

Non-admitted Does Not Mean Non-regulated

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 LASLI (List of Approved Surplus Line Insurers) List, they are regulated.

THE STATE OF CALIFORNIA - Since 1937, The Surplus Line Association of California (SLA), 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.

NONADMITTED OR SURPLUS LINE - non-admitted does not mean non-regulated, as evidenced by this document. Non-admitted carriers on the LASLI List have been reviewed and approved by the California Department of Insurance (CDI) for surplus line insurance in California. Non-admitted carriers on the LASLI 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 LASLI List must demonstrate to the State of California their financial stability, reputation and integrity; maintain a minimum of \$45 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 nonprofit, 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.

NONADMITTED MEANS...

- Insurance carriers that are not licensed by the State of California (also called “surplus lines carriers”)
- Carriers on the LASLI 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 nonprofit 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 LASLI LIST?

- The “List of Approved 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 (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 nonprofit 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.