



UNITED STATES VIRGIN ISLANDS  
OFFICE OF THE LIEUTENANT GOVERNOR  
DIVISION OF BANKING, INSURANCE  
AND FINANCIAL REGULATION

# Learning about Surplus Lines

The surplus lines market is a unique segment of the property & casualty industry consisting of non-admitted specialized insurers covering risks not available within the admitted market. The market consists of U.S. domiciled insurers, Lloyd syndicates, and non-U.S. insurers that have been admitted to the NAIC Quarterly Listing of Alien Insurers.

U.S. domiciled surplus lines insurers are subject to regulatory requirements and are overseen by their domiciliary state. Whereas, non-U.S. domiciled insurers and Lloyd's syndicates admitted to the NAIC *Quarterly Listing of Alien Insurers* are overseen by the NAIC International Insurers Department (IID) and Surplus Lines (C) Working Group and are required to adhere to the [IID Plan of Operation](#)

Surplus lines coverage may only be offered by specially licensed surplus lines brokers who must ensure that they perform a diligent search with admitted insurers, before placing business with a surplus lines insurer.

- Homeowners' insurance and other types of personal lines insurance products- Two diligent search requirement
- Small Commercial Property and Casualty insurance coverage for an annual premium less than \$35,000- One diligent search requirement
- Large commercial property and casualty insurance coverage for an annual premium of \$35,000 or more– no diligent search required.
- Automobile coverage can only be written in the admitted market.

# Learning about Surplus Lines

## PROS:

- ✓ Extend insurance coverage to high-risk markets
- ✓ More freedom and creativity in the policies they offer
- ✓ Add more capacity to insurance market
- ✓ Surplus Lines carriers have more experience in high risk coverage compared to admitted insurers

## Cons:

- ✗ Rates and form filings not approved
- ✗ Policies not protected by the Virgin Islands Insurance Guaranty Association
- ✗ Rates may be more expensive than those of admitted insurance carriers
- ✗ If a policyholder suspects their case was mishandled, it may be difficult for them to escalate their concern to the state insurance department

## For More Information:

Office of the Lieutenant Governor

Division of Banking, Insurance and Financial Regulation

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