

**THE SURPLUS LINE
ASSOCIATION OF CALIFORNIA**



*Don't Worry —
Non-admitted Does Not
Mean Non-regulated*





THE SURPLUS LINE ASSOCIATION OF CALIFORNIA

The Policy

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

The State Of California

Since 1937, The Surplus Line Association of California, a nonprofit 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. Non-admitted carriers on the LESLI have been reviewed and approved by the California Department of Insurance (CDI) for surplus line insurance in California. Non-admitted

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carriers on the LESLI are actually “admitted” insurance carriers in their state or country of 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 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 is officially



a nonprofit advisory organization, which performs statutory duties for the CDI. The Association's recommendations are considered and incorporated into the legally binding decisions of the CDI when appropriate.

LESLI

California's LESLI 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 LESLI (with narrow exceptions). Make sure your carrier is on the LESLI!

NON-ADMITTED MEANS...

- Insurance carriers not licensed by the State of California (also called "surplus line carriers")
- Carriers on the LESLI (are actually "admitted" insurance carriers, licensed in a state or country of 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 regulated by their state or country of domicile, including stringent requirements regarding reputation and integrity, capitalization and solvency, licensing and business practices

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WHAT IS THE SURPLUS LINE ASSOCIATION OF CALIFORNIA?

- A nonprofit 501(c)(6) organization, the Association has been working with the California Department of Insurance (CDI), since 1937, to maintain a responsive and lawful California surplus line market
- The Association performs statutory duties within the California insurance industry under the direction and supervision of the CDI

WHAT IS THE LESLI?

- 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
- SLA monitors and advises
- Brokers and agents have strict compliance responsibilities to promote and protect consumer awareness

SUMMARY

The Surplus Line Association is charged with and committed to the protection of California consumers of surplus lines of insurance. It is the only organization with an advisory and statutory relationship with the California Department of Insurance (CDI) regarding such transactions. A nonprofit organization, the Association 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 Association as it works to protect you.

**THE SURPLUS LINE
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