At the beginning of 2001, the SLA was midway through a software development project with a developer named Sapiens Americas from Cary, North Carolina. Sapiens had been hired to create a new database to run the stamping office operation. Under the leadership of Horst Lechler, the Automation Committee Chairman, in coordination with Mark Uyeda, the SLA’s Manager of Information Technology, the software development is now complete! The SLA is operating a new and much improved database. Have you noticed the attractive looking tags?

The surplus line premium volume has seen significant increases. The top five general coverage categories written in surplus lines in the first six months of 2001 are general liability, environmental liability, commercial DIC/stand alone EQ, errors & omissions, and directors and officers. The average premium per policy in 2001 is $8,506 compared to $6,331 in 2000.

The 2001 session of the California Legislature has been a successful one for the SLA. A bill sponsored by the association, SB 1136 (Polanco) to repeal the January 1, 2002 expiration date on California insurance code sections 703.1 and 1773 governing nonadmitted insurer and surplus line broker advertising and solicitation is likely to be enacted this year. The bill was passed by the Senate and is awaiting floor action in the Assembly.
Report of the Director of the Stamping Office,
Deanna Zanoni

The total premiums filed for the first six months of 2001 were $1,060,166,281 up 30.47% over last year. However, the item count was down from the same period last year. We processed 121,629 items, down 4.01%. In the second quarter, we processed some unusually large policies, which is why we are recording an increase in premiums.

After working 13 months on a total rewrite of our computer system, we went live on June 25, 2001. We are capturing much more information on the new database and we’re still getting some of the bugs out of the system. We closed the June accounting month early on June 20th to enable conversion to the new system. If your filings for June were not processed, please bare with us; they should be processed in July. I would like to thank my entire staff for all the many hours and weekends they worked, in order to make the transition go smoothly.

I would like to welcome our new employees: Daniel Schneiderman to the IT Department and Claudia Benitez to the Data Processing Department. We are happy to have you join us at the SLA.

I would also like to welcome new members to the Association: SCB Enterprises, Ltd.; Stellar Financial Services, LLC; Aracus Insurance Brokers, Inc.; Bass Underwriters, Inc.; Joyce Lenora Landwehr; First Dominion Corporation; Admiral General Brokers Corporation; Sterling West Insurance Services, Inc.; Austin & Austin Insurance Services, Inc.; Steven David Goodman; Brent Irving Allen; Winfield Martin Hopkins; Kenneth Robert Masters; Ambis Corporation; Arc-En Insurance Services, Inc.; Rutherford Insurance Services, Inc.; Health Care Facilities of America LLC; Bonnie Mary Helene Carol Randall-Molaschi; Thorson & Associates Insurance Service & Risk Management; Rangemark Insurance Services, Inc.; Mitchell Hunt Kaliff; Directnet Insurance Agency, Inc.; P. Allen Haney Company; Epolicy.Com Insurance Services, Inc.; Dodge Warren & Peters Insurance Services, Inc.; and Davila Insurance Concepts & Services, Inc.
Legislative Update

SB 773 (Speier) This bill would enact the Financial Information Privacy Act of 2002, which would require a financial institution to provide specified notice to, and to obtain the consent of, a customer before disclosing to or sharing confidential consumer information, as defined, with any nonaffiliated third party, subject to certain exceptions. STATUS: 7/5/01 Joint Rule 61(a)(9) suspended. This bill was heard in the Senate Insurance Committee for a third time on July 16, 2001.

AB 1727 (Calderon) This bill would establish non-resident surplus line brokers in addition to regulating retail sales practices, solicitations, advertising, and offers of any insurance product or annuity to a consumer by a depository institution, or any person engaged in those activities at the office of a depository institution or on behalf of a depository institution. STATUS: In committee: Set, second hearing. Held under submission. The bill is expected to be acted upon in 2002.

SB 1136 (Polanco) This bill would delete the January 1, 2002, repeal of two provisions (Sec. 703.1 and 1773) governing the advertising by nonadmitted carriers and surplus line brokers. STATUS: 7/12/01 Placed on inactive file on request of Assembly Member Calderon. The bill may be acted upon later this year.

SLA MEMBER PROFILE

Katie Freeman moved to California from West Hartford, Connecticut in 1975 after graduating from Briarwood College. She began her insurance career with Walker & Company (later to be Gerald J. Sullivan & Associates). She worked in the structured settlement department and then started her career in professional liability by underwriting the American Hospital Association and California Hospital Association directors & officers liability programs for Underwriters at Lloyds and Midland Insurance Company.

Catherine (Katie) A. Freeman

From Gerald J. Sullivan & Associates, Katie went to work for Stewart Smith West brokering professional liability and directors & officers liability and underwrote five national real estate E&O programs. Katie then went to work for Harbor Insurance Company in the directors & officers liability department and then made another move to Johnson & Higgins of Los Angeles working with general casualty lines.

Katie returned to professional liability when she went to work for Hull & Company in Santa Ana and then to Allen Sterger & Associates as the brokerage manager for all lines of E&O, D&O and medical malpractice.

In November of 1993,

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For almost 7 years, Pat McAuley has worked in the SLA’s Data Processing Department first as the Assistant to the Manager of Data Processing and for the last 4 years as the Supervisor of the Data Processing Department. Pat supervises a staff of 20 Data Analysts and ensures that the day-to-day operations of the department are functioning efficiently. Pat is also responsible for processing complex surplus line filings, monitoring the productivity levels of the data processing staff and generating informative reports for the California Department of Insurance.

Born in San Francisco’s Chinatown, Pat now resides in Daly City with her Husband Joe and her dog Blackie. Pat also has a son, Tony, who is currently attending the University of California at Berkeley. During her spare time Pat enjoys reading and exercising. Pat especially enjoys her favorite pastime of re-creating a variety of Barbie doll personalities. Pat’s recreations are very artistic and have been featured in several Barbie doll competitions.

Processing insurance policies is nothing new to Pat. Pat has worked in the insurance industry for the past 20 years holding positions such as Benefits Appraiser and Claims Adjuster. Pat’s extensive knowledge of the insurance industry has served as a valuable asset to the SLA. In addition to her professional experience, Pat also holds a Bachelor’s degree in Home Economics and Consumer Affairs and a Master’s degree in Humanities from San Francisco State University.

Anyone at the SLA can confirm that Pat is a “people” person whose gregarious personality makes her enjoyable to work with. When asked what she enjoys most about working at the SLA, Pat’s response was that the SLA presents many challenges for her and gives her the opportunity to grow professionally. As a result, Pat has taken several professional development seminars in human resources, supervisory skills and computer software programs.

For the past year Pat has been working diligently

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On June 25, 2001, the Surplus Line Association of California implemented a new transaction processing system. The system, developed by Sapiens Americas, is a product of the Sapiens Object Pool Technology. The system was developed using the Rapid Application Development (RAD) process, which emphasized frequent interaction between developers and end-users.

During the initial phases of the project, both teams participated in Joint Application Design (JAD) sessions to develop the requirements for the system. Subsequently, smaller focus groups were formed to collect more specific information about the processes of each department. The JAD sessions not only gave the SLA staff the opportunity to input their ideas for the new system, but it also gave the staff the chance to work as a team and to learn more about the processes of other departments.

Once the application was developed, the SLA staff worked industriously to test each component of the application. The Sapiens development team worked closely with the SLA test team to correct any defects or errors identified during the validation process. In tandem with the validation phase, the SLA team was busy scrubbing data from the old system to prepare for the final data conversion to the new system.

After the validation and data conversion phases were completed, the system went into production. The new system was installed on an AS400/DB2 system. The client is a Windows based program called Sapiens Work Station (SWS), which allows users to access the newly developed Graphical User Interface (GUI) data entry screens, replacing the mundane green screens that the SLA has been using since 1987. The new system also has a unified DB2 database integrating the numerous stand-alone databases that were once functioning in various SLA departments.

In addition to the new screens, many of the once manually performed processes are now automated in the new system. For example, standard and security tags are now automatically generated and manual coding procedures, such as searching for security and coverage codes are now accessible on-line with the use of drop down lists that are populated with real time information. Furthermore, the stamping fee formerly captured in report format only, is now calculated and stored in the DB2 database.

The new system is also equipped to capture additional information regarding surplus line filings. For example, the information on
the SL1 and SL2 forms are now captured in its entirety and more detailed demographic and contact information are captured as well.

Although most of the requirements for the new system were related to the data processing functions, other areas such as the financial analysis, education, and membership management components were also integrated into the system. Interfaces to the Department of Insurance Continuing Education Division and the National Association of Insurance Commissioners (NAIC) financial database were also installed in the system to transfer data to and from the SLA’s DB2 database.

If you haven’t noticed already, our correspondence (invoices, tags, etc…) has also taken on a new look. All of the production and ad-hoc reports were developed using Crystal reports. All reports are now printed on high production laser printers, replacing the antiquated dot matrix reports of the past. Crystal reports will also permit the SLA to access real time data.

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instantly from the DB2 database to produce a variety of ad-hoc reports for correspondence and analysis. As a result, the SLA is open to any comments or suggestions to improve or create reports that may be helpful to the SLA brokerage community.

As a whole, the new transaction processing system is expected to enhance the workflow and productivity of the various functions of the Association. The next step, tentatively scheduled to begin in late 2001, is to web enable the new processing application so that brokers and agents have the option to complete SLA filings via the Internet.

Filing Procedure Update

Effective immediately the following changes will impact batch filing procedures for surplus line brokers.

All future filings submitted to the Surplus Line Association should include a batch cover sheet containing the following information:

- The assigned SLA broker number. This number can be found on your monthly billing statement or you can contact anyone in the Data Processing Dept. for this information.
- Name of the insured.
- Policy number.
- Premium amount and stamping fee for each item in the batch.
- Grand total of premium amount being filed.
- A listing of each item in the same order as the documents in the batch.
- Type of document being filed (i.e., new, renewal, endorsement, extension endorsement, cancellation or offset).
- Total item count in the batch.

We would also appreciate it if the following information could also be included on the cover sheet:

- * Please note, these requirements do not apply to those batches submitted as non-money endorsements.

You can contact Judith Flowers, Manager of the Data Processing Dept. or Pat McAuley, Operations Supervisor of the Data Processing Dept. if you have any questions.

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The Surplus Line Association of California

A guide to education events in 2001

JULY 2001

Western States Surplus Lines Conference
3 CE Credits
Breckenridge, Colorado

NOVEMBER 2001

Surplus Lines Is Not Assigned Risk
CPCU All Industry Day Seminar
2 CE Credits - #97158

Tuesday, November 6, 2001
Marriott Hotel
55 Fourth Street
San Francisco, CA 94103

Additional Insured & Certificate of Insurance Issues in the Decade of 2000
3 CE Credits - #100038

Tuesday, November 13, 2001
Fairmont Hotel
950 Mason Street
San Francisco, CA 94111

Wednesday, November 14, 2001
Hilton Universal City & Towers
555 Universal Terrace Park
Universal City, CA 91608

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For the members of
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Stephanie Reilly
Marsh Risk & Insurance Services

***************

Ted Pierce
Executive Director, SLA

Deanna M. Zanoni
Stamping Office Director, SLA

Please address all correspondence to the Editors:

SLA Quarterly
388 Market Street, 11th Floor
San Francisco, CA 94111
Telephone: (415) 434-4900
Fax: (415) 434-3716