

CALIFORNIA COMMERCIAL INSURED/EXEMPT COMMERCIAL PURCHASER

SAMPLE CHECKLIST

**Commercial Insured/Exempt Commercial Purchaser Qualifications Checklist**

Under the NRRRA and California Insurance Code 1763, the surplus line broker does not need to perform a diligent search if the insured qualifies as an Exempt Commercial Purchaser. To determine whether the insured meets the definition of a Commercial Insured/Exempt Commercial Purchaser under the NRRRA and California Insurance Code section 1760.1(b), please review the following checklist. If the insured meets all three requirements, a diligent search does not need to be performed.

Remember, a Commercial Insured/Exempt Commercial Purchaser is different from an Industrial Insured as described in California Insurance Code section 1764.1.

- Requirement 1: Employs or retains a qualified risk manager (refer to definition below)
- Requirement 2: Paid an aggregate nationwide property & casualty premium of at least \$100,000 in the immediately preceding 12 months.
- Requirement 3: Meets **one** of the following\*:
- \_\_\_\_\_ Possesses a net worth of/or in excess of \$23,781,160, **or**
  - \_\_\_\_\_ Generates annual revenues of \$59,452,900 or more, **or**
  - \_\_\_\_\_ Employs more than 500 full time employees per individual insured, or is a member of an affiliated group employing more than 1,000 employees in the aggregate, **or**
  - \_\_\_\_\_ Is a non-profit or public entity generating annual budget of at least \$35,671,740, **or**
  - \_\_\_\_\_ Is a municipality with a population in excess of 50,000 persons.

NRRA Qualified Risk Manager Definition

Under the NRRA, a Qualified Risk Manager must meet all three of the following requirements:

- Requirement 1: Must be an employee of, or a third party consultant retained by, a commercial policyholder, **and**
- Requirement 2: Provides skilled services in loss prevention, loss reduction, or risk and insurance coverage analysis, and purchase of insurance, **and**

\* Adjusted Minimum Effective as of January 1, 2020.



Requirement 3:

\_\_\_\_\_ A bachelor's degree or higher from an accredited college or university in risk management, business administration, finance, economics, or any other field determined by a State insurance commissioner or other State regulatory official or entity to demonstrate minimum competence in risk management; **and**

\_\_\_\_\_ three years of experience in risk financing, claims administration, loss prevention, risk and insurance analysis, or purchasing commercial lines of insurance, **or**

\_\_\_\_\_ Holds one of the designations below:

\_\_\_\_\_ CPCU or ARM or CRM or RF or any other designation, certification, or license determined by a State Insurance commissioner or other State regulatory official or entity to demonstrate minimum competence in risk management, **or**

\_\_\_\_\_ Has seven years of experience in risk financing, claims administration, loss prevention, risk and insurance coverage analysis, or purchasing commercial lines of insurance; and any one of the following designations: CPCU or ARM or CRM or RF or any other designation, certification, or license determined by a State insurance commissioner or other State insurance regulatory official or entity to demonstrate minimum competence in risk management, **or**

\_\_\_\_\_ Has at least ten years of experience in risk financing, claims administration, loss prevention, risk and insurance coverage analysis, or purchasing commercial lines of insurance, **or**

\_\_\_\_\_ Has a graduate degree from an accredited college or university in risk management, business administration, finance, economics, or any other field determined by a State insurance commissioner or other State regulatory official or entity to demonstrate minimum competence in risk management.