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**Bulletin # 1218**

**RE: California Eligibility and Filing Requirements for Surplus Line Insurers**

The California Department of Insurance (CDI) has revised its 2010 eligibility and filing guide (Guide) for non-admitted insurers who wish to operate or continue to operate as an approved surplus line carrier in California. The attached Guide has been revised to reflect the following filing fees that went into effect July 1, 2010.

<u>Type of Filing</u>	<u>Filing Fee</u>
LESLI application	\$4,593
Annual renewal	\$2,296
Financial update	\$256
Non-financial update	\$37
Supplemental information update	\$37

Please also note the new Regulatory Filing Contact person at the CDI is **Shannon Carrion**, Chief, Licensing Compliance and Company Investigations Bureau (see page 10 of the Guide).

The Guide is also available on the SLA website: [http://www.slacal.org/carrier\\_info/cr\\_eligibility.html](http://www.slacal.org/carrier_info/cr_eligibility.html). Please be reminded that all documents and fees must be submitted to the CDI at the following address: Accounting Services Bureau, State of California Department of Insurance, 300 Capitol Mall, Sacramento, CA 95814.

If you have any questions, please call me or Patrice Kwang at (415) 434-4900, or the CDI Licensing Compliance and Company Investigations Bureau at (916) 492-3651.

Linda Cheng  
Manager, Financial Department

LC/pk  
Attachments

**DEPARTMENT OF INSURANCE**

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## **CALIFORNIA ELIGIBILITY AND FILING REQUIREMENTS FOR SURPLUS LINE INSURERS**

Following the enactment of California Insurance Code (“CIC”) §1765.1, effective January 1, 1995, the Insurance Commissioner of this State (“Commissioner”) must approve a nonadmitted insurer before it is eligible for surplus line placement in California. The approval process requires the nonadmitted insurer to establish its financial stability, reputation, and integrity by providing satisfactory evidence (including the submission of certain required documents) to the California Department of Insurance (“CDI”) through a surplus line broker. Once the CDI determines that a nonadmitted insurer has met California’s eligibility standards, the insurer is added to the List of Eligible Surplus Line Insurers (“LESLI”). Surplus line brokers may only make placements with nonadmitted insurers that appear on the LESLI, unless the placement qualifies under the GAP provisions of CIC §1765.1(k) (GAP filings have their own requirements and are not addressed in this document). To ensure continued compliance, a LESLI-listed company is required to renew its eligibility status annually and provide the CDI with all the updated documents required under CIC §1765.1.

This document (the “Guide”) summarizes the eligibility and filing requirements for nonadmitted insurers wishing to operate or be approved to operate as surplus line carriers in California. The Guide is intended to assist those who prepare regulatory filings for nonadmitted insurers. It is not all inclusive and does not supersede the actual language of the California surplus line laws and regulations, specifically CIC §1765.1 and sections 2174.1-.4 of Title 10 California Code of Regulation (“CCR”). The Guide is divided into the following sections:

- I Eligibility Requirements
- II Document Filing Requirements
  - A. Foreign Insurers
  - B. Alien Insurers
- III Definitions of “Certified” and “Verified”
- IV Annual Renewal Requirements
- V Updated Filing Requirements
  - A. Foreign Insurers
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- VI Suggested Dates for Filing Financial Documents
- VII Filing Fees Schedule
- VIII Other Requirements for All Filings
- Exhibit A Verified Regulatory Disclosure Statement
- Exhibit B Verified Statement to use when Certification is Unavailable
- Exhibit C Verified Statement Incorporating Previously Filed Documents
- Exhibit D Verified Statement to use when Certificate of Good Standing, Certificate of Compliance, or equivalent Certificate is Unavailable
- Exhibit E Document Checklists: Foreign and Alien

## I. Eligibility Requirements

To be considered for placement on the LESLI, a nonadmitted insurer must make an application to the CDI and submit all the documents specified under CIC §1765.1(c) and (d), along with a filing fee of \$4,593. The required documents and applicable filing fee are detailed in Sections II and VII of this Guide, respectively. The documents filed with the LESLI application must demonstrate that the insurer meets the following standards:

- A. That the insurer has established its **financial stability, reputation, and integrity** for the class of insurance it proposes to place with California surplus line brokers {CIC §1765.1(a)(1)}.
- B. That the insurer must have and will maintain a minimum of **\$15 million in capital and surplus** at all times. It must also have **\$15 million in assets acceptable** under the California Insurance Code {CIC §1765.1(a)(2)(A)}. Acceptable assets, as defined in Sections 1170 to 1182, comprise essentially of cash and marketable securities; letters of credit are deemed unacceptable.
- C. That the insurer has actively **transacted insurance for at least three years** immediately prior to its application for surplus line eligibility {CIC §1765.1(e)(3)}.
- D. Alien insurers must have established an irrevocable **U.S. trust account** consisting of cash and marketable securities of no less than \$5.4 million at all times with a U.S. Federal Reserve System member bank. Letters of credit may be used to fund the trust account, provided they are issued by a qualified U.S. financial institution. {CIC §1765.1(b)(1)}
- E. The insurer must currently hold a **license** to issue insurance policies (other than reinsurance) to residents of the jurisdiction that granted the license unless it has been granted an exemption {CIC §1765.1(e)(4)}.
- F. All documents filed must be **complete, clear, comprehensible, unambiguous, accurate and consistent** {CIC §1765.1(e)(1)}.
- G. The insurer must have an appointed California-licensed surplus line broker who has agreed to act as its **contact broker** to assist with the insurer's LESLI application and subsequent regulatory filing responsibilities in California {CIC §1765.1(a)(1)}. A nonadmitted insurer may make its LESLI application, annual renewal filings, and update filings directly with the CDI provided the insurer keeps its contact broker informed. It is recommended that the contact broker maintain a complete set of all such filings.

## II. Document Filing Requirements

All required documents must be filed in accordance with the provisions of CIC §1765.1(c) and (d). All financial and certain non-financial documents must be certified, while several other required documents must be verified. For definitions of "certified" and "verified", refer to Section III of this Guide.

If any required document(s) is not available at the time of the insurer's filing, the insurer should

provide an explanation why the document(s) was not included and an estimate as to when the document(s) will be made available to the CDI.

The filing requirements for foreign (U.S. domiciled) are slightly different from alien (non-U.S. domiciled) insurers; hence, requirements for these two types of insurers are addressed in separate sections.

#### **A. Filing Requirements for Foreign (U.S. domiciled) Insurers**

Foreign insurers must file each of the documents listed below (in quadruplicate, one original and three photocopies) with the LESLI application and, subsequent to their placement on the LESLI at least annually as part of the annual renewal process or as an update filing:

1. **Annual Statement** of the insurer not older than 12 months, and prepared in the NAIC prescribed format {CIC §1765.1(c)(1)(A) & (D)(i)}. The Annual Statement must be certified and include all supplementary reports, exhibits, and schedules required by the NAIC including, but not limited to, Statement of Actuarial Opinion<sup>(1)</sup>, Actuarial Opinion Summary, Reinsurance Attestation Supplement, Reinsurance Summary Supplemental (if applicable), Exhibit of Premiums & Losses for California Business, Management Discussion and Analysis, and Risk-Based Capital (RBC) Summary Report.

<sup>(1)</sup> Special Requirements for Pooled Companies: For an insurer that is a member of an intercompany pooling arrangement where there is one lead company that has 100% of the pooled business and the insurer has a 0% share of the pool, that insurer in the pool must submit a pooled opinion. Refer to the NAIC Annual Statement Instructions for more details.

2. **Audited Financial Report** of the insurer, prepared by an independent certified public accountant or accounting firm (“CPA”), showing the insurer’s condition as of a date not more than 12 months prior to submission {CIC §1765.1(c)(1)(B)}. The CPA must be in good standing with the American Institute of Certified Public Accountants in all states where the CPA is licensed to practice. The audited report must be prepared in accordance with statutory accounting practices prescribed, or otherwise permitted, by the insurance regulator of the insurer’s domiciliary jurisdiction.

CIC §1765.1 requires Audited Financial Reports to be certified; however, the CDI will accept verified copies if certified copies are not available at the time of filing. The CDI expects to receive certified copies when they become available. Exhibit B is a specimen of such a verification statement that the Commissioner considers to be in compliance with the California Insurance Code.

3. A certified copy of the insurer’s **current License or Certificate of Authority** issued by its domiciliary jurisdiction. The license should set forth the insurer’s authority to transact the types of insurance it proposes to provide California consumers {CIC §1765.1(c)(2)}.

4. A **Certificate of Good Standing, Certificate of Compliance, or other Equivalent Certificate** issued by the insurer's domiciliary jurisdiction {CIC §1765.1(c)(2)}. If such certification is not available from its domiciliary jurisdiction or any other state where it is licensed, the insurer must provide a verified statement signed by a responsible executive or officer of the company. Exhibit D is a specimen of such a verification statement that the Commissioner considers to be in compliance with the California Insurance Code.
5. **Agent for Service of Process** appointed by the insurer to receive service of suits filed against the insurer. The Agent must be located in California. Information must include the Agent's full name, the name of the firm the Agent represents, business address, telephone and fax numbers where the agent can be reached during normal business hours {CIC §1765.1(c)(3)}.
6. **Principal Place of Business** of the insurer, including complete street address, mailing address, telephone and fax numbers {CIC §1765.1(c)(4)}.
7. **An Explanation, Report, or other Statement as to the Insurer's Record Regarding Market Conduct and Consumer Complaints.** Such report should be from the insurance regulatory office or official of the insurer's domiciliary jurisdiction and may be certified or verified {CIC §1765.1(c)(5)}.

If such report is not available from the insurer's domiciliary jurisdiction for the current filing year, or if the market conduct report is older than 12 months, then the insurer can provide a verified statement describing its own record regarding market conduct, and its own record of claims payment and treatment of policyholders.

8. **Regulatory Disclosure Statement.** A verified statement that discloses any currently known regulatory actions pending against the insurer or any affiliated entities {CIC §1765.1(c)(6)} for the current filing year. These regulatory actions include, but are not limited to, legal proceeding for receivership, conservation, liquidation, license revocation or suspension, or any other cease and desist order. If the insurer or its affiliate(s) is subject to such proceedings, the statement must identify the proceeding by date, jurisdiction, and relief or sanction sought. Copies of any outstanding orders must also be attached to the statement.

For insurers and their affiliates who are not subject to any such actions, Exhibit A is a specimen of such a verified regulatory disclosure statement that the Commissioner considers to be in compliance with the California Insurance Code.

9. The insurer's **Proposed Plan of Operation** in California. The Plan assists the Commissioner in determining whether the insurer has the financial stability, reputation and integrity for the class of insurance it proposes to accept from surplus line brokers {CIC §1765.1(d)(1)}, and in ascertaining that the insurer does not intend to offer in California products that violate CIC §1765.1(e)(6). The Plan should include the following information:
  - a) A brief description of the products the insurer intends to accept from

- California surplus line brokers.
- b) A list of all affiliated companies who are admitted in California, including any affiliate(s) applying for admission in this State.
  - c) An explanation as to how the coverages offered by the nonadmitted insurer differ from those offered by affiliated insurers (if any) transacting business in California on an admitted or non-admitted basis.
  - d) A brief description of the insurer's reinsurance program(s).

For new applicants, the insurer's business plan should also include: (1) three- to five-year written premium volume projections by line(s) of business, both worldwide and in California; and (2) three- to five-year pro forma statutory financial statements along with the assumptions used.

10. **Biographical Affidavits on the Officers and Directors** of the insurer {CIC § 1765.1(d)(1)}. If the insurer has filed these with the NAIC, they must also be filed in California.
11. **Latest Report of Examination** of the insurer issued by its domiciliary regulator. If the latest Report is not available at the time of the filing, the insurer must provide an explanation why it is not available, and an estimate as to when the latest Report should be made available {CIC §1765.1(c)(7)}. All copies must be certified.
12. **List of Surplus Line Brokers Authorized to Issue Policies on Behalf of the Insurer** {CIC §1765.1(c)(8)}. California-licensed surplus line broker(s) may issue policies on behalf of a non-admitted insurer provided the broker(s) has a written authorization from the insurer. The insurer is required to provide the Commissioner with a list of those California-licensed surplus line brokers who have been granted such authorization.  
  
If the insurer has not granted this authority to any broker, the insurer must submit a statement that indicates no broker has the authority to issue policies on the insurer's behalf.
13. **Quarterly Financial Statements** of the insurer for the current year if available at the time of making the LESLI application. For LESLI-listed companies, Quarterly Statements are normally filed as updates. {CCR §2174.3(a)(1)(A)(iv) and CIC §1765.1(d)(1)}

Quarterly Statements must be certified and filed as soon as they are available; however, the CDI will accept verified copies if certified copies are not available at the time of filing. The CDI also expects to receive certified copies when they do become available. Exhibit B is a specimen of such a verification statement that the Commissioner considers to be in compliance with the California Insurance Code.

## **B. Filing Requirements for Alien (non-U.S. domiciled) Insurers**

Alien insurers must file each of the documents listed below (in quadruplicate, one original and three photocopies) with the LESLI application and, subsequent to their

placement on the LESLI at least annually as part of the annual renewal process or as an update filing:

1. **Financial Statement** of the insurer not more than 12 months old. If the insurer is registered with the NAIC IID (International Insurers Department), a complete copy of its latest Standard IID Financial Reporting Format (“IID Report”) as filed with the NAIC {CIC §1765.1(c)(1)(A) & (E)}.

There are two filings of this IID Report: (a) An initial financial filing as required by the NAIC IID that is due within three months of the insurer’s year-end; and (b) the final filing as required by the NAIC IID that is due within seven months of the insurer’s year-end. *However*, if the insurer is waived by the NAIC IID from providing its initial filing, the insurer must advise the CDI in writing by March 31<sup>st</sup> that it will submit its final filing no later than May 31<sup>st</sup> of each year.

The IID Report must include all the required schedules and exhibits including, but not limited to, Schedule of Premiums and Losses, IID Interrogatories, Schedule of Reinsurance Ceded, and Certification of Loss Reserves (wherein the actuarial certification should render on both the total gross reserves for the insurer as a whole as well as the gross U.S. surplus lines reserves for business written after January 1, 1998).

If the insurer is not registered with the NAIC IID, it must file a Financial Statement that has been prepared following the Standard IID Financial Reporting Format.

All copies of the financial statement must be certified; however, the CDI will accept verified copies if certified copies are not available at the time of filing. The CDI expects to receive certified copies when they do become available. Exhibit B is a specimen of such a verification statement that the Commissioner considers to be in compliance with the California Insurance Code.

2. **Audited Financial Report** of the insurer, prepared by an independent licensed auditor in the insurer’s domiciliary jurisdiction, showing the insurer’s condition as of a date not more than 12 months prior to submission {CIC § 1765.1(c)(1)(B) & (E)}. The audited report must be prepared in accordance with either (i) Generally Accepted Auditing Standards that prescribe Generally Accepted Accounting Principles, or (ii) International Accounting Standards as published and revised from time to time by the International Auditing Guidelines published by the International Auditing Practice Committee of the International Federation of Accountants. The audit report must include financial statement notes and a summary of significant accounting practices.

All copies of the Audited Report must be certified; however, the CDI will accept verified copies if certified copies are not available at the time of filing. The CDI expects to receive certified copies when they become available. Exhibit B is a specimen of such a verification statement that the Commissioner considers to be in compliance with the California Insurance Code.

3. **U.S. Trust Agreement** of the insurer {CIC §1765.1(c)(1)(C)(i)} prepared in

accordance with the NAIC Standard Form Trust Agreement for Alien Excess or Surplus Lines Insurers (**as amended January 1, 2007**). All copies of the agreement must be certified. The trustee bank may certify these agreements.

4. Most recent quarterly **Statement of Account or List of Assets in the Trust Account** {CIC §1765.1(c)(1)(C)(ii)}. This Statement, generally provided on a regular basis by the trustee bank, shows a list of the assets held in the insurer's trust account at the end of each quarter. The Statement must be verified. Exhibit B is a specimen of such a verification statement that the Commissioner considers to be in compliance with the California Insurance Code.
5. A certified copy of the insurer's **current License or Certificate of Authority** issued by its domiciliary jurisdiction. The license should set forth the insurer's authority to transact the types of insurance it proposes to provide California consumers {CIC §1765.1(c)(2)}.

Each alien insurer must make every attempt to get a certified copy of its license issued by its domiciliary jurisdiction.

6. A **Certificate of Good Standing, a Certificate of Compliance, or other Equivalent Certificate** issued by the insurer's domiciliary jurisdiction {see CIC §1765.1(c)(2)}. If such certification is not available from its domiciliary jurisdiction, the insurer must provide a verified statement signed by a responsible executive or officer of the company. Exhibit D is a specimen of such a verification statement that the Commissioner considers to be in compliance with the California Insurance Code.
7. **Agent for Service of Process in California** appointed by the insurer to receive service of suits filed against the insurer. The Agent must be located in California. Information must include the Agent's full name, the name of the firm the Agent represents, business address, telephone and fax numbers where the agent can be reached during normal business hours {CIC §1765.1(c)(3)}.
8. **Principal Place of Business** of the insurer, including complete street address, mailing address, telephone and fax numbers {CIC §1765.1(c)(4)}.
9. **An Explanation, Report, or other Statement as to the Insurer's Record Regarding Market Conduct and Consumer Complaints**. Such report should be from the insurance regulatory office or official of the insurer's domiciliary jurisdiction and may be certified or verified {CIC §1765.1(c)(5)}.

If such report is not available from the insurer's domiciliary jurisdiction for the current filing year, or if the market conduct report is older than 12 months, then the insurer can provide a verified statement describing its own record regarding market conduct, and its own record of claims payment and treatment of policyholders.

10. **Regulatory Disclosure Statement**. A verified statement that discloses any currently known regulatory actions pending against the insurer or any affiliated entities {CIC §1765.1(c)(6)} for the current filing year. These regulatory actions include, but are



not limited to, legal proceeding for receivership, conservation, liquidation, license revocation or suspension, or any other cease and desist order. If the insurer or its affiliate(s) is subject to such proceedings, the statement must identify the proceeding by date, jurisdiction, and relief or sanction sought. Copies of any outstanding orders must also be attached to the statement.

For insurers and their affiliates who are not subject to any such actions, Exhibit A is a specimen of such a verified regulatory disclosure statement that the Commissioner considers to be in compliance with the California Insurance Code.

11. The insurer's **Proposed Plan of Operation** in California. The Plan assists the Commissioner in determining whether the insurer has the financial stability, reputation and integrity for the class of insurance it proposes to accept from surplus line brokers {CIC §1765.1(d)(1)}, and in ascertaining that the insurer does not intend to offer in California products that violate CIC §1765.1(e)(6). The Plan should include the following information:

- a) A brief description of the products the insurer intends to accept from California surplus line brokers.
- b) A list of all affiliated companies who are admitted in California, including any affiliate(s) applying for admission in this State.
- c) An explanation as to how the coverages offered by the nonadmitted insurer differ from those offered by affiliated insurers (if any) transacting business in California on an admitted or non-admitted basis.
- d) A brief description of the insurer's reinsurance program(s).
- e) Premiums written in California by line(s) of business.

For new applicants, the insurer's business plan should also include: (1) three- to five-year written premium volume projections by line(s) of business, both worldwide and in California; and (2) three- to five-year pro forma statutory financial statements along with the assumptions used.

12. **Biographical Affidavits on the Officers and Directors** of the insurer {CIC § 1765.1(d)(1)}. If these affidavits are filed in the insurer's home jurisdiction or elsewhere, they must also be filed in California.

13. **List of Surplus Line Brokers Authorized to Issue Policies on Behalf of the Insurer** {CIC §1765.1(c)(8)}. California-licensed surplus line broker(s) may issue policies on behalf of a non-admitted insurer provided the broker(s) has a written authorization from the insurer. The insurer is required to provide the Commissioner with a list of those California-licensed surplus line brokers who have been granted such authorization.

If the insurer has not granted this authority to any broker, the insurer must submit a statement that indicates no broker has the authority to issue policies on the insurer's behalf.

14. **Quarterly or Half-yearly Results** for the current year, if available, should be

included with the insurer's LESLI application. For LESLI-listed companies, Quarterly or Half-yearly Results are normally filed as updates.

Quarterly or Half-yearly Results must be certified or verified, and filed as soon as they are available {CCR §2174.3(a)(1)(A)(iv) and CIC §1765.1(d)(1)}. Exhibit B is a specimen of such a verification statement that the Commissioner considers to be in compliance with the California Insurance Code.

### III. Definitions of “Certified” and “Verified”

“**Certified**” – an originally signed or sealed statement, dated not more than 60 days before submission, made by a public official or other person (someone at the Department of Insurance of the insurer's domiciliary jurisdiction), attached to a copy of a document, attesting that the copy is a true copy of the original, and that the original is in the custody of the person making the statement {CIC §1765.1(1)(1)}.

“**Verified**” – a document or copy accompanied by an originally signed statement, dated not more than 60 days before submission, from a responsible executive or official who has authority to provide the statement and knowledge whereof he or she speaks, attesting either under oath before a notary public, or under penalty of perjury under California law, that the assertions made in the document are true {CIC §1765.1(1)(11)}.

### IV. Annual Renewal Requirements

To maintain their surplus line eligibility in California and to ensure continual compliance with the requirements of CIC §1765.1, LESLI-listed companies are required to renew their eligibility status annually. This renewal process includes the filing of up-to-date versions of all the documents required under CIC §1765.1(c) & (d) along with a **\$2,296 filing fee**. {CIC §1765.1(i) and (j)}

Eligible insurers may incorporate certain previously filed documents (except for the Market Conduct Information and Regulatory Disclosure Statement) into a current annual renewal package, provided there were no changes to the information in those documents. To incorporate a previously filed document(s) into a current annual filing, the insurer must: (1) Submit a verified statement that lists the document(s) previously provided to the CDI and affirm that there has been no change to the information contained in the previously filed document(s); and (2) make a specific reference to the prior filing(s) in its current annual renewal filing. Exhibit C is a specimen of such verified statement that the Commissioner considers to be in compliance with the California Insurance Code.

Insurers may **not** incorporate a previously filed Market Conduct Report (or Market Conduct Information Statement) **and** a previously filed Regulatory Disclosure Statement into a current annual renewal filing, even if the information previously provided has not changed, since the information in these documents pertains to a specific period. Each year, a LESLI-listed company is required to submit market conduct information pertaining to the current filing year obtained from its domiciliary jurisdiction. If such information is not available from its domiciliary

jurisdiction, the insurer must then submit a verified statement describing its record of claims payment and treatment of policyholders for the current filing period.

A LESLI-listed company is also required to submit a Regulatory Disclosure Statement each year, stating whether the insurer or any of its affiliates is subject to regulatory actions. A standardized Regulatory Disclosure Statement acceptable by the Commissioner has been incorporated into Exhibit A for insurers and their affiliates who are not subject to any such actions.

**When to File:** Annual renewal filings should be made on or before the anniversary of the insurer's LESLI approved date {CCR §2174.2(b)}; however, insurers do not have to wait until their LESLI anniversary date to make a filing. It is strongly recommended that insurers make their annual renewal filing as soon as all the required materials are available.

All applications, annual renewals, and update filings must be filed with the CDI {CCR §2174.2(d)}. These filings may be made through the insurer's California contact broker or directly to the CDI, provided the insurer keeps its contact broker informed.

**Where to File:** All documents and fees must be sent to the CDI at the following address:

Accounting Services Bureau  
State of California Department of Insurance  
300 Capitol Mall  
Sacramento, CA 95814

**Regulatory Filing Contacts:** For questions regarding surplus lines eligibility and filing requirements, please contact:

Shannon Carrion  
Chief, Licensing Compliance and  
Company Investigations Bureau  
300 Capitol Mall, 16<sup>th</sup> Floor  
Sacramento, CA 95814  
(916) 492-3426

**OR**

Linda Cheng  
The Surplus Lines Association  
of California  
50 California Street, 18<sup>th</sup> Floor  
San Francisco, CA 94111  
(415) 434-4900, ext 121

## V. Update Filing Requirements

### A. Foreign Insurers - Updated Filing Requirements:

Whenever any of the previously-filed documents (described in Section II above) become out-dated, a LESLI-listed Foreign insurer is required to file the new, up-to-date version of the document, as soon as it becomes available, along with the appropriate filing fee with the CDI.

The following classifies the documents as financial, non-financial or supplemental information based on the required filing fee {CCR § 2174.3 (a) & (b)}:

#### 1. Updated Financial Document requiring a \$256 filing fee.

- (a) NAIC Annual Statement
- (b) Audited Financial Report
- (c) Report of Examination
- (d) NAIC Quarterly Statements

**2. Updated Non-financial Document requiring a \$37 filing fee.**

- (a) Certificate of Authority
- (b) Certificate of Good Standing or Compliance
- (c) Agent for Service of Process
- (d) Principal Place of Business
- (e) Market Conduct Report
- (f) Regulatory Disclosure Statement
- (g) List of surplus line brokers authorized to issue policies
- (h) Any other material change (e.g. name change, domiciliary change, ownership change, etc.) involving operations

**3. Updated Supplemental Information requiring a \$37 filing fee.**

- (a) Proposed Plan of Operation
- (b) Biographical Affidavits on Officers & Directors

**B. Alien Insurers - Updated Filing Requirements:**

Whenever any of the previously-filed documents (described in Section II above) become out-dated, a LESLI-listed Alien insurer is required to file the new, up-to-date version of the document, as soon as it becomes available, along with the appropriate filing fee with the CDI.

The following classifies the documents as financial, non-financial or supplemental information based on the required filing fee {CCR § 2174.3 (a) & (b)}:

**1. Updated Financial Document requiring a \$256 filing fee.**

- (a) Financial Statement/Standard IID Financial Reporting Format – Initial
- (b) Financial Statement/Standard IID Financial Reporting Format – Final
- (c) Audited Financial Report
- (d) Quarterly or Half-Yearly Results

**2. Updated Non-financial Document requiring a \$37 filing fee.**

- (a) Certificate of Authority
- (b) Certificate of Good Standing or Compliance
- (c) Trust Agreement
- (d) Statement of Trust Assets
- (e) Agent for Service of Process
- (f) Principal Place of Business
- (g) Market Conduct Report

- (h) Regulatory Disclosure Statement
- (i) List of surplus line brokers authorized to issue policies
- (j) Any other material change (e.g. name change, domiciliary change, ownership change, etc.) involving operations

**3. Updated Supplemental Information requiring a \$37 filing fee.**

- (a) Proposed Plan of Operation
- (b) Biographical Affidavits on Officers & Directors

**VI. Suggested Dates for Filing Financial Documents**

The CDI requires LESLI-listed companies to file new, amended, or updated financial documents **as soon as they are available** and in accordance with the provisions of CIC §1765.1. Updated financial documents are generally available when they are due for regulatory filing with the insurer’s domiciliary jurisdiction. Therefore, the CDI expects to receive the new financial documents no later than the dates specified below.

**Foreign Insurers**

<b>Financial Document</b>	<b>Document Should be Filed NO LATER than</b>
Annual Statement	<b>April 30<sup>th</sup></b> each year
March 31 <sup>st</sup> Quarterly Statement	<b>May 31<sup>st</sup></b> each year
Audited Financial Statement	<b>June 30<sup>th</sup></b> each year
June 30 <sup>th</sup> Quarterly Statement	<b>August 30<sup>th</sup></b> each year
September 30 <sup>th</sup> Quarterly Statement	<b>November 30<sup>th</sup></b> each year

**Alien Insurers**

<b>Financial Document</b>	<b>Document Should be Filed NO LATER than</b>
Standard IID Reporting Format/ Financial Statement – <b>Initial</b>	<b>April 15<sup>th</sup></b> each year
Standard IID Reporting Format/ Financial Statement – <b>Final</b>	<b>August 15<sup>th</sup></b> each year  Note: An Alien insurer not listed with the NAIC-IID should file their financial statement 15 days after it is due for regulatory filing with the insurer’s domiciliary regulators.
Audited Financial Report	An Alien insurer should file their audited financial statement <b>15 days after it is due for regulatory filing with the insurer’s domiciliary regulators.</b>
March 31 <sup>st</sup> Listing of Assets in Trust Account	<b>April 15<sup>th</sup></b> each year
June 30 <sup>th</sup> Listing of Assets in Trust Account	<b>July 15<sup>th</sup></b> each year
September 30 <sup>th</sup> Listing of Assets in Trust Account	<b>October 15<sup>th</sup></b> each year

December 31st Listing of Assets in Trust Account	<b>January 15<sup>th</sup></b> each year
Quarterly or Half-yearly results	Due as soon as they are available

## VII. Filing Fees Schedule

All checks for filing fees must be made payable to the California Department of Insurance in U.S. dollars {CCR §2174.2(a), (b), & (c) applicable via CIC §1765.1(j) & (m)}. The following filing fees are in effect as of July 1, 2010:

Type of Filing	Filing Fee
LESLI Application	\$4,593
Subsequent Annual Renewal (see Section IV above)	\$2,296
Updated Financial Document	\$256*
Updated Non-Financial Document	\$37*
Updated Supplementary Information	\$37*

**\*Note:** These fees apply only if the document(s) is submitted to the CDI as an update filing (see Section V above for more details) and NOT as part of the insurer's annual renewal.

## VIII. Other Requirements for All Filings

For any and all filings to be in compliance with the provisions of CIC §1765.1 they must also meet the following standards:

- (1) All communications and documents filed must be submitted in, or translated into, the English language. All financial data must be converted into U.S. dollars.
- (2) Documents filed must be complete, in that pages cannot be omitted or cut off and they must include all referenced schedules, exhibits and/or attachments.
- (3) Documents filed must be legible.
- (4) Documents must be filed in quadruplicate (at least one original and up to three photocopies).

# **EXHIBIT A**

# REGULATORY DISCLOSURE STATEMENT

\_\_\_\_\_ (a nonadmitted insurer) and its affiliated entities are currently not known to be the subject of any order or proceeding regarding conservation, liquidation, or other receivership; or regarding revocation or suspension of a license to transact insurance in any jurisdiction; or otherwise seeking to stop the insurer from transacting insurance in any jurisdiction. I make this statement as an executive or official who has authority to provide the statement and knowledge whereof he or she speaks and under penalty of perjury under California law that the assertions are true.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date



# **EXHIBIT B**

# VERIFICATION

I declare under penalty of perjury under California law that this is a true correct copy of the original \_\_\_\_\_, and that I am an executive or officer of \_\_\_\_\_ who has the authority to provide this declaration.

(Name of Document)

(Name of the Nonadmitted Insurer)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

# **EXHIBIT C**

# VERIFICATION

As an officer or executive of \_\_\_\_\_ who has the  
(Name of the nonadmitted Insurer)

authority and knowledge to provide this declaration, I declare under penalty of perjury under California law that all of the following statements are true and correct:

1. The documents identified below have previously been filed with the California Department of Insurance and there have been no changes to the information in those documents.
2. These documents on file with the CDI contain the most current information available, and should be considered as part of the annual renewal for \_\_\_\_\_ (year):

Document Previously Filed	Date Filed
<input type="checkbox"/> Year ended _____ Annual Statement	_____
<input type="checkbox"/> Period ended _____ Quarterly Statement	_____
<input type="checkbox"/> Year ended _____ IID Report	_____
<input type="checkbox"/> Year ended _____ Audited Financial Statement	_____
<input type="checkbox"/> Certificate of Authority	_____
<input type="checkbox"/> Certificate of Good Standing/Compliance	_____
<input type="checkbox"/> Agent for Service of Process	_____
<input type="checkbox"/> Principal Place of Business	_____
<input type="checkbox"/> Proposed California Plan of Operation/Business Plan	_____
<input type="checkbox"/> List of Surplus Line Brokers Authorized to Issue Policies	_____
<input type="checkbox"/> Biographical Affidavits on Officers and Directors Except as enclosed, there are no changes to the biographical affidavits previously filed.	_____
<input type="checkbox"/> Report of Examination:            Date of Report: _____	_____
<input type="checkbox"/> List of Trust Assets as of (for alien insurers only): _____	_____
<input type="checkbox"/> Trust Agreement (for alien insurers only): Date of Trust: _____            Date of Last Amendment: _____	_____
<input type="checkbox"/> Other: _____	_____

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

# **EXHIBIT D**

# VERIFICATION

I declare under penalty of perjury under California law that the Insurance Department for the state/country of \_\_\_\_\_ does not issue a Certificate of Good Standing, Certificate of Compliance, or other equivalent Certificate. I further declare that a Certificate of Good Standing, Certificate of Compliance, or other equivalent Certificate is not available from any other state where the company is licensed and that I am an executive or officer of \_\_\_\_\_  
(Name of the Nonadmitted Insurer)

who has the authority to provide this declaration.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

# **EXHIBIT E**

**CHECKLIST for FOREIGN (U.S. DOMICILED) INSURERS  
CALIFORNIA DOCUMENT FILING REQUIREMENTS**

Please make checks payable to the **California Department of Insurance**. All documents must be submitted in QUADRUPLICATE (one original and three photocopies) to:

**Accounting Services Bureau  
State of California Department of Insurance  
300 Capitol Mall  
Sacramento, CA 95814**

- o **Filing Fee:**
  - \_\_\_\_\_ LESLI Application : \$4,593
  - \_\_\_\_\_ Annual Renewal : \$2,296
  - \_\_\_\_\_ Updated Financial Document : \$256
  - \_\_\_\_\_ Updated Non-Financial or Supplemental Document : \$37
- o **Certified Annual Statement**

Includes the following Documents:

  - \_\_\_\_\_ Statement of Actuarial Opinion
  - \_\_\_\_\_ Actuarial Opinion Summary
  - \_\_\_\_\_ Statement of Actuarial Opinion Pooled (if applicable)
  - \_\_\_\_\_ Exhibit of Premiums & Losses for CA business
  - \_\_\_\_\_ Management's Discussion and Analysis
  - \_\_\_\_\_ Reinsurance Attestation Supplement
  - \_\_\_\_\_ Reinsurance Summary Supplemental (if applicable)
  - \_\_\_\_\_ Risk Based Capital (RBC) Summary Report
- o **Audited Financial Report**
  - \_\_\_\_\_ Certified or \_\_\_\_\_ Verified
- o **Certified Current License or Certificate of Authority**
- o **Certificate of Good Standing or Certificate of Compliance**

If the domiciliary jurisdiction does not issue such a certificate, see Exhibit D.
- o **Agent for Service of Process**
- o **Principal Place of Business**
- o **Market Conduct Report/Information**
  - \_\_\_\_\_ Certified or \_\_\_\_\_ Verified
- o **Verified Regulatory Disclosure Statement**
- o **Proposed Business Plan/Plan of Operation In California**
- o **Biographical Affidavit on the Officers and Directors**
- o **Certified Report of Examination**
- o **List of Surplus Lines Brokers Authorized to Issue Policies**
- o **March 31<sup>st</sup> Quarterly Statement**
  - \_\_\_\_\_ Certified or \_\_\_\_\_ Verified
- o **June 30<sup>th</sup> Quarterly Statement**
  - \_\_\_\_\_ Certified or \_\_\_\_\_ Verified
- o **September 30<sup>th</sup> Quarterly Statement**
  - \_\_\_\_\_ Certified or \_\_\_\_\_ Verified

If an insurer determines that the information contained in a previously filed document has not changed and wishes to incorporate that document into a current annual renewal filing, please see Exhibit C.



**CHECKLIST for ALIEN (NON-U.S. DOMICILED) INSURERS  
CALIFORNIA DOCUMENT FILING REQUIREMENTS**

Please make checks payable to the **California Department of Insurance**. All documents must be submitted in QUADRUPLICATE (one original and three photocopies) to:

**Accounting Services Bureau  
State of California Department of Insurance  
300 Capitol Mall  
Sacramento, CA 95814**

**Filing Fee**

- \_\_\_\_\_ LESLI Application : \$4,593
- \_\_\_\_\_ Annual Renewal : \$2,296
- \_\_\_\_\_ Updated Financial Document : \$256
- \_\_\_\_\_ Updated Non-Financial or Supplemental Document : \$37

**Audited Financial Report**

\_\_\_\_\_ Certified or \_\_\_\_\_ Verified

**Certified Financial Statement and/or Standard IID (International Insurers Department) Financial Reporting Format**

\_\_\_\_\_ Initial or \_\_\_\_\_ Final

Includes the following documents:

- \_\_\_\_\_ IID Interrogatories
- \_\_\_\_\_ Schedule of Premiums & Losses
- \_\_\_\_\_ Schedule of Reinsurance Ceded
- \_\_\_\_\_ Certification of Loss Reserves
- \_\_\_\_\_ Loss Development
- \_\_\_\_\_ Schedule of Invested Assets
- \_\_\_\_\_ Other Assets – Breakdown
- \_\_\_\_\_ Financial Ratio Report
- \_\_\_\_\_ IID Cross-check Spreadsheet

**Certified Trust Agreement (As Amended January 1, 2007)**

**Verified List of Trust Assets as of March 31<sup>st</sup>**

**Verified List of Trust Assets as of June 30<sup>th</sup>**

**Verified List of Trust Assets as of September 30<sup>th</sup>**

**Verified List of Trust Assets as of December 31<sup>st</sup>**

**Certified Current License or Certificate of Authority**

**Certificate of Good Standing or Certificate of Compliance**

If the domiciliary jurisdiction does not issue such a certificate, see Exhibit D.

**Agent for Service of Process**

**Principal Place of Business**

**Market Conduct Report/Information**

\_\_\_\_\_ Certified or \_\_\_\_\_ Verified

**Verified Regulatory Disclosure Statement**

**Premiums Written in California by Lines of Business**

**Proposed Business Plan / Plan of Operation in California**

**Biographical Affidavit on the Officers and Directors**

**List of Surplus Lines Brokers Authorized to Issue Policies**

**Quarterly or Semi-Annual Results**

If an insurer determines that the information contained in a previously filed document has not changed and wishes to incorporate that document into a current annual renewal filing, please see Exhibit C.