BULLETIN #890

NEW SLA PUBLICATION

Enclosed is one copy of a new SLA publication. *Non-Admitted Does Not Mean Non-Regulated.* This brochure is intended to educate insurance producers and consumers about the purpose and function of the List of Eligible Surplus Line Insurers and the Surplus Line Association of California. To request additional copies of the brochure, contact Paul Little of the SLA at (800) 334-0491 (in California) or (415) 434-4900, extension 127.

See page 2 & 3 for Brochure Copy
See page 4 & 5 for Text version

Theodore M. Pierce
Executive Director

Attachment
NON-ADMITTED MEANS...
- Insurance carriers that are not licensed by the State of California (also called "surplus lines carriers")
- Carriers on the LESLI list are actually "admitted" insurance carriers, in a state or domicile other than California
- Carriers that must meet strict surplus line laws and regulations in order to provide insurance to California businesses and residents
- Carriers that are regulated by their state or country of domicile, including stringent requirements regarding reputation and integrity, capitalization and solvency, licensing, and business practices

WHAT IS THE LESLI LIST?
- The List of Eligible Surplus Line Insurers
- Established and regulated by the CDI
- Monitored by The Surplus Line Association of California
- The only group (with few exceptions) through which licensed brokers can sell surplus line policies in the State of California

WHO REGULATES SURPLUS LINES TRANSACTIONS IN CALIFORNIA?
- CDI legally regulates transactions
- SLA monitors and advises
- Brokers and agents have strict compliance responsibilities to promote and protect consumer insurance

THE SURPLUS LINE ASSOCIATION OF CALIFORNIA
248 Market Street, 11th Floor • San Francisco, CA 94111
(800) 554-6881 in California
(415) 424-1600 phone • (415) 424-5736 fax
http://www.sla-sla.org

SUMMARY

The Surplus Line Association (SLA) is charged with and committed to the protection of California consumers of surplus lines of insurance. It is the only organization with advisory and statutory powers to the California Department of Insurance (CDI) regarding such transactions. A non-profit organization, the SLA has been working with the CDI since 1937, to maintain a responsive and lawful California surplus line market. This document is an introduction to the market, its participants, regulations, and the role of the SLA as it works to protect you.

NON-ADMITTED DOES NOT MEAN NON-REGULATED
NOTICE

1. THE INSURANCE POLICY THAT YOU ARE APPLYING TO PURCHASE IS BEING ISSUED BY AN INSURER THAT IS NOT LICENSED BY THE STATE OF CALIFORNIA. THESE COMPANIES ARE CALLED “NON-ADMITTED” OR “SURPLUS LINE” INSURERS.

2. THE INSURER IS NOT SUBJECT TO THE FINANCIAL SOLVENCY REGULATION AND ENFORCEMENT WHICH APPLIES TO CALIFORNIA LICENSED INSURERS.

3. THE INSURER DOES NOT PARTICIPATE IN ANY OF THE INSURANCE GUARANTEE FUNDS CREATED BY CALIFORNIA LAW. THEREFORE, THESE FUNDS WILL NOT PAY YOUR CLAIMS OR PROTECT YOUR ASSETS IF THE INSURER BECOMES INSOLVENT AND INS UNABLE TO MAKE PAYMENTS AS PROMISED.

4. CALIFORNIA MAINTAINS A LIST OF ELIGIBLE SURPLUS LINE INSURERS APPROVED BY THE INSURANCE COMMISSIONER. ASK YOUR AGENT OR BROKER IF THE INSURER IS ON THAT LIST.

5. FOR ADDITIONAL INFORMATION ABOUT THE INSURER YOU SHOULD ASK QUESTIONS OF YOUR INSURANCE AGENT, BROKER, OR “SURPLUS LINE” BROKER OR CONTACT THE CALIFORNIA DEPARTMENT OF INSURANCE AT THE FOLLOWING TOLL-FREE TELEPHONE NUMBER: 1-800-927-4357.

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DATE
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INSURED

D-1 FORM (1/1999)

POLICY — Surplus line insurance policies are sold by “non-admitted” carriers through licensed “surplus line brokers.” Other insurance agents are brokers must go to a licensed surplus line brokerage to access non-admitted carriers. When such companies are on California’s LESLI List (see above notice), they are regulated.

THE STATE OF CALIFORNIA — Since 1937, The Surplus Line Association of California (SLA), a non-profit statutory advisory organization, has monitored surplus lines and advised the California Department of Insurance (CDI) regarding non-admitted carriers and surplus line brokers to protect California companies and citizens.

NON-ADMITTED OR SURPLUS LINE — Non-admitted does not mean non-regulated, as evidenced by this document. Non-admitted carriers on the LESLI List have been reviewed and approved by the California Department of Insurance (CDI) for surplus line insurance in California. Non-admitted carriers on the LESLI List are actually “admitted” insurance carriers, in a state or domicile other than California. Surplus lines have been written by non-admitted carriers since the 1800’s, and generally are used when a risk is unusual, unusually large or when coverage is not available from carriers licensed in California.

SOLVENCY REGULATIONS — Non-admitted insurers on the LESLI List must demonstrate to the State of California their financial stability, reputation and integrity; maintain a minimum of $15 million in capital and surplus at all times; have 3 years seasoning (or qualify for an exception); have a valid license to transact insurance in their domicile; file financial information with the Department of Insurance, and adhere to specific capitalization, investment and solvency standards established under the California Insurance Code.

CALIFORNIA LAW — The California Department of Insurance (CDI) is the official regulatory agency for insurance in California, including the surplus line industry. The Surplus Line Association of California (SLA) is officially a non-profit, advisory organization which performs statutory duties for the CDI. The SLA’s recommendations are considered and incorporated into the legally binding decisions of the CDI when appropriate.

LIST — California’s LESLI List (List of Eligible Surplus Line Insurers) was first issued by the California Department of Insurance (CDI) in 1995. Licensed surplus line brokers are forbidden by law from using non-admitted insurers that are not on the List (with narrow exceptions). Make sure your carrier is on the LESLI List!
NON-ADMITTED MEANS...

- Insurance carriers that are not licensed by the State of California (also called “surplus lines carriers”)
- Carriers on the LESLI list (are actually “admitted” insurance carriers, in a state or domicile other than California)
- Carriers that must meet strict surplus line laws and regulations in order to provide insurance to California businesses and residents
- Carriers that are regulated by their state or country of domicile, including stringent requirements regarding reputation and integrity, capitalization and solvency, licensing, and business practices

WHAT IS THE SLA?

- The Surplus Line Association of California (SLA). A non-profit organization, the SLA has been working with the California Department of Insurance (CDI), since 1937, to maintain a responsive and lawful California surplus line market
- The SLA performs statutory duties within the California insurance industry under the direction and supervision of the CDI.

WHAT IS THE LESLI LIST?

- The “List of Eligible Surplus Line Insurers”
- Established and regulated by the CDI.
- Monitored by The Surplus Line Association of California

WHO REGULATES SURPLUS LINES TRANSACTIONS IN CALIFORNIA?

- CDI legally regulates transactions
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