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REPORT OF THE CHAIRMAN

The SLA leadership, consisting of the Executive and Stamping Committees, met as a group on January 28, 2010 to prepare a strategic plan for the year.

The participants held a dialogue on the broad spectrum of the changing busi-



Les Ross
Chairman, 2010

ness environment for surplus line brokers and how the Association should adapt in response. The SLA is an organization of 4,409 surplus line broker licensees. Of this total, 2,797 licensees are residents of California and 1,612 licensees are nonresidents.

The strategic planning process allows the SLA leadership to give the SLA staff a clear and focused understanding of the business and compliance issues facing surplus line brokers that require a response from the stamping office. Strategic

planning also helps the SLA acknowledge its strengths and weaknesses, facilitating the process of providing responsive and effective initiatives geared to sustaining a regulatory and business environment free of potentially overbearing or rigid obstacles to compliance.

The leadership drafted 11 objectives to help the SLA better align the changing business environment faced by Surplus Line Brokers. The 2010 objectives are as follows:

1. Fulfill statutory requirements of continual education to members of SLA, while balancing the economic impact on the SLA;
2. Provide members flexibility in obtaining CE credits;
3. Solicit feedback from the membership regarding development of the broker portal for e-filing;
4. Provide training to the membership on the broker portal;

The strategic plan furthers the SLA performance of duties as surplus line advisory organization pursuant to California Insurance Code Section 1780.50 ET SEQ. The SLA receives, reviews, and records documents that surplus line brokers are required by law to file with the Insurance Commissioner. The SLA also reviews and analyzes financial documents as required by the Commissioner with respect to foreign and alien nonadmitted insurers applying for surplus line eligibility in California.

Based on 2009 data, 80% of the List of Eligible Surplus Line Insurers (LESLI) companies write 95% of premiums and 97% of policies and maintain capital and surplus of at least \$45 million or more. New applicants would be subject to the new LESLI threshold of \$45 million beginning December 31, 2013.

5. *Communicate the results of the 2009 member survey (see Bulletin #1207);*
 6. *Enhance the SLA website help-desk and facilitate the ability of brokers to provide feedback;*
 7. *Enhance on-line filing and e-communication with the membership;*
 8. *Facilitate the ability of foreign and alien insurers to apply electronically for California eligibility;*
 9. *Increase stamping office productivity with minimum impact on expenses;*
 10. *Effectively manage the employee review process with an equitable compensation model;*
 11. *Reduce operating costs in the Information Technology Department.*
- The SLA will publish three progress reports on the strategic plan throughout this calendar year.

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 beginning Dec. 31, 2012. This provision may be extended to Dec. 31, 2013. With respect to insurance exchanges, the bill would require each individual syndicate to maintain capital and surplus of not less than \$45 million. This bill passed out of the assembly on April 14, 2010 and is pending consideration in the senate.

A.B. 1837 (Gaines) would explicitly authorize admitted affiliates of California domestic insurers to provide administrative services to non-admitted affiliates and is considering amendments to the bill. The bill was approved by the Assembly Insurance Committee on April 21, 2010 and is pending consideration on the Assembly floor.

A.B. 1258 (Kehoe) would implement the Governor's Emergency Response Initiative (ERI). The bill would require a special purpose surcharge of 4.8% on all commercial and residential fire and multi-peril insurance policies, including policies with combined property and liability coverage, issued or renewed on or after July 1, 2010. Funds collected would go to the California Emergency Management Agency, the Department of Forestry and Fire Protection, and the Military Department. Insurers collecting the surcharge would be required to make a specified disclosure on the policy declarations page, billing statement, or a separate document accompanying the declarations page or billing statement. The Governor's office estimates that such a surcharge would generate about \$238 million in the budget year and about \$480 million per year thereafter. The bill was passed by the Senate Governmental Organization

Committee on April 15. The bill also heard in the Senate Banking, Finance & Insurance Committee on April 21. Because the surcharge has been declared a tax and the bill does not reflect the Proposition 98 (Education) obligation it would create, the bill has little chance of enactment this year.

FEDERAL LEGISLATION

The Wall Street Reform and Consumer Protection Act of 2009 (H.R. 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 (H.R. 2571). The bill passed the House in 2009 and is currently pending in the floor of the U.S. Senate.

The Nonadmitted and Reinsurance Reform Act (NRRRA) of 2009 (H.R. 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. H.R. 2571 passed the House in 2009 and is currently pending in the Senate on Banking, Housing and Urban Affairs. S 1363 is also pending in the Senate Banking Committee where no action has been taken.

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

The federal legislation entitled **Restoring American Financial Stability Act of 2010** was introduced by Senator Christopher J. Dodd (D-CN) and includes surplus line reform language. The surplus line reform language was taken from the **Nonadmitted and Reinsurance Reform Act (SB 1363 / H.R. 2571)** which has already passed the House three times, most recently in September 2009, without a single vote against it.

would be the oversight of producer reciprocal licensing and continuing education standards on a national level. On March 3, 2010, this bill passed in the House of Representatives by voice vote.

The Insurance Information Act of 2009 (H.R. 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. This bill is stalled on the House floor.

The National Insurance Consumer Protection Act (H.R. 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 stan-

dards 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. This bill stalled when it was referred to three House committees.

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 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. The bill is pending on the Senate floor.

When enacted, the surplus line modernization provisions in the Nonadmitted and Reinsurance Reform Act will make access for insurance consumers to the surplus lines market quicker and more efficient. The payment of surplus lines taxes on multi-state risks will be easier and less burdensome for surplus line brokers. In addition, multiple, duplicative and overlapping compliance requirements will be eliminated on surplus line policies that insure risks across state lines.

DEVELOPMENTS TO WATCH IN THE SURPLUS LINES MARKET

The SLA continues to monitor developments that have the potential to affect the surplus lines market and will continue to alert members to any changes that may affect business practices.

LESLI Minimum Capital and Surplus: The California Department of Insurance sponsored legislation (A.B. 1708) that would increase the minimum capital and surplus required for non-admitted insurers from \$15 million to \$45 million with a “phase in” period for com-

panies on LESLI that do not currently meet this higher standard. If passed, A.B. 1708 would require existing LESLI companies to increase their capital and surplus to \$30 million by December 31, 2011 and to \$45 million by December 31, 2012. Based on 2009 data, 80% of LESLI companies writing 95% of premiums and 97% of policies already meet this standard. New applicants would be subject to the new requirements on the bill's effective date. This bill passed out of the assembly and is being assigned to a Senate committee. As of this writing, A.B. 1708 has not been subject to any official opposition. We understand that there may be an additional amendment to extend the phase in period for an additional year (with the \$45 million threshold for existing LESLI companies taking effect on December 31, 2013).

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. The California Department of Insurance is disinclined to enact this proposal. PADIC has introduced new legislation (A.B. 1837) that would explicitly authorize admitted affiliates to provide administrative services to non-admitted affiliates and is considering amendments to the bill.

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 Sections 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 was April 1, 2010 and the initiative failed to qualify for the ballot.

The new Stamping Office software "Electronic Automation System" (EAS) went into production at the SLA in December 2009 to further automate the Data Processing, Education, and Administration departments. The next step in the SLA-EAS software development process is the acquisition of a new broker electronic filing system.

REPORT OF THE DIRECTOR OF THE STAMPING OFFICE



Joy Erven
Director,
Stamping Office

The Stamping Office results for the first quarter of 2010 show an 11.77 percent decrease in total processed premium over 2009 figures. As of March 31, 2010, the total processed premium was \$ 997,094,960. The item count that comprises the premium volume is 106,620 premium bearing documents. This is a small decrease over last year.

Other items worth noting:

- **Broker Extranet news:** You can use the Broker Extranet to upload your batches in addition to answering tags (even those requiring attachments), print prior invoices and see items submitted to our office. This exciting development will save you lots of time and we have received very positive feedback since this was implemented. The process is a simple one, and if you understand how to attach a document electronically you are already half way there! Please contact Laura

Danoff, Assistant Manager, Education for more information.

- **WSSLC 2010:** Please register for Western States Surplus Lines Conference that will be held July 21 through 24th. The conference location is Whistler, Canada. The website for all the information you will need to register and lodging as well as the educational sessions is: <http://www.slawa.org/pages/conference/welcome.aspx>
- **New Broker or new employee?** Effective June 13, 2008, Section 1765 (f) of the CIC was added to require surplus line business entities to provide two hours of training to its employees who solicit, negotiate, or effect insurance coverage placed by a non-admitted insurer. The training is to be given to each eligible employee every five years. We have a link on our home page titled "Two Hour Training for Employees of Surplus Lines Business Entities". You or your employees can fulfill the requirement by simply viewing the script provided on our website. When you complete the slide show, the SLA will forward a certificate of completion.

We would also like to welcome our newest members:

New Brokers Added to Membership Since February 1, 2010

Business Entity Licenses

AIX Insurance Services of California, Inc.
Allison Group Ltd, The
Assuretech Insurance Services, LLC

Atlantic Specialty Lines of the Midwest LLC
C C Roy Insurance Brokers, Inc.
California Mexico Tourist Auto
Insurance Brokers, Inc.

The two-hour training required of all surplus line workers involved in soliciting business, negotiating, or effecting insurance coverage has been updated in the SLA web site. See the link on the SLA home page titled "Two Hour Training for Employees of Surplus Line Business Entities".

Construction Risk Solutions, LLC
 Elkol Investment Co., Inc.
 Financial & Professional Risk Solutions, Inc.
 Fred A. Moreton & Company
 Global Marine Insurance Agency, Inc.
 Guy Carpenter Broking, Inc.
 Hanasab Insurance Services, Inc.
 Ironshore Insurance Services, LLC
 Irving Weber Associates, Inc.
 Manchester Specialty Programs, Inc.
 Nexo Insurance Services, Inc.

Professional Medical Insurance Services, Inc.
 Professional Resource Insurance Agency, LLC
 Specialty Insurance Agency, Inc.
 Standard Lines Brokerage, Inc.
 Strategic Insurance Partners, LLC
 Torus Insurance Services, Inc.
 United Nation's Insurance Agency, Incorporated
 Waldorf Risk Solutions, LLC
 Wells Fargo Insurance Services
 of West Virginia, Inc.
 Willis of Florida, Inc.

Individual Licenses

Anderson, James Bridges
 Aniello, William Michael
 Baier, Jack Lee
 Barfield, John Dennis Jr
 Best, Jay William Jr
 Bolin, Edwin Charles
 Borja, Michael John
 Branstetter, Julie Ann
 Bullock, John Joseph
 Carson, Elizabeth Ann
 Chambers, Stanley Owen
 Chlada, Robert Ambrose
 Craig, Richard Paul
 Deale, Christopher Robert
 Dodge, Paull Bradley
 Donofrio, Joan Glover
 Driscoll, Susan Irene
 Dykes, James Norman
 Epstein, Tina Leslie
 Feeney, Michael Kenneth
 Ferrando, Debra Michelle
 Ferrer, Robert Glen
 Fisher, Amy Lou
 Gomborg, Michael Aaron
 Granado, Marcus Richard

Gray, Jeffrey Steven
 Hammer, Mark R
 Hanasab, Farhad David
 Hays, Stephanie
 Henry, Bridget Yvonne
 Hernandez, Ron Eric
 Hinrichs, David Wayne
 Horton Zoe Saunders
 Howell, Eleanor M.
 Hughes, Paul Richard
 Huitt, Michelle Lamont
 Ismail, Shady Nabil
 Jordan, Linda Wu
 Kihara, Kim Marie
 Kirks, Pamela Staoles
 Langley, Aaron Charles
 Leblanc, Mark Raymond
 Lee, Mason Wayne
 Lewis, Bradley David
 Lewis, Richard David
 Markley, Raymond John
 May, Julia Faye
 McCormick, Martha Georgann
 McIntyre, William Stokes IV
 Merrill, David Lawrence

Meyer, Donald Eddy
 Milne, John Leroy
 Morrisette, Karen Elaine
 Mulligan, Thomas A.
 Musgrove, Roy Walter
 Noel, John Michael
 Ourand, Dennis Charles
 Parker, James Albert
 Prichard, John Roger Jr
 Ramirez, Juan Carlos
 Rios, Evon
 Roy, Clinton Charles
 Sayer, Peter Emory
 Schrupp, Tamara Jean
 Sissac, Pilar Monique
 Thompson, Robert Earl Jr
 Tolley, Justin Clay
 Trevino, Leticia Adriana
 Trigg, Linda Shaw
 Valdez, Manuel Jr
 Ward, Geraldine Lynabeth
 Whipp, Scott Andrew
 Wilson, Bruce Alan
 Woods, Diane Eilene
 Yeung, Shirley S. N.

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

SLA Membership Totals as of April 30, 2010

California Business Entities	625	Non-Resident Business Entities	405
California Individuals	2,172	Non-Resident Individuals	1,207
Total California	2,797	Total Non-Resident	1,612
Total SLA Membership: 4,409			

SLA COMMITTEE MEMBERS 2010

The Membership shall elect an Executive Committee which shall be the governing body of the Association. The Executive Committee shall consist of thirteen individual resident Members and/or the authorized representatives of organization resident Members. The retiring Chair, the current Chair, the Vice-Chair, and the Secretary-Treasurer shall be voting Members for the ensuing year and the remaining nine Members shall be elected as hereinafter provided. All Members shall hold office until the next annual meeting or until their successors are elected (SLA Const. Article VII (1) (a)).

EXECUTIVE COMMITTEE

Les Ross - Chairman

Crump Insurance Services, Inc.

Patrick Hanley

Socius Insurance Services, Inc.

Davis Moore

Worldwide Facilities, Inc.

John Edack

Arch Specialty Insurance Agency, Inc.

Dean Andrighetto

Westchester Specialty Insurance Services

Denis Brady

American E & S Insurance Brokers

Chris Brown

Brown & Riding Insurance Services, Inc.

Frank Cravens

M.J. Hall & Company, Inc.

Ian Fitt

Western Re/Managers Insurance Services, Inc.

Phil Mazur

Swett & Crawford

Anne McNally

Wells Fargo Insurance Services

Pam Quilici

Crouse & Associates Insurance Services of Northern California, Inc.

Gerald J Sullivan

Gerald J. Sullivan & Associates, Inc.

Theodore M (Ted) Pierce - Staff Liaison

The Surplus Line Association of California

STAMPING COMMITTEE

Patrick Hanley

Socius Insurance Services, Inc.

Janet Beaver

Jansen & Hastings Insurance Services

Hank Haldeman

Gerald J. Sullivan & Associates, Inc.

Chris Houska

CRC Insurance Services, Inc.

John Sulpizio

Arch Specialty Insurance Agency, Inc.

Joy Erven - Staff Liaison

The Surplus Line Association of California

INFORMATION TECHNOLOGY COMMITTEE

Pam Quilici

Crouse & Associates Insurance Services of Northern California, Inc.

Bill Buckley

G J Sullivan Company E & S Brokers

Joe Pospichal

London American General Agency, Inc.

Angela Urrutia

Specialty Insurance Underwriters

Les Ross - Chairman

Crump Insurance Services, Inc.

Theodore M (Ted) Pierce - Staff Liaison

The Surplus Line Association of California

EDUCATION COMMITTEE

Tina Epstein

Argonaut Specialty Insurance Services

Janet Beaver

Jansen & Hastings Insurance Services

Kristina Mason

Worldwide Facilities, Inc

Stephanie Reilly, CPCU

Heffernan Insurance Brokers

Vienna Murray - Staff Liaison

The Surplus Line Association of California

LEGISLATIVE COMMITTEE

Hank Haldeman

Gerald J. Sullivan & Associates, Inc.

Dave Anderson

Anderson & Murison, Inc.

Patrick Hanley

Socius Insurance Services, Inc.

Anne McNally

Wells Fargo Insurance Services

Richard Polizzi

Western Security Surplus Insurance Brokers, Inc.

Les Ross - Chairman

Crump Insurance Services, Inc.

Gerald J Sullivan

Gerald J. Sullivan & Associates, Inc.

Theodore M (Ted) Pierce - Staff Liaison

The Surplus Line Association of California

AUDIT COMMITTEE

Les Ross - Chairman

Crump Insurance Services, Inc.

John Edack

Arch Specialty Insurance Agency, Inc.

Warren Stanley

Wholesale Connection Insurance
Services, LLC

ADMITTED MARKET LIAISON COMMITTEE

Gerald J Sullivan

Gerald J. Sullivan & Associates, Inc.

Chris Brown

Brown & Riding Insurance Services, Inc.

Lynda Colucci

RSCIA, Inc.

Ian Fitt

Western Re/Managers Insurance Services, Inc.

Hank Haldeman

Gerald J. Sullivan & Associates, Inc.

Patrick Hanley

Socius Insurance Services, Inc.

Anne McNally

Wells Fargo Insurance Services

Theodore M (Ted) Pierce - Staff Liaison

The Surplus Line Association of California

The Executive Committee may appoint an Admitted Market Liaison Committee of six individual resident Members and/or the authorized representatives of organization resident Members, and if appointed, it shall liaise with the admitted market on matters of common interest.

MEMBER PROFILE



Janet Beaver

Senior Vice President
Jansen & Hastings
Insurance Services

Janet Beaver is a Senior Vice President of Jansen & Hastings Insurance Services, responsible for expanding their MGA platform in the US. While her 15 years in the surplus lines market has been primarily casualty driven, her new role includes responsibility for business development, carrier relationships and

marketing across multiple lines of business.

Janet has been a member of the SLA Education Committee for three of the last five years and she is serving her first year on the Stamping Committee in 2010.

Janet began her career in 1995 with General Star Management Company as an excess casualty underwriter in their New York office. In 1998 she was transferred to their Los Angeles branch; where she eventually became the Excess Manager.

Janet Beaver serves on the SLA Stamping Committee which supervises the operation of the Stamping Office and shall exercise any powers expressly delegated to it by this Constitution or by the Executive Committee under the SLA Constitution, Article VII(2).

After 7 years of underwriting Janet made the shift to the wholesale side, ultimately working as a casualty producer with AmWINS in their San Francisco office; when London came calling in 2006.

Janet went to work for Jansen & Hastings in their London office as an underwriter for their Lloyd's programs and a broker for open market placements that did not fit their Lloyd's cover holder agreements; a model perpetuated in their US operations.

She came back to run the San Francisco office at the end of 2008 and opened a second JHIS office in Idaho in 2009. Future plans for the organization include expansion throughout the United States.

Janet holds a fire/casualty and surplus lines license in CA, as well as non-resident

licenses in the other 49 states. She has her ASLI designation, is completing her CPCU and has begun her CIC designation this year. She graduated from Manhattan College in New York City, where she attended as a full scholarship athlete and captain of the women's basketball team.

Jansen & Hastings is a wholly owned subsidiary of the BMS Group, which was founded in 1980 as a specialist North American treaty reinsurance broker. Since then, the Group has grown both organically and by acquisition and now comprises some 10 London-based business units and 10 international offices providing a wide range of specialist products and solutions. The BMS Group remains employee-owned today and their independence from the demands of external capital providers allows them to focus exclusively on the needs of their clients.

Premium Totals by Company Type

COMPANY TYPE	(\$ in thousands)			% of TOTAL
	3/31/2010	3/31/2009	% GROWTH	3/31/2010
LESLI LISTED COMPANIES				
FOREIGN INSURERS	760,693	905,644	-16.01%	76.29%
LLOYD'S SYNDICATES	160,048	173,332	-7.66%	16.05%
ALIEN INSURERS	65,140	40,236	61.89%	6.53%
SUBTOTAL	\$985,881	\$ 1,119,212	-11.91%	98.88%
ALL OTHER	11,214	10,865	-3.21%	1.12%
TOTAL	\$ 997,095	\$1,130,077	-11.77%	100.00%

Top 50 Surplus Line Brokers

Based on Premium Processed through March 31, 2010

Rank	BROKER	PREMIUMS PROCESSED	% OF TOTAL
1	AMWINS INSURANCE BROKERAGE OF CALIFORNIA, LLC	\$76,367,930	7.66%
2	RISK SPECIALISTS COMPANIES INSURANCE AGENCY, INC.	74,056,710	7.43%
3	SWETT & CRAWFORD	64,601,442	6.48%
4	MARSH USA INC.	59,342,693	5.95%
5	AON RISK INSURANCE SERVICES WEST, INC.	58,124,621	5.83%
6	HART, ANTHONY JOSEPH	46,966,384	4.71%
7	CRUMP INSURANCE SERVICES, INC.	25,854,995	2.59%
8	WILLIS INSURANCE SERVICES OF CALIFORNIA, INC.	23,627,453	2.37%
9	CRC INSURANCE SERVICES, INC.	22,586,572	2.27%
10	RISK PLACEMENT SERVICES, INC.	22,525,170	2.26%
11	BLISS AND GLENNON INC	22,257,730	2.23%
12	WORLDWIDE FACILITIES, INC.	22,093,091	2.22%
13	LOCKTON COMPANIES, LLC	19,903,373	2.00%
14	AMERICAN E & S INSURANCE BROKERS OF CALIFORNIA, INC.	19,361,411	1.94%
15	BURNS & WILCOX INSURANCE SERVICES, INC.	16,275,083	1.63%
16	BROWN & RIDING INSURANCE SERVICES, INC.	12,532,136	1.26%
17	PARTNERS SPECIALTY GROUP, LLC	10,976,273	1.10%
18	WILLIS OF NEW YORK INC	10,430,660	1.05%
19	HULL & COMPANY, INC.	9,688,862	0.97%
20	ALLIANT INSURANCE SERVICES, INC.	9,400,437	0.94%
21	CROUSE & ASSOCIATES INSURANCE SERVICES OF NORTHERN CALIFORNIA, INC.	9,192,411	0.92%
22	WOODRUFF-SAWYER & COMPANY	7,952,479	0.80%
23	ALL RISKS, LLC	7,839,105	0.79%
24	SOCIUS INSURANCE SERVICES, INC.	7,637,018	0.77%
25	PETERSEN INTERNATIONAL UNDERWRITERS	7,423,049	0.74%
26	BORISOFF INSURANCE SERVICES, INC. (DBA: MONARCH E & S INSURANCE SERVICES)	7,152,633	0.72%
27	WESTERN RE/MANAGERS INSURANCE SERVICES, INC.	7,011,711	0.70%
28	BASS UNDERWRITERS, INC.	6,957,027	0.70%
29	COLEMONT INSURANCE BROKERS OF CALIFORNIA, LLC	6,920,595	0.69%
30	PROCTOR FINANCIAL, INC.	6,879,258	0.69%
31	HARRY W. GORST COMPANY, INC.	6,221,624	0.62%
32	SEMINARIO, MICHAEL CARLOS	6,100,406	0.61%
33	ZURICH E&S INSURANCE BROKERAGE, INC.	5,613,862	0.56%
34	COASTAL BROKERS INSURANCE SERVICES INC.	5,465,776	0.55%
35	W. BROWN & ASSOCIATES PROPERTY & CASUALTY INSURANCE SERVICES	4,485,092	0.45%
36	ALL RISKS, LTD.	4,426,143	0.44%
37	SBIB, INC.	4,281,887	0.43%
38	CHARTWELL INDEPENDENT INSURANCE BROKERS, LLC	4,170,929	0.42%
39	NATIONAL SPECIALTY UNDERWRITERS, INC.	4,022,010	0.40%
40	M.J. HALL & COMPANY, INC.	3,971,835	0.40%
41	COOPER GAY RISK SERVICES, INC.	3,956,638	0.40%
42	FRANK CRYSTAL & CO INC	3,921,195	0.39%
43	LAE INSURANCE SERVICES, INC.	3,784,291	0.38%
44	HEFFERNAN INSURANCE BROKERS	3,707,830	0.37%
45	NAS INSURANCE SERVICES, INC.	3,659,653	0.37%
46	EDGEWOOD PARTNERS INSURANCE CENTER	3,422,549	0.34%
47	WILLIS OF ILLINOIS, INC.	3,379,819	0.34%
48	WELLS FARGO OF CALIFORNIA INSURANCE SERVICES, INC.	3,291,366	0.33%
49	WESTERN SECURITY SURPLUS INSURANCE BROKERS, INC.	3,268,395	0.33%
50	PACIFIC WHOLESALE INSURANCE BROKERS, LLC	3,169,632	0.32%
SUBTOTAL		\$786,259,243	78.86%
ALL OTHER BROKERS		210,835,717	21.14%
TOTAL		\$997,094,960	100.00%

THE SURPLUS LINE ASSOCIATION OF CALIFORNIA
Safeguarding Consumers

Top 50 Nonadmitted Carriers

Based on Premium Processed through March 31, 2010

RANK	COMPANY	PREMIUM PROCESSED	% OF TOTAL
1	LEXINGTON INSURANCE COMPANY	\$188,024,568	18.86%
2	SCOTTSDALE INSURANCE COMPANY	36,090,438	3.62%
3	LLOYD'S OF LONDON SYNDICATE #2623	30,911,078	3.10%
4	CHARTIS SPECIALTY INSURANCE COMPANY	25,303,278	2.54%
5	ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED	25,294,441	2.54%
6	STEADFAST INSURANCE COMPANY	22,798,063	2.29%
7	COLUMBIA CASUALTY COMPANY	21,813,652	2.19%
8	EMPIRE INDEMNITY INSURANCE COMPANY	19,028,883	1.91%
9	QBE SPECIALTY INSURANCE COMPANY	18,719,105	1.88%
10	LANDMARK AMERICAN INSURANCE COMPANY	17,550,217	1.76%
11	AXIS SURPLUS INSURANCE COMPANY	17,537,557	1.76%
12	EVANSTON INSURANCE COMPANY	16,172,588	1.62%
13	ENDURANCE AMERICAN SPECIALTY INSURANCE COMPANY	15,840,450	1.59%
14	COLONY INSURANCE COMPANY	15,576,585	1.56%
15	ADMIRAL INSURANCE COMPANY	15,188,356	1.52%
16	MT. HAWLEY INSURANCE COMPANY	14,286,703	1.43%
17	ILLINOIS UNION INSURANCE COMPANY	13,524,965	1.36%
18	IRONSHORE SPECIALTY INSURANCE COMPANY	13,145,299	1.32%
19	HOUSTON CASUALTY COMPANY	12,897,457	1.29%
20	ARCH SPECIALTY INSURANCE COMPANY	12,559,617	1.26%
21	ESSEX INSURANCE COMPANY	11,607,631	1.16%
22	FIRST MERCURY INSURANCE COMPANY	11,486,710	1.15%
23	NAVIGATORS SPECIALTY INSURANCE COMPANY	11,407,801	1.14%
24	WESTCHESTER SURPLUS LINES INSURANCE COMPANY	11,184,769	1.12%
25	LIBERTY SURPLUS INSURANCE CORPORATION	10,998,975	1.10%
26	LLOYD'S OF LONDON SYNDICATE #2003	10,981,810	1.10%
27	CHUBB CUSTOM INSURANCE COMPANY	10,500,880	1.05%
28	LLOYD'S OF LONDON SYNDICATE #2987	10,490,077	1.05%
29	AMERICAN SAFETY INDEMNITY COMPANY	10,222,087	1.03%
30	ENERGY INSURANCE MUTUAL LIMITED	10,157,837	1.02%
31	LLOYD'S OF LONDON SYNDICATE #0033	9,732,646	0.98%
32	NAUTILUS INSURANCE COMPANY	9,284,837	0.93%
33	INTERSTATE FIRE & CASUALTY COMPANY	9,243,997	0.93%
34	GEMINI INSURANCE COMPANY	8,873,911	0.89%
35	PRINCETON EXCESS AND SURPLUS LINES INSURANCE COMPANY	8,466,847	0.85%
36	NORTH AMERICAN CAPACITY INSURANCE COMPANY	8,033,796	0.81%
37	JAMES RIVER INSURANCE COMPANY	7,935,861	0.80%
38	ALLIED WORLD NATIONAL ASSURANCE COMPANY	7,930,437	0.80%
39	INDIAN HARBOR INSURANCE COMPANY	7,926,366	0.79%
40	SWISS RE INTERNATIONAL SE	7,878,125	0.79%
41	LLOYD'S OF LONDON SYNDICATE #0510	7,802,399	0.78%
42	ASPEN SPECIALTY INSURANCE COMPANY	7,329,628	0.74%
43	LLOYD'S OF LONDON SYNDICATE #0623	7,329,498	0.74%
44	MAX SPECIALTY INSURANCE COMPANY	7,186,472	0.72%
45	CATLIN SPECIALTY INSURANCE COMPANY	6,937,573	0.70%
46	CENTURY SURETY COMPANY	6,563,235	0.66%
47	LLOYD'S OF LONDON SYNDICATE #1200	6,434,024	0.65%
48	GREAT LAKES REINSURANCE (UK) PLC	6,353,766	0.64%
49	DARWIN SELECT INSURANCE COMPANY	5,722,587	0.57%
50	GREAT AMERICAN E&S INSURANCE COMPANY	5,292,644	0.53%
SUBTOTAL		\$813,560,527	81.59%
All Other Companies		183,534,434	18.41%
TOTAL		\$997,094,960	100.00%

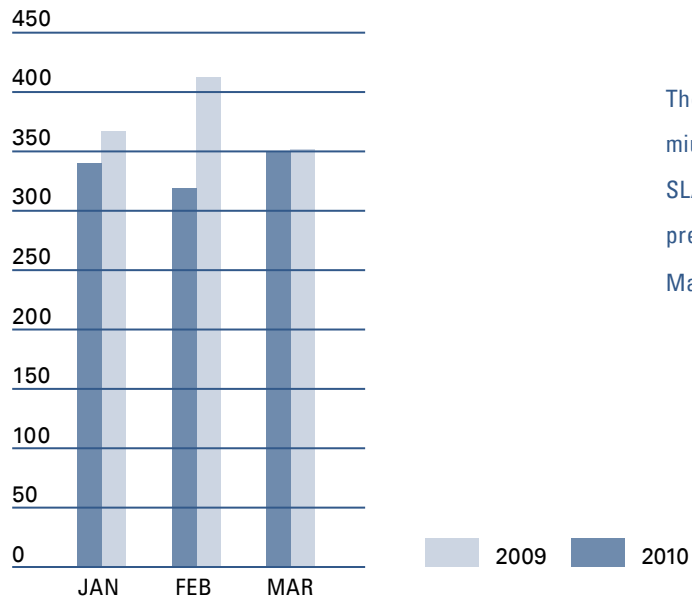
Top 50 Coverages

Based on Premium Processed through March 31, 2010

RANK	EXPORT	COVERAGE	PREMIUM PROCESSED	% OF TOTAL
1		GENERAL LIABILITY	\$194,087,224	19.47%
2	E	COMMERCIAL DIC/STAND ALONE EARTHQUAKE	125,031,775	12.54%
3		ERRORS AND OMISSIONS	116,322,361	11.67%
4		EXCESS LIABILITY	68,997,529	6.92%
5		ALL RISK COMMERCIAL PROPERTY	61,493,239	6.17%
6		SPECIAL MULTI-PERIL PACKAGE	61,184,475	6.14%
7	E	INDIVIDUAL INSURED WITH LARGE SCHEDULES WHERE THE TIV (TOTAL INSURED VALUES) ARE IN EXCESS OF \$500 MILLION	57,456,207	5.76%
8		MISCELLANEOUS	55,052,330	5.52%
9	E	EXCESS LIABILITY WHERE PART OF UNDERLYING IS NONADMITTED	40,353,417	4.05%
10		PROFESSIONAL LIABILITY	34,696,148	3.48%
11	E	ENVIRONMENTAL IMPAIRMENT REMEDIATION & POLLUTION LIABILITY	28,783,861	2.89%
12		DIRECTORS AND OFFICERS	19,791,946	1.98%
13	E	EMPLOYMENT PRACTICES LIABILITY	19,569,863	1.96%
14	E	PRODUCTS/COMPLETED OPERATIONS (WRITTEN ON A STAND ALONE BASIS)	11,231,274	1.13%
15	E	HIGH LIMITS DISABILITY	8,942,590	0.90%
16	E	VACANT BUILDINGS	8,456,189	0.85%
17		COMMERCIAL PROPERTY-BASIC	8,196,856	0.82%
18		HOMEOWNERS MULTI-PERIL	6,797,264	0.68%
19		INLAND MARINE	6,738,700	0.68%
20	E	CONTRACTORS ENGAGED IN CONSTRUCTION OF NEW TRACT HOMES AND/OR NEW CONDOMINIUMS	5,090,850	0.51%
21		HOMEOWNERS	4,959,534	0.50%
22		AUTO PHYSICAL DAMAGE-COMMERCIAL	4,197,411	0.42%
23		HOSPITALS	3,733,202	0.37%
24	E	SECURITY GUARD SERVICES	3,496,928	0.35%
25		GARAGE LIABILITY	3,004,565	0.30%
26	E	EVENT CANCELLATION	2,885,666	0.29%
27		SINGLE FAMILY DWELLING/DUPLEX	2,699,661	0.27%
28	E	AMUSEMENT PARKS/CARNIVALS/DEVICES	2,599,012	0.26%
29		AUTO LIABILITY-COMMERCIAL	2,158,014	0.22%
30		RESIDENTIAL EARTHQUAKE	1,659,510	0.17%
31		TERRORISM	1,640,537	0.16%
32		GROUP HEALTH	1,620,298	0.16%
33	E	PRODUCTS RECALL	1,599,120	0.16%
34	E	AMUSEMENT PARKS/CARNIVALS AND AMUSEMENT DEVICES	1,561,573	0.16%
35	E	SHORT TERM SPECIAL EVENTS (EXCLUDING HOLE IN ONE COVERAGE)	1,162,818	0.12%
36		AUTO COMBINED LIAB & PHYS DAMAGE-COMM.	1,145,789	0.11%
37		DISABILITY INCOME	1,093,469	0.11%
38		AVIATION	1,049,197	0.11%
39	E	PERSONAL ARTICLES FLOATERS WRITTEN ON A STAND ALONE BASIS WHERE THE VALUE OF THE SCHEDULE IS IN EXCESS OF \$1,000,000 OR CONTAINS A SINGLE ITEM(S) OVER \$100,000	1,002,472	0.10%
40		SPECIAL MULTI-PERIL WITH TERRORISM	990,313	0.10%
41	E	CLINICAL & SIMILAR TESTS OF PHARMACEUTICAL, MEDICAL, BIOLOGICAL AND OTHER SIMILAR PRODUCTS	893,418	0.09%
42		FIDELITY	836,691	0.08%
43		ACCIDENT	697,157	0.07%
44	E	EXCESS FLOOD	689,761	0.07%
45	E	AMBULANCE SERVICES INCLUDING PROFESSIONAL LIABILITY	498,989	0.05%
46	E	AVIATION EXCESS LIABILITY	476,654	0.05%
47		BONDS	474,864	0.05%
48		PRODUCT TAMPERING	434,298	0.04%
49	E	POLITICAL RISKS INCLUDING EXPROPRIATION, CONFISCATION, UNFAIR CALLING	412,300	0.04%
50	E	HOMEOWNERS EARTHQUAKE - EXCESS LIMITS OR DEDUCTIBLE BUYBACK	411,817	0.04%
		SUBTOTAL	\$988,359,137	99.12%
		All Other Coverages	8,735,824	0.88%
		TOTAL	\$997,094,960	100.00%

Comparison of Premium Processed for 1st Quarter 2010 versus 2009

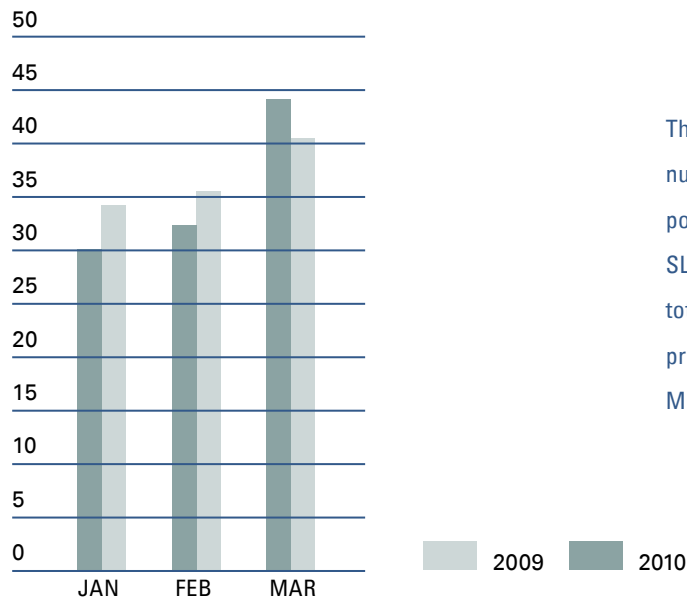
All values represented in Millions



The March 2010 pre-
mium processed by the
SLA was even with the
premium processed in
March 2009.

Comparison of Items Processed for 1st Quarter 2010 versus 2009

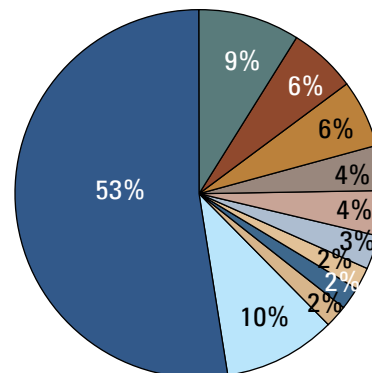
All values represented in Thousands



The March 2010 total
number of insurance
policies processed by the
SLA was greater than the
total number of policies
processed by the SLA in
March 2009.

Issued Tags for 1st Quarter 2010

Tags Description	Percentage	Count
Late Filing with Explanation	53%	15,183
Late Filing	9%	2,459
Incomplete SL2 Form	6%	1,715
Section 7(B) of SL2 Incomplete	6%	1,702
Incomplete SL1 Form	4%	1,102
Renewal has No Record of Prior Policy	4%	1,053
No Record of Policy Endorsement	3%	864
Incomplete Admitted Company Names	2%	584
Unlisted Admitted Company	2%	566
Lloyd's Syndicate Numbers	2%	522
All Other Tags	10%	2,716
Total		28,466



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

INFORMATION TECHNOLOGY

New Stamping Office software “EAS” went into production at the SLA in December 2009 to further automate the Data Processing, Education, and Administration departments. The next step in the SLA-EAS software development process is the acquisition of a new broker electronic filing system. The SLA is in a joint partnership with Infinity Software of Tallahassee, FL to modify Infinity’s Surplus Lines Information Portal (SLIP) product. SLIP would allow surplus line brokers to submit filings to the SLA of California Stamping Office electronically. The California SLIP product would include online SL-1 and SL-2 information and facilitate SLIP electronic filing system integration with prevalent Agency Management Systems (AMS). The first phase of the project documented the level of fit

of the SLIP software and the level of effort required to modify SLIP to accommodate California filing requirements. The SLA and Infinity Software, Inc. will finalize the next steps of this project in the second quarter of 2010.

As a result of broker feedback, the SLA is improving and restructuring some of the highly trafficked sections of our website. In the next few months, the SLA will enhance website search and help screens, improve broker detail information, and provide faster navigation to common pages. You are encouraged to provide feedback -- tell us how the SLA can better design the web site to serve as an information and tool portal. Visit us at www.slacal.org.

Scheduled Educational Events for The Surplus Line Association of California

May - June 2010

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

Mock Trial: A D&O Placement Predicament - Who's to Blame?

Facilitated by

Louie Castoria

Attorney at Law

Wilson Elser Moskowitz Edelman & Dicker LLP

Registration at 8:00 a.m.

Seminar 8:30 a.m. - 11:30 a.m. - 3 CE Credits - Course # 239867

Dates

Tuesday, May 18, 2010

Hilton Universal City

555 Universal Hollywood Drive

Universal City, CA 91608

Wednesday, May 19, 2010

PG&E Conference Center Auditorium

245 Market Street

San Francisco, CA 94105

(use rear entrance)

Challenges Faced in the Construction Industry

Facilitated by

Susan M. Bryan, AIC, ARM

Regional Underwriting Manager

AIG Excess Casualty

Registration at 8:00 a.m.

Seminar 8:30 a.m. - 11:30 a.m. - 3 CE Credits - Course # 241287

Dates

Tuesday, June 15, 2010

Hilton Universal City

555 Universal Hollywood Drive

Universal City, CA 91608

Wednesday, June 16, 2010

PG&E Conference Center Auditorium

245 Market Street

San Francisco, CA 94105

(use rear entrance)

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