proposals to help solve the multi-state insurance regulatory compliance issues systemic in interstate surplus line transactions.

Ten states (IL, IN, MA, MI, NE, NC, OH, RI, SC, VA) tax the gross premium on multi-state surplus line policies making the proper allocation of these taxes to the other states impossible. The proposals to help solve these differences are as follows:

1. OPTins which is a computer program released by the National Association of Insurance Commissioners (NAIC) which was originally intended as an aid to the regulators, could actually help brokers document and file the taxes and regulatory filings on multi-state policies.
2. The M-Form developed by the law firm of Dewey & LeBoeuf is a streamlined approach to documenting a multi-state placement for tax and regulatory filing purposes.

3. The NAIC Multi-State Surplus Lines Premium Tax Working Group is developing a uniform surplus lines affidavit.
4. Marsh USA has developed a software application that allows Marsh brokers to allocate taxes to the appropriate states and make the appropriate regulatory filings. Marsh warns that this program incorporates over 200,000 rules.
5. The NAIC Multi-State Working Group is conducting a survey of the states to identify which surplus lines regulatory matters are set by statute and which ones are set by regulation or policy statement. A uniform reporting form could be developed for the non-statutory policies.
6. There is the Nonadmitted and Reinsurance Reform Act (NRRA) which passed the House in 2009 as a stand alone bill and as part of the Wall Street Reform Bill (HR 4173).
7. Then there is the SLIMPACT proposal, a multi-state compact that would create a clearinghouse for the proper allocation of multi-state taxes. SLIMPACT would require approval of the state legislatures which is a tall order.

I want to address Washington, D.C. efforts to Regulate Insurance in general. U.S. Rep. Paul Kanjorski, and important subcommittee chairman within the House Financial Services Committee, held a Hearing held in spring of 2009 titled, "How should the Federal Government Oversee Insurance" In the hearing, Rep. Kanjorski proclaimed the

AIG government bailout serves as proof insurance should be regulated at the federal level. The insurance industry, in turn, had to fight this assumption all year. Early in 2009, the NAPSLO lobbyist Maria Berthoud said, "Congress is more divided along party lines than the previous Congress ". Ms. Berthoud was correct, and if anything, this was the understatement of the year. We have a divided Congress which is why we have not seen the passage of insurance regulatory reform in Congress despite 15 years of hearings.

The 2009 A. M. Best Special Report on Surplus Lines, sponsored by the NAPSLO Foundation, found that overall, surplus lines insurers remained well capitalized, managed the market cycle adequately and maintained conservative balance sheet strength. In 2008, the surplus lines direct premium written declined by the largest percentage since 1988. Combined ratio rose due to weather-related losses on natural catastrophe-exposed business. Favorable reserve development reduced the combined ratio by 10.7 points. Total investment losses of \$161.3 million were generated, off from the \$2.38 billion total gain in 2007. 2008 Policyholders' surplus declined for the first time since 2001.

Moving onto housekeeping matters, the election of SLA officers will continue by email after the Annual Meeting as we did not achieve a quorum at these meetings. Under the SLA Constitution, 370 licensees are eligible to vote (approximately 12% of the 4,342 licenses). We need one-third (124) of these licensees to cast

their vote in favor of the slate to achieve a quorum and thus elect our officers and executive committee members. The electronic ballots will be sent February 1, 2010.

In Conclusion: I want to thank the SLA managers for a great year of achievement.

Joy Erven heads the stamping office as Director and serves as Chief Operating Officer responsible for overseeing operating departments, the administrative functions, and finance (accounting, payroll, purchasing, banking, and financial investments). Joy prepares and presents the annual budget and quarterly financial statements and interfaces with the outside auditors for the annual financial audit.

Linda Cheng, our Financial Manager, coordinates Surplus Line Association participation in the security review program for the insurance commissioner's List of Eligible Surplus Line Insurers (LESLI). Linda represents the SLA at monthly meetings with the California Department of Insurance, and provides input on SLA compliance with the CDI/SLA Plan of Operations.

Pat McAuley, CPCU, ASLI, our Manager of Data Processing, is responsible for receiving, processing, recording, and storing required filings under California Insurance Code (CIC) section 1780.56(a)(1), and invoicing and collecting stamping fees from brokers for document processing in accordance with CIC section 1780.56(b).

The 2009 A.M. Best Special Report on Surplus Lines, sponsored by the NAPSLO Foundation, found that overall, surplus lines insurers remained well capitalized, managed the market cycle adequately and maintained conservative balance sheet strength.

Vienna Murray, our Education Manager, provides guidance, education, and support to the association membership and affiliates in the understanding of current Surplus Line laws, regulations, and procedures. Develops and provides continuing education courses throughout the state of California. Works closely with various departments within the

California Department of Insurance.

All of these managers including our Acting IT manager Mike Caturegli, are dedicated, hard working individuals who make the SLA run. I thank you and all of your staff for a great 2009 operating year.

In 2009, the SLA processed \$4.6 billion in surplus line premium comprised of 424,135 premium bearing items, making California the largest surplus line state in the nation.

REPORT OF THE DIRECTOR OF THE STAMPING OFFICE



Joy Erven
Director,
Stamping Office

A few years back I talked about change. Change is good and important. I couldn't have imagined then the change we would go through as of today-politically, socially, or economically. In times like these, it is important for an association like ours, to step up our service to our members. To use the phrase – know our role. The SLA plays an interesting part in the Surplus Lines industry. We are not a broker, not a company, not a syndicate, not a retailer. We are a statutorily appointed body whose existence is to serve those holding Surplus Lines Licenses. When we see you-California surplus lines brokers - encumbered by state regulation, our job is to clarify those regulations and promote compliance. In 2009, we kept a close eye on the regulations that were put forth regarding our industry and the needs of our members and sought to add clarity and a smooth transition to the subtle changes mandated by the California Department of Insurance. We

worked very hard to improve our electronic communication; we looked for innovative ways to provide CE Credit at no charge to you, we formulated a plan to have insurance carriers file with us electronically to help keep California eligibility requirements clear and concise. We cut back on our expenses to share in the belt tightening we see across the surplus line broker community. From a data collecting standpoint, we processed over \$4.6 Billion in premium comprised of 424,135 items making California the largest surplus line state in the country. We facilitated 16 new companies added to the LESLI bringing the total number of companies to 208. We have watched our membership grow in the last three years and now have 4350 members we provide training, CE credit and advice to. Statistically we are the largest association of our kind, but I'd also like to note- we are an SLA that constantly strives to "know its role" and stay current with our members' needs. My final note is – Please know the SLA is doing all it can to provide service, cut expenses and help provide a vibrant market place for you. Any suggestion you have or comment, please pass

it along. The Surplus Line industry working together will weather these economic times and emerge stronger.

New Brokers Added to Membership Since October 27, 2009

Business Entity Licenses

ABA Insurance Services, Inc.	Insurance Specialty Group, LLC
Allied North America Ins. Brokerage of Missouri, LLC	International Placement Services LC
BKM, Inc.	Kelly Risk Management & Insurance Services, Inc.
Christopher Lee Insurance Services, Inc.	Nausch Hogan & Murray, Inc.
Construction Risk Partners, LLC	North Atlantic Underwriters, Inc.
Corporation For International Business	Online Shipping Insurance Services Inc.
CSI Insurance Agency, Inc.	Pointsure Insurance Services, Inc.
Davidson-Babcock Inc.	Sonoma Risk Management, LLC
Elizabeth Souther Insurance Group, LLC	Szerlip & Co., Inc.
First Capital/AWIS, LLC	Willis of Alabama, Inc.
Giddings, Corby, Hynes, Inc.	Willis of Louisiana, Inc.
Halcyon Underwriters, Inc.	Willis of Minnesota, Inc.
IIAA Agency Administrative Services, Inc.	Willis of Oklahoma, Inc.
	Willis of Virginia, Inc.

The SLA represents 4349 surplus line broker licensees. There are currently 208 carriers including 76 Lloyd's Syndicates on the List of Eligible Surplus Line Insurers.

Individual Licenses

Aguirre, David Joseph	Cristobal, Patricia Ventura	Klubnik, Kenneth Alan	Podolsky, Fred Todd
Allen, Elgin B. Jr.	Curreri, Karen Marie	Lihme, Scott Kent	Prohammer, Valerie Jane
Anderson, Dale Russell	Dal Canton, James Angelo	McCarthy, John Francis Jr.	Pullen, Brian Michael
Arellano, Natalia Dangelo	Delacruz, Jinny Ann	McCathron, Richard Lyn	Russo, Thomas Michael
Bader, Jeffrey Michael	Ferraro, Matthew Thomas	McDougall, Scott W	Sanchez, Joseph Peter III
Barnes, Robert Francis	Field, Harold John	McLaughlin, John Patrick	Schiller, Dana Cherezian
Bravo, Sandra Ruth	Green, Latrina Larae	Moore, James M	Sciortino, John Jay Jr
Campagna, Richard Paul	Guerriero, Frank W	Moreno, Robert Benjamin	Seikaly, Oscar Fred
Carl, Janet Rose	Holden, Hale III	Moreton, William Roger	Soda, Joseph Samuel
Chambers, Constance Marie	Holguin, Patricia Yvonne	Murray, Susanne Mast	Spiller, Jay Bruce
Chancellor, Mary	Johnson, Calvin Roy	Nelson, Frank Jeffrey Sr	Swearngin, Bridgette Dawn
Chavez, David Leandro	Jones, Carol Diane	Nixon, John Vernon	Waddell, Betty Lee
Chin, Charles Jaehyung	Kalmanson, Mitchel	O'Donnell, Shirley Anne	Wilberger, Clyde R.
Clegg, Timothy Leland	Kenny, Amanda Forbes	Pelegouzova, Nadia	Williamson, James Edgar
Connor, Stephen William	King, Paul Douglas	Phillips, Trevin Jack	Woody, Benjamin James Jr

SLA Membership Totals as of December 31, 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



Hank Haldeman

Executive Vice
President,
The Sullivan Group

Hank Haldeman is the Executive Vice President of The Sullivan Group, responsible for group-wide business development, market relationships, strategic planning, systems, and marketing.

Hank has been involved with the SLA in a volunteer leadership capacity for 25-years. Hank is a former chairman of the SLA (1996-1997), and currently serves as chairman of the SLA Legislative Committee. Hank also serves on the National Association of Professional Surplus Line Offices (NAPSLO) Board of Directors and is co-chairman of the NAPSLO Legislative Committee. Hank is also a former chairman of the California Insurance Wholesalers Association (CIWA) (2003 - 2005) where he currently serves on the Board of Directors and is co-chairman of the CIWA Legislative Committee. Hank is also a member of the Insurance Industry Charitable Foundation's Executive Committee.

Hank began his insurance career in 1980 as a wholesale broker, specializing in biotechnology, product and professional liability, alternative risk and environmental liabilities with Stewart Smith West, Inc. where he became Vice President and Director. In 1986, Hank took on the Chief Operating

Officer, Senior Vice President and Branch Manager roles at Henry Ward Johnson & Co., responsible for the Western states operations of the wholesale broking subsidiary of Johnson & Higgins.

Hank joined The Sullivan Group in 1997 as Senior Vice President and Director. Hank also serves as the President of Sullivan Brokers Wholesale Insurance Solutions and G.J. Sullivan Co. Reinsurance, both based in Los Angeles with branches spread around the country. Mr. Haldeman holds a B.A. degree from the University of California, Los Angeles, where he graduated with a Cum Laude designation in 1975.

The Sullivan Group is a privately held consortium of independent insurance-related companies. It has been involved in the insurance brokerage business since 1933 and offers global representation utilizing markets throughout the world. Specialized operations include:

- Excess & Surplus Lines
- Programs
- Commercial Lines
- Professional Liability
- Reinsurance

The overall group is one of a very few privately owned operations ranking among the largest brokerage organizations in the United States. Each member company shares a common philosophy which starts with a heavy emphasis on professionalism, integrity, and uncompromising commitment to client service.

Hank Haldeman holds a Bachelor of Arts Degree from the University of California Los Angeles, where he graduated with a Cum Laude designation.

Top 100 Surplus Line Brokers

Based on Premium Processed through December 31, 2009

Rank		BROKER	Premium Processed (\$million)		% of Change	% of Total
2009	2008		2009	2008	2009 - 2008	2009
1	3	MARSH USA INC.	\$347.4	\$418.7	-17.03%	7.50%
2	2	RISK SPECIALISTS COMPANIES INSURANCE AGENCY, INC. (FKA: WESTERN RISK SPECIALISTS, Inc.)	327.7	490.0	-33.12%	7.07%
3	4	SWETT & CRAWFORD	326.2	365.9	-10.85%	7.04%
4	1	AON RISK INSURANCE SERVICES WEST, INC.	265.8	725.2	-63.35%	5.74%
5	5	AMWINS INSURANCE BROKERAGE OF CALIFORNIA, LLC	213.0	358.2	-40.55%	4.60%
6	9	HART, ANTHONY JOSEPH	196.5	107.1	83.40%	4.24%
7	6	BLISS AND GLENNON INC	100.2	136.8	-26.80%	2.16%
8	7	LOCKTON COMPANIES, LLC	92.8	120.9	-23.26%	2.00%
9	8	RISK PLACEMENT SERVICES INSURANCE BROKERS	92.5	115.8	-20.16%	2.00%
10	16	CRUMP INSURANCE SERVICES, INC.	91.9	62.4	47.12%	1.98%
11	11	WORLDWIDE FACILITIES, INC.	85.1	100.1	-14.97%	1.84%
12	18	CRC INSURANCE SERVICES, INC.	80.7	42.18%	1.74%	
13	10	AMERICAN E & S INSURANCE BROKERS OF CALIFORNIA, INC.	77.6	104.6	-25.80%	1.67%
14	21	WILLIS INSURANCE SERVICES OF CALIFORNIA, INC.	73.6	54.2	35.70%	1.59%
15	31	ARTHUR J. GALLAGHER & CO. INSURANCE BROKERS OF CALIFORNIA, INC.	64.1	36.3	76.77%	1.38%
16	20	BURNS & WILCOX INSURANCE SERVICES, INC.	59.4	54.8	8.55%	1.28%
17	15	COLEMONT INSURANCE BROKERS OF CALIFORNIA, LLC	52.7	63.0	-16.37%	1.14%
18	24	BORISOFF INSURANCE SERVICES, INC. (DBA: MONARCH E & S INSURANCE SERVICES)	52.2	45.7	14.08%	1.13%
19	17	FIRST STATE MANAGEMENT GROUP, INC.	48.6	61.5	-20.91%	1.05%
20	13	CRC-STERLING WEST INSURANCE SERVICES, LLC	48.6	76.8	-36.77%	1.05%
21	53	PROCTOR FINANCIAL, INC.	47.2	16.7	181.62%	1.02%
22	14	BROWN & RIDING INSURANCE SERVICES, INC.	47.0	65.6	-28.39%	1.01%
23	12	PARTNERS SPECIALTY GROUP, LLC	44.3	77.4	-42.68%	0.96%
24	19	CROUSE & ASSOCIATES INSURANCE SERVICES OF NORTHERN CALIFORNIA, INC.	42.2	56.4	-25.19%	0.91%
25	56	CHARTWELL INDEPENDENT INSURANCE BROKERS, LLC	40.4	16.1	151.65%	0.87%
26	25	SOCIUS INSURANCE SERVICES, INC.	37.6	43.6	-13.80%	0.81%
27	33	WESTERN RE/MANAGERS INSURANCE SERVICES, INC.	34.2	28.5	19.80%	0.74%
28	23	HULL & COMPANY, INC.	34.1	47.9	-28.63%	0.74%
29	30	WOODRUFF-SAWYER & COMPANY	33.5	36.8	-8.90%	0.72%
30	27	BASS UNDERWRITERS, INC.	32.8	38.5	-14.76%	0.71%
31	-	SEMINARIO, MICHAEL CARLOS	32.7	0.0	100.00%	0.71%
32	249	WELLS FARGO OF CALIFORNIA INSURANCE SERVICES, INC.	32.5	1.7	1827.76%	0.70%
33	34	ALL RISKS, LLC	27.3	25.7	6.23%	0.59%
34	32	HARRY W. GORST COMPANY, INC.	23.9	33.0	-27.76%	0.51%
35	50	INTEGRO USA INC.	23.1	16.9	36.42%	0.50%
36	35	WILLIS OF NEW YORK INC	20.5	24.6	-16.49%	0.44%
37	43	COASTAL BROKERS INSURANCE SERVICES INC.	20.5	20.4	0.69%	0.44%
38	48	ALLIANT INSURANCE SERVICES, INC.	19.5	17.3	12.70%	0.42%
39	40	ALL RISKS, LTD.	19.0	21.7	-12.17%	0.41%
40	37	JOHN L. WORTHAM & SON, L.P.	18.5	23.6	-21.51%	0.40%
41	36	W. BROWN & ASSOCIATES PROPERTY & CASUALTY INSURANCE SERVICES	18.0	24.3	-25.86%	0.39%
42	38	M.J. HALL & COMPANY, INC.	17.9	23.4	-23.40%	0.39%
43	54	AIS AFFINITY INSURANCE AGENCY, INC.	17.1	16.5	3.60%	0.37%
44	45	ZURICH E&S INSURANCE BROKERAGE, INC.	16.6	18.2	-8.57%	0.36%
45	73	COOPER GAY RISK SERVICES, INC.	16.0	11.0	45.98%	0.35%
46	29	INTERNATIONAL E & S INSURANCE BROKERS, INC.	15.4	36.9	-58.25%	0.33%
47	39	NEITCLEM WHOLESALE INSURANCE BROKERAGE, INC	15.3	23.0	-33.53%	0.33%
48	52	MIDWESTERN GENERAL BROKERAGE, INC.	14.8	16.9	-12.42%	0.32%
49	46	SBIB, INC.	14.5	18.2	-20.02%	0.31%
50	26	HRH E&S SERVICES, LLC	14.2	42.4	-66.50%	0.31%

THE SURPLUS LINE ASSOCIATION OF CALIFORNIA
Safeguarding Consumers

Rank		BROKER	Premium Processed (\$million)		% of Change	% of Total
2009	2008		2009	2008	2009 - 2008	2009
51	42	CARPENTER MOORE INSURANCE SERVICES, INC.	13.8	21.5	-35.80%	0.30%
52	76	ROBERTSON TAYLOR (CALIFORNIA), INC.	13.2	10.1	31.27%	0.29%
53	47	FRANK CRYSTAL & CO INC	13.0	17.7	-26.65%	0.28%
54	67	PETERSEN INTERNATIONAL UNDERWRITERS	12.9	13.0	-0.73%	0.28%
55	82	PACIFIC WHOLESALE INSURANCE BROKERS, LLC	12.8	8.3	55.17%	0.28%
56	66	GALEOTTI, GARY WAYNE	12.7	13.1	-3.02%	0.27%
57	59	R.E. CHAIX & ASSOCIATES INSURANCE BROKERS, INC.	12.7	15.6	-18.45%	0.27%
58	90	MERCATOR RISK SERVICES, INC.	12.5	7.2	74.27%	0.27%
59	72	BARNEY & BARNEY, LLC	12.4	11.0	12.30%	0.27%
60	119	INTERNATIONAL FACILITIES INSURANCE SERVICES, INC.	12.2	5.0	146.51%	0.26%
61	44	YATES & ASSOCIATES INSURANCE SERVICES, INC.	12.2	19.8	-38.38%	0.26%
62	49	WESTERN SECURITY SURPLUS INSURANCE BROKERS, INC.	12.0	17.1	-29.58%	0.26%
63	343	EXCEPTIONAL RISK ADVISORS, LLC	11.9	0.7	1511.73%	0.26%
64	62	ALEXANDER, MORFORD & WOO, INC.	11.6	14.3	-19.03%	0.25%
65	63	HILB ROGAL & HOBBS INSURANCE SERVICES OF CALIFORNIA, INC.	11.5	13.7	-16.47%	0.25%
66	74	ARC WEST COAST EXCESS & SURPLUS BROKERAGE, LLC	11.2	10.9	3.26%	0.24%
67	69	COOPER & MCCLOSKEY, INC. INSURANCE BROKERS	10.5	11.8	-11.21%	0.23%
68	303	ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC.	10.2	1.1	850.29%	0.22%
69	60	NAS INSURANCE SERVICES, INC.	10.1	15.5	-34.86%	0.22%
70	107	HUB INTERNATIONAL INSURANCE SERVICES INC.	10.1	5.7	76.81%	0.22%
71	28	TRACKSURE INSURANCE AGENCY, INC.	10.0	38.2	-73.90%	0.22%
72	75	BROWN & BROWN OF CALIFORNIA, INC.	9.9	10.3	-4.01%	0.21%
73	80	CHIVAROLI & ASSOCIATES, INC.	9.5	9.3	1.92%	0.21%
74	102	E.L.M. INSURANCE BROKERS, INC.	9.5	6.1	54.46%	0.20%
75	114	MESSINA, JOSEPH	9.2	5.1	79.34%	0.20%
76	105	BEECHER CARLSON INSURANCE SERVICES, LLC	9.1	5.9	54.04%	0.20%
77	93	HCC SPECIALTY UNDERWRITERS, INC.	8.8	6.9	27.91%	0.19%
78	79	W. B. AHERN ENTERPRISES, INC.	8.8	9.7	-9.76%	0.19%
79	87	U.S. RISK OF CALIFORNIA, INC.	8.4	7.3	15.15%	0.18%
80	70	TRINITY E & S INSURANCE SERVICES, INC.	8.4	11.7	-28.66%	0.18%
81	377	CAMPBELL & ASSOCIATES INSURANCE BROKERAGE, LLC	8.3	0.6	1358.31%	0.18%
82	555	ARROWHEAD GENERAL INSURANCE AGENCY, INC.	8.3	0.1	6132.44%	0.18%
83	58	COMMODORE INSURANCE SERVICES, INC.	8.0	15.8	-49.50%	0.17%
84	129	WNC INSURANCE SERVICES, INC.	7.9	4.6	72.84%	0.17%
85	68	HALL, JAMES ALLAN	7.8	12.3	-36.27%	0.17%
86	85	ALBERICO, DONALD ANTHONY	7.8	7.4	5.21%	0.17%
87	89	LAE INSURANCE SERVICES, INC.	7.5	7.2	4.59%	0.16%
88	117	NORMAN SPENCER MCKERNAN AGY(NSM)TB&C WHOLESALE INS. SERV'S OF ORANGE CO.	7.3	5.0	46.31%	0.16%
89	92	NAPCO, LLC	7.3	7.0	3.55%	0.16%
90	65	MCGRIFF, SEIBELS & WILLIAMS, INC.	7.2	13.2	-45.28%	0.16%
91	57	AON/ALBERT G. RUBEN INSURANCE SERVICES, INC.	7.1	15.8	-55.38%	0.15%
92	78	ANDERSON & MURISON INC.	7.0	10.0	-29.49%	0.15%
93	140	PROPERTY RISK SERVICES, LLC	6.9	4.0	71.91%	0.15%
94	99	PROWEST INSURANCE SERVICES, INC.	6.9	6.2	11.21%	0.15%
95	131	COLEMONT INSURANCE BROKERS OF TEXAS, LP	6.8	4.5	51.17%	0.15%
96	77	G.J. SULLIVAN CO. EXCESS & SURPLUS LINES BROKERS	6.8	10.0	-31.87%	0.15%
97	83	A.I. RISK SPECIALISTS INSURANCE, INC.	6.8	8.2	-17.69%	0.15%
98	84	DEALEY, RENTON & ASSOCIATES INSURANCE BROKERS	6.8	7.7	-12.23%	0.15%
99	-	STROTH, PATRICK QUINN	6.7	0.0	100.00%	0.15%
100	81	HDR INSURANCE MANAGERS, LLC	6.7	8.7	-23.13%	0.15%
			\$3,963.9	\$4,889.7	-18.93%	85.54%
			670.1	833.8	-19.64%	14.46%
			\$4,634.0	\$5,723.5	-19.04%	100.00%

Top 100 Nonadmitted Carriers

Based on Premium Processed through December 31, 2009

RANK			PREMIUM PROCESSED (\$ in millions)		% GROWTH	MARKET SHARE (%)	
2009	2008	COMPANY	2009	2008	2009 - 2008	2009	2008
1	1	LEXINGTON INSURANCE COMPANY	\$809.2	\$1,019.3	-20.61%	17.46%	17.81%
2	2	CHARTIS SPECIALTY INSURANCE COMPANY (FKA: AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY)	174.7	304.3	-42.58%	3.77%	5.32%
3	4	SCOTTSDALE INSURANCE COMPANY	153.9	144.7	6.40%	3.32%	2.53%
4	11	LLOYD'S OF LONDON SYNDICATE #2623	117.6	95.8	22.78%	2.54%	1.67%
5	8	EMPIRE INDEMNITY INSURANCE COMPANY	113.2	118.1	-4.18%	2.44%	2.06%
6	9	EVANSTON INSURANCE COMPANY	100.8	107.6	-6.31%	2.17%	1.88%
7	3	STEADFAST INSURANCE COMPANY	95.8	252.3	-62.04%	2.07%	4.41%
8	5	LANDMARK AMERICAN INSURANCE COMPANY	94.3	123.7	-23.78%	2.04%	2.16%
9	53	QBE SPECIALTY INSURANCE COMPANY	84.0	23.9	251.92%	1.81%	0.42%
10	12	MT. HAWLEY INSURANCE COMPANY	81.8	95.0	-13.88%	1.77%	1.66%
11	6	ADMIRAL INSURANCE COMPANY	79.9	122.6	-34.85%	1.72%	2.14%
12	10	AXIS SURPLUS INSURANCE COMPANY	79.8	106.2	-24.86%	1.72%	1.86%
13	14	COLUMBIA CASUALTY COMPANY	79.2	91.5	-13.45%	1.71%	1.60%
14	7	ILLINOIS UNION INSURANCE COMPANY	74.0	118.8	-37.70%	1.60%	2.08%
15	19	ARCH SPECIALTY INSURANCE COMPANY	71.4	80.3	-11.09%	1.54%	1.40%
16	21	ENDURANCE AMERICAN SPECIALTY INSURANCE COMPANY	70.5	66.1	6.55%	1.52%	1.16%
17	13	WESTCHESTER SURPLUS LINES INSURANCE COMPANY	68.2	92.4	-26.23%	1.47%	1.61%
18	24	COLONY INSURANCE COMPANY	68.0	63.9	6.40%	1.47%	1.12%
19	18	LLOYD'S OF LONDON SYNDICATE #2987	65.3	81.7	-20.12%	1.41%	1.43%
20	15	LLOYD'S OF LONDON SYNDICATE #0033	61.5	89.3	-31.15%	1.33%	1.56%
21	27	HOUSTON CASUALTY COMPANY	60.9	59.4	2.41%	1.31%	1.04%
22	17	INTERSTATE FIRE & CASUALTY COMPANY	59.9	85.2	-29.75%	1.29%	1.49%
23	20	LIBERTY SURPLUS INSURANCE CORPORATION	59.0	79.0	-25.25%	1.27%	1.38%
24	23	LLOYD'S OF LONDON SYNDICATE #2003	55.2	64.4	-14.33%	1.19%	1.13%
25	16	NAVIGATORS SPECIALTY INSURANCE COMPANY	54.8	86.2	-36.46%	1.18%	1.51%
26	28	INDIAN HARBOR INSURANCE COMPANY	47.4	57.7	-17.79%	1.02%	1.01%
27	22	ESSEX INSURANCE COMPANY	47.2	64.9	-27.29%	1.02%	1.13%
28	29	CHUBB CUSTOM INSURANCE COMPANY	46.5	54.0	-14.03%	1.00%	0.94%
29	42	FIRST MERCURY INSURANCE COMPANY	46.4	38.4	20.97%	1.00%	0.67%
30	101	MAX SPECIALTY INSURANCE COMPANY	41.7	7.4	465.34%	0.90%	0.13%
31	25	GEMINI INSURANCE COMPANY	40.5	62.2	-34.95%	0.87%	1.09%
32	39	AMERICAN SAFETY INDEMNITY COMPANY	39.8	39.8	0.19%	0.86%	0.69%
33	34	ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED	39.5	43.4	-8.99%	0.85%	0.76%
34	32	SWISS RE INTERNATIONAL SE	37.6	46.5	-19.05%	0.81%	0.81%
35	35	LLOYD'S OF LONDON SYNDICATE #1200	36.9	43.1	-14.42%	0.80%	0.75%
36	49	LLOYD'S OF LONDON SYNDICATE #0623	35.6	29.5	20.43%	0.77%	0.52%
37	40	LLOYD'S OF LONDON SYNDICATE #0510	35.5	39.0	-8.89%	0.77%	0.68%
38	31	CENTURY SURETY COMPANY	35.3	48.4	-27.10%	0.76%	0.85%
39	33	JAMES RIVER INSURANCE COMPANY	35.2	44.3	-20.62%	0.76%	0.77%
40	30	NORTH AMERICAN CAPACITY INSURANCE COMPANY	34.7	49.4	-29.68%	0.75%	0.86%
41	41	NAUTILUS INSURANCE COMPANY	34.3	38.5	-10.98%	0.74%	0.67%
42	51	ALLIED WORLD NATIONAL ASSURANCE COMPANY	33.8	29.0	16.65%	0.73%	0.51%
43	46	PRINCETON EXCESS AND SURPLUS LINES INSURANCE COMPANY	32.2	31.4	2.43%	0.69%	0.55%
44	155	IRONSHORE SPECIALTY INSURANCE COMPANY	31.6	0.6	5176.07%	0.68%	0.01%
45	65	CATLIN SPECIALTY INSURANCE COMPANY	31.5	18.2	73.01%	0.68%	0.32%
46	26	NATIONAL FIRE & MARINE INSURANCE COMPANY	31.2	61.0	-48.83%	0.67%	1.07%
47	37	LLOYD'S OF LONDON SYNDICATE #2488	28.7	40.3	-28.74%	0.62%	0.70%
48	48	GREAT LAKES REINSURANCE (UK) PLC	27.7	29.8	-7.01%	0.60%	0.52%
49	66	DARWIN SELECT INSURANCE COMPANY	26.9	17.6	52.17%	0.58%	0.31%
50	50	COMMONWEALTH INSURANCE COMPANY	24.0	29.3	-18.14%	0.52%	0.51%

THE SURPLUS LINE ASSOCIATION OF CALIFORNIA
Safeguarding Consumers

RANK			PREMIUM PROCESSED (\$ in millions)		% GROWTH	MARKET SHARE (%)	
2009	2008	COMPANY	2009	2008	2009 - 2008	2009	2008
51	44	BURLINGTON INSURANCE COMPANY	22.8	32.7	-30.21%	0.49%	0.57%
52	43	EVEREST INDEMNITY INSURANCE COMPANY	21.1	37.8	-44.16%	0.46%	0.66%
53	56	ASPEN INSURANCE UK LIMITED	20.6	22.9	-10.10%	0.44%	0.40%
54	36	PACIFIC INSURANCE COMPANY LTD.	20.3	41.4	-50.81%	0.44%	0.72%
55	52	GREAT AMERICAN E&S INSURANCE COMPANY	20.3	24.4	-17.07%	0.44%	0.43%
56	55	LLOYD'S OF LONDON SYNDICATE #4472	20.2	23.2	-13.01%	0.44%	0.40%
57	77	LLOYD'S OF LONDON SYNDICATE #5000	20.1	13.3	51.88%	0.43%	0.23%
58	58	LLOYD'S OF LONDON SYNDICATE #2001	19.6	21.5	-8.81%	0.42%	0.38%
59	45	HUDSON SPECIALTY INSURANCE COMPANY	19.6	32.4	-39.54%	0.42%	0.57%
60	63	LLOYD'S OF LONDON SYNDICATE #4242	18.1	19.1	-5.49%	0.39%	0.33%
61	75	LLOYD'S OF LONDON SYNDICATE #4444	17.8	14.9	19.44%	0.38%	0.26%
62	62	GENERAL STAR INDEMNITY COMPANY	17.5	19.1	-8.78%	0.38%	0.33%
63	64	COLONY NATIONAL INSURANCE COMPANY	16.6	18.5	-10.29%	0.36%	0.32%
64	61	LLOYD'S OF LONDON SYNDICATE #1414	16.2	19.6	-17.11%	0.35%	0.34%
65	117	PHILADELPHIA INSURANCE COMPANY	15.9	4.3	274.18%	0.34%	0.07%
66	72	LLOYD'S OF LONDON SYNDICATE #2010	15.3	15.4	-0.50%	0.33%	0.27%
67	69	LLOYD'S OF LONDON SYNDICATE #1084	15.3	15.7	-2.72%	0.33%	0.27%
68	68	LLOYD'S OF LONDON SYNDICATE #1225	15.1	17.2	-11.96%	0.33%	0.30%
69	59	WESTERN HERITAGE INSURANCE COMPANY	14.0	21.1	-33.64%	0.30%	0.37%
70	76	FIREMAN'S FUND INSURANCE COMPANY OF OHIO	13.9	13.7	1.14%	0.30%	0.24%
71	70	HOMELAND INSURANCE COMPANY OF NEW YORK	13.9	15.5	-10.56%	0.30%	0.27%
72	71	LLOYD'S OF LONDON SYNDICATE #0958	13.7	15.5	-11.19%	0.30%	0.27%
73	82	LLOYD'S OF LONDON SYNDICATE #2791	12.4	12.2	1.85%	0.27%	0.21%
74	112	ASPEN SPECIALTY INSURANCE COMPANY	12.2	4.8	157.26%	0.26%	0.08%
75	81	LLOYD'S OF LONDON SYNDICATE #0807	11.7	12.4	-5.02%	0.25%	0.22%
76	60	FIRST SPECIALTY INSURANCE CORPORATION	11.7	20.0	-41.71%	0.25%	0.35%
77	38	VOYAGER INDEMNITY INSURANCE COMPANY	11.2	39.9	-71.96%	0.24%	0.70%
78	94	LLOYD'S OF LONDON SYNDICATE #1206	10.9	9.3	17.53%	0.24%	0.16%
79	86	ROCKHILL INSURANCE COMPANY	10.9	10.9	-0.65%	0.23%	0.19%
80	84	LLOYD'S OF LONDON SYNDICATE #0570	10.8	11.9	-8.90%	0.23%	0.21%
81	79	LLOYD'S OF LONDON SYNDICATE #2000	10.5	12.7	-16.97%	0.23%	0.22%
82	164	UNITED SPECIALTY INSURANCE COMPANY	10.5	0.4	2510.61%	0.23%	0.01%
83	80	LLOYD'S OF LONDON SYNDICATE #0435	10.4	12.5	-16.63%	0.22%	0.22%
84	96	AMERICAN EMPIRE SURPLUS LINES INSURANCE COMPANY	10.3	8.2	26.39%	0.22%	0.14%
85	88	LLOYD'S OF LONDON SYNDICATE #1183	10.2	10.6	-3.28%	0.22%	0.18%
86	119	LANTANA INSURANCE LTD.	10.1	4.1	145.21%	0.22%	0.07%
87	87	MOUNT VERNON FIRE INSURANCE COMPANY	9.5	10.9	-12.59%	0.21%	0.19%
88	73	ENERGY INSURANCE MUTUAL LIMITED	9.5	15.2	-37.95%	0.20%	0.27%
89	91	MAIDEN SPECIALTY INSURANCE COMPANY	9.3	9.6	-3.52%	0.20%	0.17%
90	89	USF INSURANCE COMPANY	9.2	10.2	-9.21%	0.20%	0.18%
91	78	UNITED NATIONAL INSURANCE COMPANY	9.2	13.0	-29.16%	0.20%	0.23%
92	67	PENN-STAR INSURANCE COMPANY	9.2	17.4	-47.18%	0.20%	0.30%
93	181	LLOYD'S OF LONDON SYNDICATE #3624	8.7	0.0	100.00%	0.19%	0.00%
94	97	LLOYD'S OF LONDON SYNDICATE #2121	8.6	8.2	5.52%	0.19%	0.14%
95	100	GOTHAM INSURANCE COMPANY	8.5	7.4	15.06%	0.18%	0.13%
96	92	NOETIC SPECIALTY INSURANCE COMPANY	8.3	9.5	-13.12%	0.18%	0.17%
97	83	GENERAL SECURITY INDEMNITY COMPANY OF ARIZONA	8.2	12.2	-32.94%	0.18%	0.21%
98	99	MAXUM INDEMNITY COMPANY	8.1	7.7	4.03%	0.17%	0.14%
99	93	NORTHFIELD INSURANCE COMPANY	7.7	9.5	-19.25%	0.17%	0.17%
100	57	ST. PAUL SURPLUS LINES INSURANCE COMPANY	7.4	22.0	-66.53%	0.16%	0.38%
SUBTOTAL			\$4,397.4	\$5,317.0	-17.30%	94.89%	92.90%
All Other Companies			236.6	406.5	-41.79%	5.11%	7.10%
TOTAL			\$4,634.0	\$5,723.5	-19.04%	100.00%	100.00%

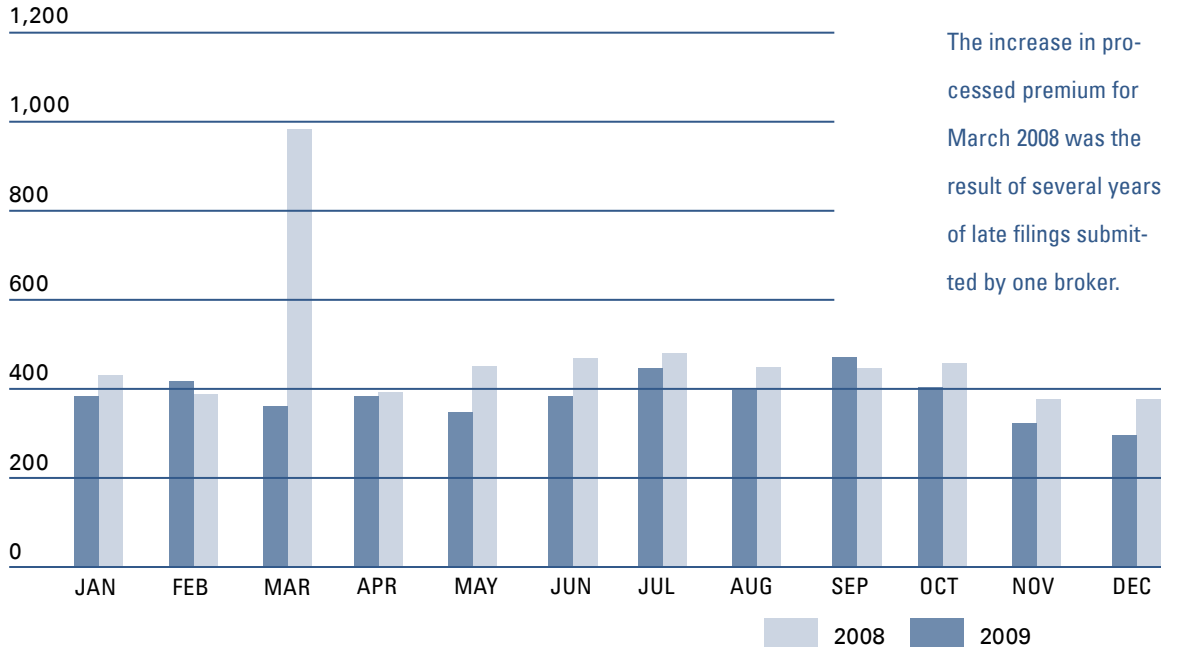
Top 50 Coverages

Based on Premium Processed through December 31, 2009

				PREMIUM PROCESSED			
Rank		EXPORT	COVERAGE	(\$ million)		% GROWTH	% OF TOTAL
2009	2008			2009	2008	2009 - 2008	2009
1	1		GENERAL LIABILITY	\$898.7	\$1,324.5	-32.15%	19.39%
2	3	E	COMMERCIAL DIC/STAND ALONE EARTHQUAKE	628.9	678.4	-7.30%	13.57%
3	2		ERRORS AND OMISSIONS	578.2	709.4	-18.49%	12.48%
4	4		ALL RISK COMMERCIAL PROPERTY	350.9	543.3	-35.41%	7.57%
5	5		SPECIAL MULTI-PERIL PACKAGE	282.1	308.8	-8.66%	6.09%
6	6	E	INDIVIDUAL INSUREDS WITH LARGE SCHEDULES WHERE THE TIV (TOTAL INSURED VALUES) ARE IN EXCESS OF \$500 MILLION	245.2	274.8	-10.78%	5.29%
7	10		MISCELLANEOUS	238.1	172.0	38.38%	5.14%
8	7		EXCESS LIABILITY	219.7	268.0	-18.01%	4.74%
9	11		PROFESSIONAL LIABILITY	153.2	148.4	3.17%	3.30%
10	9	E	EXCESS LIABILITY/UNDERLYING NONADMITTED	140.7	187.0	-24.74%	3.04%
11	8	E	ENVIRONMENTAL IMPAIRMENT REMEDIATION & POLLUTION LIABILITY	136.2	245.8	-44.59%	2.94%
12	12		DIRECTORS AND OFFICERS	104.5	143.0	-26.92%	2.25%
13	14		COMMERCIAL PROPERTY-BASIC	75.3	71.1	5.92%	1.62%
14	13	E	EMPLOYMENT PRACTICES LIABILITY	62.8	77.9	-19.37%	1.36%
15	15	E	PRODUCTS/COMPLETED OPERATIONS (WRITTEN ON A STAND ALONE BASIS)	59.4	67.5	-11.97%	1.28%
16	16		INLAND MARINE	37.3	48.0	-22.25%	0.81%
17	31	E	VACANT BUILDINGS	34.7	9.0	287.25%	0.75%
18	19		HOSPITALS	33.6	28.0	19.93%	0.72%
19	18		HOMEOWNERS MULTI-PERIL	29.0	31.5	-7.94%	0.62%
20	22	E	EVENT CANCELLATION	26.9	23.2	16.21%	0.58%
21	21		AUTO PHYSICAL DAMAGE-COMMERCIAL	22.5	24.1	-6.59%	0.49%
22	44		EXCESS WORKERS COMPENSATION	17.5	3.7	368.23%	0.38%
23	20		TERRORISM	17.5	27.6	-36.59%	0.38%
24	24		HOMEOWNERS	17.1	20.8	-17.70%	0.37%
25	23	E	HIGH LIMITS DISABILITY	17.1	22.1	-22.69%	0.37%
26	27	E	SECURITY GUARD SERVICES	15.3	16.7	-8.36%	0.33%
27	26		GARAGE LIABILITY	13.8	18.3	-24.78%	0.30%
28	25		AVIATION	12.7	20.6	-38.37%	0.27%
29	28		SINGLE FAMILY DWELLING/DUPLEX	12.4	14.7	-15.82%	0.27%
30	29		AUTO LIABILITY-COMMERCIAL	12.4	13.7	-9.83%	0.27%
31	34		ACCIDENT	10.1	7.7	31.29%	0.22%
32	35		AUTO COMBINED LIAB & PHYS DAMAGE-COMM.	9.3	7.1	30.78%	0.20%
33	17	E	CONTRACTORS ENGAGED IN CONSTRUCTION OF NEW TRACT HOMES AND/OR NEW CONDOMINIUMS	8.7	35.1	-75.11%	0.19%
34	33	E	PRODUCTS RECALL	8.5	8.2	2.97%	0.18%
35	30		GROUP HEALTH	7.9	12.3	-35.84%	0.17%
36	36		SPECIAL MULTI-PERIL WITH TERRORISM	6.6	6.3	4.78%	0.14%
37	38		DISABILITY INCOME	5.8	5.0	16.44%	0.13%
38	55	E	AMUSEMENT PARKS/CARNIVALS/DEVICES	5.5	1.6	249.49%	0.12%
39	39	E	PERSONAL ARTICLES FLOATERS WRITTEN ON A STAND ALONE BASIS	5.1	4.6	11.49%	0.11%
40	42	E	OILFIELD CONTRACTORS	4.1	4.4	-6.05%	0.09%
41	47		FIDELITY	3.8	3.2	20.98%	0.08%
42	43	E	CRANE & RIGGING CONTRACTORS	3.8	4.2	-10.11%	0.08%
43	37		BONDS	3.7	5.7	-35.06%	0.08%
44	53		PRODUCT TAMPERING	3.4	2.4	41.48%	0.07%
45	50		RESIDENTIAL EARTHQUAKE	3.3	2.8	18.93%	0.07%
46	40	E	SHORT TERM SPECIAL EVENTS (EXC HOLE IN ONE)	3.2	4.4	-28.56%	0.07%
47	59	E	OUTFITTERS AND GUIDES	3.0	1.0	189.99%	0.06%
48	49	E	CLINICAL & SIMILAR TESTS OF PHARMACEUTICAL	2.7	3.0	-11.70%	0.06%
49	41		CRIME	2.6	4.4	-42.00%	0.06%
50	32	E	AVIATION EXCESS LIABILITY	2.5	8.8	-71.95%	0.05%
SUBTOTAL				\$4,597.1	\$5,674.1	-18.98%	99.20%
All Other Coverages				36.9	49.4	-25.18%	0.80%
TOTAL				\$4,634.0	\$5,723.5	-19.04%	100.00%

Comparison of Premium Processed for 2009 versus 2008

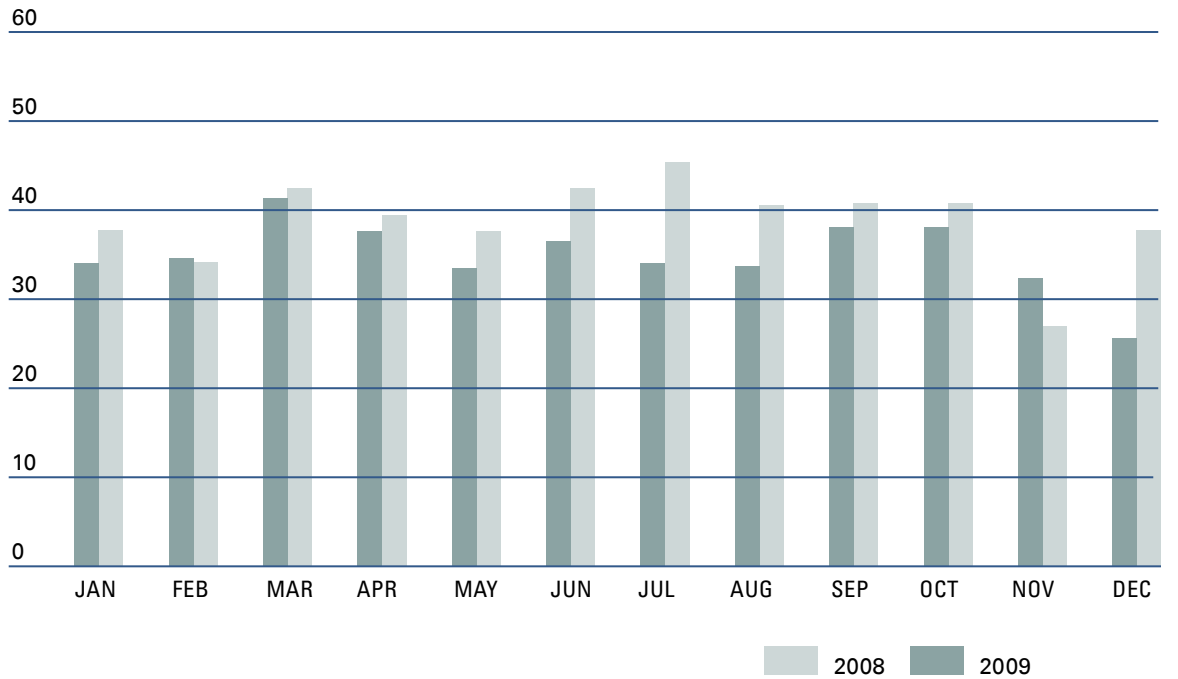
All values represented in Millions



Surplus line premiums continue to decline as the market remains soft.

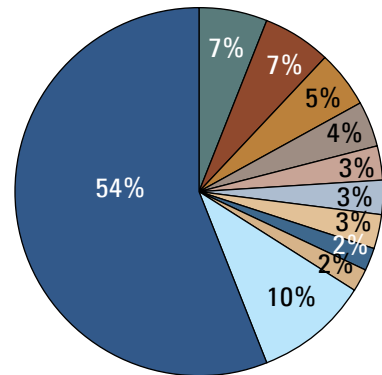
Comparison of Items Processed for 2009 versus 2008

All values represented in Thousands



Issued Tags for 2009

Tags Description	Percentage	Count
Late Filing with Explanation	54%	62,306
Incomplete SL2 Form	7%	7,654
Late Filing	7%	7,644
Section 7(B) of SL2 Incomplete	5%	5,998
Incomplete SL1 Form	4%	5,074
Renewal has No Record of Prior Policy	3%	3,473
No Record of Policy Endorsement	3%	3,346
Incomplete Admitted Company Names	3%	3,251
Unlisted Admitted Company	2%	2,386
Lloyd's Syndicate Numbers	2%	2,228
All Other Tags	10%	77,781
Total		115,140



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

Premium Totals by Company Type

COMPANY TYPE				% of TOTAL
	12/31/2009	12/31/2008	% GROWTH	12/31/2009
LESLI LISTED COMPANIES				
FOREIGN INSURERS	3,592,663,586	4,499,154,833	-20.15%	77.53%
LLOYD'S SYNDICATES	798,561,637	847,358,040	-5.76%	17.23%
ALIEN INSURERS	195,586,008	232,401,345	-15.84%	4.22%
SUBTOTAL	\$4,586,811,231	\$ 5,578,914,227	-17.78%	98.98%
ALL OTHER	47,196,157	144,566,898	-67.35%	1.02%
TOTAL	\$ 4,634,007,388	\$5,723,481,125	-19.04%	100.00%

Scheduled Educational Events for The Surplus Line Association of California

March 2010 - April 2010

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

California Fair Claims Practices Regulations and CMS Registration Requirements

Presented by

Dan Brown

Partner

Sonnenschein Nath & Rosenthal LLP

Elizabeth A. Tosaris

Partner

Sonnenschein Nath & Rosenthal LLP

Registration at 8:00 a.m.

Seminar 8:30 a.m. - 11:30 a.m. - 3 CE Credits - #235247

Dates

Tuesday, March 9, 2010

Hilton Universal City

555 Universal Hollywood Drive

Universal City, CA 91608

Wednesday, March 10, 2010

PG&E Conference Center Auditorium

245 Market Street

San Francisco, CA 94105

(use rear entrance)

Ethics

Universal City - presented by:

Mary King Barbieri

CPCU, ASLI, ARM

Independent Insurance Consultant

San Francisco - presented by:

Marjorie L. Segale

AFIS, RPLU, CIC, ACSR, CISR, CRIS

Vice President

Insurance Skills Center

Registration at 7:30 a.m.

Seminar 8:00 a.m. - 12:00 p.m. - 4 CE Credits - #235387

(this course satisfies the CDI 4-hour ethics requirement)

Dates

Tuesday, April 13, 2010

Hilton Universal City

555 Universal Hollywood Drive

Universal City, CA 91608

Wednesday, April 14, 2010

PG&E Conference Center Auditorium

245 Market Street

San Francisco, CA 94105

(use rear entrance)

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*The SLA Quarterly is published by The
Surplus Line Association of California, 50
California Street, 18th floor, San Francisco,
CA 94111 for the members of The Sur-
plus Line Association*