The SLA’s stamping office has been busy the past three months processing record levels of premium data due to an obvious upswing in the surplus line market. From January through March 2001, the processed premiums are 61 percent above 2000 figures for the same period for a total of $598,603.526. Yet the total number of policies processed has only increased 8.7 percent. The SLA data indicates that larger policies are now being written in the surplus line marketplace.

On another front, the SLA is nearing completion of a new database that will replace the current system used to process the data submitted by brokers in their monthly batch filings. The current system captures the information contained on the declaration page. The new system will gather several fields of information from SL-1 and SL-2 forms and turn it into interactive data. The system will also store the analysis of companies that apply to be on the List of Eligible Surplus Line Insurers and assist the Department of Insurance with information concerning these companies.

During my tenure as chair of the Surplus Line Association, I hope to emphasize the Association’s vision statement. In fulfilling our vision, the SLA will continue to realize a lawful nonadmitted insurance market in California and will protect and perpetuate a surplus line industry that continues to serve as a vital resource to meet the needs of Californians against risk.

The Surplus Line Association remains an authoritative source of information, gathering, analyzing and disseminating data on industry regulations, activity and viability. Through the Association’s executive director Ted Pierce, the SLA is a proactive advocate, representing the interests of surplus line brokers and providing expertise in shaping legislation and regulation with a view toward long-term stability in the marketplace. Ted is also an efficient administrator, providing advice, support and value added service to the Department of Insurance and the Commissioner.

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The Surplus Line Association of California

The SLA is a respected facilitator, ensuring the highest standards of compliance with insurance laws and regulations. The SLA is a vigilant monitor, tracking industry trends and guarding against unethical business practices. The SLA also serves as a competent educator, promoting an improved understanding of the surplus line industry, and furthering the professional development of California Surplus Line Brokers. In 2001, we will continue to ensure the future of our industry through the pursuit of excellence in professional development, regulatory compliance, data management, record keeping, financial analysis, education, advocacy, insurance fraud reporting and industry leadership.

Senate Bill 1136 (Polanco)
Surplus Lines Advertising
Introduced on February 23, 2001 by Senator Richard Polanco (D-Los Angeles)
Status: From Senate Rules Committee with author’s amendments. Read second time. Amended. Re-referred to committee.
This bill would repeal the January 1, 2002 expiration date on the advertising provisions of California insurance code sections 703.1 and 1773 dealing with nonadmitted insurers and surplus line brokers advertising activity.

Assembly Bill 683 (Calderon)
Surplus Line Premium Tax Exemption for finite risk coverage in environmental remediation
Introduced on February 22, 2001 by Assemblyman Thomas Calderon (D-Montebello)
Status: Referred to Assembly Insurance Committee.
This bill would exclude finite risk coverage for environmental remediation from the 3% premium tax on California surplus line policies.

In 1984, a then 22-year-old Chris Brown departed his hometown of Belmont, California, and ventured south to Los Angeles. There he took his first post in the insurance industry, as an assistant underwriter with Sayre & Toso / Mission Insurance.

In 1985, shifting to a field representative mode, Brown took the product line of his father’s eight person San Mateo-based firm south, and Brown and Riding Insurance Services officially entered the LA region.

In 1987, Brown determined the time was right for the wholesale insurance brokerage to establish a greater presence in Southern California, and he executed a lease for the firm’s Los Angeles offices. When those doors first opened, 1000 square feet housed a start-up staff of 3 employees. Under Brown’s leadership, the business prospered and, in 1991, Brown took over as B&R’s President.

Today the 12,000 square foot LA headquarters employs more than 35 brokerage personnel and support staff. Brown attributes B&R’s success to company values which place equal emphasis on teamwork, quality and the personal growth of the employee.

In year 2000, Brown and Riding, with its thriving divisions of Property, Casualty, Construction and Financial Services, celebrated the 20th anniversary of its founding.

Chris Brown and his wife, Marie, reside in Manhattan Beach with their two children.
We have a good start to 2001. Our total filings for the first quarter 2001 were $598,603,526. This is up 60.88% over first quarter 2000. This is due to some very large premiums processed, as the item count went up only 8.70%. We processed 66,725 premium items in the first quarter 2001.

The entire staff has been eagerly working to keep their work load up, as well as participating in the Computer Rewrite Project. Many dedicated long days have been had by all. Some have put in long days into the night and also on the weekends. I would like to take the time to thank everyone for their dedication to the project. It is a learning experience for all. Although the project is not complete to date, we are beginning to see very good results.

Mark your calendars – The dates for the Western States Conference are July 25 through July 27, 2001 in Breckenridge, CO. The registration forms have been mailed out. If you have not received yours, call the Surplus Line Association of Colorado at (303) 331-9399.

We have made arrangements for our Annual Meetings 2002 – the Northern California meeting will be on January 15, 2002 and the Southern California meeting will be on January 17, 2002.
SLA First Quarter 2001 Processing Totals

Total Premium Volume for 1st Quarter

- General Liability: 50%
- Professional Liability: 15%
- Automobile: 1%
- Fire/Allied Lines: 12%
- Excess Liability: 3%
- Inland Marine: 2%
- Commercial Property: 9%
- Aviation: 0%
- Garage: 0%
- Accident/Disability: 1%
- Malpractice: 2%
- Miscellaneous: 9%
- Crime: 0%
- Fidelity, Surety & Bonds: 0%
- Workmens Comp: 0%
- General Liability: 50%

Total Item Count for 1st Quarter

- General Liability: 43%
- Professional Liability: 7%
- Workmens Comp: 0%
- Malpractice: 1%
- Automobile: 3%
- Crime: 0%
- Fire/Allied Lines: 16%
- Excess Liability: 1%
- Inland Marine: 6%
- Commercial Property: 17%
- Aviation: 0%
- Garage: 2%
- Accident/Disability: 3%
- Miscellaneous: 1%