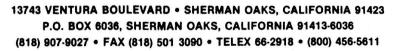


Cowan Surplus Lines Insurance Services Inc.

UNDERWRITING MANAGERS • PROPERTY • LIABILITY • UMBRELLAS EXCESS AND SURPLUS LINES BROKERS • REINSURANCE INTERMEDIARIES





February 17, 1992

Mr. Wayne Schooling 2401 East Pacific Coast Highway Wilmington, CA 90748

Re:

Atlantic & Pacific International

Assurance Company Inc.

Dear Mr. Schooling:

I was quite distressed the other day when we were talking, that you should take the approach and hang up because we are asking for a declaration on the negative information that you purport you received via Mr. Hicks of the District of Columbia Government.

As we explained to you, this business is being sold in California under the Risk Retention Act and when we walk you through the Risk Retention Reporter, you will be able to see that the Group has indeed filed properly with California, and I may add with other jurisdictions also.

This lack of viable information certainly will put another piece in the jigsaw puzzle.

We have in our possession, the quarterly statements as delivered to the District Government as of September 1991, and the company is expected to file its year-end within the next 30 days. I promised to send you some of this information but after discussing this in our conversation with Chris Fitchew, who was present during the entire conversation, we decided that since it appears that there is a problem with you in comprehending the information and disseminating it properly, we will have to wait the company's advices as to what documents we may or may not be able to provide, with their approval.

The company is licensed and was licensed by the District of Columbia, and has been licensed since 1887 when the company was originally chartered, and we are in possession of these documents. There is a trust fund which is set up in California, which I am a signatory to the funds so that we do not have any mass exits of funds. We believe that the company is working well within its capital surplus on the business that it is currently

February 17, 1992 Mr. Wayne Schooling Page 2

writing. (Well within the three to one ratio and, in fact, we are currently looking at about a one and a half to one net or reinsurance.)

Mr. Schooling, hanging up on me did not finish the conversation, but I can assure you that we are going to instruct our local counsel, as well as the company's D.C. counsel, to get in touch with you. Whether you wish to provide a declaration voluntarily or not is quite academic since we have been told that they will issue and use the power of subpoena to depose you in this matter. It is also important that you understand that you have been passing misinformation and, as I explained to you, we are attributing this misinformation to you personally since you are the one that is offering this incorrect and certainly destructive information. As such, we would appreciate, on behalf of the carrier, that you cease doing this immediately until you have investigated the matter more thoroughly, and reviewed any and all documents which are available, etc.

I remain,

Yours sincerely,

Raymond S. Cowan

CC: Mr. Charles Martin, Jr.
Vice President
Atlantic & Pacific International
Assurance Company
3105 Georgia Avenue N.W.
Washington, D.C. 20010

Mr. Nicholas Pen c/o Leftwich More & Douglas Suite 1100 1133 15th Street N.W. Washington, D.C. 20005-3922

Property Casualty Underwriters 2960 Brandy Wine Road Suite 225 Chamblee, GA 30341 Attention: Michael Lane

Agency License Details

The license status information shown below represents information taken from the California Department of Insurance (CDI) licensing database at the time of your inquiry. This information may not always be current. For example, items sent to the CDI may be pending review or simply may not have yet been entered into our licensing database. For instance, continuing education hours quoted may not reflect courses taken in the last 45 days. This database will reflect concluded disciplinary actions against licensees. Complaints and ongoing investigations are confidential and, therefore, not available.

Section 12938 (a) of the California Insurance Code, in part, requires the CDI to make all fully executed stipulations, orders, decisions, and settlements available to the public on its Web site. You can search for key documents regarding any enforcement action the department has filed against this licensee on the Enforcement Action Documents Search Page. Please note Enforcement Action Documents (i.e. legal pleadings and orders generated during the enforcement action) are available on this Web site only for enforcement actions taken on or after July 1, 2001. If an enforcement action was taken prior to July 1, 2001, this Web site will only provide a summary description of the enforcement action. Documents relating to actions taken prior to July 1, 2001 may be obtained by submitting a written request to the CDI.



Name: COWAN SURPLUS LINES

INSURANCE SERVICES, INC.

License type: Fire and

Status: Inactive

Status Date: 02/03/1994

Exp Date: 02/03/1994

License#: 0726285

Casualty Broker-Agent

License type: Special Lines

Status: Inactive

Status Date: 07/25/1993

Exp Date: 02/03/1994

SL Broker

License type: Surplus Lines Status: Inactive

Status Date: 07/25/1993

Exp Date: 02/03/1994

Broker

Business Address: 13743 VENTURA BLVD #300 SHERMAN OAKS, CA 91423

Enforcement Action Description

Enforcement Action: ORD: Order ID: CP LICENSES AND LICENSING RIGHTS OF CORPORATION ARE HEREBY REVOKED.

On Date: 02/03/1994

Records 1 to 7

GOVERNMENT OF THE DISTRICT OF COLUMBIA

DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS



INSURANCE ADMINISTRATION
POST OFFICE BOX NUMBER 37200
WASHINGTON, D.C. 20013-7200

February 20, 1992

Mr. Wayne E. Schooling Safety Director California Cartage Company, Inc. 1600 East Hill Street, Bldg. 2 Post Office Box 92829 Long Beach, California 90809-2829

Re: Atlantic and Pacific International Assurance Company

Dear Mr. Schooling:

This is in response to your letter of February 10, 1992, regarding the above referenced company.

Atlantic and Pacific International Assurance Company (APIA) is a licensed insurance company domiciled in the District of Columbia. However, APIA is not currently authorized to underwrite business in the District of Columbia, since its premium rates and policy forms have not been approved in accordance with D.C. Code, Section 35-1531 and 35-1703, inter alia 1981 Edition, (as amended).

If we can be of further assistance to you in the future, please let us know.

Patrick E. Kelly

Sincerely.

Deputy Superintentent of Insurance