



**THE SURPLUS LINE ASSOCIATION
OF CALIFORNIA**

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BULLETIN #1278

RE: UPDATE ON NONADMITTED CARRIER ELIGIBILITY

Following the enactment of Assembly Bill 2303 on September 29, 2012, California Insurance Code (CIC) Section 1765.1(c) has been repealed. As a result, effective January 1, 2013, the File and Use Recognition System no longer exists. Companies that previously appeared on the File and Use System List may still be used for California placements provided the broker has verified or determined eligibility. Effective January 1, 2013, nonadmitted insurers are only eligible to place business in California if the insurers have met the requirements established under CIC 1765.1 or CIC 1765.2. As such, brokers must ensure that the nonadmitted insurer with whom the broker is making the placement for California home state insureds would qualify under the following:

CIC 1765.1 (Eligible Carriers) – Brokers may make placements with a nonadmitted insurer provided at the time of placement the broker has determined that the carrier has met the following:

- For a Foreign (US domiciled) insurer, the insurer must
 - be licensed in its domiciliary jurisdiction to write the type of coverages being placed in California, and
 - maintain a minimum capital and surplus or its equivalent of at least \$45 million (unless excepted).
- For an Alien (non-U.S. domiciled) insurer, the insurer must
 - be on the current International Insurers Department Quarterly Listing of Alien Insurers (IID List) maintained by the National Association of Insurance Commissioner (NAIC). Click [here](#) for the current IID List.

Please note that there is NO published list of eligible foreign carriers under CIC 1765.1.

CIC 1765.2 (LASLI Carriers) – These are carriers on the California List of Approved Surplus Line Insurers (LASLI). The LASLI is an optional listing of nonadmitted insurers that the California Department of Insurance (CDI) has approved for use by California surplus line brokers. These carriers have voluntarily provided the CDI with specific documents for examination and have been determined to have met the financial stability, reputation and integrity requirements as set forth in CIC 1765.2.

The LASLI is updated and posted on the CDI and SLA websites. Click [here](#) for the LASLI.

Nonadmitted Carrier Ineligibility

If the Commissioner determines that a carrier is not eligible, the Commissioner may issue an order and ask the SLA to notify all surplus line brokers that the carrier is no longer eligible.

If you have any questions, please feel free to contact myself or Linda Cheng at 415.434.4900.

Sincerely

A handwritten signature in black ink that reads "Benjamin J. McKay". The signature is written in a cursive style with a large initial "B" and "M".

Benjamin J. McKay, J.D. M.P.A.
Executive Director

BMcK