

SLA Quarterly

THE SURPLUS LINE ASSOCIATION OF CALIFORNIA | SUMMER 2012

REPORT OF THE CHAIRMAN



Davis Moore
Chairman, 2012

As this year's Chairman of the SLA's Executive Committee, I am looking forward to positive changes to the California Surplus Lines Industry in 2012. With worldwide economic challenges, an election year, and the global insurance industry experiencing disappointing results in 2011, the California Insurance market is changing. Carrier results, industry reports and antidotal conversations with industry experts suggest that the end of broad based rate decline has arrived and that underwriting terms and conditions are becoming more stringent. The Council of Insurance Agents and Brokers recently released data indicating that commercial property/casualty rates increased an average of 4.4% in the first quarter of 2012 and Conning & Company is forecasting net premium growth of about 4% in 2012.

Consistent with these reports, the SLA's year to date premiums, as of May 31, 2012, have increased 22% to \$1.8 billion and the number of policies has increased by 6.4% to 199,225 compared to this same period last year. This is a positive start to the year, since our peak premium volume in 2006 reached a high point of \$5.85 billion and steadily declined to a decade-low in 2010 of \$3.94 billion. This latest trend is result of an

increased number of items being filed and an upward movement in rates for most lines of coverage. This is consistent with the national trend albeit percentage changes differ by line of coverage from state to state. It is also important to note, that in 2011, while the premiums increased by only 4%, the number of policies increased by a higher percentage of 9%. Indicative of a tough year, we were all working harder than ever to write business without it being equally reflected in our premium volume. This year appears to be off to a better start.

Much like our industry, the Surplus Line Association of California will be changing this year as well. More focus on serving the members and providing enhanced services will be a priority in the upcoming years. One of the goals set forth by our Executive Committee this year is to further enhance the value of the SLA to its members and increase the user friendliness of the organization. I am working with the Executive Committee and SLA Management Team on defining the services that best help the members, as well as providing tools and automating processes to make filing as streamlined as possible. We will work together to ensure that the right people are doing the right things in the right roles, increase our visibility and contributions at the State and National level, and act on feedback received from the membership. Your membership is very much appreciated, and I look forward to seeing many of you at this year's Western States Surplus Lines Conference in July.

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REPORT OF THE DIRECTOR OF THE STAMPING OFFICE

Joy Erven, Director, Stamping Office



The Association continues to strive to accomplish the goals set forth by the Commissioner and the Ins. Code in a fiscally responsible and prudent manner. We are de-

vising strategic ways to cut costs while improving our customer service. Our strategic goals set for this year by the Executive Committee and SLA Management include the search for a new Executive Director as well as leveraging technology to better serve our constituents. The search for a new Executive Director is well underway, led by an Ad Hoc Committee that is actively interviewing candidates. The Ad Hoc Search committee hopes to accomplish their goal this summer and will make an announcement when a new individual is named as Executive Director. The management team in first and second quarter has worked diligently to create a plan to improve SLIP (our electronic filings system), our website, and is exploring innovative ways to provide CE credits.

It has been a busy first half of the year. The stamping office has seen an increase of filed premiums of 18% year to date. That is encouraging news as the insurance industry is experiencing a slight hardening of the market as was predicted last year! Stamping fees invoiced YTD are \$ 4,596,096, based on filed premiums of \$ 1.849 billion. If this trend continues, filed premiums will exceed our estimate of \$ 4.25 billion.

We are right around the corner from budget time and we are working diligently to compile again a fiscally re-

sponsible budget for the Association keeping in mind the current economic times. The stamping office fiscal year runs from 12/1 to 11/30. We currently have 55 employees within our 5 departments- Administration, Data Processing, Financial, Education and Information Technology.

The stamping fee is evaluated every year by the Stamping and Executive Committee. Per Insurance Code 1780.56 (b) The Association will charge a stamping fee to cover necessary expenses. Our current stamping fee is .250%. This is charged against all new, renewal policies as well as premium bearing endorsements.

We are finalizing the planning of The Western States Surplus Lines Conference which will be hosted by our office. Please save the dates as this is a well-regarded insurance conference you will not want to miss. The dates are July 25th -28th 2012. The conference will be held at The St. Regis Monarch Beach. It is not too late to register.

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New Business Entity Licenses Added Since February 2012

AB Risk Specialist Inc.	J.D. Fulwiler & Co., Insurance
Affinity Brokerage, LLC	James L. Minitier Insurance Agency, Inc.
Agentis Insurance Services, Inc.	JDI Insurance By Design Agency, LLC
Artex Risk Solutions, Inc.	Kapnick & Company, Inc.
AVI Commercial Insurance Marketing, Inc.	Kevin Dahlke Insurance Brokerage, Inc.
BB&T Insurance Services, Inc.	MarketPlus Insurance Agency, Inc.
Beecher Carlson Insurance Agency, LLC	Midlands Management Corporation
Blue Skies Forever, Inc.	Modern Insurance Consultants LLC
Brown & Brown Insurance Services of California, Inc.	Palmer & Cay, LLC
Burke-Daniels Co., Inc.	Paragon General Insurance Services, Inc.
DGU Insurance Associates, LLC	Seven Corners, Inc.
Doctors Company Insurance Services, LLC (The)	Starr Marine Agency, Inc.
Fortuna General Insurance, Inc.	Topco Insurance Agency, Inc.
Healthcare Insurance Professionals Inc	Trilogy Risk Specialists, LLC
Heath XS, LLC	TWG Insurance Agency LLC
Hospitality Surplus Marketing, Inc.	Willis of Delaware, Inc.
International Gateway Insurance Brokers Holdings LLC	

New Individual Licenses Added Since February 2012

Abdo, Frances Maria	Bennett, Chris Terrance	Corneau, John Thomas
Abella, Antonio Buenaventura	Bennett, Kristen Marie	Cottini, Janice Lee
Aguilar, David Antonio	Blaine, James Nicholes	Dahlke, Jason Ryan
Allman, Scott Allen	Buckley, James Francis	Dahlke, Kevin Charles
Anderson, Carrie Marie	Butler, Dominique Nyeasha Marie	Damonte, James Anthony
Anderson, Sheryl Lynn	Caldwell, Charles Calvin	Daniels, Robert Maury
Arguello, Lornalee	Cannon, Michael	DeLeon, Catherine Herradura
Armendariz, Lourdes Salcedo	Chow, Justin Yeinhone	Diloreto, Michael John
Ayala, Kimberly Jeanne	Collorafi, Janet Lee	Donley, Julianne Marie
Baez, Dennis Mauricio	Connor, Robert John	Dorn, Anthony David
Banks, Kenneth Fitzgerald	Corbett, Christopher Matthew	Doyle, Gina Marie





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|----------------------------|------------------------------|-----------------------------|
| Egosi, David Brandao | Kiger, Michael William | Nylund, Leslie E. |
| Evans, William Dean | Koger, Eleanor E. | Ownbey, Vance Scott |
| Ford, Charles Teneil | Krampen, James Joseph Jr. | Pablo, Janet Valerio |
| Forsti, Matthew E. | Krier, Cheryl Christine | Parcell, Megan Michell |
| Foster, Scott Joseph | Kristian, Christopher Robert | Pearsall, Stuart Keith |
| Fuchs, Katherine Leigh | Krumpols, Douglas Ryan | Perkowski, Joseph |
| Gainey, Frances Diane | Kwan, Michael Quentin | Quinlan, Brendan Patrick |
| Gauen, Matthew Douglas | Lang, Jeffrey Michael | Rellinger, Phillip Arthur |
| Genatt, Stephen Alan | Lang, William Edward | Rendeiro, Margarida Maria |
| Giacometti, Cara Marie | Lann, Mark Sheldon | Rittenhouse, Robert Ross Jr |
| Gilbert, Robert Jay | Lawrence, Linda Jacqueline | Salcedo, Edgar |
| Gomez, Rafael | Le, Loann Yen | Salmon, Robert Francis |
| Gutierrez, Eva | Lee, Catherine Looper | Santos, Donna Marie |
| Harlos, Marian Francis | Lerum, Stephen Todd | Schlussel, Stephen Philip |
| Hartwig, Melissa Ann | Levin, Thomas John | Serro, Louis |
| Heller, Maria Rita | Lin, Samuel | Shanklin, Charles Kenneth |
| Hetzel, Jennifer Elizabeth | Ludwig, John Bruce | Smith, Michael Jeffrey |
| Hicks, Sarah Jane | Macias, Irene | Tebow, Jeffrey Brian |
| Higgitt, Noel | Maher, Frank Edward | Thomas, Matthew Terry |
| Hoang, Xuan Van | Malone, William Howard Jr | Tu, Lynn May |
| Hook, Christopher Alen | Mann, Ken David | Turner, Jason Dexter |
| Johnson, Michael David | Manning, Paul Michael | Wedel, Collin Tadashi |
| Jones, Andrea Lynn | Masles, Melissa Smith | Weickel, Tracy Joy |
| Jordan, Elizabeth Ann | McDonnell, Stephen Patrick | Wes, Kwon Sunyong |
| Kapnick, James Douglas | Mistry, Akeena | Wiley, Maria Isabel |
| Karubian, David John | Murphy, Sinead Marie | Zapata, Sharon Kay |
| Katusic, Rebecca Louise | Nichols, Sarah Jane | Zeigler, Molly Ann |
| Kemp, Charles David | | |

SLA Membership Totals as of July 11, 2012

California Business Entities	614	Non-Resident Business Entities	490
California Individuals	<u>2,226</u>	Non-Resident Individuals	<u>1,335</u>
Total California	2,840	Total Non-Resident	1,825
		Total SLA Membership:	<u>4,665</u>



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LEGAL UPDATES

NRRA Update

NIMA Inc., a non-profit corporation established by states that are parties to the Nonadmitted Insurance Multi-State Agreement (NIMA) to provide a mechanism to report, collect, allocate and distribute surplus line tax revenues, entered into a Premium Tax Clearinghouse services agreement and license agreement with the Florida Surplus Lines Service Office (FSLSO) in April 2012. According to a press release issued by the FSLSO, surplus line brokers are expected to start filing policies issued or renewed on or after July 1, 2012 with the FSLSO when the home state of the insured is one of the NIMA member states.

Despite the announcement, however, questions remain whether NIMA will be fully operational by the July 1, 2012 proposed start date. Although 12 jurisdictions, including Puerto Rico, had joined NIMA in 2011, Nebraska has since withdrawn from NIMA; and Alaska, Connecticut, and Mississippi are anticipated to withdraw from NIMA effective June 24, 2012, June 9, 2012, and June 16, 2012, respectively. Similarly, it also remains to be seen whether Surplus Lines Insurance Multi-State Compliance Compact (SLIMPACT), a competing multi-state compact which requires at least ten states to enact it into law, will be implemented, as only nine states, to date, have done so.

As surplus line brokers are aware, Assembly Bill 315 (AB315), California's NRRA implementing legislation, did not provide the Insurance Commissioner with the authority to enter into a multi-state tax allocation agreement or compact, and California is not a party to NIMA or SLIMPACT. Accordingly, surplus line brokers are reminded that whether or not NIMA and/or SLIMPACT is implemented, when California is the home state of the insured, they are required to remit the tax on 100% of the gross premium (less portions allocated to non-U.S. risks) to California. Additionally, where California is not the home state of the insured, surplus line brokers are urged to consult the laws and regulations of the home state of the insured prior to making the requisite filings to ensure that they comply with the applicable state requirements.

Surplus Line Insurer Eligibility

Inquiries have been made with respect to surplus line insurer eligibility in light of the List of Eligible Surplus Line Insurers (LESLI) being replaced by the List of Approved Surplus Line Insurers (LASLI). In response, the SLA, working in conjunction with the CDI, has published a clarifying bulletin, which can be accessed on the SLA website at http://www.sla-cal.org/publications/bulletins/1200_series/1263.pdf. In summary, there are now three categories of eligible surplus line insurers with which surplus line brokers may make placements.





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1. **LASLI Carriers:** Nonadmitted insurers approved by the CDI upon review of a voluntary filing made pursuant to Section 1765.2 by the insurer or on its behalf. Please note that all insurers that were on the LESLI on July 21, 2011 were automatically transferred to the LASLI, and continue to be eligible for use by surplus line brokers, unless such insurers have opted off the list.
2. **File and Use Recognition System Eligible Carriers:** Nonadmitted insurers recognized by the CDI as eligible surplus line insurers upon a voluntary filing made pursuant to Section 1765.1(c) by the insurer or on its behalf. The CDI has established a File and Use Recognition System List comprised of insurers that have made the Section 1765.1(c) voluntary filing. Surplus line brokers may contact the CDI to verify whether an insurer is on this list.
3. **Eligible Surplus Line Carriers:** Non-admitted insurers that meet the eligibility requirements pursuant to the NRRRA and section 1765.1(a) and (b) of

the California Insurance Code are eligible surplus line insurers with which surplus line brokers may make placements. Please note that eligible insurers are not required to make any filings with the CDI, and surplus line brokers may place business with eligible surplus line insurers so long as the broker has determined at the time of placement that the insurer meets the requisite eligibility criteria.

Premium Totals by Company Type

Company Type	(\$ thousand)		% Growth	% of Total
	3/31/2012	3/31/2011		
LASLI LISTED COMPANIES				
FOREIGN INSURERS	\$876,808	\$743,744	17.89%	76.33%
ALIEN INSURERS	80,511	40,439	99.09%	7.01%
TOTAL LASLI-LISTED COMPANIES	\$957,319	\$784,183	22.08%	83.33%
LLOYD'S SYNDICATES	179,605	157,465	14.06%	15.63%
ALL OTHER COMPANIES	11,853	12,014	-1.34%	1.03%
TOTAL	\$1,148,777	\$953,662	20.46%	100.00%



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Top 50 Largest Coverage Codes based on Premium Processed by the SLA through March 31, 2012

RANK	EXPORT	COVERAGE	PREMIUM PROCESSED	% OF TOTAL
1		GENERAL LIABILITY	\$209,206,843	18.21%
2		ERRORS AND OMISSIONS	172,114,215	14.98%
3	E	COMMERCIAL DIC/STAND ALONE EARTHQUAKE	151,813,598	13.22%
4		ALL RISK COMMERCIAL PROPERTY	87,424,519	7.61%
5		SPECIAL MULTI-PERIL PACKAGE	75,456,365	6.57%
6		EXCESS LIABILITY	62,662,040	5.45%
7	E	INDIVIDUAL INSUREDS WITH LARGE SCHEDULES WHERE THE TIV (TOTAL INSURED VALUES) ARE IN EXCESS OF \$500 MILLION	48,908,635	4.26%
8	E	EXCESS LIABILITY WHERE PART OF UNDERLYING IS NONADMITTED	46,778,546	4.07%
9	E	ENVIRONMENTAL IMPAIRMENT REMEDIATION & POLLUTION LIABILITY	42,433,680	3.69%
10		PROFESSIONAL LIABILITY	37,497,087	3.26%
11		DIRECTORS AND OFFICERS	34,639,516	3.02%
12	E	EMPLOYMENT PRACTICES LIABILITY	28,354,620	2.47%
13		MISCELLANEOUS	26,771,023	2.33%
14	E	PRODUCTS/COMPLETED OPERATIONS (WRITTEN ON A STAND ALONE BASIS)	13,165,024	1.15%
15		INLAND MARINE	9,878,349	0.86%
16		HOMEOWNERS	6,363,565	0.55%
17		AUTO PHYSICAL DAMAGE-COMMERCIAL	5,222,574	0.45%
18	E	ARCHITECTS & ENGINEERS/CONDO COVERAGE ONLY	5,127,259	0.45%
19		HOMEOWNERS MULTI-PERIL	5,006,479	0.44%
20		HOSPITALS	4,842,222	0.42%
21	E	EVENT CANCELLATION	4,633,151	0.40%
22		AVIATION	4,588,355	0.40%
23	E	VACANT BUILDINGS	4,586,684	0.40%
24	E	PRODUCTS RECALL	4,564,484	0.40%
25		COMMERCIAL PROPERTY-BASIC	4,549,852	0.40%
26	E	CONTRACTORS ENGAGED IN CONSTRUCTION OF NEW TRACT HOMES AND/OR NEW CONDOMINIUMS	4,062,286	0.35%
27		GARAGE LIABILITY	3,386,645	0.29%
28	E	HIGH LIMITS DISABILITY	3,296,503	0.29%
29		SINGLE FAMILY DWELLING/DUPLEX	3,068,386	0.27%
30		EXCESS WORKERS COMPENSATION	2,979,323	0.26%
31		BONDS	2,555,582	0.22%
32		TERRORISM	2,508,771	0.22%
33	E	SECURITY GUARD SERVICES	2,433,655	0.21%
34		DISABILITY INCOME	1,941,774	0.17%
35		SPECIAL MULTI-PERIL WITH TERRORISM	1,720,192	0.15%
36		AUTO LIABILITY-COMMERCIAL	1,686,853	0.15%
37		AUTO COMBINED LIAB & PHYS DAMAGE-COMM.	1,660,307	0.14%
38	E	LIMITS THAT ATTACH IN EXCESS OF \$150 MILLION	1,531,062	0.13%
39	E	CRANE & RIGGING CONTRACTORS	1,056,606	0.09%
40		RESIDENTIAL EARTHQUAKE	1,036,334	0.09%
41		PRODUCT TAMPERING	1,012,699	0.09%
42	E	EXCESS FLOOD	984,523	0.09%
43	E	OILFIELD CONTRACTORS	872,226	0.08%
44	E	AVIATION EXCESS LIABILITY	819,303	0.07%
45		CRIME	645,080	0.06%
46	E	CLINICAL & SIMILAR TESTS OF PHARMACEUTICAL, MEDICAL, BIOLOGICAL AND OTHER SIMILAR PRODUCTS	601,056	0.05%
47		GROUP HEALTH	597,609	0.05%
48		ACCIDENT	558,120	0.05%
49	E	EXPLOSIVE MANUFACTURING/SALES/STORAGE	557,698	0.05%
50		FIDELITY	537,599	0.05%
		SUBTOTAL	\$1,138,698,879	99.12%
		All Other Coverages	10,078,564	0.88%
		TOTAL	\$1,148,777,443	100.00%



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Top 50 California Surplus Line Brokers in California based on Premium Processed through March 31, 2012

Rank	BROKER	PREMIUM PROCESSED	% OF TOTAL
1	MARSH USA INC.	\$152,235,073	13.25%
2	SWETT & CRAWFORD	94,050,717	8.19%
3	AON RISK INSURANCE SERVICES WEST, INC.	74,693,142	6.50%
4	R-T SPECIALTY, LLC	51,629,546	4.49%
5	AMWINS INSURANCE BROKERAGE OF CALIFORNIA, LLC	51,380,052	4.47%
6	RISK SPECIALISTS COMPANIES INSURANCE AGENCY, INC.	48,601,735	4.23%
7	WORLDWIDE FACILITIES, INC.	37,632,000	3.28%
8	CRUMP INSURANCE SERVICES, INC.	29,627,854	2.58%
9	ARTHUR J. GALLAGHER & CO. INSURANCE BROKERS OF CALIFORNIA, INC. (GLENDALE)	28,000,956	2.44%
10	BLISS AND GLENNON INC.	27,044,174	2.35%
11	BROWN & RIDING INSURANCE SERVICES, INC.	23,020,857	2.00%
12	PARTNERS SPECIALTY GROUP, LLC	21,872,226	1.90%
13	RISK PLACEMENT SERVICES, INC.	19,303,782	1.68%
14	LOCKTON COMPANIES, LLC	17,953,627	1.56%
15	BURNS & WILCOX INSURANCE SERVICES, INC.	16,829,393	1.46%
16	CHARTIS INSURANCE AGENCY, INC.	13,967,187	1.22%
17	WILLIS INSURANCE SERVICES OF CALIFORNIA, INC.	12,209,069	1.06%
18	CROUSE & ASSOCIATES INSURANCE SERVICES OF NORTHERN CALIFORNIA, INC.	11,631,718	1.01%
19	BASS UNDERWRITERS, INC.	11,560,908	1.01%
20	ALLIANT INSURANCE SERVICES, INC.	11,427,750	0.99%
21	TRACKSURE INSURANCE AGENCY, INC.	11,388,906	0.99%
22	MIDWESTERN GENERAL BROKERAGE, INC.	10,589,716	0.92%
23	WELLS FARGO INSURANCE SERVICES USA, INC.	10,088,461	0.88%
24	ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC.	10,072,126	0.88%
25	WHOLESALE TRADING CO-OP INSURANCE SERVICES LLC	9,657,382	0.84%
26	SOCIUS INSURANCE SERVICES, INC.	9,405,126	0.82%
27	CRC INSURANCE SERVICES, INC.	8,909,843	0.78%
28	IRONSHORE INSURANCE SERVICES, LLC	8,538,848	0.74%
29	WOODRUFF-SAWYER & COMPANY	8,186,400	0.71%
30	ALL RISKS, LLC	7,439,464	0.65%
31	IMA, INC.	7,428,622	0.65%
32	HULL & COMPANY, INC.	7,381,824	0.64%
33	HARRY W. GORST COMPANY, INC.	7,314,405	0.64%
34	COASTAL BROKERS INSURANCE SERVICES INC.	6,609,468	0.58%
35	BARNEY & BARNEY, LLC	6,233,120	0.54%
36	ALL RISKS, LTD.	5,780,829	0.50%
37	W. BROWN & ASSOCIATES PROPERTY & CASUALTY INSURANCE SERVICES	5,494,543	0.48%
38	AMWINS BROKERAGE OF GEORGIA, LLC	5,471,276	0.48%
39	WILLIS OF NEW YORK INC.	4,463,490	0.39%
40	U.S. RISK, INC.	4,462,287	0.39%
41	POWERGUARD SPECIALTY INSURANCE SERVICES LLC	4,450,807	0.39%
42	LAE INSURANCE SERVICES, INC.	4,106,487	0.36%
43	R.E. CHAIX & ASSOCIATES INSURANCE BROKERS, INC.	3,870,187	0.34%
44	NAS INSURANCE SERVICES, INC.	3,756,881	0.33%
45	HUB INTERNATIONAL INSURANCE SERVICES INC.	3,755,101	0.33%
46	M.J. HALL & CO., INC.	3,649,287	0.32%
47	AMWINS BROKERAGE OF NEW YORK, INC.	3,497,268	0.30%
48	PARNELL, KEITH BRYAN	3,375,000	0.29%
49	E.L.M. INSURANCE BROKERS, INC.	3,199,164	0.28%
50	MCGRIFF, SEIBELS & WILLIAMS, INC.	3,182,881	0.28%
	SUBTOTAL	\$946,430,963	82.39%
	ALL OTHER BROKERS	202,346,480	17.61%
	TOTAL	\$1,148,777,443	100.00%

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Top 50 California Surplus Line Carriers in California based on Premium Processed through March 31, 2012

RANK	COMPANY	PREMIUM PROCESSED	% OF TOTAL
1	LEXINGTON INSURANCE COMPANY	\$99,070,649	8.62%
2	SCOTTSDALE INSURANCE COMPANY	46,992,976	4.09%
3	STEADFAST INSURANCE COMPANY	40,104,963	3.49%
4	CHARTIS SPECIALTY INSURANCE COMPANY	39,157,757	3.41%
5	LLOYD'S OF LONDON SYNDICATE #2623	35,671,092	3.11%
6	ILLINOIS UNION INSURANCE COMPANY	28,500,139	2.48%
7	COLUMBIA CASUALTY COMPANY	24,264,673	2.11%
8	QBE SPECIALTY INSURANCE COMPANY	23,828,573	2.07%
9	IRONSHORE SPECIALTY INSURANCE COMPANY	22,737,898	1.98%
10	INDIAN HARBOR INSURANCE COMPANY	22,670,514	1.97%
11	EMPIRE INDEMNITY INSURANCE COMPANY	21,708,759	1.89%
12	AXIS SURPLUS INSURANCE COMPANY	20,188,471	1.76%
13	LANDMARK AMERICAN INSURANCE COMPANY	20,124,081	1.75%
14	WESTCHESTER SURPLUS LINES INSURANCE COMPANY	19,411,978	1.69%
15	COLONY INSURANCE COMPANY	19,031,373	1.66%
16	HOUSTON CASUALTY COMPANY	18,390,658	1.60%
17	ADMIRAL INSURANCE COMPANY	17,709,797	1.54%
18	ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED	17,642,860	1.54%
19	MT. HAWLEY INSURANCE COMPANY	17,344,615	1.51%
20	NAVIGATORS SPECIALTY INSURANCE COMPANY	16,632,824	1.45%
21	LIBERTY SURPLUS INSURANCE CORPORATION	16,058,568	1.40%
22	ARCH SPECIALTY INSURANCE COMPANY	14,321,363	1.25%
23	GREAT LAKES REINSURANCE (UK) PLC	14,316,023	1.25%
24	ENDURANCE AMERICAN SPECIALTY INSURANCE COMPANY	13,400,043	1.17%
25	ALTERRA EXCESS & SURPLUS INSURANCE COMPANY	12,515,528	1.09%
26	CATLIN SPECIALTY INSURANCE COMPANY	12,246,348	1.07%
27	SWISS RE INTERNATIONAL SE	12,224,725	1.06%
28	AMERICAN SAFETY INDEMNITY COMPANY	12,199,609	1.06%
29	GREAT AMERICAN E&S INSURANCE COMPANY	11,967,011	1.04%
30	EVANSTON INSURANCE COMPANY	11,761,037	1.02%
31	VOYAGER INDEMNITY INSURANCE COMPANY	11,525,332	1.00%
32	ESSEX INSURANCE COMPANY	11,357,300	0.99%
33	NAUTILUS INSURANCE COMPANY	11,315,699	0.99%
34	PRINCETON EXCESS AND SURPLUS LINES INSURANCE COMPANY	10,948,587	0.95%
35	CHUBB CUSTOM INSURANCE COMPANY	10,575,612	0.92%
36	LLOYD'S OF LONDON SYNDICATE #2987	10,439,950	0.91%
37	INTERNATIONAL INSURANCE COMPANY OF HANNOVER LIMITED	10,130,788	0.88%
38	ASPEN SPECIALTY INSURANCE COMPANY	9,935,289	0.86%
39	JAMES RIVER INSURANCE COMPANY	9,783,391	0.85%
40	FIRST MERCURY INSURANCE COMPANY	9,220,839	0.80%
41	CENTURY SURETY COMPANY	9,187,865	0.80%
42	LLOYD'S OF LONDON SYNDICATE #0510	9,040,925	0.79%
43	LLOYD'S OF LONDON SYNDICATE #0033	8,703,258	0.76%
44	LLOYD'S OF LONDON SYNDICATE #2488	8,668,448	0.75%
45	EVEREST INDEMNITY INSURANCE COMPANY	8,634,230	0.75%
46	LLOYD'S OF LONDON SYNDICATE #0623	8,576,820	0.75%
47	GEMINI INSURANCE COMPANY	8,495,783	0.74%
48	LLOYD'S OF LONDON SYNDICATE #2003	8,389,086	0.73%
49	INTERSTATE FIRE & CASUALTY COMPANY	8,359,699	0.73%
50	AXIS SPECIALTY EUROPE LIMITED	7,832,947	0.68%
	SUBTOTAL	\$893,316,755	77.76%
	All Other Companies	255,460,688	22.24%
	TOTAL	\$1,148,777,443	100.00%

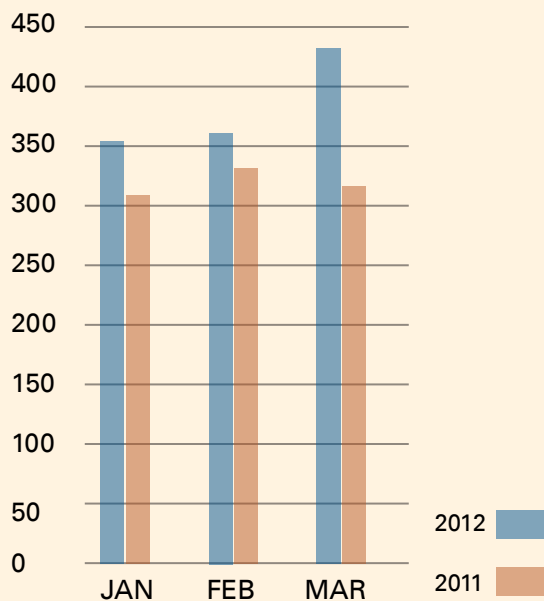


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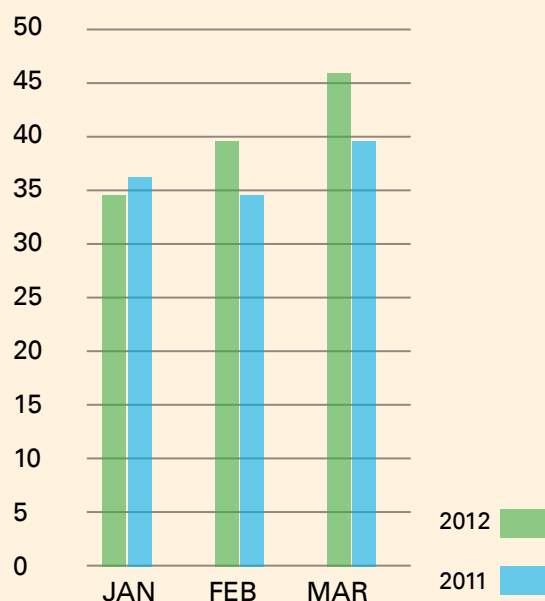
Comparison of Premium Processed for 1st Quarter 2012 to 1st Quarter 2011

All values represented in Millions



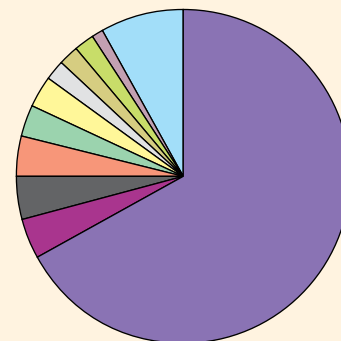
Comparison of Items Processed for 1st Quarter 2012 to 1st Quarter 2011

All values represented in Thousands



Issued Tags from January 1, 2012 to March 31, 2012

TAG DESCRIPTION	%	COUNT
LATE FILING WITH EXPLANATION	67	28,122
LATE FILING	4	1,791
INCOMPLETE SL2 FORM	4	1,594
SECTION 7(B) OF SL2 INCOMPLETE	4	1,528
INCOMPLETE SL1 FORM	3	1,447
RENEWAL HAS NO RECORD OF PRIOR POLICY	3	1,161
NO RECORD OF POLICY ENDORSEMENT	2	841
INCOMPLETE ADMITTED COMPANY NAMES	2	745
LLOYD'S SYNDICATE NUMBERS	2	638
UNLISTED ADMITTED COMPANY	1	627
OTHER	8	3,468
TOTAL		41,962



The Surplus Line Association of California
Safeguarding Consumers

INFORMATION TECHNOLOGY

The SLIP Broker Portal for online filing of batches, tag processing, and viewing account information continues to be used more and more each week. Over a dozen brokers and wholesalers are using the XML Bulk Batch Upload for automated submission of large batches. This automated upload process is seamless once set up, and SLA technical staff is available for one-on-one assistance for anyone wanting to better automate their California SLA filings. In addition, the SLA management team is working with Infinity Software to design the next release of SLIP, version 2.0. The next release will incorporate user feedback received and enhancement requests, as well as some process improvements within Data Processing. Additional education, training, and webinar classes will also be offered to our membership for basic and advanced user training.

In March, 2012, the SLA implemented a new Financial Department software application, called RAPID. This software is the other main component of the Infinity Software suite of Surplus Lines Stamping Office products. This system will allow the Financial Department with the SLA to analyze, create, and store files with insurer information. It will facilitate eligibility status (LASLI, File and Use, etc.), maintain vital records and contact information about the insurers company, produce detailed reports, and integrate with our back end batch filing system. This system has already helped streamline processes within the SLA.

The SLA is in the process of re-designing the SLA website. While the current website makes much information readily available about our filing procedures, recent news events, legislation, training and contact informa-

tion, it is ready for a make-over. The new website will incorporate a more user friendly user interface, easier navigation and retrieval of information, while preserving accurate search functions and historical document storage. In addition, it will provide added functions and tools for our Executive Committee and members.

Also available for our membership, is the Western States Surplus Lines Conference 2012 website and online registration system. This website is available through www.slacal.org and is the one-stop information portal for our upcoming Western States conference in July, held at the St. Regis Resort in beautiful Dana Point, CA. You can use it to register and pay by credit card, as well as sign up for the golf tournament and other local activities.

The SLA IT department is available to assist with any questions or concerns about our website and software. Please contact us at 415-434-4900 x164 or email support@slacal.org. If we can't answer your questions immediately, we'll find the right person for your question.





WELCOME OUR NEW EXECUTIVE DIRECTOR

*2012 SLA
EXECUTIVE COMMITTEE*

Davis Moore - Chairman
Worldwide Facilities, Inc.

Pam Quilici - Vice-Chairman
*Crouse & Associates Insurance
Services of Northern California, Inc.*

Ian Fitt - Secretary Treasurer
*Western Re/Managers Insurance
Services, Inc.*

Patrick Hanley - Past Chairman
Socius Insurance Services, Inc.

Dean Andrighetto
ACE USA - Westchester Specialty

Denis Brady
R-T Specialty, LLC

Chris Brown
*Brown & Riding Insurance Services,
Inc.*

John Edack
*Arch Specialty Insurance Agency,
Inc.*

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

Phil Mazur
Sweet & Crawford

Anne McNally
Wells Fargo Insurance Services

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

Gerald Sullivan
Gerald J. Sullivan & Associates, Inc.



Benjamin J. McKay, J.D., M.P.A.
Executive Director

The Surplus Line Association of California would like to introduce its new Executive Director, Benjamin J. McKay, J.D., M.P.A. He joins the SLA after a career in both the private and public sector. He spent the last eight years with the Property Casualty Insurers Association of America (PCI) as their Senior Vice President for Federal Government Relations, holding a corporate officer position. Prior to PCI, he served as a Chief of Staff, to a member of Congress in Washington, D.C. Other career highlights include eight years as staff to members of the Florida legislature, where he worked on insurance issues and a tour as a regulator at the Florida Department of State, where he served as Deputy Secretary for International and Legislative Affairs and later as Chief of Staff for the Department. McKay received his Juris Doctor from Catholic University, his Masters in Public Administration from Harvard University, and his Bachelor of Science from Florida State University.

Please join the SLA in welcoming Ben McKay to California and to the Surplus Line Association.

SLA Quarterly
50 California Street, 18th Floor
San Francisco, CA 94111
(415) 434-4900
(800) 334-0491 in California
(415) 434-3716 FAX
www.slacal.org