

# SLA CONNECTION

Surplus Lines News from the Golden State

The Surplus Line Association of California

Spring 2020

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## Moran Takes Charge

*New board chair brings ambitious agenda, and much gratitude*

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

Like many people who end up in the surplus lines business, **Terri Moran**, the new chair of the SLA Board of Directors, didn't get here by way of a direct path.

Moran, who became chair in February after an affirmative vote of the SLA membership, was in marketing when she first got her exposure to the business.

"I have been extremely fortunate to have had many opportunities and positions over my career," Moran said. "One of the most rewarding and exciting positions I held was as the chief marketing officer of the Program Division of AIG. I had the opportunity to work with many, many program administrators, as well as wholesale and retail brokers around the United States, on programs that were both admitted and non-admitted. That is where I had my first exposure to surplus lines, which then opened the doors to my next position where all of our products were surplus lines. What better way to find unique solutions to unique problems?"

While her route to the surplus lines business may have been different than the direction taken by others in the field, her path to leadership was a little more standard. Much like many of her predecessors as chair, she was encouraged and mentored by movers and shakers who were already in positions of leadership with the SLA.

"Current and prior board members encouraged me to participate and I started on the



**Terri Moran**

Stamping Committee. I credit this to **Pam Quilici** and **Denis Brady**, who both acted as great mentors and supporters. I was also fortunate to have a leader at Vela Insurance who not only supported, but encouraged my participation in the Surplus Lines Association. As I mentioned, I cannot possibly thank all of the people that have supported me, and this was also a way to give back to an industry that has been so supportive of

me."

One of Moran's key supporters was her immediate predecessor as chair, **Robert Gilbert**, who devoted a significant amount of time and effort during his two-year tenure helping her prepare for the role.

"Bob Gilbert had a few significant goals," Moran said. "One was around building the association's visibility and credibility. Through his leadership, we are, without doubt, a recognized and credible leader in the insurance industry. He also provided guidance and counsel that allowed the association and the very talented leadership and teams to clear a significant filing backlog, which no longer exists today. And last, but certainly not least, his support on education resulted in the development of the Learning Center, the online center for broker education, and our first internship program."

Moran says Gilbert's accomplishments have set up her tenure for additional success.

**Story continues on Page 2**



## Moran Takes Charge

“Not having the backlog really allows us to focus on our vision to be a modern, credible leader in the surplus lines industry. We can focus and build on the areas where our community looks to us for leadership: our work with communications and government relations; the increasing technology and expertise within our Data Analysis and Technology departments to ensure all our members are in compliance to all laws and regulations; and the important work in the Financial Analysis Department to monitor the financial strength and health of carriers and to ensure that consumers are protected and claims are paid.”

During the next two years, Moran wants to continue building the association’s financial strength, to protect it against any potential downturn.

“We have had a record year of growth in surplus lines in both California and nationally,” Moran said. “Who would have ever thought that surplus lines would approach 20% of the commercial insurance market in California?

Maybe in hindsight, it was obvious given we are the center of technology and innovation, but I digress. We also knew that this would not last and did believe we were not far from a recession. When we raised the stamping fee, it was for the purpose of reducing our debt to aid the association in weathering economic changes—or as it turns out, a pandemic. It is our plan to have our construction loan paid off this year, and then the pension liability in 2021.

Moran also wants to attract more young people into the surplus lines business.

“I am a strong supporter of internship programs where we can attract young people into our business,” Moran said. The SLA’s first intern class in summer 2019 was dedicated to aiding in clearing the backlog, and this is a great platform from which to build. I look forward to enhancing the program by supporting universities and colleges that have programs designed around risk management and insurance.”

The new chair also wants the SLA to con-

## Continued from Page 1

tinue its outreach to policymakers, to provide good information and help create good public policy solutions.

“What we know from being in our industry, and particularly surplus lines, is that we never really know where the next threat will come from where we will need to be ready to respond with solutions, the hallmark of our industry,” Moran said. “We need to remain as responsive, as nimble, and as able to respond as our industry dictates. We are called often to provide counsel to our lawmakers who struggle with solutions and responses to catastrophes, much like we are facing today, and provide real-time advice and counsel to our members.”

Finally, Moran had a few words directly for Gilbert, who remains on the board as the past chair and on whom she counts for continued wise counsel.

“Bob has not only been a mentor as I step into this role, but a friend that I would not have known otherwise. Thank you, Bob, for your leadership and friendship. You are one of a kind!”

# Members Elect 2020 SLA Board of Directors

*Beaver, Gobler become vice chair, secretary/treasurer; one new member joins the board*

In addition to electing **Terri Moran** the new chair of the Board of Directors for 2020 in February, resident members of the Surplus Line Association of California (SLA) also elected the



**Janet Beaver**

vice chair, secretary-treasurer and 10 more board members for the year.

**Janet Beaver** of Tokio Marine-HCC Casualty Group, is the new vice chair, and **Rich Gobler** of Burns & Wilcox is the new secretary-treasurer.

Beaver served as secretary-treasurer in 2018-19, and Gobler was previously a board member.

Outgoing chair **Robert Gilbert** of Markel West Insurance Services remains on the board as the past chair.

Elected to the board to fill a vacancy was

**Jason Howard** of the CRC Group.

Finally, voters retained eight other members from the 2017 board in their positions:

- **Tim Chaix**, R.E. Chaix & Associates
- **James Faley**, Vela Insurance Services
- **Hank Haldeman**, Worldwide Facilities
- **Pam Quilici**, Crouse & Associates
- **Charles Rosson**, R-T Specialty
- **Kathy Schroeder**, Sierra Specialty Insurance Services
- **Terrence Villar**, AmWINS
- **John Washington**, Arch Insurance Group

All members of the board serve until the 2021 Annual Meeting, at which time a new election for the board and officers will take place. Officers have the option of serving a second year in a leadership position.

Additionally, authorized voting representatives retained **Harry Low** as the SLA mediator for 2020.



**Rich Gobler**

The Annual Meeting scheduled for February 2021, in San Francisco and Los Angeles, will provide an opportunity for authorized voting representatives to vote on board nominees and retention of officers at

that time. The SLA constitution requires one-third of all resident members who filed an SL-1 or SL-2 form in the preceding 12 months to vote in order to constitute a quorum.

The SLA urges all authorized voting representatives of resident members filing business in 2020 to attend next year’s meeting, which is not only an opportunity to elect the new board but to network and interact with some of the leading surplus lines professionals in California. Further details about the 2021 Annual Meeting will be published later this year.

# Top 50 Brokers by Group<sup>1</sup>

Based on Premium Processed by the SLA January Through March 2020

Rank	Broker Group	Premium	% of Total	Item Count
1	AON P.L.C.	\$278,946,887	11.74%	697
2	CRC	\$242,049,093	10.19%	10,190
3	R-T SPECIALTY, LLC	\$238,297,098	10.03%	12,469
4	AMWINS GROUP INC.	\$213,409,724	8.98%	17,863
5	MARSH & MCLENNAN COS. INC.	\$211,885,727	8.92%	833
6	ARTHUR J. GALLAGHER & CO.	\$118,236,778	4.98%	4,515
7	WORLDWIDE FACILITIES, LLC	\$84,492,414	3.56%	5,762
8	BROWN & RIDING INSURANCE SERVICES, INC.	\$71,504,373	3.01%	2,588
9	WILLIS TOWERS WATSON P.L.C.	\$62,390,126	2.63%	414
10	LOCKTON INC.	\$50,316,217	2.12%	1,901
11	BURNS & WILCOX	\$39,693,346	1.67%	10,388
12	CROUSE & ASSOCIATES INSURANCE SERVICES	\$38,247,607	1.61%	3,038
13	WOODRUFF-SAWYER & CO.	\$32,354,759	1.36%	374
14	ALLIANT INSURANCE SERVICES INC.	\$28,837,285	1.21%	365
15	HUB INTERNATIONAL LTD.	\$27,240,384	1.15%	921
16	ALL RISKS, LTD.	\$26,979,027	1.14%	2,610
17	NATIONAL TRANSPORTATION ASSOCIATES, INC.	\$21,348,597	0.90%	2,073
18	EDGEWOOD PARTNERS INSURANCE CENTER, DBA EPIC INSUR	\$18,675,031	0.79%	406
19	GORST & COMPASS INSURANCE	\$16,557,088	0.70%	6,319
20	HULL & COMPANY, INC.	\$16,248,495	0.68%	4,565
21	PURE PROGRAMS LLC	\$15,040,118	0.63%	735
22	USI INSURANCE SERVICES L.L.C.	\$14,743,656	0.62%	219
23	THE IMA FINANCIAL GROUP INC.	\$13,732,484	0.58%	84
24	COASTAL BROKERS INSURANCE SERVICES INC.	\$12,389,684	0.52%	3,518
25	BROWN & BROWN INC.	\$11,741,203	0.49%	1,081
26	BASS UNDERWRITERS	\$11,569,124	0.49%	4,145
27	R.E. CHAIX & ASSOCIATES INSURANCE BROKERS, INC.	\$10,106,781	0.43%	2,442
28	WHOLESALE TRADING INSURANCE SVCS (JENCAP HOLDINGS)	\$10,070,556	0.42%	311
29	MCGRIFF, SEIBELS & WILLIAMS, INC.	\$9,989,580	0.42%	30
30	SOCIUS INSURANCE SERVICES, INC.	\$9,580,210	0.40%	732
31	CIBA INSURANCE SERVICES	\$9,253,074	0.39%	484
32	RISK SPECIALISTS COMPANIES INSURANCE AGENCY, INC.	\$8,805,606	0.37%	310
33	TrackSure Insurance Agency, Inc.	\$8,327,445	0.35%	125
34	ABD INSURANCE & FINANCIAL SERVICES INC.	\$7,999,275	0.34%	59
35	PARNELL, KEITH BRYAN	\$7,841,912	0.33%	7
36	BB&T INSURANCE HOLDINGS INC.	\$7,533,492	0.32%	21
37	M.J. HALL & CO., INC.	\$7,392,300	0.31%	1,519
38	USG INSURANCE SERVICES, INC.	\$7,193,698	0.30%	1,564
39	RSI INSURANCE BROKERS, INC	\$7,169,819	0.30%	568
40	SPECIALTY PROGRAM GROUP	\$6,459,937	0.27%	2,242
41	SOUTHWEST BUSINESS CORPORATION	\$6,283,475	0.26%	344
42	TOKIO MARINE HOLDINGS, INC.	\$6,150,353	0.26%	792
43	WESTERN SECURITY SURPLUS INSURANCE BROKERS, INC.	\$5,928,963	0.25%	1,265
44	NAS INSURANCE SERVICES, LLC	\$5,545,109	0.23%	973
45	COMSTAR INSURANCE SOLUTIONS, INC.	\$5,337,735	0.22%	461
46	ACRISURE L.L.C.	\$5,147,064	0.22%	202
47	K2 INSURANCE SERVICES	\$5,052,653	0.21%	150
48	EXCEPTIONAL RISK ADVISORS, LLC	\$4,984,032	0.21%	169
49	SIERRA SPECIALTY INSURANCE SERVICES, INC.	\$4,906,394	0.21%	1,572
50	ALLIED PROFESSIONALS' INSURANCE SERVICES	\$4,711,977	0.20%	13
	<b>Subtotal</b>	<b>\$2,088,697,762</b>	<b>87.90%</b>	<b>114,428</b>
	<b>All Other Brokers</b>	<b>\$287,639,755</b>	<b>12.10%</b>	<b>68,707</b>
	<b>Grand Total</b>	<b>\$2,376,337,517</b>	<b>100.00%</b>	<b>183,135</b>

<sup>1</sup> 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 March 2020

ULTIMATE PARENT <sup>1</sup>	COMPANY	PREMIUM REGISTERED	% OF TOTAL
LLOYD'S	LLOYD'S OF LONDON <sup>2</sup>	410,406,854	17.26%
LLOYD'S Total		410,406,854	17.26%
PROGRESSIVE CORPORATION	BLUE HILL SPECIALTY INSURANCE COMPANY INC.	178,981,065	7.53%
PROGRESSIVE CORPORATION Total		178,981,065	7.53%
AMERICAN INTERNATIONAL GROUP, INC.	LEXINGTON INSURANCE COMPANY	68,082,897	2.86%
	AIG SPECIALTY INSURANCE COMPANY	30,143,028	1.27%
	WESTERN WORLD INSURANCE COMPANY	17,110,495	0.72%
	AMERICAN INTERNATIONAL GROUP UK LIMITED	4,591,222	0.19%
	OTHER AFFILIATES WITH PREMIUM PROCESSED <\$2.5M	1,570,021	0.07%
AMERICAN INTERNATIONAL GROUP, INC. Total		121,497,663	5.11%
BERKSHIRE HATHAWAY INC.	NATIONAL FIRE & MARINE INSURANCE COMPANY	99,646,120	4.19%
	GENERAL STAR INDEMNITY COMPANY	12,765,554	0.54%
	MOUNT VERNON FIRE INSURANCE COMPANY	4,376,713	0.18%
	OTHER AFFILIATES WITH PREMIUM PROCESSED <\$2.5M	2,500,301	0.11%
BERKSHIRE HATHAWAY INC. Total		119,288,687	5.02%
MARKEL CORPORATION	EVANSTON INSURANCE COMPANY	53,136,965	2.24%
	UNITED SPECIALTY INSURANCE COMPANY	48,612,452	2.04%
	OTHER AFFILIATES WITH PREMIUM PROCESSED <\$2.5M	1,433,242	0.06%
MARKEL CORPORATION Total		103,182,658	4.34%
NATIONWIDE MUTUAL INSURANCE COMPANY	SCOTTSDALE INSURANCE COMPANY	93,532,430	3.93%
NATIONWIDE MUTUAL INSURANCE COMPANY Total		93,532,430	3.93%
FAIRFAX FINANCIAL HOLDINGS LIMITED	CRUM & FORSTER SPECIALTY INSURANCE COMPANY	19,947,872	0.84%
	ALLIED WORLD SURPLUS LINES INSURANCE COMPANY	17,759,383	0.75%
	HUDSON EXCESS INSURANCE COMPANY	16,051,748	0.68%
	ALLIED WORLD NATIONAL ASSURANCE COMPANY	12,069,948	0.51%
	HUDSON SPECIALTY INSURANCE COMPANY	7,698,304	0.32%
	FIRST MERCURY INSURANCE COMPANY	3,284,439	0.14%
	OTHER AFFILIATES WITH PREMIUM PROCESSED <\$2.5M	2,472,355	0.10%
FAIRFAX FINANCIAL HOLDINGS LIMITED Total		79,284,049	3.34%
W. R. BERKLEY CORPORATION	ADMIRAL INSURANCE COMPANY	28,759,012	1.21%
	GEMINI INSURANCE COMPANY	20,145,930	0.85%
	NAUTILUS INSURANCE COMPANY	15,265,786	0.64%
	BERKLEY ASSURANCE COMPANY	7,023,702	0.30%
	OTHER AFFILIATES WITH PREMIUM PROCESSED <\$2.5M	1,754,971	0.07%
W. R. BERKLEY CORPORATION Total		72,949,401	3.07%
JAMES RIVER GROUP HOLDINGS, LTD.	JAMES RIVER INSURANCE COMPANY	65,546,896	2.76%
	FALLS LAKE NATIONAL INSURANCE COMPANY	4,744,032	0.20%
JAMES RIVER GROUP HOLDINGS, LTD. Total		70,290,928	2.96%
CHUBB LIMITED	WESTCHESTER SURPLUS LINES INSURANCE COMPANY	32,880,462	1.38%
	ILLINOIS UNION INSURANCE COMPANY	21,427,404	0.90%
	CHUBB CUSTOM INSURANCE COMPANY	6,298,010	0.26%
	OTHER AFFILIATES WITH PREMIUM PROCESSED <\$2.5M	1,104,347	0.05%
CHUBB LIMITED Total		61,710,222	2.60%
AXA SA	INDIAN HARBOR INSURANCE COMPANY	55,666,797	2.34%
	OTHER AFFILIATES WITH PREMIUM PROCESSED <\$2.5M	1,760,832	0.07%
AXA SA Total		57,427,629	2.42%

# Top Carriers by Ultimate Parent Continued

ULTIMATE PARENT <sup>1</sup>	COMPANY	PREMIUM REGISTERED	% OF TOTAL
LIBERTY MUTUAL HOLDING COMPANY INC.	IRONSHORE SPECIALTY INSURANCE COMPANY	29,499,018	1.24%
	LIBERTY SURPLUS INSURANCE CORPORATION	21,164,737	0.89%
	LIBERTY MUTUAL INSURANCE EUROPE SE	5,866,542	0.25%
	OTHER AFFILIATES WITH PREMIUM PROCESSED <\$2.5M	276,838	0.01%
LIBERTY MUTUAL HOLDING COMPANY INC. Total		56,807,135	2.39%
TOKIO MARINE HOLDINGS, INC.	HOUSTON CASUALTY COMPANY	44,307,637	1.86%
	TOKIO MARINE SPECIALTY INSURANCE COMPANY	9,606,250	0.40%
	OTHER AFFILIATES WITH PREMIUM PROCESSED <\$2.5M	2,298,589	0.10%
TOKIO MARINE HOLDINGS, INC. Total		56,212,476	2.36%
SOMPO HOLDINGS, INC.	ENDURANCE AMERICAN SPECIALTY INSURANCE COMPANY	46,836,227	1.97%
	OTHER AFFILIATES WITH PREMIUM PROCESSED <\$2.5M	2,581,002	0.11%
SOMPO HOLDINGS, INC. Total		49,417,229	2.08%
THE HARTFORD FINANCIAL SERVICES GROUP, INC.	NAVIGATORS SPECIALTY INSURANCE COMPANY	31,917,017	1.34%
	PACIFIC INSURANCE COMPANY, LIMITED	6,697,937	0.28%
	MAXUM INDEMNITY COMPANY	4,347,579	0.18%
THE HARTFORD FINANCIAL SERVICES GROUP, INC. Total		42,962,532	1.81%
ARGO GROUP INTERNATIONAL HOLDINGS, LTD.	COLONY INSURANCE COMPANY	31,509,949	1.33%
	PELEUS INSURANCE COMPANY	8,766,214	0.37%
	OTHER AFFILIATES WITH PREMIUM PROCESSED <\$2.5M	474,519	0.02%
ARGO GROUP INTERNATIONAL HOLDINGS, LTD. Total		40,750,681	1.71%
ALLEGHANY CORPORATION	LANDMARK AMERICAN INSURANCE COMPANY	29,975,692	1.26%
	CAPITOL SPECIALTY INSURANCE CORPORATION	7,040,543	0.30%
	COVINGTON SPECIALTY INSURANCE COMPANY	3,058,428	0.13%
	OTHER AFFILIATES WITH PREMIUM PROCESSED <\$2.5M	87,721	0.00%
ALLEGHANY CORPORATION Total		40,162,385	1.69%
MUNCHENER RUCKVERSICHERUNG AG	GREAT LAKES INSURANCE SE	23,318,765	0.98%
	PRINCETON EXCESS AND SURPLUS LINES INSURANCE COMPANY	15,843,624	0.67%
	OTHER AFFILIATES WITH PREMIUM PROCESSED <\$2.5M	515,515	0.02%
MUNCHENER RUCKVERSICHERUNG AG Total		39,677,904	1.67%
ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED	ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED	38,252,710	1.61%
ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED Total		38,252,710	1.61%
AMERICAN FINANCIAL GROUP, INC.	GREAT AMERICAN E&S INSURANCE COMPANY	28,241,638	1.19%
	OTHER AFFILIATES WITH PREMIUM PROCESSED <\$2.5M	3,630,274	0.15%
AMERICAN FINANCIAL GROUP, INC. Total		31,871,912	1.34%
QBE INSURANCE GROUP LIMITED	QBE SPECIALTY INSURANCE COMPANY	30,846,818	1.30%
	OTHER AFFILIATES WITH PREMIUM PROCESSED <\$2.5M	171,350	0.01%
QBE INSURANCE GROUP LIMITED Total		31,018,168	1.30%
<b>All Other Groups with Premium Registered &lt;\$31.0M</b>		<b>569,252,062</b>	<b>23.95%</b>
<b>Taxable Fees</b>		<b>12,366,913</b>	<b>0.56%</b>
<b>Grand Total</b>		<b>2,377,303,694</b>	<b>100.00%</b>

<sup>1</sup> Ultimate parent per AM Best as of 04/02/2020; All Lloyd's Syndicates combined under Lloyd's

<sup>2</sup> Refer to the following page for a breakdown of Lloyd's Syndicates with premium registered >=\$2.5M

# Top Lloyd's Syndicates In California With Managing Agent<sup>1</sup>

Based on Premium Processed by the SLA January Through March 2020

LLOYD'S	PREMIUM REGISTERED	% OF TOTAL
Lloyd's Syndicate 2623 (Beazley Furlonge Limited)	47,927,396	11.68%
Lloyd's Syndicate 33 (Hiscox Syndicates Limited)	29,027,998	7.07%
Lloyd's Syndicate 1969 (Apollo Syndicate Management Limited)	23,801,969	5.80%
Lloyd's Syndicate 3624 (Hiscox Syndicates Limited)	23,435,913	5.71%
Lloyd's Syndicate 510 (Tokio Marine Kiln Syndicates Limited)	21,661,254	5.28%
Lloyd's Syndicate 2987 (Brit Syndicates Limited)	19,969,213	4.87%
Lloyd's Syndicate 1458 (RenaissanceRe Syndicate Management Limited)	13,203,266	3.22%
Lloyd's Syndicate 2001 (MS Amlin Underwriting Limited)	11,045,585	2.69%
Lloyd's Syndicate 623 (Beazley Furlonge Limited)	10,840,415	2.64%
Lloyd's Syndicate 2003 (Catlin Underwriting Agencies Limited)	9,507,463	2.32%
Lloyd's Syndicate 1880 (Tokio Marine Kiln Syndicates Limited)	9,492,817	2.31%
Lloyd's Syndicate 1861 (Canopus Managing Agents Limited)	8,672,014	2.11%
Lloyd's Syndicate 609 (Atrium Underwriters Limited)	7,926,663	1.93%
Lloyd's Syndicate 2488 (Chubb Underwriting Agencies Limited)	7,893,219	1.92%
Lloyd's Syndicate 2121 (Argenta Syndicate Management Limited)	7,404,523	1.80%
Lloyd's Syndicate 1686 (AXIS Managing Agency Ltd.)	7,022,937	1.71%
Lloyd's Syndicate 4472 (Liberty Managing Agency Limited)	6,528,813	1.59%
Lloyd's Syndicate 4444 (Canopus Managing Agents Limited)	6,235,881	1.52%
Lloyd's Syndicate 1084 (Chaucer Syndicates Limited)	6,182,825	1.51%
Lloyd's Syndicate 1200 (Argo Managing Agency Limited)	6,171,353	1.50%
Lloyd's Syndicate 1886 (QBE Underwriting Limited)	5,997,497	1.46%
Lloyd's Syndicate 1183 (Talbot Underwriting Ltd)	5,567,356	1.36%
Lloyd's Syndicate 1991 (Coverys Managing Agency Limited)	4,858,127	1.18%
Lloyd's Syndicate 1225 (AEGIS Managing Agency Limited)	4,701,955	1.15%
Lloyd's Syndicate 435 (Faraday Underwriting Limited)	4,536,143	1.11%
Lloyd's Syndicate 1919 (Starr Managing Agents Limited)	4,344,593	1.06%
Lloyd's Syndicate 1414 (Ascot Underwriting Limited)	4,269,713	1.04%
Lloyd's Syndicate 4242 (Asta Managing Agency Ltd)	4,028,459	0.98%
Lloyd's Syndicate 1274 (Antares Managing Agency Limited)	4,007,919	0.98%
Lloyd's Syndicate 457 (Munich Re Syndicate Limited)	3,825,438	0.93%
Lloyd's Syndicate 1036 (QBE Underwriting Limited)	3,572,690	0.87%
Lloyd's Syndicate 5151 (Endurance at Lloyd's Limited)	3,444,625	0.84%
Lloyd's Syndicate 1729 (Asta Managing Agency Ltd)	3,417,758	0.83%
Lloyd's Syndicate 3000 (Markel Syndicate Management Limited)	3,355,059	0.82%
Lloyd's Syndicate 4000 (Hamilton Managing Agency Limited)	3,234,548	0.79%
Lloyd's Syndicate 4711 (Aspen Managing Agency Limited)	3,136,459	0.76%
Lloyd's Syndicate 5000 (Travelers Syndicate Management Limited)	2,738,439	0.67%
Lloyd's Syndicate 1221 (Navigators Underwriting Agency Limited)	2,708,852	0.66%
Lloyd's Syndicate 2007 (AXIS Managing Agency Ltd.)	2,643,892	0.64%
Lloyd's Syndicate 2015 (The Channel Managing Agency Limited)	2,624,737	0.64%
Lloyd's Syndicate 1955 (Barbican Managing Agency Limited)	2,552,733	0.62%
All Other Lloyd's Syndicates with Premium Registered <\$2.5M & Other	46,888,345	11.42%
<b>Lloyd's Total</b>	<b>410,406,854</b>	<b>100.00%</b>

<sup>1</sup> Source: AM Best as of 04/02/2020 and Lloyd's List of Active Syndicates & Managing Agents for 2020 Year of Account

<sup>2</sup> Other includes Lloyd's premium processed with a missing or invalid syndicate number

# SLA Stays Engaged On Key Issues Despite Challenges Posed By COVID-19 Outbreak



**By Benjamin J. McKay**  
SLA Executive Director

Although SLA employees, like millions of workers throughout California, have been working from home since mid-March due to the COVID-19 pandemic, the business of public affairs goes on unabated.

In fact, we are working harder than ever to keep on top of the many developments that are ongoing both in Washington, D.C. and in Sacramento, particularly as those developments relate to the serious issue of business interruption virus exclusions.

As you undoubtedly know, this issue has taken on a high level of importance, with many business owners realizing, perhaps for the first time, that business interruption coverage is excluded for virus outbreaks such as the one we have seen this year.

As more and more business owners file business interruption claims for an excluded virus risk, pressure is building on legislators, regulators and the courts to force insurers to pay these excluded claims.

As I am writing this article in late April, here is what I know:

Legislators in at least seven states—but not so far in California—have put forward proposals to void exclusions for viruses within business interruption policies.

On the federal level, a California congressman, Rep. Mike Thompson (D), has filed a bill in Washington, D.C., along the

same lines. Of its 10 original sponsors, six were from California and nine were Democrats. And 33 U.S. House members from California, including both Democrats and Republicans, wrote a letter to Insurance Commissioner Ricardo Lara asking him to force insurers to pay these claims.

This issue also is seeing a lot of legal action in states across the country, as plain-

adverse legislation or regulation, it appears inevitable that this issue will almost certainly be sorted out in the legal system.

Other leading insurance associations and companies also seem to have the same view, with many suggesting that the voiding of contracts by legislative or regulatory fiat would be unconstitutional.

One thing is certain: it is likely going

***We will remain engaged on all the key issues. Our physical offices may be closed, but in looking out for you, our members, the SLA remains open for business.***

tiffs' attorneys are suing insurers for denying claims based on stated exclusions within business interruption policies. The common thread in these lawsuits, almost invariably, is a claim of "direct physical damage" caused by the virus. This would seem to indicate that plaintiffs' attorneys understand that the contractual exclusion language in these policies would be difficult to overturn, and they are using claims of "direct physical damage" to circumvent exclusions.

In support of these efforts, a group of well-known restaurateurs, including Wolfgang Puck and Thomas Keller—who owns the well-known Bay Area restaurant called "The French Laundry"—have launched a website and a public relations effort intended to turn up pressure on legislators, regulators and courts to force insurers to pay excluded virus-related business interruption claims.

For our part, the SLA public affairs and policy teams are diligently monitoring news accounts and also communicating regularly with our sources in Washington, D.C. and Sacramento to see what's happening at both the legislative and regulatory levels on this issue.

Our analysis is that the issue of exclusions ultimately will need to be resolved by the courts. Whether in response to direct lawsuits by businesses who have had their claims denied, or insurers suing due to

to take a long time to sort this issue out. The SLA will stay engaged and keep our members informed as this emerging issue develops.

We will remain engaged on all the key issues. For example, we will continue watching what may happen on wildfire issues affecting our industry when the legislature returns to session. Our physical offices may be closed, but in looking out for you, our members, the SLA remains open for business.



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## SLA Continues Clicking On All Cylinders As COVID-19 Crisis Blankets State, Nation

Normally, this space on the back page of the SLA Connection newsletter would provide a listing of all the various meetings coming up over the next few months.

But as everyone knows, the outbreak of the COVID-19 virus has put many of our personal and business plans on hold, and it is hard to say at this time when business as usual in the world of meetings and conferences will resume.

The vast national tapestry of shelter-in-place orders, which has been in place state-wide in California since mid-March, has also changed the nature of work and work spaces for all of us, including the Surplus Line Association of California (SLA).

Starting on March 17, the SLA went to a 100% telecommuting work environment, when a shelter-in-place order went into effect for six Bay Area counties, including Contra Costa County and San Francisco, where the SLA's physical offices are located.

Fortunately, the SLA was well-prepared for just such an event. For years, we worked to get the technology and infrastructure in place that would allow the SLA to continue conducting business as usual even in the event that it became necessary to close our physical workplaces. While a pandemic was not necessarily one of the possible occurrences the SLA had envisioned—a major earthquake, wildfire or prolonged power outage were much more front of mind—the SLA's efforts over a period of years have paid off during the global crisis we all face right now.

In short, despite the physical dispersion of our 110 employees and the disruptions this has created to normal routines, the SLA continues to serve its members and perform its duties as the appointed advisory organization to the California Department of Insurance (CDI) without missing a beat.

The Data Analysis Department continues to analyze all surplus line filings from all parts of our state with the same efficiency displayed as when the SLA's offices were still open. In fact, even though business is up from this time last year, they have remained diligently on top of the flow of filings.

The Financial Analysis Department continues to monitor LASLI companies to ensure that brokers are placing policies with financially sound insurers.

The Technology Department has done great work keeping the association up and running on a remote basis.

The Public Affairs Department continues to monitor legislative and regulatory proposals while reaching out, where appropriate and necessary, to leaders and staff to ensure good public policy prevails in our sector.

The Digital Communications Department is keeping our members and our employees well-informed, and is also helping our staff keep in touch and maintain a good team atmosphere despite the ongoing physical separation.

The Human Resources/Administration Department is ably meeting the challenges of how to manage a large workforce on a remote basis.

To sum it all up, the SLA's operations continue without a hitch. Policies and companies, are being analyzed, bills are being paid, workloads are being managed, all largely as they typically would be under normal circumstances.

And it is vital for our members and regulators to know that the SLA remains available to answer inquiries and to provide assistance as needed. The association's offices may be closed, but the SLA is open for business, and will remain so throughout the duration of this crisis. Reach out via [slacal.com](http://slacal.com) or (415) 434-4900. All inquiries will be routed to the appropriate staff member and will be answered promptly, just as they would be under normal business circumstances.

The SLA wishes all its members and contacts well during this unusual time and encourages everyone to continue heeding their national, state and local authorities. It is vital to make certain that any return to normal activities takes place when the responsible authorities have made a determination that it is safe and the threat has abated.

Please stay safe, be well, and conduct all your personal and professional business wisely and safely, and let's all get through this crisis together.