

THE SURPLUS LINE ASSOCIATION

OF CALIFORNIA

A. B. HERRICK
MANAGER

A. D. FREEMAN, JR.
ASSISTANT MANAGER

50 CALIFORNIA STREET
SAN FRANCISCO 94111

TELEPHONE
(415) 665-0703

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BULLETIN TO ALL MEMBERS:

RE: Members' Advertising Referring to
Non-Admitted Insurers as "Approved"

Bulletin No. 371 dealing with the above subject was directed to all members under date of January 3, 1979. Another copy thereof is attached hereto for ease of reference.

It has been observed that press releases and advertisements by some members continue to improperly refer to or describe the non-admitted insurers with whom they place surplus line business as "approved."

Non-admitted insurers with whom surplus line insurance is placed pursuant to and in accordance with the requirements of the California surplus line law are not licensed by the Insurance Commissioner or subject to examination by him nor are they generally subject to the insurance regulatory laws applicable to admitted insurers.

The importance of this basic or cardinal fact is evidenced and emphasized by Section 2171.1 of the Commissioner's regulations (Title 10, California Administrative Code) requiring that every certificate, policy or other evidence of insurance delivered or issued for delivery in California by a surplus line broker contain on its face page a prominent legend stating that "This insurance ...is placed in an insurer or insurers not holding a Certificate of Authority from or regulated by the California Insurance Commissioner." (See Bulletin No. 326 dated July 20, 1972). As members were advised in Bulletin No. 176 dated April 3, 1962 (recirculated with Bulletin No. 319 dated October 4, 1971) "There cannot...lawfully be...an 'approved'...list of non-admitted insurers."

Under no circumstances may the press releases or advertisements of a California surplus line broker properly refer to or describe as "approved" the non-admitted insurers with which he or it places surplus line business. Any member who persists in ignoring the warning contained in this Bulletin and Bulletin No. 371 issued only nine months ago exposes himself or itself to potential disciplinary action by the Insurance Commissioner.



A. B. Herrick
Manager