

THE SURPLUS LINE ASSOCIATION

OF CALIFORNIA

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March 17, 1966


NO. 244

BULLETIN TO ALL MEMBERS

RE: Non-Admitted Companies Soliciting
Business in California.

The Insurance Department has requested us to bulletin all members to attach the press release bulletin dated January 10, 1966 from the Non-Admitted Insurers Information Office of the National Association of Insurance Commissioners.

We feel sure that our membership will not only heed the warning in this bulletin but also will follow the security program outlined in Bulletin #176 and reemphasized in Bulletin #229.


A. L. Lathrop
Manager

NON-ADMITTED INSURERS INFORMATION OFFICE
National Association of Insurance Commissioners
117 LIBERTY STREET NEW YORK 6, N. Y.

January 10, 1966

TO: All Insurance Commissioners, Subscribers and Insurance Trade
Newspapers.

BULLETIN OF ALIEN INSURERS

Since 1963, the Non-Admitted Insurers Information Office with the cooperation of interested federal agencies, has gathered and disseminated to state insurance commissioners and their staffs, facts relative to abuses and dangers encountered in the solicitation and placing of surplus line business in alien unauthorized insurers, especially those owned and operated by United States citizens from the Bahamas. State Insurance Commissioners have repeatedly issued warnings by bulletins banning specific Bahama insurers from use in their jurisdictions.

With the important exception of certain reputable Bahama insurers, easily identifiable through major United States credit reporting services, we repeat these warnings. No alien insurer based in the Bahamas should be used by United States surplus line producers unless specifically accredited.

Experience gained by the Non-Admitted Insurers Information Office operated under the direction of the Unauthorized Insurers Subcommittee of the National Association of Insurance Commissioners has shown that most Bahama based insurers do not meet comparable United States insurance company minimum financial standards. Such companies not being licensed nor subject to examination under state laws, which engaged in questionable commercial practices with doubtful ability to pay claims are beyond the reach of United States policyholders and subject to no effective supervision by the Island government.

Accordingly, we recommend that state insurance commissioners again forcefully remind surplus line brokers within their jurisdiction to avoid possible claimant and broker financial losses and possible litigation by warning them against using such companies and recommending that they place United States business only in United States insurance companies or those alien insurers listed by the NAIC Non-Admitted Insurers Information Office located at 117 Liberty Street, New York, New York 10006.

Donald Knowlton, Chairman
Unauthorized Insurers Subcommittee of the N. A. I. C.