

EXPLANATION OF THE ATTACHED "NOTICE"

The Department of Insurance requires the attached "NOTICE" to be signed by all applicants. This notice requirement became effective in 1992. Prior to 1992 several unscrupulous "off-shore" companies accepted business with little or no ability to pay claims. This notice is intended to alert the public that non-admitted insurers are not subject to certain regulatory requirement.

While Lloyd's of London falls into the category of a non-admitted insurer, Lloyd's of London has never failed to pay a legitimate claim in its 324-year history. Since 1993 non-admitted insurers have been required to provide annual financial minimum-security reports to the Department of Insurance to qualify as an acceptable insurer.

Lloyd's of London qualifies as an acceptable non-admitted carrier by the Department of Insurance. Lloyd's of London's annual financials for solvency plus the USA Trust for claims, far exceed the minimum required by law or by the National Association of Insurance Commissioners' Model for Non-Admitted Carriers.

In addition Lloyd's of London is rated "A" Excellent by A.M. Best and "A+" Strong by Standard & Poor's. These ratings provide independent confirmation of the strength of Lloyd's security.

You are also welcome to check with several third parties regarding surplus lines regulations, requirements for non-admitted carriers to write business, Lloyd's, and even Petersen International Underwriters.

California Department of Insurance:

<http://www.insurance.ca.gov/FAD/Surplusl.htm>

Surplus Lines Association of California:

<http://www.sla-cal.org>

Lloyd's of London:

<http://www.lloyds.com>

If you have any additional questions, you may also contact your broker directly or Petersen International Underwriters at: (800) 345-8816 or piu@piu.org

Please sign the attached form and return it as soon as possible.

NOTICE:

- 1. THE INSURANCE POLICY THAT YOU ARE APPLYING TO PURCHASE IS BEING ISSUED BY AN INSURER THAT IS NOT LICENSED BY THE STATE OF CALIFORNIA. THESE COMPANIES ARE CALLED “NONADMITTED” OR “SURPLUS LINE” INSURERS.**
- 2. THE INSURER IS NOT SUBJECT TO THE FINANCIAL SOLVENCY REGULATION AND ENFORCEMENT THAT APPLY TO CALIFORNIA LICENSED INSURERS.**
- 3. THE INSURER DOES NOT PARTICIPATE IN ANY OF THE INSURANCE GUARANTEE FUNDS CREATED BY CALIFORNIA LAW. THEREFORE, THESE FUNDS WILL NOT PAY YOUR CLAIMS OR PROTECT YOUR ASSETS IF THE INSURER BECOMES INSOLVENT AND IS UNABLE TO MAKE PAYMENTS AS PROMISED.**
- 4. CALIFORNIA MAINTAINS A LIST OF ELIGIBLE SURPLUS LINE INSURERS APPROVED BY THE INSURANCE COMMISSIONER. ASK YOUR AGENT OR BROKER IF THE INSURER IS ON THAT LIST, OR VIEW THAT LIST AT THE INTERNET WEB SITE OF THE CALIFORNIA DEPARTMENT OF INSURANCE: www.insurance.ca.gov.**
- 5. FOR ADDITIONAL INFORMATION ABOUT THE INSURER YOU SHOULD ASK QUESTIONS OF YOUR INSURANCE AGENT, BROKER, OR “SURPLUS LINE” BROKER OR CONTACT THE CALIFORNIA DEPARTMENT OF INSURANCE, AT THE FOLLOWING TOLL-FREE TELEPHONE NUMBER: 1-800-927-4357.**
- 6. IF YOU, AS THE APPLICANT, REQUIRED THAT THE INSURANCE POLICY YOU HAVE PURCHASED BE BOUND IMMEDIATELY, EITHER BECAUSE EXISTING COVERAGE WAS GOING TO LAPSE WITHIN TWO BUSINESS DAYS OR BECAUSE YOU WERE REQUIRED TO HAVE COVERAGE WITHIN TWO BUSINESS DAYS, AND YOU DID NOT RECEIVE THIS DISCLOSURE FORM AND A REQUEST FOR YOUR SIGNATURE UNTIL AFTER COVERAGE BECAME EFFECTIVE, YOU HAVE THE RIGHT TO CANCEL THIS POLICY WITHIN FIVE DAYS OF RECEIVING THIS DISCLOSURE. IF YOU CANCEL COVERAGE, THE PREMIUM WILL BE PRORATED AND ANY BROKER’S FEE CHARGED FOR THIS INSURANCE WILL BE RETURNED TO YOU.**

Date: _____
Insured: _____
Print Name: _____