

ADMITTED VS. NON-ADMITTED INSURANCE CARRIERS

WHAT IS AN ADMITTED CARRIER?

An admitted carrier in California follows guidelines set forth by the California Department of Insurance (DOI). These carriers are required to file their rates with the DOI, which then approves their use. The carriers must use these filed rates on all clients and cannot deviate. Admitted carriers are also a part of the California Insurance Guarantee Association (CIGA), which provides for protection for policyholders if a company becomes insolvent.

WHAT ARE NON-ADMITTED OR SURPLUS LINES CARRIERS?

Admitted carriers often do not meet all the needs of many insurance buyers. Non-admitted insurance carriers (sometimes referred to as surplus lines carriers) offer an opportunity for coverage for specialty risks that might otherwise be un-insurable. Non-admitted carriers do not have to file their rates with the DOI and thus they retain the flexibility to price risks according to their specific exposures. While these companies are not license by the DOI, they do have to go through an approval process that includes providing evidence of minimum capital and surplus requirements. When these requirements have been met to the DOI's satisfaction, the DOI may approve a company to conduct business in California and subsequently add them to the List of Eligible Surplus Line Insurers (commonly referred to as the LESLI list).

FINANCIAL RATINGS:

One of the best gauge for determining the security of one's policy is to check the financial rating of the company. The independent industry standard for rating insurance companies is AM Best Company. AM Best rates a carrier on financial strength and size based on policyholder reserves. For more information on the AM Best rating system, you can go to their website at: www.ambest.com. After checking the financial solvency of your carrier, you may also wish to verify that the surplus line company is approved by the CDI and currently on the LESLI list.

CONCLUSION:

Take a look at your quote from Skyles Insurance. You will see the AM Best rating and also an indication if your carrier is admitted, or non-admitted. We will always verify that all non-admitted insurance companies we offer are approved by the DOI and are on the LESLI list. If you have any additional questions feel free to visit the DOI website at www.insurance.ca.gov or call your agent here at Skyles Insurance Agency.