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REPORT OF THE CHAIRMAN

The SLA leadership, consisting of the Executive and Stamping Committees, met as a group on January 26, 2011 to prepare a strategic plan for the year. The participants held a dialogue on the broad spectrum changing business envi-

ronments for surplus line brokers and how the Association should adapt in response. The SLA is an organization of 4,617 surplus line broker licensees. Of this total, 2,843 licensees are residents of California and 1,774 licensees are nonresidents.



Patrick Hanley
Chairman, 2011

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, clearing the way to fast-moving initiatives to sustain a regulatory and business environment free of obstacles to compliance.

The leadership drafted nine objectives to help the SLA better align the changing business environment faced by surplus line brokers. The 2011 objectives are as follows: 1) Comply with the Nonadmitted and Reinsurance Reform Act (NRRA) "home state" mandates on an internal and external basis, 2) Keep brokers and insurers informed of new eligibility requirements for NRRA issues, 3) Prepare for "exempt commercial purchaser" exemption from the diligent search prescribed by NRRA, 4) Comply with any requests or mandates to collect multi-state premium allo-

HOW TO GET INVOLVED IN THE SLA

To get more involved with the SLA, follow these instructions. On the slacal.org homepage, under the 'Get Involved!' section, click on the 'click here' link. On the next page, fill out the form and click 'submit'. Thank you for your volunteerism.

The implementation of the Nonadmitted and Reinsurance Reform Act on July 21, 2011 will streamline regulatory compliance in the surplus line insurance market and resolve conflicting state laws governing the placement, tax payment and allocation of premium for multistate surplus line risks.

cation data, 5) Respond to three-year examination report recommendations under CIC Sec. 1780.58(c), 6) Work with the California Department of Insurance on NRRA implementation; 7) Educate California surplus line brokers on NRRA issues effecting their SLA filings, 8) Implement a new broker electronic filing system using the “SLIP” product developed by Infinity Software, 9) Communicate to the brokers how they can serve in the SLA volunteer leadership. The SLA will publish three progress reports on the strategic plan throughout this calendar year.

The California Department of Insurance, Premium Tax Audit Bureau recently provided the SLA with the figures for independently procured (IP) surplus line premium tax revenues for the past eight years. The IP revenues are as follows: 2010—8.2 million, 2009—\$8.9 million, 2008—\$9.3 million, 2007—\$9.3 million, 2006—\$12.2 million, 2005—\$13.2 million, 2004—\$18.6 million, 2003—\$19 million. Figures for California IP revenues have declined each year since the establishment of the non-resident surplus line broker’s license in 2003.

DEVELOPMENTS TO WATCH IN THE SURPLUS LINE MARKET

As the date of federal preemption of non-conforming state surplus line insurance law nears, it appears the implementation of the Nonadmitted and Reinsurance Reform Act of 2010 (the “NRRA”), a subchapter of the larger financial services reform legislation, the Dodd-Frank Wall Street Reform and Consumer Protection Act, remains the hot topic of the day.

Brokers should be aware that significant and fast-moving efforts to implement the NRRA are currently underway in California and other states in advance of the July 21, 2011 effective date of the NRRA and are advised to check the surplus line laws and regulations of each state in which they do business to ensure full compliance (see page 7).

California Implementation Effort – AB 315 Assembly Bill 315 (“AB 315”),

introduced on February 9, 2011 and amended on April 7, 2011, conforms California surplus line insurance regulatory and tax laws to the NRRA. Because AB 315 is still working its way through the legislature, its final language is not yet set, but it contains the following key provisions.

Premium Tax

Because NRRA allows only the home state of the insured to impose a tax on nonadmitted insurance, AB 315 amends current surplus line and independent procurement tax provisions, which require a tax only on the portion of the premium allocated to risks located in California, to require a tax on the entire

premium, regardless of where the risk is located, when California is the home state of the insured.

Insurer Eligibility

AB 315 conforms the insurer eligibility requirement to that provided in the NRRA: (1) license in the domiciliary jurisdiction and \$45,000,000 in minimum capital and surplus for foreign nonadmitted insurers; and (2) listing on the Quarterly Listing of Alien Insurers maintained by the International Insurers Department of the NAIC for alien nonadmitted insurers. To do this, AB 315 repeals current insurance code section 1765.1, which prohibits surplus line brokers from making placements with nonadmitted insurers not on the California Department of Insurance (the "Department") List of Eligible Surplus Line Insurers ("LES LI") and replaces it with a provision reflecting the NRRA eligibility standards.

List of Approved Surplus Line Insurer

AB 315 adds a new section authorizing surplus line brokers to make placements with nonadmitted insurers listed on the Insurance Department's List of Approved Surplus Line Insurers ("LAS LI"), which is a voluntary list of acceptable insurers. The requirements for qualification are substantially similar to those for the current LES LI list.

Other States' NRRA Implementation Efforts

At the time of writing, we are aware of at least 42 other states that have taken steps to imple-

ment the NRRA. At least fourteen of those states have passed legislation conforming their surplus line laws to the NRRA. Set forth below is a short summary of what each of the fourteen states have enacted.

Arizona: generally authorizes the director to enter into a compact or agreement. The director may enter into an agreement "if, after a hearing...it is determined that entering into a compact or multistate agreement is in the best interests of [Arizona]." In determining whether entering into a compact or multistate agreement is in the best interests of Arizona, the following factors must be considered: (1) The impact on the state's gross receipt of premium taxes, if any; (2) The regulatory burden and costs placed on insurance companies, surplus lines brokers and insurance agents doing business in Arizona; (3) The cost impact on insureds resulting from any regulatory requirements attributable to a compact or multistate agreement, if any; and (4) Other factors as may be raised by the director or any other interested party.

Arkansas: generally authorizes the commissioner to enter into a tax sharing agreement or compact with other states. If approved by the interim Senate Insurance Committee and the interim House Insurance and Commerce Committee, the agreement or compact will have the same effect as enacted legislation.

Idaho: does not include a provision authorizing the adoption of a tax sharing agreement or

The Nonadmitted and Reinsurance Reform Act mandates that beginning July 21, 2011 the insured's home state will be the only state with jurisdiction over surplus line transactions and the only state that can require a tax be paid by the broker.

States are revising their insurance codes to bring them in compliance with the Nonadmitted and Reinsurance Reform Act. Some states are enabling multi-state tax compacts to handle allocation of surplus line premium taxes on interstate insurance policies. These compacts may impose additional reporting requirements for surplus line brokers.

compact, but does provide for a tax on 100% of the premium when Idaho is the home state of the insured.

Kentucky: has adopted SLIMPACT and authorizes the Compact Commission to adopt rules on tax allocation, reporting, collection and distribution of taxes to other states. The Compact Commission may also adopt uniform insurer eligibility requirements.

Mississippi: generally authorizes the insurance commissioner to enter into a tax sharing agreement or compact and would require a broker to calculate the tax based on the tax rate of each state participating in the agreement or compact. The commissioner may also enter into an agreement providing for uniform insurer eligibility requirement.

New Mexico: has adopted SLIMPACT and authorizes the Compact Commission to adopt rules on tax allocation, reporting, collection and distribution of taxes to other states. The Compact Commission may also adopt uniform insurer eligibility requirements.

New York: does not include a provision authorizing the adoption of a tax sharing agreement or compact, but does provide for a tax on 100% of the premium when New York is the home state of the insured.

Ohio: requires the superintendent to conduct a fiscal analysis of the impact of entering into a tax sharing agreement or compact and

authorizes the superintendent to enter into SLIMPACT if doing so is advantageous to the state. If it is in Ohio's best financial interest, the superintendent is required to request the general assembly to authorize the superintendent to enter into a different tax sharing agreement or compact.

South Dakota: authorizes the director to enter into a tax sharing agreement, which could include NIMA.

Utah: authorizes the commissioner to enter into a tax sharing agreement including participating in a clearinghouse and adopting an allocation schedule. Brokers are required to pay taxes based on the tax rates of each state where there are exposures on a multi-state risk, regardless of whether the state participates in a tax sharing agreement with Utah.

Virginia: does not include a provision authorizing the adoption of a tax sharing agreement or compact. Virginia currently does not have a diligent search requirement, and as such, the NRRA implementing legislation does not incorporate exempt commercial purchaser concept from the NRRA.

Washington: does not include a provision authorizing the adoption of a tax sharing agreement or compact, but does provide for a tax on 100% of the premium when Washington is the home state of the insured.

West Virginia: authorizes the commissioner

to participate in NIMA and share taxes with other participating states through a clearinghouse established by NIMA.

Wyoming: authorizes the commissioner to participate in a tax sharing system, which may also include uniform insurer eligibility requirements. The new law does not incorporate the NIRA's insurer eligibility requirements or the exempt commercial purchaser exemption provided in the NIRA.

Of the more than 20 other states that have NIRA implementing legislation pending in the legislature, nine states have provisions authorizing a state regulator to adopt

SLIMPACT sponsored by NCOIL, while seven states have endorsed NIRA sponsored by the NAIC. At least ten states have provisions generally authorizing the adoption of a tax sharing agreement or compact, and at least five states do not address any such agreement or compact.

It is anticipated that most of the states will have enacted some form of NIRA implementing legislation by July 21, 2011. Surplus line brokers are therefore advised to review the surplus line laws and regulations of each state in which they do business prior to making any placements to ensure full compliance (see page 7).

State legislatures and regulators are working to be ready when the Nonadmitted and Reinsurance Reform Act goes into effect on July 21, 2011. The SLA will keep surplus line brokers and eligible surplus line insurers aware of what they need to know as California readies its response to this federal preemption.

REPORT OF THE DIRECTOR OF THE STAMPING OFFICE



Joy Erven
Director,
Stamping Office

The Stamping Office results for the first quarter of 2011 show a 4.34 percent decrease in total processed premium over last year's figures. Premium processed totals through the month of March are \$953,662,034. The item count that comprises the premium volume is 110,033 premium bearing documents. This is a small increase over last year. We are optimistic that the market has started to turn and that we will continue to see improvement. Many brokers have questions regarding new regulations, licensing, how to submit filings or state taxes. I encourage

member to contact our office and we can assist in solving your issues.

Other items worth noting:

- WSSLC 2011: The Western States Surplus Lines Conference will be held July 24 to 27th. The conference location is The Hyatt in Incline Village, Lake Tahoe. The registration link for WSSLC is on the Nevada Surplus Line Association website. The link is <http://www.nsla.org/conference/default.html>
- If you would like to ensure you get a registration packet please contact me or you can contact SLA Education Manager Vienna Murray to get additional information.

New Brokers Added to Membership Since March, 2011

Business Entity Licenses

Affiliated Brokers Exchange America Insurance Services LLC	H Squared, LLC
Affinity Insurance Services, Inc	Insure America, LLC
AIM Association Insurance Management, Inc.	Linneman Specialty Insurance Services, Inc
Axis Insurance Services, LLC	Lone Star Advantage Insurance Services, Inc.
BJW Insurance Services, LLC	Madison Risk & Insurance Services
Burns & Wilcox Insurance Services, Inc.	NIP Specialty Brokerage LLC
Cameron M. Harris & Company	O'Donovan & Associates, Inc.
Clearside General Insurance Services, LLC	Promont Advisors LLC
Cottingham & Butler Insurance Service, Inc	Stateside Underwriting Agency, Inc.
Eversafe Insurance Agency, Inc.	Travis-Pedersen and Associates, Inc.
Field Eddy, Inc.	Willis Administrative Services Corporation, Inc
Global Indemnity Collectibles Insurance Services, LLC	

Any individual or organization licensed as a resident or non-resident surplus line broker under the laws of the State of California shall be deemed a Member of the Association. Membership in the Association shall automatically terminate upon a Member's ceasing to be licensed as a surplus line broker by the State of California.

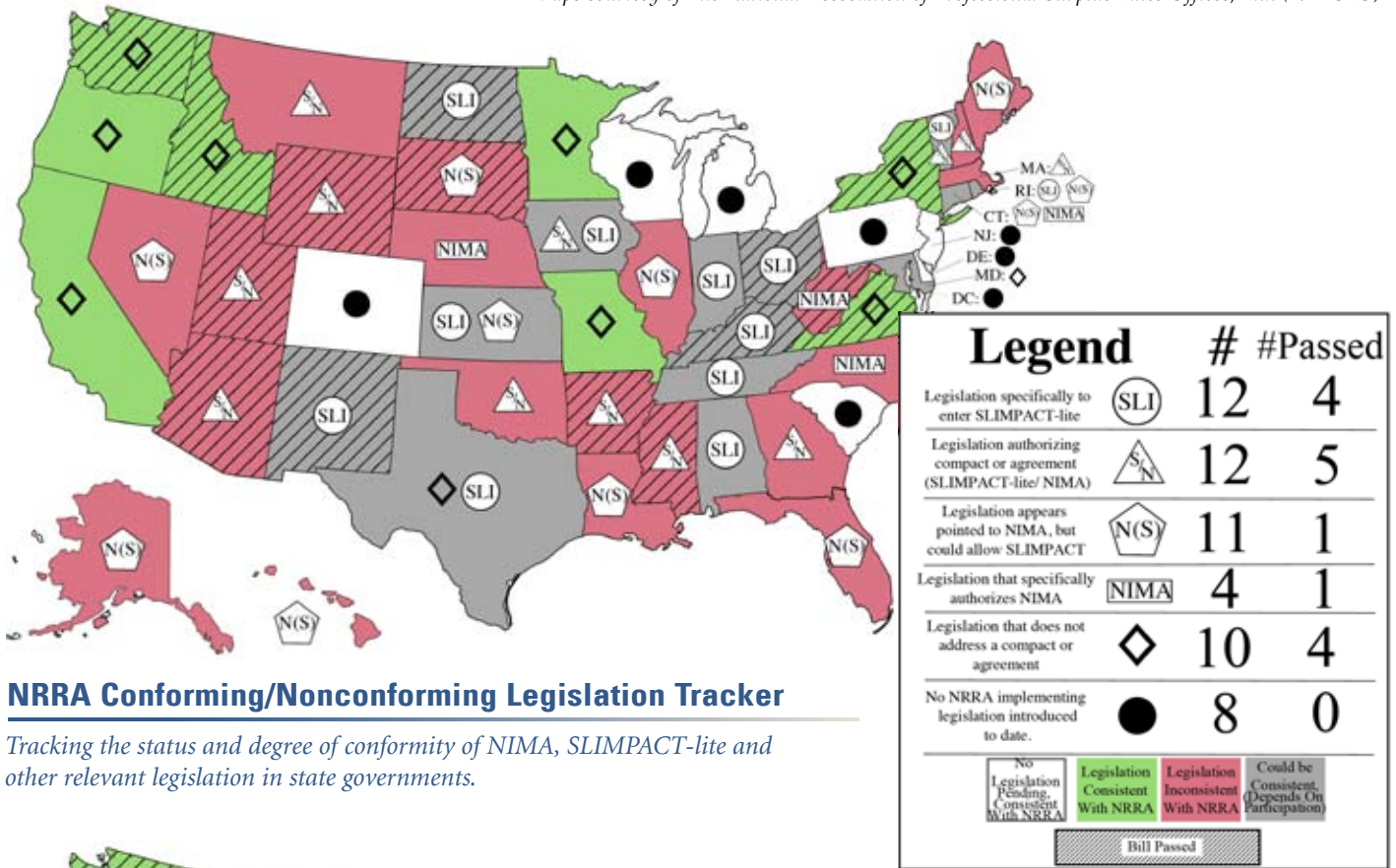
Individual Licenses

Agredano, Arturo Reynoso	Hoffman, Cheryl Ariana	Robinson, Linda Mae
Augustyn, Richard Frank	Holman, Sandra Jeanne	Rolfe, Linda Deese
Babeu, George Dennis	Jacques, Arthur Christopher	Rutledge, Marcia Lyn
Benson, Erfan	Kellogg, Janice Beth	Savedra, Jenny Louise
Bowen, Kathryn Ann	Knight, Larry Raymond	Schowengerdt, Eric Lee
Brinkerhoff, David Blake	Lombard, Robert Jack	Shao, Harry Kokshe
Cook, Sam Lee	Longbons, Jeffrey Mark	Smith, Mike William
Costa, Joseph Eugene	Lovein, Matthew Cline	Speckman, Jeremy
Crvarich, Maura Shea	Lupescu, Jenny Gail	Storms, Byron William
Deyo, Terry Edmond	Martinsen, Keith A	Tyrrell, Carol Beltran
Evans, Monica Kelly	Mulqueeney, Dennis Francis	Williams, Henry Charles
Geller, Stephen Ross	O'Donovan, Jeremiah Joseph	Wittenberg, Joseph Douglas
Gold, Scott Laroe	Reely, Carol Lee	Young-Freeman,
Hanmer, Samuel R	Rierner, Stephen Lee	Alyson Jennifer
Heckman, Marilyn Yvonne	Rix, Brian George	

SLA Membership Totals as of April 29, 2011

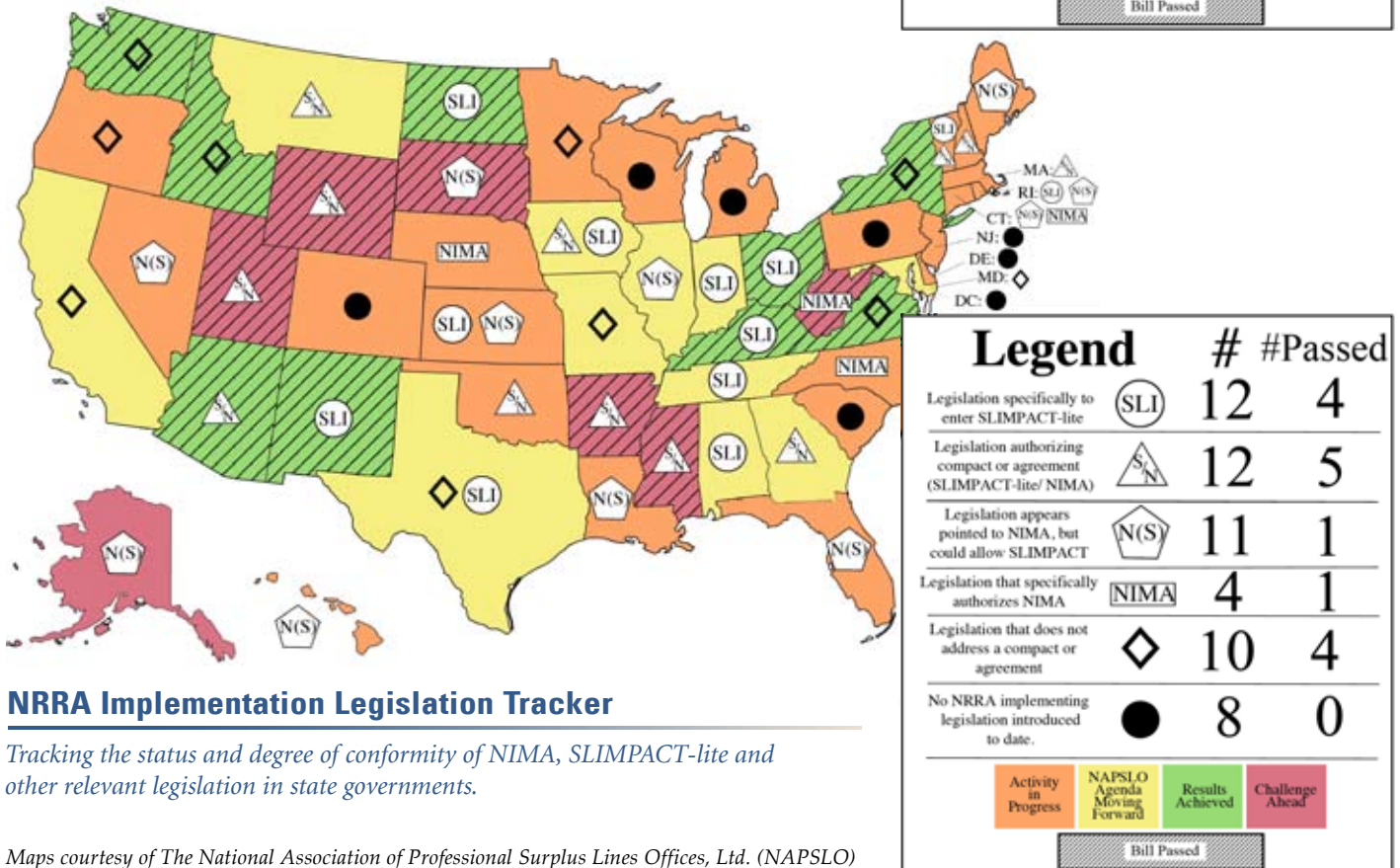
California Business Entities	621	Non-Resident Business Entities	456
California Individuals	2,222	Non-Resident Individuals	1,318
Total California	2,843	Total Non-Resident	1,774
Total SLA Membership: 4,617			

Maps courtesy of The National Association of Professional Surplus Lines Offices, Ltd. (NAPSLO)



NRRA Conforming/Nonconforming Legislation Tracker

Tracking the status and degree of conformity of NIMA, SLIMPACT-lite and other relevant legislation in state governments.



NRRA Implementation Legislation Tracker

Tracking the status and degree of conformity of NIMA, SLIMPACT-lite and other relevant legislation in state governments.

Maps courtesy of The National Association of Professional Surplus Lines Offices, Ltd. (NAPSLO)

SLA COMMITTEE MEMBERS 2011

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

Patrick Hanley - Chairman
Socius Insurance Services, Inc.

Davis Moore
Worldwide Facilities, Inc.

Pam Quilici
Crouse & Associates Insurance Services of Northern California, Inc.

Les Ross
Wholesale Trading Co-Op Insurance Services, LLC.

Dean Andrighetto
Westchester Specialty Insurance Services

Denis Brady
American E & S Insurance Brokers

Chris Brown
Brown & Riding Insurance Services, Inc.

John Edack
Arch Specialty Insurance Agency, Inc.

Ian Fitt
Western Re/Managers Insurance Services, Inc.

Rupert Hall
M.J. Hall & Company, Inc.

Phil Mazur
Swett & Crawford

Anne McNally
Wells Fargo Insurance Services

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

Theodore M (Ted) Pierce - Staff Liaison
The Surplus Line Association of California

STAMPING COMMITTEE

Davis Moore
Worldwide Facilities, 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
I.T. Consultant

Angela Urrutia
Specialty Insurance Underwriters

Patrick Hanley - Chairman
Socius Insurance Services, Inc.

Michael Caturegli - Staff Liaison
The Surplus Line Association of California

EDUCATION COMMITTEE

Tina Epstein
Argonaut Specialty Insurance Services

Janet Beaver

Jansen & Hastings Insurance Services

Guy Knapp

Prowest Insurance Services, Inc.

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.

Gerald J Sullivan

Gerald J. Sullivan & Associates, Inc.

Theodore M (Ted) Pierce - Staff Liaison

The Surplus Line Association of California

AUDIT COMMITTEE**Patrick Hanley - Chairman**

Socius Insurance Services, Inc.

Les Ross

Wholesale Trading Co-Op Insurance Services, LLC.

John Edack

Arch Specialty Insurance Agency, Inc.

ADMITTED MARKET LIAISON COMMITTEE**Gerald J Sullivan**

Gerald J. Sullivan & Associates, Inc.

Chris Brown

Brown & Riding Insurance Services, Inc.

Lynda Colucci

UAIS Insurance Services, LLC

Ian Fitt

Western Re/Managers Insurance Services, Inc.

Katie Freeman

R.E. Chaix & Associates Insurance Brokers, 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 (SLA Constitution Article XIII (5)).

The SLA serves to support the development and access to a sound, nonadmitted insurance market with adequate capacity to meet the needs of the insurance consumer. The SLA encourages and monitors the highest standards of compliance with insurance law and regulation.

MEMBER PROFILE



Nolan "Guy" Knapp

President
ProWest Insurance
Services, Inc

Nolan "Guy" Knapp, President of ProWest Insurance Services, Inc., began his insurance career in 1971 in Fresno, California, at the branch office of the Royal Insurance Company, and later a local retail broker. Joining an E&S firm as a Broker, he quickly became manager when the prior manager left to join a competitor. This firm was purchased by the St. Paul Companies and was later merged with Swett and Crawford. In addition to individual account brokering and managing the brokerage

team for Central California, he was manager of almost all of the binding authority contracts Swett had in California, as well as Nevada and Arizona. He went on to Montgomery & Collins, managing the San Francisco office and eventually taking over all the binding authority contract operations for M&C on the West Coast. After leaving M&C, Guy met with a number of markets and former customers about the future of the industry, and in 1998, with two former customers and an employee, he opened ProWest Insurance Services, Inc. He is now a successful Wholesale Broker in Northern California. Guy is happily married with 3 grown children and 2 grandsons.

Top 50 Surplus Line Brokers

Based on Premium Processed through March 31, 2011

Rank	BROKER	PREMIUM PROCESSED	% OF TOTAL
1	SWETT & CRAWFORD	\$89,701,856	9.41%
2	MARSH USA INC.	66,730,080	7.00%
3	AMWINS INSURANCE BROKERAGE OF CALIFORNIA, LLC	53,883,890	5.65%
4	AON RISK INSURANCE SERVICES WEST, INC.	46,339,032	4.86%
5	RISK SPECIALISTS COMPANIES INSURANCE AGENCY, INC.	39,186,630	4.11%
6	WORLDWIDE FACILITIES, INC.	30,003,908	3.15%
7	ARTHUR J. GALLAGHER & CO. INSURANCE BROKERS OF CALIFORNIA, INC. (GLENDALE)	28,829,254	3.02%
8	RISK PLACEMENT SERVICES, INC.	25,835,559	2.71%
9	LOCKTON COMPANIES, LLC	25,545,908	2.68%
10	BLISS AND GLENNON INC	24,843,441	2.61%
11	R-T SPECIALTY, LLC	20,768,405	2.18%
12	BROWN & RIDING INSURANCE SERVICES, INC.	19,627,050	2.06%
13	CRUMP INSURANCE SERVICES, INC.	18,609,590	1.95%
14	PARTNERS SPECIALTY GROUP, LLC	18,175,268	1.91%
15	BURNS & WILCOX INSURANCE SERVICES, INC.	18,084,941	1.90%
16	AMERICAN E & S INSURANCE BROKERS OF CALIFORNIA, INC.	16,044,425	1.68%
17	WILLIS INSURANCE SERVICES OF CALIFORNIA, INC.	15,537,326	1.63%
18	CRC INSURANCE SERVICES, INC.	14,655,826	1.54%
19	CHARTIS INSURANCE AGENCY, INC.	13,514,209	1.42%
20	TRACKSURE INSURANCE AGENCY, INC.	12,088,753	1.27%
21	CROUSE & ASSOCIATES INSURANCE SERVICES OF NORTHERN CALIFORNIA, INC.	11,069,825	1.16%
22	BORISOFF INSURANCE SERVICES, INC. (DBA: MONARCH E & S INSURANCE SERVICES)	9,392,659	0.98%
23	ALL RISKS, LLC	7,400,539	0.78%
24	HULL & COMPANY, INC.	7,293,581	0.76%
25	BASS UNDERWRITERS, INC.	7,129,837	0.75%
26	SOCIUS INSURANCE SERVICES, INC.	7,111,083	0.75%
27	HARRY W. GORST COMPANY, INC.	6,833,927	0.72%
28	ALLIANT INSURANCE SERVICES, INC.	6,739,859	0.71%
29	WOODRUFF-SAWYER & COMPANY	6,286,330	0.66%
30	WESTERN RE/MANAGERS INSURANCE SERVICES, INC.	5,959,218	0.62%
31	IMA OF COLORADO, INC.	5,883,303	0.62%
32	IRONSHORE INSURANCE SERVICES, LLC	5,813,339	0.61%
33	COASTAL BROKERS INSURANCE SERVICES INC.	5,320,243	0.56%
34	SEMINARIO, MICHAEL CARLOS	5,265,544	0.55%
35	WILLIS OF NEW YORK INC	4,307,560	0.45%
36	PETERSEN INTERNATIONAL UNDERWRITERS	4,236,104	0.44%
37	BEECHER CARLSON INSURANCE SERVICES, LLC	4,074,715	0.43%
38	M.J. HALL & CO., INC.	4,038,684	0.42%
39	ALL RISKS, LTD.	3,760,432	0.39%
40	ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC.	3,576,461	0.38%
41	W. BROWN & ASSOCIATES PROPERTY & CASUALTY INSURANCE SERVICES	3,383,052	0.35%
42	NAS INSURANCE SERVICES, INC.	3,309,153	0.35%
43	WELLS FARGO INSURANCE SERVICES USA, INC.	3,258,922	0.34%
44	FRANK CRYSTAL & CO INC	3,156,417	0.33%
45	COOPER & MCCLOSKEY, INC. INSURANCE BROKERS	3,125,691	0.33%
46	EDGEWOOD PARTNERS INSURANCE CENTER	3,062,442	0.32%
47	NEITCLEM WHOLESALE INSURANCE BROKERAGE, INC	2,977,799	0.31%
48	DILLON, THOMAS FREDERICK	2,946,801	0.31%
49	LAE INSURANCE SERVICES, INC.	2,918,274	0.31%
50	E.L.M. INSURANCE BROKERS, INC.	2,849,441	0.30%
SUBTOTAL		\$750,486,581	78.70%
ALL OTHER BROKERS		203,175,453	21.30%
TOTAL		\$953,662,034	100.00%

Top 50 Nonadmitted Carriers

Based on Premium Processed through March 31, 2011

RANK	COMPANY	PREMIUM PROCESSED	% OF TOTAL
1	LEXINGTON INSURANCE COMPANY	\$86,754,697	9.10%
2	SCOTTSDALE INSURANCE COMPANY	39,860,773	4.18%
3	LLOYD'S OF LONDON SYNDICATE #2623	33,608,527	3.52%
4	CHARTIS SPECIALTY INSURANCE COMPANY	29,853,931	3.13%
5	QBE SPECIALTY INSURANCE COMPANY	24,456,964	2.56%
6	COLUMBIA CASUALTY COMPANY	21,792,341	2.29%
7	STEADFAST INSURANCE COMPANY	20,198,283	2.12%
8	ILLINOIS UNION INSURANCE COMPANY	19,866,867	2.08%
9	EMPIRE INDEMNITY INSURANCE COMPANY	18,884,992	1.98%
10	WESTCHESTER SURPLUS LINES INSURANCE COMPANY	18,394,221	1.93%
11	IRONSHORE SPECIALTY INSURANCE COMPANY	18,008,265	1.89%
12	LANDMARK AMERICAN INSURANCE COMPANY	17,592,948	1.84%
13	MT. HAWLEY INSURANCE COMPANY	16,920,699	1.77%
14	ARCH SPECIALTY INSURANCE COMPANY	16,513,929	1.73%
15	AXIS SURPLUS INSURANCE COMPANY	15,996,850	1.68%
16	ENDURANCE AMERICAN SPECIALTY INSURANCE COMPANY	15,894,500	1.67%
17	ADMIRAL INSURANCE COMPANY	15,066,593	1.58%
18	COLONY INSURANCE COMPANY	14,580,846	1.53%
19	HOUSTON CASUALTY COMPANY	14,432,272	1.51%
20	ALTERRA EXCESS & SURPLUS INSURANCE COMPANY	14,241,079	1.49%
21	NAVIGATORS SPECIALTY INSURANCE COMPANY	12,947,570	1.36%
22	LIBERTY SURPLUS INSURANCE CORPORATION	12,699,581	1.33%
23	VOYAGER INDEMNITY INSURANCE COMPANY	12,211,307	1.28%
24	FIRST MERCURY INSURANCE COMPANY	12,205,984	1.28%
25	CHUBB CUSTOM INSURANCE COMPANY	11,997,113	1.26%
26	ALLIED WORLD NATIONAL ASSURANCE COMPANY	11,771,074	1.23%
27	EVANSTON INSURANCE COMPANY	11,303,036	1.19%
28	ESSEX INSURANCE COMPANY	11,287,365	1.18%
29	LLOYD'S OF LONDON SYNDICATE #2003	10,837,281	1.14%
30	INDIAN HARBOR INSURANCE COMPANY	10,723,426	1.12%
31	AMERICAN SAFETY INDEMNITY COMPANY	10,233,122	1.07%
32	GEMINI INSURANCE COMPANY	10,009,191	1.05%
33	EVEREST INDEMNITY INSURANCE COMPANY	9,574,090	1.00%
34	ASPEN SPECIALTY INSURANCE COMPANY	9,565,006	1.00%
35	PRINCETON EXCESS AND SURPLUS LINES INSURANCE COMPANY	9,323,091	0.98%
36	LLOYD'S OF LONDON SYNDICATE #2987	9,060,681	0.95%
37	NAUTILUS INSURANCE COMPANY	8,739,869	0.92%
38	LLOYD'S OF LONDON SYNDICATE #0623	8,363,096	0.88%
39	CATLIN SPECIALTY INSURANCE COMPANY	8,349,761	0.88%
40	ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED	8,267,138	0.87%
41	JAMES RIVER INSURANCE COMPANY	8,183,562	0.86%
42	INTERSTATE FIRE & CASUALTY COMPANY	7,890,559	0.83%
43	GREAT LAKES REINSURANCE (UK) PLC	7,308,412	0.77%
44	CENTURY SURETY COMPANY	7,242,950	0.76%
45	LLOYD'S OF LONDON SYNDICATE #0033	6,957,818	0.73%
46	SWISS RE INTERNATIONAL SE	6,292,620	0.66%
47	NORTH AMERICAN CAPACITY INSURANCE COMPANY	6,028,528	0.63%
48	DARWIN SELECT INSURANCE COMPANY	5,959,561	0.62%
49	UNITED SPECIALTY INSURANCE COMPANY	5,859,585	0.61%
50	GREAT AMERICAN E&S INSURANCE COMPANY	5,772,300	0.61%
SUBTOTAL		\$749,884,256	78.63%
All Other Companies		203,777,778	21.37%
TOTAL		\$953,662,034	100.00%

Top 25 Coverages

Based on Premium Processed through March 31, 2011

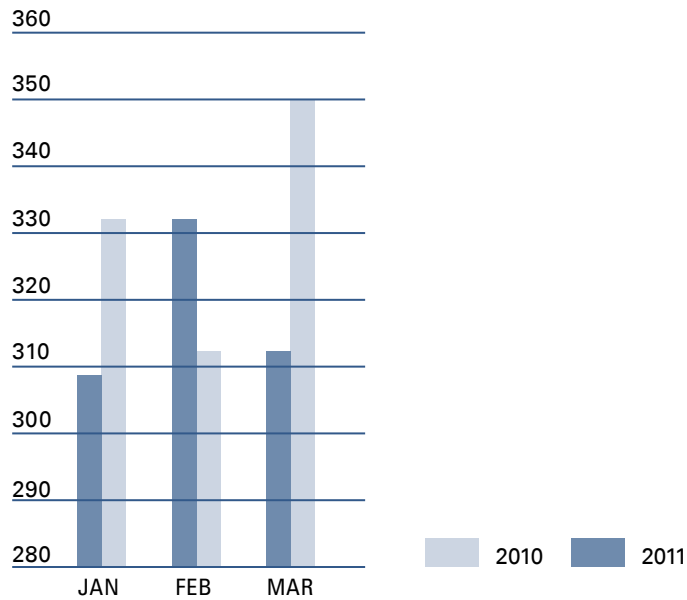
RANK	EXPORT	COVERAGE	PREMIUM PROCESSED	% OF TOTAL
1		GENERAL LIABILITY	\$185,483,029	19.45%
2	E	COMMERCIAL DIC/STAND ALONE EARTHQUAKE	153,710,571	16.12%
3		ERRORS AND OMISSIONS	135,627,687	14.22%
4		SPECIAL MULTI-PERIL PACKAGE	60,898,845	6.39%
5		ALL RISK COMMERCIAL PROPERTY	56,252,962	5.90%
6		PROFESSIONAL LIABILITY	49,463,838	5.19%
7		EXCESS LIABILITY	39,794,989	4.17%
8	E	EXCESS LIABILITY WHERE PART OF UNDERLYING IS NONADMITTED	34,757,719	3.64%
9	E	ENVIRONMENTAL IMPAIRMENT REMEDIATION & POLLUTION LIABILITY	31,532,001	3.31%
10	E	INDIVIDUAL INSURED WITH LARGE SCHEDULES WHERE THE TIV (TOTAL INSURED VALUES) ARE IN EXCESS OF \$500 MILLION	30,696,843	3.22%
11		DIRECTORS AND OFFICERS	22,161,430	2.32%
12	E	EMPLOYMENT PRACTICES LIABILITY	20,440,821	2.14%
13	E	PRODUCTS/COMPLETED OPERATIONS (WRITTEN ON A STAND ALONE BASIS)	18,914,339	1.98%
14		MISCELLANEOUS	16,875,722	1.77%
15	E	VACANT BUILDINGS	8,110,416	0.85%
16		INLAND MARINE	7,144,919	0.75%
17		HOMEOWNERS MULTI-PERIL	5,795,441	0.61%
18		HOMEOWNERS	5,659,789	0.59%
19		HOSPITALS	4,859,654	0.51%
20	E	HIGH LIMITS DISABILITY	4,330,744	0.45%
21		GARAGE LIABILITY	4,246,710	0.45%
22		AUTO PHYSICAL DAMAGE-COMMERCIAL	4,153,523	0.44%
23		AUTO LIABILITY-COMMERCIAL	3,890,857	0.41%
24	E	SECURITY GUARD SERVICES	3,130,783	0.33%
25	E	EVENT CANCELLATION	3,056,300	0.32%
SUBTOTAL			\$910,989,934	95.53%
All Other Coverages			42,672,100	4.47%
TOTAL			\$953,662,034	100.00%

Premium Totals by Company Type

COMPANY TYPE	(\$ in thousands)			% of TOTAL
	3/31/2011	3/31/2010	% GROWTH	3/31/2011
LESLI LISTED COMPANIES				
FOREIGN INSURERS	743,744	760,693	-2.23%	77.99%
LLOYD'S SYNDICATES	157,465	160,048	-1.61%	16.51%
ALIEN INSURERS	40,439	65,140	-37.92%	4.24%
SUBTOTAL	\$941,648	\$ 985,880	-4.49%	98.74%
ALL OTHER	12,014	11,214	7.13%	1.26%
TOTAL	\$ 953,662	\$997,094	-4.36%	100.00%

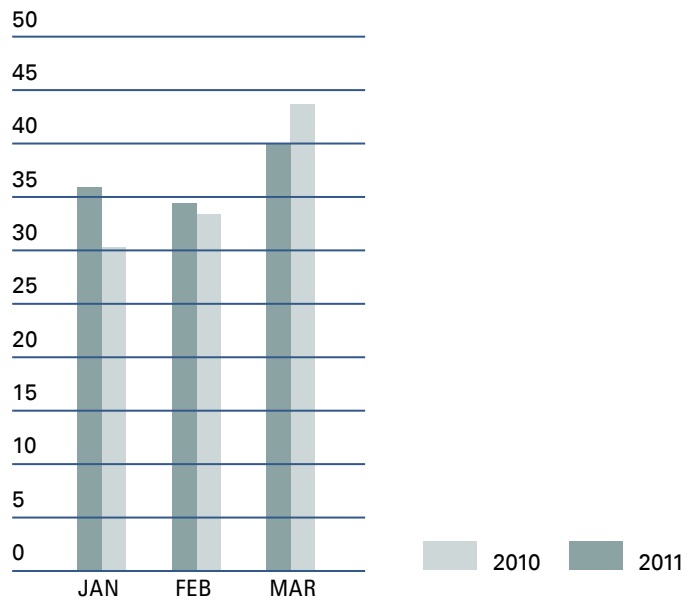
Comparison of Premium Processed for 1st Quarter 2011 versus 2010

All values represented in Millions



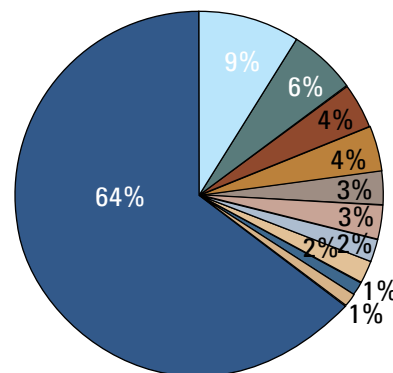
Comparison of Items Processed for 1st Quarter 2011 versus 2010

All values represented in Thousands



Issued Tags for 1st Quarter 2011

Tags Description	Percentage	Count
Late Filing with Explanation	64%	21,319
Late Filing	6%	1,986
Incomplete SL2 Form	4%	1,397
Section 7(B) of SL2 Incomplete	4%	1,332
Incomplete SL1 Form	3%	1,078
Renewal has No Record of Prior Policy	3%	979
Incomplete Admitted Company Names	2%	755
No Record of Policy Endorsement	2%	720
Lloyd's Syndicate Numbers	1%	480
Unlisted Admitted Company	1%	473
All Other Tags	9%	2,941
Total		33,460



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

INFORMATION TECHNOLOGY

The Infinity SLIP Broker Portal Project is well underway and on schedule. Much of the development work has been completed, as well as communication between SLIP and the SLA's internal systems. While a lot has been accomplished, there remains additional development and extensive testing of the application to ensure error-free processing. In addition, the SLA and Infinity are keeping a close eye on upcoming regulatory changes, both nationally and in California. Any new regulation affecting filing of Surplus Lines policies will be accounted for in the new software. When the SLIP Broker Portal is released at the end of August, 2011, members will be able to submit filings, including electronic SL-1, SL-2 and declarations pages. Brokers will also be able to have filings automatically submitted through their Agency Management System (AMS) directly to the California SLA. The degree of automation will be dependent on the existing

technology at each broker's office.

Another SLA IT milestone to mention are the improvements to the SLA website, www.slacal.org. In recent months, we've vastly improved the ability to search and filter specific regulatory bulletins and key documents. Website visitors will now be able to search and filter bulletins, member directories, and insurance companies using multiple criteria. The overall website searching function is more robust and produces more accurate and relevant results, while eliminating "low probability" search results. Also coming later this year, the SLA website goes mobile! There'll be more to come on that in subsequent newsletters.

Feel free to contact the SLA with any questions or concerns about this or other projects at 415-434-4900 or visit us at www.slacal.org.

Scheduled Educational Events for The Surplus Line Association of California

May - June 2011

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

Mock Trial: Who Faces Privacy Breach Liability Claims? Everyone.

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 # 259987

Dates

Tuesday, May 17, 2011

Hilton Universal City

555 Universal Hollywood Drive

Universal City, CA 91608

Wednesday, May 18, 2011

PG&E Conference Center Auditorium

245 Market Street

San Francisco, CA 94105

(use rear entrance)

The Broker's Guide To Homeowners Insurance Valuation

Presented by

Ruth Cazden

Registration at 8:00 a.m.

Seminar 8:30 a.m. - 11:30 a.m. - 3 CE Credits - Course # 260407
(satisfies CDI's Homeowners Valuation requirement)

Dates

Tuesday, June 14, 2011

Hilton Universal City

555 Universal Hollywood Drive

Universal City, CA 91608

Wednesday, June 15, 2011

PG&E Conference Center Auditorium

245 Market Street

San Francisco, CA 94105

(use rear entrance)

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