

Non-Admitted Does Not Mean Non-Regulated

The Surplus Line Association of California 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 Means...

- Insurance carriers that are not licensed by the State of California (also called "surplus lines carriers")
- Carriers on the List of Eligible Surplus Lines Insurers (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 California Department of Insurance.
- 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

- California Department of Insurance legally regulates transactions.
- Surplus Lines Association monitors and advises.
- Brokers and agents have strict compliance responsibilities to promote and protect consumer awareness.
- When such companies are on California's LESLI List, they are regulated.

Surplus line insurance policies are sold by "non-admitted" carriers through licensed "surplus line brokers" called wholesalers, who in turn sell the products via licensed property and casualty insurance agent/brokers.

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.

The 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.