

SLA Quarterly



Report of the Chair Marion Perkins

Surplus Line premium filed with the Association during the first half of 2000 has remained “flat” when compared with the first half of 1999 and it appears the volume for the remainder of the year will maintain that trend.

It has been an exciting first six months of the new year (and century) for the Association. The complete re-write of the out-dated computer processing system software is now well under way. This major project should be finished and on-line very early in 2001. As we prepare for that transition, it is very important that all of our member brokers keep the SLA advised of any personnel changes that affect batch filings with the Stamping Office or changes in accounting staff that affect invoicing and payment of stamping fees. To maximize the effectiveness of the new system when it comes on-line, the broker contact data needs to be

current.

The Stamping Office staff has also worked very hard to improve the “filings” workflow efficiency and reduce the processing backlog time. While the total number of items filed this year is almost exactly the same as last year, the processing time has been reduced significantly to less than 10 days, the lowest in a number of years.

Another area of focus this year is the timeliness and accuracy of filings. While the 2000 filed item count is almost identical to 1999, the number of “tags” has increased significantly this year. By far the greatest number and percentage of tags are for items filed late (over 60 days). Those represent 14% of all items filed, up from under 7% in 1999. Our goal is to reduce the overall number of tags (and particularly the “late” tags) significantly by year end. For the SLA’s part, the staff has done an extensive analysis of the areas of the SL-1 and SL-2 which generate the most “inaccuracy” tags and has proposed some revised forms to the Department of Insurance which should be more “user friendly” and concise so they can be completed with less chance of errors. We hope to have them approved shortly. Additionally though, we need the emphasis and help of all of our members in making filings accurately and on time. Ultimately it helps everyone reduce workloads when there are less tags to process and answer. To help our members, the SLA can provide on-site training on

August
2000

filing procedures as well as periodic continuing education filing seminars. If your office needs training or assistance in filing procedures, please contact Nadine Watso at (415) 434-4900, ext. 162 or e-mail nwatso@slacal.org. We can also provide emergency training in your office when filings have been left undone, or you have new personnel who need immediate training.

On another front, the California Department of Insurance (CDI), eGovernment Task Force is developing a questionnaire for the insurance industry designed to determine the best ways for the Department to interface with the industry electronically. The CDI is attempting to implement the Uniform Electronic Transactions Act (UETA) enacted by the California Legislature in 1999 as well as the Electronic Signatures in Global and National Commerce Act enacted by Congress earlier this year. Both laws provide for the legality of electronic signatures and electronic contracts. The CDI surveys will be in the mail in the fall. ●

What's Inside?

REPORT OF THE CHAIR, Pg. 1

REPORT OF THE DIRECTOR OF THE STAMPING OFFICE, Pg. 2

PREMIUM & TRANSACTION COUNT COMPARISON CHARTS, Pg. 2

TOP 25 WRITERS BY PREMIUM PROCESSED, Pg. 3

CALIFORNIA LEGISLATION, Pg. 3 & 4

SLA MEMBER PROFILE, Pg. 4

FALL EDUCATIONAL EVENTS, Pg. 4

ASLI INFORMATION & COURSE SIGN-UP FORM, Pg. 5 & 6

SLA EMPLOYEE PROFILE, Pg. 7

PREMIUM AND TRANSACTION COMPARISON CHARTS FOR EXPORT VS. NON-EXPORT, Pg. 8

Report of the Director of the Stamping Office

The figures for the 2nd quarter are \$812,593,889 in premiums processed. This is down 1.23% from last year. The item count is 126,708 items processed for the first six months of this year. This is up 1.49% from the same period last year.

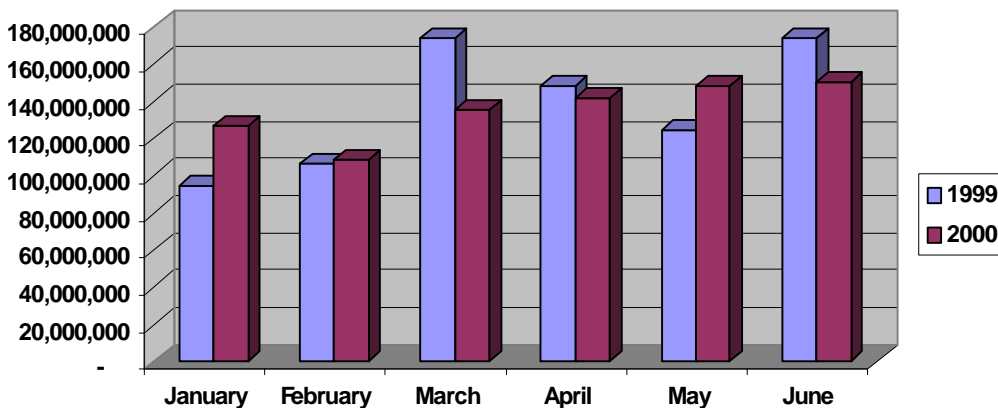
We would like to welcome our

latest new employee George Craig to the Department.

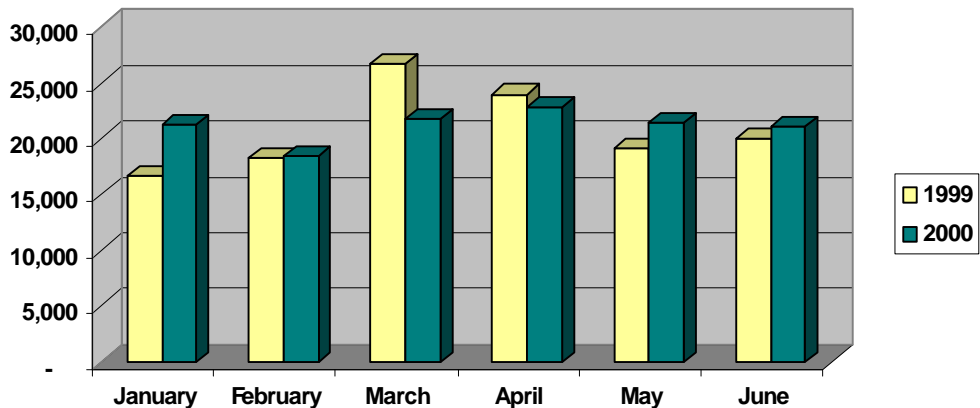
We have been very busy working with our programmers on the AS 400 rewrite. From the beginning of the project, the staff has been very involved. They are very excited about the changes.

Welcome newest members: A & M Select Insurance Services, Dennis Frederick Corby, Cravens, Leffler & McCormick Insurance Services, Inc., James & Gable Insurance Brokers, Inc., Meslee Insurance Services, Inc., and Worldlink Insurance Services, Inc. ●

Comparison of Premium Volume for First Six Months of 1999 vs 2000



Comparison of Transaction Count for First Six Months of 1999 vs 2000



**TOP 25 CALIFORNIA SURPLUS LINE WRITERS BY PREMIUM PROCESSED
JANUARY 1 THROUGH JUNE 30, 2000**

Rank	Company	Premium Processed June 30, 2000
1	American Int'l. Specialty Lines Ins. Co.	67,571,232
2	Lexington Ins. Co.	53,392,936
3	Scottsdale Ins. Co.	43,710,506
4	Pacific Ins. Co. Ltd.	34,283,237
5	Admiral Insurance Company	25,324,242
6	Steadfast Ins. Co.	23,420,848
7	General Star Indemnity Co.	23,134,909
8	Evanston Insurance Co.	22,984,242
9	Clarendon American Ins. Co.	21,230,308
10	Royal Surplus Lines Ins. Co.	20,185,833
11	Legion Indemnity Ins. Company	16,850,750
12	United Capitol Insurance Co.	15,305,863
13	Essex Ins. Co.	14,826,410
14	Reliance Ins. Co. of Illinois	12,715,482
15	Zurich Specialties London Limited	12,505,472
16	Lloyd's Syndicate #435	11,307,057
17	Lloyd's Syndicate #376	11,300,620
18	United National Ins. Co.	10,661,671
19	Caliber One Indemnity Company	10,233,243
20	Chubb Custom Insurance Company	9,161,302
21	American Equity Insurance Company	9,147,017
22	Gulf Underwriters Ins. Co.	8,687,671
23	Lloyd's Syndicate #79	7,902,736
23	Columbia Casualty Company	7,330,320
24	Lloyd's Syndicate #219	6,735,693
25	Acceptance Insurance Company	6,599,401
	Sub-total	\$506,509,001
	All other companies	306,084,890
Total		\$812,593,891

CALIFORNIA LEGISLATION

Assembly Bill 2251, Dave Cox (R-Fair Oaks)

Internet Sales and Disclosure

This bill was approved by the Assembly Insurance Committee on April 12 and was referred to the Assembly Information Technology Committee. The bill would require any person who is licensed as an insurance agent or broker or who maintains a certificate of authority to transact insurance in this state, and who advertises for the sale of insurance on the Internet, to provide on the internet website specified

identifying information, including an insurance license number and address.

*Status: 7/6/00 In Assembly.
Concurrence in Senate amendments pending.*

Assembly Bill 2112, John A. Dutra (D-Fremont)

Limiting Hard Market for Home Builders

This bill was referred to the Assembly House and Community Development Committee and the Judiciary Committee. The bill would express the Legislature's findings and declarations relating to a lack of construction

of multifamily housing, including condominiums and townhouses, due to defect litigation, and that there is a substantial need for highly effective state-sanctioned 10-year new home warranty program to provide both a process for resolving claims and a mechanism to ensure quality design and construction.

*Status: 7/6/00 In Assembly.
Concurrence in Senate amendments pending.*

Senate Constitutional Amendment No. 19, Jackie Speier (D-Hillsborough)

Constitutional Amendment to Create

CONTINUED ON PAGE 4



**PHIL MAZUR:
SLA
MEMBER PROFILE**

Phil Mazur was born in Sacramento, California and graduated from UC Berkeley in 1977. Phil has over 23 years experience in reinsurance, property underwriting and wholesale brokering. He started his insurance career with Industrial Indemnity in 1977 as an underwriter and in 1980, moved to Transatlantic Re, initially as facultative reinsurance underwriter and eventually as Branch Manager.

Phil was hired by Sherwood Insurance Services in 1984 as Assistant Underwriting Manager. He then went on to assume the responsibilities of a property wholesale broker. Phil was promoted to Executive Vice President and Branch Manager in 1997. His current responsibilities include production, marketing, development of retail sources of business and administration of the branch office.

Phil and his wife, Linda, were raised in Northern California and enjoy camping, golf, horseback riding and are involved in local 4-H activities. They currently live with their two daughters and many

**A GUIDE TO
SCHEDULED
EDUCATIONAL EVENTS
FALL 2000**

September

Tuesday, Sept. 26, 2000

Financial Fraud
2 CE Credits
Los Angeles Marriott Downtown
333 South Figueroa Street
Los Angeles, CA 90071

Wednesday, Sept. 27, 2000

Financial Fraud
2 CE Credits
The Fairmont Hotel
950 Mason Street
San Francisco, CA 94108

October

Tuesday, Oct. 10, 2000

The New Risks of Cyberspace
2 CE Credits #80086
Los Angeles Marriott Downtown
333 South Figueroa Street
Los Angeles, CA 90071

Wednesday, Oct. 11, 2000

The New Risks of Cyberspace
2 CE Credits #80086
The Fairmont Hotel
950 Mason Street
San Francisco, CA 94108

LEGISLATION

CONTINUED FROM PAGE 3

an Appointed Insurance Commissioner

This constitutional amendment would allow the Insurance Commissioner be appointed by the Governor with consent of the Senate, and shall hold office for a term of four years, coexistent with the term of office of the Governor. The measure would prohibit an Insurance Commissioner from serving in that office for more than 2 terms. The measure requires a 2/3 majority vote of the Senate.

Status: 7/20/00 Returned to

July 2000

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SLA EMPLOYEE PROFILE



NADINE WATSO
EDUCATION MANAGER

Long before joining the Surplus Line Association in 1995, Nadine Watso, the SLA's Education Coordinator, had established a reputation as a highly efficient and knowledgeable individual in the insurance industry. For over thirty years, Nadine managed the accounts of her firm's largest client, and earned the respect of her fellow professionals.

Nadine's insurance career began in San Francisco with an entry level position at Underwriters Services, which was subsequently acquired by Reed Steinhouse, which in turn was purchased by Alexander and Alexander (A & A). Between acquisitions, Nadine rose in the ranks and eventually managed the accounting unit for a world-renowned engineering and construction company, directing every function including layered policies and multi-state surplus line filings. She maintained this position for thirty-five years.

When A & A went through restructuring in 1994, Nadine accepted an early retirement package. Coincidentally at this time, the SLA was searching for

a highly qualified individual to develop and coordinate its newly conceived education program. This program enables the broker membership to earn continuing education credits by attending seminars, as well as informing them of industry changes and trends. Nadine's extensive background made her the ideal candidate, and she assumed her new responsibilities in February of 1995.

Nadine's impact was immediate. Within four months, she had successfully organized and hosted her first seminar, "Meet the Market." For the year 2000, she has scheduled in excess of twenty seminars and meetings, with dates extending midway through the year 2001. The success of these seminars is largely attributed to Nadine's meticulous preparation and oversight into every aspect, from inception to completion. The Education Committee, whose membership consists of senior broker members, is a valuable source for ideas and contacts; many topics are derived from brainstorming with the Committee members. Subjects on this year's agenda range from

Environmental Liability, Financial Fraud, and Internet Exposure.

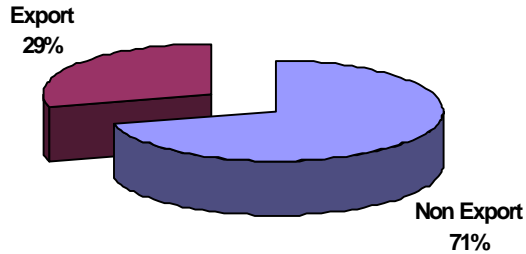
Nadine shares her expertise in surplus line filings through filing seminars and broker visits. Upon request or referral, Nadine will schedule broker visits to provide step-by-step instruction to new personnel. Thus far this year, she has visited eighteen broker-ages, instructing 214 people on proper filing procedures. After a visit, she continues to monitor the broker's progress by periodically generating tag reports to determine if a follow up visit or call is necessary, or if her efforts have been rewarded by a reduction in tags.

Although her job duties necessitate constant travel away from her home in Walnut Creek, where she resides with husband Rich and her collection of 500 frogs, Nadine jokes that her L.A. flights are faster than her BART commute. With the business trend towards computerization and impersonalization, our Education Coordinator gains personal and professional satisfaction through the interaction experienced in the seminars and broker visits. ●

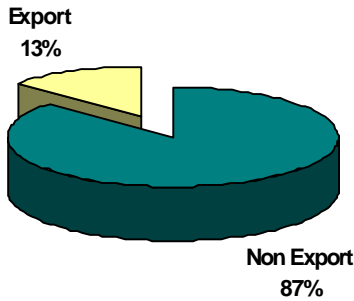
****TO SCHEDULE A
BROKER VISIT,
PLEASE CONTACT
NADINE AT (415)
434-4900 X162.***



Comparison of Premium Volume by Export vs Non Export Coverage for First Six Months of 2000



Comparison of Transaction Count by Export vs Non Export Coverage for First Six Months of 2000



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