

SLA Quarterly

The Surplus Line Association of California - 388 Market St., San Francisco, CA 94111

Report of the Chair --



William H. Newton

Chairman Newton expresses thanks at the 1999 Annual Meeting.

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Presiding over the SLA Annual Meeting, January 12-13, 1999, the Association's 1998 Chair, William H. Newton of Lemac & Associates, Los Angeles, noted that it had been a relatively quiet year, although not without its challenges. His first priority was working with the new Executive Director, Ted Pierce.

He highlighted several important developments including his decision to establish the SLA strategic plan. "The SLA is about to enter its 5th year as a statutory organization but has never engaged in the type of abstract thinking necessary to determine if the Association's functional activities are in line with the mission statement," he

said.

Bill also expressed appreciation for the good work of his appointed committee chairs over the past year. The committee chairs included Jack Connolly, Stamping Office Committee, Marion Perkins, Education Committee, Hank Haldeman, Legislative Committee and Euclid Black, Automation Committee.

Bill also mentioned some issues that would need to be addressed in the future. One is to ensure that our laws and regulations are amended to allow SLA members to transact their business in the electronic age, particularly as respects to electronic filings and record

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SLA Sets Precedent --

The SLA Annual Meeting held January 12 and 13 in San Francisco and Los Angeles set a precedent for the association by electing the first ever woman Chair. Katheryn A. Nelson of Nelson, Gordon & James Insurance Services, Tustin, CA was elected Chair of the Association by a unanimous vote of the meeting attendees. Ms. Nelson was received by the membership with great enthusiasm. Also



Katheryn A. Nelson

elected as association officers were Marion Perkins of First State Insurance Services, Glendale, as Vice Chair, and Robert Gilbert of General Star Management Company, Los Angeles, as Secretary/Treasurer. ▲

SLA QUARTERLY

January / February 1999

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The Surplus Line Association
of California,
388 Market Street,
San Francisco, CA 94111
For the members of
The Surplus Line Association

SLA OFFICERS & STAFF

Katheryn A. Nelson
SLA Chair

Marion A. Perkins
Vice Chair

Marion A. Perkins
(Nominee)
Stamping Office Committee
Chair

Hank H. Haldeman
(Nominee)
Legislative Committee Chair

Robert Gilbert
(Nominee)
Education Committee Chair

Horst Lechler
(Nominee)
Automation Committee
Chair

William H. Newton
1998 SLA Past Chair

Ted Pierce
Executive Director

Deanna M. Zanoni
Director, Stamping Office

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Report from the Director of the Stamping Office

The total premiums filed with us in 1998 were \$ 1,219,556,297 down 18% from 1997. The total item count for 1998 was 202,961 down 15% from 1997.

We had a large power failure in San Francisco on December 8th which in turn caused some problems with our computer system. It was two weeks before we were up and running normally. Therefore, it set us back in processing the filings for December. We are busily working to decrease our backlog.

We are in the final stages before releasing our new manual which will replace the small black manual we have had for many years. The new manual will be 8 1/2" x 11".

Mark your calendars, the *Western States Conference* this year will be hosted by Oregon. The dates of the conference are July 21st through July 23rd. It will be held at the Skamania Lodge which is directly across the border in

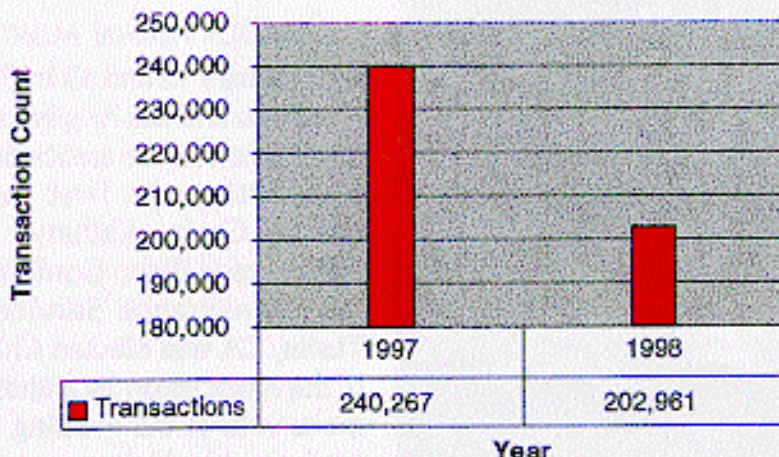
Washington State.

We welcome aboard five new employees: Amanda Ngoc Quach and Martina Hanna in the Financial Department; and Jennifer Reynolds, Dawn Moore and Ganda Suthivarakom in the Data Processing Department.

We also welcome our newest members to the Association: ADA-VIS Global Enterprises, Inc. Advanced Risk Solutions Ins.

Brokerage, Inc.
Arrowhead General Ins. Agency
Century Union Ins.Services, LLC
Demeulle Insurance Agency, Inc.
F. C. Morgan & Company
Harborview Ins. Services, Inc.
Inter-Pacific Ins. Brokers, Inc.
Paladin Insurance Services, Inc.
Ronald Alan Abram
SHG Insurance Services, LLC
Technology Ins. Services, Inc.
United Program Ins. Services

Surplus Line Association of California
Total Transaction Count 1997 and 1998



Profile on Jon Greany—

Jon Greany, Administrative Assistant, primarily enjoys working at the Surplus Line Association (SLA) for three reasons: the variety of his job duties, the diversity of personalities, and the chocolate (although not necessarily in that order). As a two-year veteran of the SLA, Jon's duties include the distribution of the mail to the various departments, the contact person for the vendors of Pitney Bowes, Minolta, and Kodak copiers and fax machines, the phone administrator, and purchaser of office supplies. He organizes and packages materials for board meetings, binds the educational materials for seminars sponsored by the Educational Coordinator, and updates the broker database for bulletin mailings. The list continues to grow as Jon easily adapts to the addi-

tional duties.

Jon's prior job experience varied from a salesperson for Ralph Lauren in New York City to a caddy at the prestigious Wingfoot Country Club to a manager of a funk rock band.

Jon was born and raised in New York State. He is the youngest of four sisters and two brothers.

In 1989, Jon moved out west for a change of pace. An avid mountain biker, Jon was drawn to the West Coast and Marin County, because Marin was the birthplace of mountain biking. The West Coast provides the climate for his other hobbies: snowboarding in Tahoe or rollerblading in Golden Gate Park.

He loves the pace and diversity of the people from the West Coast and enjoys the interaction of the different personalities of his co-workers. While Jon keeps everyone's supplies sufficiently well-stocked, he



Jon Greany

keeps his co-workers adequately entertained with his zany sense of humor.

Jon recently moved to a new apartment in Noe Valley in the City. He boasts of a backyard and garage, a rarity in San Francisco.

Jon continues to enjoy the variety of chocolates at the SLA. His co-workers ensure that there's a sufficient supply of chocolates to provide the energy necessary to perform his diversified duties and to guarantee a long lasting working relationship. ▲

Free Software!!!!

To assist the SLA's members with the completion of SL-1 and SL-2 forms, the Association has developed a software version of the forms. Currently the software is in final beta testing with approximately 40 different sites assisting the Association. Some of you were able to see a demonstration of the software at one of the Annual Meeting locations in San Francisco or Los Angeles. For those who did not get a preview, the software is a Window's product that contains various pull-down menus

for the LESLI companies, the admitted companies, coverage codes and SIC codes. The software also contains business logic to assist in completing both the SL-1 and SL-2 forms in a manner that will minimize the possibility of producing tags.

There is no cost for the software. It is designed to run on either an individual desktop (Window's 95 or NT) or a network environment. If you would be interested in receiving a copy of the software once

beta testing is complete, you can pre-register for the software by e-mailing Lisa Lewis at Lewis@slacal.org. Please include your name, the name of your organization and telephone number in the e-mail. Once the beta testing is completed, she will e-mail you when the software is ready for downloading from our web site (www.sla-cal.org). If you don't have access to the Internet, you can call Lisa at 800-334-0491

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NEW D-1 and D-2 Revisions and Requirements

Important changes to Regulation 2190 and the implementation of a new bill, AB1975, impact the D-1 and D-2 Disclosure Statements. The amendments to Regulation 2190 affect the record keeping, filing and document distribution requirements for the disclosure statements. AB1975 improves the language of the disclosure statement and amends sections of the California Insurance Code. Some of the key points that are relevant to the D-1 and D-2 Disclosure Statement requirements, are outlined as follows:

Regulation 2190

Effective 9/28/98, the following amendments to Regulation 2190 impact the D-1 and D-2 Disclosure Statement record keeping requirements:

The agent, broker or surplus line broker who receives the originally signed disclosure statement shall maintain the original for five years after the expiration or cancellation of the policy.

The agent, broker or surplus line broker who receives the originally signed disclosure statement shall send copies to all other agents, brokers or surplus line brokers involved in the transaction.

The agent, broker or surplus line broker who receives cop-

ies of documents shall maintain the copies, which show the signature of the applicant who signed, for five years after the expiration or cancellation of the policy.

The term "copy" as used in this regulation means any reproduction by which a reasonably clear image of the form, report or statement is provided, including but not limited to a photocopy, facsimile transmission copy and any other electronically transmitted digital reproduction.

For complete information on the amendments to Regulation 2190, refer to Surplus Line Association (SLA) Bulletins #831 and #840.

Assembly Bill 1975

AB1975 was signed into law on 8/1/98 and became effective 1/1/99. This bill improves the mandatory D-1 and D-2 Disclosure Statements provided to policyholders who are purchasing insurance from a non-admitted insurer by adding the following language:

"California maintains a list of eligible surplus line insurers approved by the Insurance Commissioner. Ask your agent or broker if the insurer is on that list."

The provisions of AB1975 also amend Section 1764.1(a) of the California Insurance Code to clarify that the signed disclosure statement (D-1) is not required on a renewal of a policy:

"Every non admitted insurer, in

the case of insurance to be purchased by a resident of this state pursuant to Section 1760, and surplus line broker, in the case of any insurance with a non admitted carrier to be transacted by the surplus line broker, shall be responsible to ensure that, at the time of accepting an application for any insurance policy, other than a renewal of that policy, issued by a non admitted insurer, the signature of the applicant on the disclosure statement set forth in subdivision (b) is obtained."

For complete information on AB1975 refer to SLA Bulletin #832. For a copy of the revised D-1 and D-2 disclosure statements refer to SLA Bulletin #843.

****Please Note****

It is not necessary to file the D-1 and D-2 Disclosure Statements with the Surplus Line Association. ▲

Export List Update:

This year, 5 new classes of business were added to the export list:

- Tattoo & Body Piercing Shops – General Liability
- Creditors' Committees – Professional Liability
- Tattoo & Body Piercing Shops – Professional Liability
- Event Cancellation
- Prize Indemnification

▲

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Report of Chair -

keeping. Discussions are under way with the Department of Insurance that will help us make progress towards this goal.

Broker liability is an issue that could seriously threaten our livelihoods. It is an attempt for regulators and legislators to hold us financially responsible for the solvency of our carriers. It is an idea that must be fought at all costs.

With an emphasis on achievement, Bill said one of his biggest challenges was working with the new Executive Director, Ted Pierce. Bill said there was a lot of educating and training to do but he is very pleased with the job Ted is doing. "I'm here to say we made the right choice in hiring Ted," he said. Additional emphasis was placed on the Director of the Stamping Office, Deanna Zanoni, the management team and staff for doing such a great job in running the stamping office. Bill encouraged everyone to take full advantage of the SLA web site by using it as a resource for everything there is to know about transacting surplus line insurance in California. The web site address is www.sla-cal.org.

Bill said he learned many things over the past year — one of which was that insurance regulators are pleasant to work with. He expressed thanks to the California Department of Insurance for their fair and im

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SLA Educational Calendar

A guide to education events in 1999

February 1999

E & O MOCK TRIAL
CDI #CFX11793 - 4 CE Credits

Thursday, February 4, 1999
Ontario Airport Hilton
799 N. Haven Avenue
Ontario, CA 91764

March 1999

SLA FILING PROCEDURES
CDI #CFX11007 - 2 CE Credits

Tuesday, March 2, 1999
Sacramento Hilton Inn
2200 Harvard
Sacramento, CA 95315

Thursday, March 4, 1999
Hilton Long Beach
Two World Trade Center
Long Beach, CA 90831

Thursday, March 11, 1999
The Fairmont Hotel
Venetian Room
950 Mason Street
San Francisco, CA 94108

MAY 1999

FINDING & USING SURPLUS
LINE INFORMATION ON THE
INTERNET
CDI #CFX13319 - 1 CE Credit

REINSURANCE
Pending - 3 CE Credits

Tuesday, May 18, 1999
The Fairmont Hotel - Terrace Room
950 Mason Street
San Francisco, CA 94108

Thursday, May 20, 1999
Marriott
333 S. Figueroa
Los Angeles, CA 90071

JULY 1999

WESTERN STATES SURPLUS
LINE CONFERENCE

July 21st - July 24th, 1999
1131 Skamania Lodge Way
Skamania Lodge
Stevenson, Washington 98648

October 1999

DIRECTORS & OFFICERS
Pending - 3 CE Credits

October 7, 1999
Marriott
333 S. Figueroa
Los Angeles, CA 90071

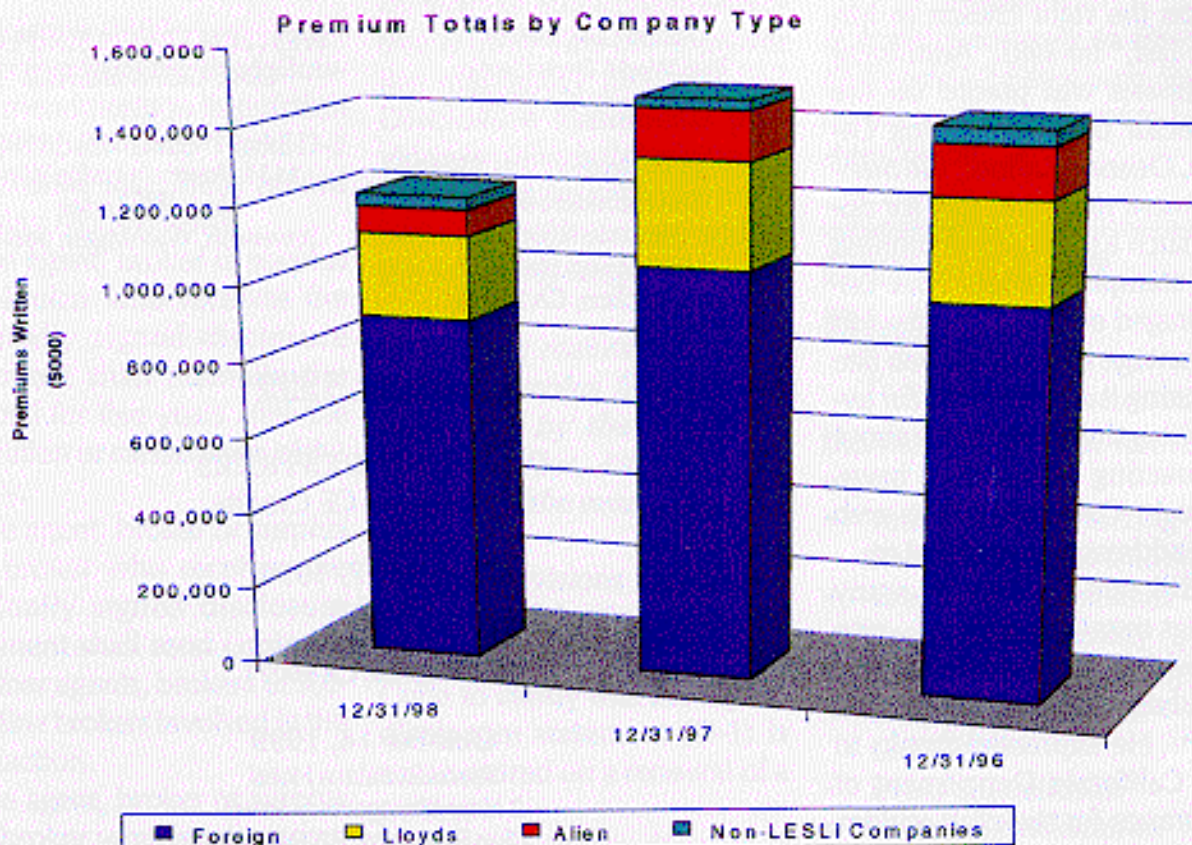
October 14, 1999
Sheraton Palace Hotel
2 New Montgomery Street
San Francisco, CA 94105



SURPLUS LINE ASSOCIATION OF CALIFORNIA

Premium Totals by Company Type (\$000 omitted)

	12/31/98	12/31/97	12/31/96
Foreign	901,338	1,062,460	1,009,137
Lloyds	217,888	273,892	260,892
Alien	68,335	127,159	131,093
Non-LESLI Cos.	31,995	23,478	39,588
Sub-total	1,219,556	1,486,989	1,440,710
	1,219,556	1,486,989	1,440,710



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Free Software

to pre-register. It is important to participate in the registration process to ensure that your organization is notified of new versions of the data contained in the software or the software itself. As you use the software, please feel free to send suggestions and comments to Lisa for consideration in future versions. ▲

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Report of Chair -

partial dealings with the Association. He also thanked the SLA General Counsel, Jim Woods and Robert Buechel of the law firm LeBoeuf, Lamb, Greene & MacRae for their good work on behalf of the Association. Finally, he conveyed thanks to the members for having elected him as Chair for 1998. ▲

The Surplus Line Association of
California Mission Statement

Our mission is to ensure that a responsive and lawful non-admitted insurance market is maintained in California.

Our measure of success in this respect is that the consumer is protected, the needs of the regulators are well-served, and unlawful activities are curtailed.

Through a professional and committed organization, utilizing state of the art technology and a challenging work environment, we respond to the needs of the California consumer, our membership, and appropriate public agencies. We provide education, processing, evaluation, and dissemination of Surplus Line data and

information to help ensure the financial integrity and stability of the non-admitted market. ▲

VISIT OUR WEB SITE!

WWW.SLA-CAL.ORG



List of Eligible Surplus Line Insurers (LESLI) Top Ten List

As of December 31, 1998, the ten largest LESLI companies excluding Lloyd's Syndicates were:

1. Lexington Ins. Co.	\$108,089,814
2. American Int'l. Specialty Lines. Ins. Co.	\$88,023,618
3. Scottsdale Ins. Co.	\$74,974,616
4. Pacific Ins. Co. Ltd.	\$51,533,334
5. General Star Indemnity Co.	\$50,076,573
6. Reliance Ins. Co. of Illinois	\$39,618,277
7. Steadfast Ins. Co.	\$37,761,690
8. Admiral Ins. Co.	\$30,797,828
9. Acceptance Ins. Co.	\$30,247,334
10. United Capitol Ins. Co.	\$28,669,006