

SLA CONNECTION

Surplus Lines News from the Golden State

The Surplus Line Association of California

Fall 2020

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The Next Phase

Former SLA Chair Ciardello Prepares To Wrap Up 45-Year Career

By Cliston Brown Editor-In Chief, **SLA Connection**

With a mixture of celebration and sadness, the SLA learned this summer that former Chairman of the Board **Tom Ciardello** plans to retire at the end of 2020. When he steps away from his role as senior vice president with Worldwide Facilities in a few months, it will cap a 45-year career in the surplus lines industry.

Tom started his career in his native Boston with what is now Aon Boston and worked for, amongst others, Lexington, Tri-City and Worldwide over his long career. He was one of the first people to join Tri-City, a start-up, and is remembered for playing a significant role in its growth and success, particularly in professional liability. Currently the head of Worldwide's San Francisco and Seattle offices, he leads the company's customer relationship strategy, and has also been pivotal in troubleshooting issues with carriers, coaching staff, and managing relationships and procurement with E&O and management liability underwriters with respect to Worldwide's corporate insurance.

Tom served as chair for the SLA board in 2017, where his hallmarks were good fiscal stewardship, starting the board focus on the quality and care of SLA employees, and bringing young people into a graying industry. On all counts, he guided the SLA in a positive, proactive direction, setting the tone for ongoing budget discipline and planning that persists to this day, as well as numerous initiatives to help the industry identify and



Tom Ciardello

recruit young talent. The SLA is building relationships with college and university risk management departments, helping endow such programs, creating a "Next Generation" committee, and has started an internship program.

In addition to his chairmanship, Tom served on the SLA Board of Directors from 2014-18, serving as vice chair in 2016 and secretary/treasurer in 2015.

Tom also served on the Stamping Committee from 2011-13 and 2016, the Audit Committee from 2016-18, and the Technology Committee in 2013. He chaired the Stamping Committee in 2016 and the Audit Committee in 2017.

"Tom has always brought tremendous energy and a hard-working, common-sense blue-collar mindset to our industry and brought the same qualities to our board," said **Benjamin J. McKay**, the SLA's CEO and Executive Director. "Whenever I brought a close question to Tom, he always asked me the same question: 'Ben, what is the right thing to do? Do that.' He wanted fiscal discipline, but always with a human side. He wanted what was best for our employees, and his goals were always to trim fat, not to cut muscle or bone. Under his guidance, we made smart fiscal choices without cutting a single employee or any vital member services. It was also characteristic of Tom that even near the end of his career, he was still looking to the future of the industry,

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The Next Phase

and he was very keen on getting young people involved. He made our industry better, and he made the SLA better. We will miss him, but we are glad that he is embarking on a well-earned retirement, and we wish him all the best.”

Ciardello’s successors as chair say they will remember him fondly for all of his contributions to the industry and his personal characteristics.

“I will always remember Tom as the leader who brought a higher level of financial discipline and accountability, which has brought us to where we are today,” said **Terri Moran**,

the current chair of the SLA Board of Directors. “We have paid off all our debts and are building our reserves in anticipation of the recession impacting the surplus lines industry. Tom has always been a forward-thinking leader, and due to his leadership, we now have the systems and metrics that allow greater awareness of trends and how to plan for our stakeholders’ future, including our employees. We have Tom to thank, in very large part, for these results. He is a no-nonsense straight-shooter, with that ‘wicked’ Boston accent and humor. I wish him a very happy retirement.”

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“I have known Tom Ciardello for over 35 years as a client, a friend, and a mentor, having succeeded him as chairman of the Surplus Line Association,” said **Robert Gilbert**, the SLA chair for 2018 and 2019. “In all those years, I’ve had the privilege to watch him in action as a broker, a manager, and leader of the SLA. His knowledge of our industry, and his ability to articulate our ethical responsibilities as a member of the surplus lines community, will be sorely missed. Tom, what a great run and thank you for all you have done for the insurance industry in California.”

SLA Moves 2021 Annual Meeting To Virtual Format Due To Ongoing COVID-19 Pandemic

Association’s premier annual event will take place live online on February 9, 2021

The COVID-19 pandemic has forced much of the business world to change the way it conducts its events, and the Surplus Line Association of California (SLA) is no exception.

For the first time, the SLA will not hold its premier annual event in person, but will instead stream it live online on February 9, 2021.

“We certainly would prefer to welcome our members to a meeting in person and network with them, but it is not at all clear that holding an in-person event will be advisable in February,” said **Benjamin J. McKay**, the SLA’s CEO and executive director. “These events take months of planning, and venues must be lined up well in advance. In the absence of any certainty about how conditions will be relative to the COVID-19 pandemic by early 2021, we have no choice but to adopt a virtual format for our event. We are moving forward with plans to provide our members the best possible online experience and give them the content and the value they have come to expect from our annual meetings in past years.”

This year’s virtual Annual Meeting will feature the usual updates on all the new and exciting innovations and developments the SLA has undertaken in the past year, as well

as news you can use about what is coming up on the horizon in 2021.

The meeting will also include a recap of the 2020 surplus lines marketplace and a look at industry trends going forward.

This will not be a first for the SLA, which has turned to live-streaming for numerous events since the onset of the COVID-19 pandemic, including continuing education courses offered via the SLA’s online Learning Center, found on the association website at learningcenter.slacal.com. The creation of a new Digital Communications Department by the SLA in 2019 has given the association the capacity, and the experience, to produce high-quality, online events.

“We have had a lot of success with our online continuing education webinars,” McKay said. “Building on those successes and learning from them will enable us to put on a top notch online event for our Annual Meeting. We expect to deliver a high-value Annual Meeting for our attendees.”

Prior to the meeting, authorized voting representatives for member brokerages will be asked for their votes to approve the 2021 Board of Directors and the SLA mediator. Those designated representatives will receive their online voting instructions in advance of the meeting. There will be no

need to elect new officers this year, as the chair, vice chair and secretary/treasurer now serve two-year terms, pursuant to a vote of the Board of Directors. The current officers will complete their terms at the 2022 Annual Meeting.

The SLA will provide further details about the Annual Meeting as arrangements are finalized, and frequent reminders as the meeting date approaches. As always, there is no charge for attendance. The meeting is open to the entire California surplus lines community, as well as elected leaders and insurance regulators and other individuals who have an interest in the industry.

SLA
2021 Annual
Meeting

Streaming Online
February 9, 2021

Top 50 Brokers by Group¹

Based on Premium Processed by the SLA January Through September 2020

Rank	Broker Group	Premium	% of Total	Item Count
1	AON P.L.C.	\$1,517,314,706	17.93%	2,730
2	R-T SPECIALTY, LLC	\$805,037,431	9.51%	41,424
3	CRC	\$769,757,765	9.10%	35,193
4	AMWINS GROUP INC.	\$759,520,167	8.98%	54,028
5	MARSH & MCLENNAN COS. INC.	\$549,943,650	6.50%	2,706
6	ARTHUR J. GALLAGHER & CO.	\$390,951,472	4.62%	14,339
7	WORLDWIDE FACILITIES, LLC	\$285,448,520	3.37%	21,570
8	BROWN & RIDING INSURANCE SERVICES, INC.	\$230,089,076	2.72%	9,133
9	WILLIS TOWERS WATSON P.L.C.	\$213,789,692	2.53%	1,327
10	LOCKTON INC.	\$185,035,099	2.19%	5,544
11	ALLIANT INSURANCE SERVICES INC.	\$179,215,471	2.12%	1,135
12	BURNS & WILCOX	\$167,763,219	1.98%	42,363
13	WOODRUFF-SAWYER & CO.	\$123,944,195	1.46%	1,600
14	ALL RISKS, LTD.	\$118,733,287	1.40%	11,647
15	CROUSE & ASSOCIATES INSURANCE SERVICES	\$110,725,570	1.31%	9,078
16	NATIONAL TRANSPORTATION ASSOCIATES, INC.	\$106,320,958	1.26%	8,016
17	EDGEWOOD PARTNERS INSURANCE CENTER, DBA EPIC INSURANCE	\$80,994,029	0.96%	1,697
18	HULL & COMPANY, INC.	\$73,126,947	0.86%	17,994
19	BROWN & BROWN INC.	\$63,804,154	0.75%	3,659
20	GORST & COMPASS INSURANCE	\$48,580,447	0.57%	16,315
21	WHOLESALE TRADING INSURANCE SVCS (JENCAP HOLDINGS)	\$48,462,000	0.57%	1,195
22	HUB INTERNATIONAL LTD.	\$46,596,927	0.55%	1,681
23	USI INSURANCE SERVICES L.L.C.	\$46,183,549	0.55%	544
24	SNEARER, KARL FREDERICK	\$43,198,897	0.51%	34
25	RISK SPECIALISTS COMPANIES INSURANCE AGENCY, INC.	\$42,437,820	0.50%	997
26	PURE PROGRAMS LLC	\$39,286,519	0.46%	1,910
27	BASS UNDERWRITERS	\$34,104,607	0.40%	15,060
28	COASTAL BROKERS INSURANCE SERVICES INC.	\$33,772,955	0.40%	9,781
29	R.E. CHAIX & ASSOCIATES INSURANCE BROKERS, INC.	\$31,554,406	0.37%	7,515
30	M.J. HALL & CO., INC.	\$31,298,187	0.37%	7,947
31	SCOTTISH AMERICAN INSURANCE	\$27,328,200	0.32%	5,958
32	RSI INSURANCE BROKERS, INC	\$26,070,689	0.31%	1,860
33	SOCIUS INSURANCE SERVICES, INC.	\$22,792,396	0.27%	1,519
34	WESTERN SECURITY SURPLUS INSURANCE BROKERS, INC.	\$20,860,020	0.25%	4,256
35	K2 INSURANCE SERVICES	\$20,345,681	0.24%	707
36	ACRISURE L.L.C.	\$19,112,013	0.23%	612
37	USG INSURANCE SERVICES, INC.	\$18,857,355	0.22%	3,777
38	SPECIALTY PROGRAM GROUP	\$17,967,013	0.21%	5,302
39	ABD INSURANCE & FINANCIAL SERVICES INC.	\$17,784,813	0.21%	142
40	AMERICAN TEAM MANAGERS, INC.	\$17,161,511	0.20%	2,972
41	PARNELL, KEITH BRYAN	\$16,995,295	0.20%	20
42	PETERSEN INTERNATIONAL UNDERWRITERS	\$16,692,907	0.20%	2,205
43	SOUTHWEST BUSINESS CORPORATION	\$16,572,973	0.20%	1,058
44	ALLIED PROFESSIONALS' INSURANCE SERVICES	\$15,768,822	0.19%	88
45	RISK STRATEGIES CO. INC.	\$15,732,779	0.19%	342
46	THE IMA FINANCIAL GROUP INC.	\$15,718,309	0.19%	206
47	DLD COMPANY, THE	\$15,355,774	0.18%	80
48	INTERNATIONAL EXCESS PROGRAM MANAGERS AGENCY, INC.	\$14,945,444	0.18%	2,364
49	TEXCAZ TRANSBORDER INSURANCE INTERMEDIARIES, INC.	\$14,298,738	0.17%	1,851
50	CANNGEN INSURANCE SERVICES, LLC	\$14,024,121	0.17%	1,789
Subtotal Top 50		\$7,541,376,576	89.13%	385,270
All Other Brokers		\$919,465,654	10.87%	193,147
Grand Total		\$8,460,842,230	100.00%	578,417

¹ Premium Processed represents the total premium processed by the SLA for each group member for the entire time period specified.

Top Carriers by Ultimate Parent

Based on Premium Processed by the SLA January Through September 2020

ULTIMATE PARENT ¹	COMPANY	PREMIUM REGISTERED	% OF TOTAL
LLOYD'S	LLOYD'S OF LONDON ²	1,374,749,342	16.25%
LLOYD'S Total		1,374,749,342	16.25%
BERKSHIRE HATHAWAY INC.	NATIONAL FIRE & MARINE INSURANCE COMPANY	840,395,633	9.93%
	GENERAL STAR INDEMNITY COMPANY	35,036,918	0.41%
	MOUNT VERNON FIRE INSURANCE COMPANY	14,304,494	0.17%
	OTHER AFFILIATES WITH PREMIUM REGISTERED <\$7.5M	7,461,142	0.09%
BERKSHIRE HATHAWAY INC. Total		897,198,187	10.60%
AMERICAN INTERNATIONAL GROUP, INC.	LEXINGTON INSURANCE COMPANY	285,335,101	3.37%
	AIG SPECIALTY INSURANCE COMPANY	110,351,183	1.30%
	WESTERN WORLD INSURANCE COMPANY	48,506,963	0.57%
	AMERICAN INTERNATIONAL GROUP UK LIMITED	12,837,702	0.15%
	OTHER AFFILIATES WITH PREMIUM REGISTERED <\$7.5M	1,622,959	0.02%
AMERICAN INTERNATIONAL GROUP, INC. Total		458,653,907	5.42%
MARKEL CORPORATION	UNITED SPECIALTY INSURANCE COMPANY	214,707,540	2.54%
	EVANSTON INSURANCE COMPANY	176,035,405	2.08%
	OTHER AFFILIATES WITH PREMIUM REGISTERED <\$7.5M	12,442,219	0.15%
MARKEL CORPORATION Total		403,185,164	4.77%
NATIONWIDE MUTUAL INSURANCE COMPANY	SCOTTSDALE INSURANCE COMPANY	328,739,850	3.89%
NATIONWIDE MUTUAL INSURANCE COMPANY Total		328,739,850	3.89%
AXA SA	INDIAN HARBOR INSURANCE COMPANY	288,298,527	3.41%
	XL CATLIN INSURANCE COMPANY UK LIMITED	11,203,677	0.13%
	OTHER AFFILIATES WITH PREMIUM REGISTERED <\$7.5M	1,159,759	0.01%
AXA SA Total		300,661,963	3.55%
PROGRESSIVE CORPORATION	BLUE HILL SPECIALTY INSURANCE COMPANY INC.	295,731,505	3.50%
PROGRESSIVE CORPORATION Total		295,731,505	3.50%
FAIRFAX FINANCIAL HOLDINGS LIMITED	ALLIED WORLD NATIONAL ASSURANCE COMPANY	69,343,692	0.82%
	CRUM & FORSTER SPECIALTY INSURANCE COMPANY	66,492,040	0.79%
	ALLIED WORLD SURPLUS LINES INSURANCE COMPANY	63,706,190	0.75%
	HUDSON EXCESS INSURANCE COMPANY	41,866,600	0.49%
	HUDSON SPECIALTY INSURANCE COMPANY	23,367,693	0.28%
	FIRST MERCURY INSURANCE COMPANY	10,534,865	0.12%
	SENECA SPECIALTY INSURANCE COMPANY	8,628,821	0.10%
OTHER AFFILIATES WITH PREMIUM REGISTERED <\$7.5M	69,208	0.00%	
FAIRFAX FINANCIAL HOLDINGS LIMITED Total		284,009,109	3.36%
W. R. BERKLEY CORPORATION	ADMIRAL INSURANCE COMPANY	95,177,144	1.12%
	GEMINI INSURANCE COMPANY	75,424,782	0.89%
	NAUTILUS INSURANCE COMPANY	54,579,801	0.65%
	BERKLEY ASSURANCE COMPANY	22,733,661	0.27%
	OTHER AFFILIATES WITH PREMIUM REGISTERED <\$7.5M	5,554,726	0.07%
W. R. BERKLEY CORPORATION Total		253,470,115	3.00%
CHUBB LIMITED	WESTCHESTER SURPLUS LINES INSURANCE COMPANY	107,289,983	1.27%
	ILLINOIS UNION INSURANCE COMPANY	71,557,896	0.85%
	CHUBB CUSTOM INSURANCE COMPANY	18,518,521	0.22%
	CHUBB EUROPEAN GROUP SE	9,492,891	0.11%
	OTHER AFFILIATES WITH PREMIUM REGISTERED <\$7.5M	170,747	0.00%
CHUBB LIMITED Total		207,030,037	2.45%

Top Carriers by Ultimate Parent Continued

ULTIMATE PARENT	COMPANY	PREMIUM REGISTERED	% OF TOTAL
ZURICH INSURANCE GROUP LTD.	STEADFAST INSURANCE COMPANY	186,912,621	2.21%
	EMPIRE INDEMNITY INSURANCE COMPANY	12,552,434	0.15%
	OTHER AFFILIATES WITH PREMIUM REGISTERED <\$7.5M	2,249,554	0.03%
ZURICH INSURANCE GROUP LTD. Total		201,714,610	2.38%
TOKIO MARINE HOLDINGS, INC.	HOUSTON CASUALTY COMPANY	141,643,439	1.67%
	TOKIO MARINE SPECIALTY INSURANCE COMPANY	33,568,787	0.40%
	SAFETY SPECIALTY INSURANCE COMPANY	9,324,998	0.11%
	OTHER AFFILIATES WITH PREMIUM REGISTERED <\$7.5M	1,035,857	0.01%
TOKIO MARINE HOLDINGS, INC. Total		185,573,082	2.19%
LIBERTY MUTUAL HOLDING COMPANY INC.	IRONSHORE SPECIALTY INSURANCE COMPANY	103,349,895	1.22%
	LIBERTY SURPLUS INSURANCE CORPORATION	56,151,140	0.66%
	LIBERTY MUTUAL INSURANCE EUROPE SE	18,017,982	0.21%
	OTHER AFFILIATES WITH PREMIUM REGISTERED <\$7.5M	1,133,797	0.01%
LIBERTY MUTUAL HOLDING COMPANY INC. Total		178,652,814	2.11%
SOMPO HOLDINGS, INC.	ENDURANCE AMERICAN SPECIALTY INSURANCE COMPANY	146,907,701	1.74%
	ENDURANCE WORLDWIDE INSURANCE LIMITED	12,764,720	0.15%
	OTHER AFFILIATES WITH PREMIUM REGISTERED <\$7.5M	798,514	0.01%
SOMPO HOLDINGS, INC. Total		160,470,934	1.90%
QBE INSURANCE GROUP LIMITED	QBE SPECIALTY INSURANCE COMPANY	149,267,718	1.76%
	OTHER AFFILIATES WITH PREMIUM REGISTERED <\$7.5M	1,562,246	0.02%
QBE INSURANCE GROUP LIMITED Total		150,829,964	1.78%
MUNCHENER RUCKVERSICHERUNG AG	GREAT LAKES INSURANCE SE	78,066,521	0.92%
	PRINCETON EXCESS AND SURPLUS LINES INSURANCE COMPANY	65,538,765	0.77%
	OTHER AFFILIATES WITH PREMIUM REGISTERED <\$7.5M	3,983,480	0.05%
MUNCHENER RUCKVERSICHERUNG AG Total		147,588,766	1.74%
THE HARTFORD FINANCIAL SERVICES GROUP, INC.	NAVIGATORS SPECIALTY INSURANCE COMPANY	123,990,026	1.47%
	PACIFIC INSURANCE COMPANY, LIMITED	11,078,325	0.13%
	MAXUM INDEMNITY COMPANY	10,465,703	0.12%
THE HARTFORD FINANCIAL SERVICES GROUP, INC. Total		145,534,054	1.72%
ALLEGHANY CORPORATION	LANDMARK AMERICAN INSURANCE COMPANY	106,796,598	1.26%
	CAPITOL SPECIALTY INSURANCE CORPORATION	27,006,332	0.32%
	OTHER AFFILIATES WITH PREMIUM REGISTERED <\$7.5M	7,538,487	0.09%
ALLEGHANY CORPORATION Total		141,341,416	1.67%
JAMES RIVER GROUP HOLDINGS, LTD.	JAMES RIVER INSURANCE COMPANY	127,840,887	1.51%
	FALLS LAKE NATIONAL INSURANCE COMPANY	11,974,817	0.14%
JAMES RIVER GROUP HOLDINGS, LTD. Total		139,815,704	1.65%
ARGO GROUP INTERNATIONAL HOLDINGS, LTD.	COLONY INSURANCE COMPANY	102,822,412	1.22%
	PELEUS INSURANCE COMPANY	33,048,939	0.39%
	OTHER AFFILIATES WITH PREMIUM REGISTERED <\$7.5M	1,672,702	0.02%
ARGO GROUP INTERNATIONAL HOLDINGS, LTD. Total		137,544,053	1.63%
All Other Groups with Premium Processed <\$137.5M		2,028,922,338	23.98%
Taxable Fees		39,425,315	0.47%
Grand Total		8,460,842,230	100.00%

¹ Ultimate parent per AM Best as of 10/01/2020; All Lloyd's Syndicates combined under Lloyd's

² Refer to the following page for a breakdown of Lloyd's Syndicates with premium registered ≥\$7.5M

Top Lloyd's Syndicates In California With Managing Agent¹

Based on Premium Processed by the SLA January Through September 2020

LLOYD'S	PREMIUM REGISTERED	% OF TOTAL
Lloyd's Syndicate 2623 (Beazley Furlonge Limited)	178,302,651	12.97%
Lloyd's Syndicate 33 (Hiscox Syndicates Limited)	93,745,708	6.82%
Lloyd's Syndicate 2987 (Brit Syndicates Limited)	79,128,216	5.76%
Lloyd's Syndicate 3624 (Hiscox Syndicates Limited)	72,887,633	5.30%
Lloyd's Syndicate 510 (Tokio Marine Kiln Syndicates Limited)	63,798,413	4.64%
Lloyd's Syndicate 1458 (RenaissanceRe Syndicate Management Limited)	49,117,534	3.57%
Lloyd's Syndicate 1969 (Apollo Syndicate Management Limited)	39,654,901	2.88%
Lloyd's Syndicate 623 (Beazley Furlonge Limited)	39,308,178	2.86%
Lloyd's Syndicate 2001 (MS Amlin Underwriting Limited)	33,394,352	2.43%
Lloyd's Syndicate 1861 (Canopus Managing Agents Limited)	33,394,039	2.43%
Lloyd's Syndicate 1880 (Tokio Marine Kiln Syndicates Limited)	31,460,794	2.29%
Lloyd's Syndicate 2003 (Catlin Underwriting Agencies Limited)	30,743,274	2.24%
Lloyd's Syndicate 2488 (Chubb Underwriting Agencies Limited)	29,617,309	2.15%
Lloyd's Syndicate 1686 (AXIS Managing Agency Ltd.)	26,639,719	1.94%
Lloyd's Syndicate 1084 (Chaucer Syndicates Limited)	26,476,202	1.93%
Lloyd's Syndicate 4444 (Canopus Managing Agents Limited)	26,146,914	1.90%
Lloyd's Syndicate 609 (Atrium Underwriters Limited)	25,495,909	1.85%
Lloyd's Syndicate 4472 (Liberty Managing Agency Limited)	24,475,350	1.78%
Lloyd's Syndicate 1414 (Ascot Underwriting Limited)	24,349,352	1.77%
Lloyd's Syndicate 2121 (Argenta Syndicate Management Limited)	22,341,286	1.63%
Lloyd's Syndicate 1225 (AEGIS Managing Agency Limited)	21,162,181	1.54%
Lloyd's Syndicate 1183 (Talbot Underwriting Ltd)	20,334,709	1.48%
Lloyd's Syndicate 1886 (QBE Underwriting Limited)	20,256,800	1.47%
Lloyd's Syndicate 1200 (Argo Managing Agency Limited)	19,273,450	1.40%
Lloyd's Syndicate 457 (Munich Re Syndicate Limited)	16,334,907	1.19%
Lloyd's Syndicate 435 (Faraday Underwriting Limited)	15,801,349	1.15%
Lloyd's Syndicate 4711 (Aspen Managing Agency Limited)	13,345,396	0.97%
Lloyd's Syndicate 1274 (Antares Managing Agency Limited)	12,438,980	0.90%
Lloyd's Syndicate 4020 (Ark Syndicate Management Limited)	12,259,111	0.89%
Lloyd's Syndicate 1919 (Starr Managing Agents Limited)	12,200,033	0.89%
Lloyd's Syndicate 1991 (Coverys Managing Agency Limited)	12,102,566	0.88%
Lloyd's Syndicate 4242 (Asta Managing Agency Ltd)	11,993,289	0.87%
Lloyd's Syndicate 1967 (W. R. Berkley Syndicate Management Limited)	10,746,549	0.78%
Lloyd's Syndicate 5000 (Travelers Syndicate Management Limited)	10,227,153	0.74%
Lloyd's Syndicate 2015 (The Channel Managing Agency Limited)	10,060,004	0.73%
Lloyd's Syndicate 3000 (Markel Syndicate Management Limited)	9,279,217	0.67%
Lloyd's Syndicate 5151 (Endurance at Lloyd's Limited)	8,965,538	0.65%
Lloyd's Syndicate 4000 (Hamilton Managing Agency Limited)	8,093,698	0.59%
Lloyd's Syndicate 1729 (Asta Managing Agency Ltd)	7,867,819	0.57%
Lloyd's Syndicate 2791 (Managing Agency Partners Limited)	7,834,887	0.57%
All Other Lloyd's Syndicates with Premium Processed <\$7.5M & Other ²	163,693,975	11.91%
Lloyd's Total	1,374,749,342	100.00%

¹ Source: AM Best as of 10/01/2020 and Lloyd's List of Active Syndicates & Managing Agents for 2020 Year of Account

² Other includes Lloyd's premium registered with a missing or invalid syndicate number

SLA Earns Legislative Successes Despite the Challenges of COVID-Impacted 2020 Session



By Benjamin J. McKay
SLA CEO and Executive Director

When the COVID-19 pandemic brought business as usual to a halt in March, it would have been hard to foresee that 2020 would bring the SLA a couple of important legislative successes in Sacramento.

Like the business world, the California legislature also suffered tremendous disruptions in 2020. With its already-short election-year session truncated further by COVID-19 outbreaks within the halls of the Capitol, it became clear that only vital bills would move this year, and that a lot of legislation would be sidelined.

And yet, we still found ways to engage and to successfully impact legislation affecting, or potentially affecting, the surplus lines industry in California.

One bill on which we lobbied successfully was **Assembly Bill 3012**, which includes a provision that will create a clearinghouse for the California FAIR Plan to offload significant numbers of fire policies. As you can imagine, the FAIR Plan has been inundated with new fire policies in recent years by homeowners in wildland-urban interface areas who have been unable to find coverage in the admitted market.

The initial version of the bill would have limited the potential pool of carriers for these policies to the admitted market. In discussions with legislative staff and the FAIR Plan, it was clear that there was no desire or intent to exclude surplus line bro-

kers from writing this business if admitted carriers decline to take it on. But there were concerns that there might not be a feasible way to include surplus lines.

Cliston Brown, our vice president of Public Affairs, spoke with legislative staff and the FAIR Plan and worked with them to figure out a way that surplus lines could be included while still respecting the legally

tee explaining that this legislation, though understandable and well-intended, would ultimately create unintended short-term and long-term consequences, both for the insurance industry and for consumers.

In the end, the bill's sponsor withdrew his proposal before the Senate Insurance Committee could take it up for consideration, effectively killing the bill for the year.

“Sometimes, a lobbying win is about what you get passed. At least as often, it is also about what you help stop. While less noticeable, what you help prevent is just as important, if not more so, than what you get passed.”

stated prerogatives of the admitted market to have the first shot at writing policies in California. With that agreement in place, the bill was amended to specifically allow surplus line insurers to participate as long as admitted carriers got the first opportunity to take on these policies, and went on to pass with the SLA's requested amendment included.

Sometimes, a lobbying win is about what you get passed. At least as often, it is also about what you help stop. While less noticeable, what you help prevent is just as important, if not more so, than what you get passed. That was the case with **Assembly Bill 1552**, a proposal that effectively would have forced insurers to pay COVID-related claims that had been specifically excluded within business interruption policies.

The bill was similar to bills introduced in a number of other states, and also similar to the gambit being used in lawsuits by plaintiffs' attorneys in court cases across the nation. It would have mandated that these claims should be considered to have been caused by “physical damage” to the affected establishments. This would have overridden the virus or pandemic exclusions included in many business interruption policies.

Again, Cliston made our case to legislative staff, and I wrote a letter to the chair of the State Senate Insurance Commit-

We understand, from our discussions with our Sacramento sources, that he might be looking at revising it and putting forward another proposal next year. We will keep an eye out for whatever happens on this issue in the coming year. With the COVID-19 pandemic clearly not going away anytime soon, this is an issue that is going to be with us for the foreseeable future.

I am proud of the work Cliston is doing for us with our state's decision makers. Regardless of how long these unusual conditions persist, what will not change is our commitment to securing good public policy for our members and our industry.



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Chair's Corner

Board Chair Terri Moran Reflects On The SLA's Promises Kept During A Once-In-A-Lifetime Pandemic

By Terri Moran

Chair, SLA Board of Directors

It is amazing how quickly time can pass even when our normal lives and routines have been upended by a once-in-a-lifetime pandemic. When this article is published, I will be one third of the way through my two-year term as chair of the SLA Board of Directors. Time flies!

Even in the face of the adversity brought about by COVID-19, and the sudden transition to a full working-from-home environment, the SLA has worked diligently to keep the promises we set forth when I took over as chair.

One key promise we have kept is to shore up our financial picture. In 2019, the board adjusted the stamping fee to 0.25%, in anticipation of a coming economic downturn, with an eye toward paying off debts and liabilities while ensuring that we continued to take care of all our stakeholders.

In 2020, we have made significant strides toward fulfilling that promise. This year, the SLA paid off a \$1.7 million construction loan taken out in 2016 to facilitate the move to new offices upon the expiration of our old lease in 2017. We paid off this debt two years ahead of schedule, eliminating a significant monthly expense for repayment of principal and interest.

We also succeeded in retiring much of our debt for an employee pension fund that the Board of Directors froze in 2010, but which still posed significant liabilities. The SLA this year secured agreement from a large number of pensioners to accept lump-sum payouts, significantly reducing our liability and making it much easier, and less costly, to find a firm that will take the remaining liability off of our books in 2021.

The pandemic has not negatively impacted the industry's bottom line. Business is still very strong, and that's why it is important for us to retain all of our employees who are in good standing. One of our key goals in the coming year is to pay special attention to employee health and wellness, recognizing that a happy,



high-performing workforce is vital in order to keep analyzing approximately 800,000 filings a year and to provide important services to our members, such as continuing education, filing support, and ongoing advocacy for our industry.

Our employees have been very effective, and one of the promises they helped us keep was the elimination of the association's filing backlog. Since eliminating the backlog last year, the Data Analysis Department has kept the baseline to less than a week, despite the challenges posed by the COVID-19 pandemic. They continue to produce great results for us, and we want to continue to do the right thing by all of them.

Taking care of our employees is in keeping with our vision statement, part of which includes making the SLA a great place to work. During a pandemic, with the association's 110 employees mostly working from home, it is important to communicate and check in with them regularly. To that end, our longtime chief operating officer, **Joy Erven**, has taken on the additional role of chief culture officer, overseeing the association's efforts to stay engaged with employees and see to their well-being even though the staff cannot be together physically during this time.

I am proud that we are keeping our promises, and we will strive to keep doing just that.