

MARKET BULLETIN

REF: Y4559

Title	Lloyd's California Surplus Lines status
Purpose	This bulletin confirms Lloyd's continued surplus lines eligibility in the state of California, in accordance with the Nonadmitted and Reinsurance Reform Act (NRRA) and as recognised by the California Surplus Lines Association (CSLA)
Type	Annual
From	Rosemary Beaver, Head of International Regulatory Affairs
Date	2 February 2012
Deadline	Immediate
Related links	Link to the NAIC IID Quarterly Listing of Alien Insurers Link to the CSLA bulletin 1254, dated 31 January 2012

Purpose

This bulletin, addressed to all Lloyd's market stakeholders dealing with the placement and underwriting of Lloyd's U.S. surplus lines business, confirms that Lloyd's is an eligible surplus lines insurer in the state of California.

The California Surplus Lines Association's (CSLA) have recently issued a bulletin advising that the List of Approved Surplus Lines Insurers (LASLI) no longer includes Lloyd's syndicates. Lloyd's has been working closely with the CSLA and the California Department of Insurance (CDI) in this regard, and as stated in the CSLA Bulletin 1254, dated 31 January 2012, surplus line brokers may continue to make placements with Lloyd's syndicates for California home state insureds¹

Since Lloyd's is domiciled in the United Kingdom and all Lloyd's syndicates that write surplus lines insurance in the U.S. appear on the *Quarterly Listing of Alien Insurers* (see link above) maintained by the International Insurers Department of the NAIC (the "IID List"), **Lloyd's is an eligible surplus lines insurer in all states, including California. All surplus lines brokers can continue to place business with all Lloyd's syndicates that appear on the IID List.**

¹ Home state is defined under the NRRA (see market bulletin Y4500, dated 23 June 2011). Lloyd's is an eligible surplus lines insurer in any U.S. state or territory deemed to be "home state" in accordance with the NRRA.

Background

Lloyd's market bulletin Y4500, dated 23 June 2011, and subsequent market briefings and letters, set out the provisions and impact on surplus lines business of the Nonadmitted and Reinsurance Reform Act (NRRA), enacted as part of the Dodd-Frank Act, and which became effective on 21 July, 2011. The NRRA applies to all U.S. states and territories, including California.

In accordance with Section 524(2) of NRRA, **no state** may prohibit a surplus lines broker from placing nonadmitted insurance with, or procuring nonadmitted insurance from, a nonadmitted insurer domiciled outside the United States that is listed (see link above) on the IID List.

Next Steps

Lloyd's has closely monitored the extent to which states have revised their surplus lines requirements to conform their state laws to the new federal requirements. Although it is clear that the NRRA will pre-empt state laws that are inconsistent with its standards, to avoid confusion it would be preferable for all states to revise their laws and regulations in line with the NRRA's standards. Many states have responded in this way and Lloyd's welcomes this helpful clarification.

All Lloyd's syndicates that write surplus lines insurance in the US appear on the IID List and are eligible surplus lines insurers in all U.S. states and territories. Lloyd's will continue to make an annual surplus lines eligibility filing with the IID as it has done in the past to ensure that, in accordance with NRRA standards, Lloyd's is an eligible surplus lines insurer. Lloyd's will continue to monitor how states implement NRRA requirements and will issue further updates to the market as required through 2012.

Further Contacts

Lloyds.com is a central point of reference for communications and guidance concerning Lloyd's and the NRRA (there is a dedicated section covering "NRRA – U.S surplus lines reform" under "Regulatory Projects". Further information can be found under the US section of Crystal. Managing agents who are unable to access the dedicated area of the Lloyds.com website should contact Lloyd's International Trading Advice (see contact details below):

Lloyd's International Trading Advice:
Tel: 020 7327 6677 or Email: lita@lloyds.com

For questions regarding Lloyd's US surplus lines eligibility, please contact:

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