



# Understanding Your Insurance Company/Coverage

The information below is intended to help you understand more about what is listed along with the name of the insurance company on your quote. This is an overview and may not answer all of your questions. Please contact Skyles Insurance Agency if you have any questions.

## Insurance Company Type

Company Type	Description	Pros(+) & Cons(-)
Admitted	Rates filed and approved by CA Dept. of Insurance Member of Cal. Insurance Guarantee Association (CIGA)	+ Acceptable for proof of insurance + CIGA Protection for insolvency - May not cover all job categories
Non-Admitted (aka surplus)	Recognized by the CA DOI but rates are not filed Not a member of CIGA	+ Insures most job categories - Not acceptable as proof in limited cases
Risk Retention Group (RRG)	A liability insurance company owned by its members Not a member of CIGA	+ Insures most job categories + May offer lower premium rates - Not always acceptable for proof of insurance

## Coverage Type

Coverage Type	Description	Pros(+) & Cons(-)
Full Occurrence (aka Standard)	Coverage for insurance claims with damage that occurred while the policy was in force.	+ Claims (not damage) can be after policy ends
Manifest Occurrence (aka Classic)	Coverage for insurance claims on damage that first occurred while the policy was in force	+ Claims (not damage) can be after policy ends - Limited to damage that first occurs after the policy begins.
Claims Made	Coverage only if the damage & claim occur during the policy duration.	- Damage and claim filing must occur during the policy period. Optional tail can extend reporting time
Sunset Clause	A sunset clause reduces the amount of time for which a claim can be filed after a policy has ended.	+ Lowers the insurance premium - Reduction in duration of coverage reporting
No Prior Work Coverage	Some policies have a prior work exclusion. This eliminates coverage by this policy for prior work.	- Can eliminate coverage for previous work

## AM Best Financial Security Rating

AM Best Rate	Description	Pros(+) & Cons(-)
A++, A+	Secure – Superior Rating	+ Secure Rating + Usually acceptable as proof of insurance
A, A-	Secure – Excellent Rating	+ Secure Rating + Usually acceptable as proof of insurance
B++, B+	Secure – Good Rating	+ Secure Rating - Not always acceptable as proof of insurance
B, B-	Vulnerable – Fair Rating	Not recommended
C++, C+	Vulnerable – Marginal Rating	Not recommended
Below C+	Vulnerable - Weak/Poor/Suspended Ratings	Not recommended

## AM Best Financial Size Category (FSC)

Rating	Adjusted Surplus	Rating	Adjusted Surplus	Rating	Adjusted Surplus
I	Less than 1 million	VI	25-50 million	XI	750-1000 million
II	1-2 million	VII	50-100 million	XII	1,000-1,250 million
III	2-5 million	VIII	100-250 million	XIII	1,250-1,500 million
IV	5-10 million	IX	250-500 million	XIV	1,500-2,000 million
V	10-25 million	X	500-750 million	XV	2,000 million or greater