

# Special situations need special insurance



# Surplus Lines

## Insurance you can't get anywhere else

Brush fire hazard threatens a home in a remote area, far from the nearest fire station.

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Crime escalates dramatically in your neighborhood.

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You're a classic car buff and you just found a great deal on a 1909 Studebaker.

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Though none of these situations seem related, they are just a few examples of extraordinary insurance exposures. Coverages for circumstances like these, even though they are sometimes out of your control, are often not available in standard insurance policies. In unusual cases like these, you need a special kind of insurance called surplus lines.



**Q: What is surplus lines insurance?**

**a:** Surplus lines is insurance that covers unusual or unique risks, risks with a very high monetary value, or high-risk situations. It is used when coverage is not available from insurance companies licensed in the state of Oregon. Surplus lines companies are not required to be licensed in the state and they are not required to file their rates with the state. With less regulation, surplus lines insurers have more flexibility to customize your insurance to best meet your needs.

**Q: If the company isn't licensed in Oregon, how do I know they'll pay my claim?**

**a:** While surplus lines insurers are not regulated by the state, Oregon law does set minimum financial standards that the insurer must meet at the time your surplus lines coverage is placed. The long-term performance of surplus lines insurance carriers in Oregon has been very good. Nationally, the failure rate of surplus lines insurers has been the same as for licensed insurers – less than 1% per year. In addition, more than half of the surplus lines insolvencies have involved small companies that did not meet Oregon's minimum requirements. You should know, however, that if your surplus lines provider were to go out of business, the State Insurance Guaranty Association would not cover any claims you may have filed under that policy.

**Surplus Line Association of Oregon**

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**Q: Why am I getting surplus lines insurance?**

**a:** Your agent has been unable to place your policy with an insurance company licensed in the State of Oregon. By law, your agent must first attempt to place your insurance with a licensed company. If unable to find a licensed company to provide the insurance you need, your agent may then place your policy with a surplus lines company.

**Q: Do I get the same coverage with surplus lines insurance?**

**a:** The surplus lines coverage may be broader or more restrictive than your previous coverage. Keep in mind that surplus lines companies offer insurance in situations where other companies will not. In addition, the coverage is tailored to meet your specific needs. Because of this, you may sometimes agree to certain restrictions or exclusions in coverage in return for lower premiums or for coverage in areas of greater importance to you.

**Q: How do I file a claim?**

**a:** The same as with any insurance policy. Call your agent first. If you can't reach your agent, call the insurance company's claim department directly.

**Q: Does surplus lines insurance cost more?**

**a:** Sometimes, but not always. Due to the customized nature of surplus lines insurance, costs will vary with each policy. Depending on how broad you require the coverage to be, the cost of your surplus lines policy may be less or more than the policy it is replacing.



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