

# 2016

ANNUAL REPORT



## MISSION

NAPSLO is an association of insurance brokers, agents and underwriters who are committed to the wholesale value distribution system and the surplus lines industry. The Association provides networking opportunities, education and career development programs, advocacy of the surplus lines market and value of the wholesale distribution, and regulatory and legislative advocacy on behalf of its members.

## VALUES

NAPSLO is committed to the wholesale distribution system, freedom from rate and form regulations, high ethical standards, professionalism and wholesale value.

## ABOUT NAPSLO

The National Association of Professional & Surplus Lines Offices (NAPSLO) is a professional trade association representing the surplus lines industry and the wholesale distribution system. NAPSLO's membership consists of wholesale brokers, companies, underwriting managers and associate members operating in nearly 1,500 offices representing tens of thousands of individual brokers, insurance company professionals, underwriters and other insurance professionals worldwide conducting business in the U.S. surplus lines market. NAPSLO wholesale broker members are placing an estimated \$35.3 billion in surplus premium and NAPSLO insurance company members are underwriting an estimated \$28.0 billion in surplus lines premium, representing 88% and 70%, respectively, of the U.S. surplus lines market.

NAPSLO is unique in that both surplus lines brokers and insurance companies are voting members of the Association; thus NAPSLO represents and speaks for the surplus lines wholesale marketplace. Since its incorporation in 1975, NAPSLO has become the authoritative voice of the surplus lines industry, advocating for the industry's vital role in the insurance marketplace and in providing innovative solutions for complex insurance risks. Often called the "safety valve" of the insurance industry, surplus lines insurers fill the need for coverage in the marketplace by insuring those risks that are declined by the underwriting processes of standard insurance carriers. With the ability to accommodate a wide variety of risks, the surplus lines market acts as an effective supplement to the standard market.

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NAPSLO



**Dave Leonard**

*President, 2016-2017*



**NAPSLO is committed to spreading the message that its members bring expertise and innovation to complex insurance risk and that was evidenced by the release of the Conning, Inc. analysis.**



## **Dear NAPSLO Members,**

On behalf of the NAPSLO Board of Directors, I am pleased to present NAPSLO's 2016 Annual Report, which outlines the Association's financial health and notable accomplishments during the last fiscal year. I hope you take time to read it and join me in feeling proud of the Association and the benefits of membership.

During the last year, NAPSLO's successes included enormous progress in state and federal regulatory and legislative advocacy, record-setting attendance at association networking events, a comprehensive slate of NAPSLO education programs, growth in both career development and internship initiatives and the release of an analysis conducted by Conning, Inc., on behalf of NAPSLO, which concluded that wholesale distribution does not increase the cost of the transaction to the insured.

NAPSLO's Mid-Year Leadership Forum and Annual Convention are undoubtedly the premier networking events for this industry. The 2016 Annual Convention boasted a record attendance for our Atlanta venue and the 2016 Mid-Year Leadership Forum drew a record crowd in Scottsdale.

NAPSLO education programs continue to offer exceptional value and professional development training to members in all phases of their careers. During 2016 the Association added the Effective Sales Coaching program to further develop its offerings. The Association's career development and internship programs also continue to grow and improve as members work with the NAPSLO team to help recruit and cultivate new talent into our great industry.

NAPSLO's legislative and regulatory advocacy at the state and federal level is a key member benefit and our priority continues to be promoting the uniformity and efficiencies intended by the NRRRA. During 2016 NAPSLO was actively involved in advocating for the successful passage of the Flood Insurance Market Parity and Modernization Act in the U.S. House of Representatives and the conclusion of surplus lines tax sharing systems in favor of home state taxation nationwide.

The strength of the NAPSLO PAC is critical to this and its support to candidates for U.S. Congress continues to enhance Washington's knowledge about NAPSLO and the importance of the surplus lines industry and the wholesale distribution system. Thanks to the generous support of employees of NAPSLO member firms, the PAC also enjoyed a record year of contributions.

NAPSLO also continued to emphasize the value of the wholesale distribution system in the insurance marketplace by incorporating it into all messaging, both internal and external, wherever appropriate. The Wholesale Value message was integrated into paid advertising and earned editorial placements that NAPSLO secured throughout the year on behalf of members. NAPSLO is committed to spreading the message that its members bring expertise and innovation to complex insurance risk and that was evidenced by the release of the Conning, Inc. analysis, which you can read more about in this report.

NAPSLO is able to provide these valuable member services thanks to its committed volunteers and strong financial position, which help effectively promote, advocate for and protect our industry. I want to offer a hearty thank you to the more than 200 committee volunteers who help make this work possible. NAPSLO's member-volunteers are vital to the Association's ability to continue to offer unparalleled value to members.

# 2016

## NAPSLO MEMBER SERVICES

### LEGISLATION AND REGULATION

- NAPSLO invested \$386,874 in state and federal advocacy services, working on behalf of members, with primary focus on full implementation of the NRRRA.
- In May, members of NAPSLO's Legislative Committee and Board of Directors met with 23 members of Congress and their senior staff to provide general education about surplus lines and advocate for insurance legislative issues important to the surplus lines industry, including:
  - + Support for the Flood Insurance Market Parity and Modernization Act passed by the U.S. House of Representatives and the need for the Senate to adopt its companion bill.
  - + NAPSLO's work with a coalition of industry organizations in the development of recommendations for the 2017 Reauthorization of the National Flood Insurance Program (NFIP).
  - + The need to maintain the Non-admitted Reinsurance Reform Act (NRRRA) in the event of any Dodd-Frank Act reform.
- Contributions to the NAPSLO PAC came from 223 individuals and totaled \$131,826, representing NAPSLO's largest year of fundraising in the PAC's history and an increase of 46% from the previous year.

Increase  
of **46%**

### NETWORKING

- 4,077 members attended the 2016 NAPSLO Annual Convention in Atlanta, which was record-setting for the Atlanta venue.
- 755 members attended the 2016 NAPSLO Mid-Year Leadership Forum in Scottsdale.

**4,077**  
Annual  
Convention  
Attendees

### EDUCATION AND PROFESSIONAL DEVELOPMENT PROGRAMS

NAPSLO education programs served 345 surplus lines professionals in classroom settings:

- Excess & Surplus Lines, 100 participants
- NAPSLO's Marcus Payne Advanced E&S, 64 participants
- Consultative Selling and Negotiations, 98 participants
- Surplus Lines Management, 50 participants
- Executive Leadership Summit, 33 participants
- Online courses, 558 participants

**AS THE AUTHORITATIVE VOICE** of the surplus lines industry, NAPSLO's commitment to providing networking opportunities, regulatory and legislative advocacy and education and career development programs for its members has remained unchanged since its incorporation in 1975.

The NAPSLO team collaborates with a large number of dedicated volunteers, who help ensure your NAPSLO membership delivers an excellent return on your investment by providing valuable and impactful programs and services. Each member plays an important role in maximizing the Association's effectiveness. We would like to thank each of you for all you give back to NAPSLO and the industry as members.

This report highlights NAPSLO's fiscal year 2016 goals, accomplishments and financial position and celebrates the strength and relevance of the wholesale distribution system and the surplus lines industry. Thank you for your continued support of the Association.

**Brady R. Kelley**  
*Executive Director*

## DEREK HUGHES/NAPSLO EDUCATIONAL FOUNDATION

- Committed \$70,000 to scholarships for 15 college and university students.
- Sponsored the 2016 A.M. Best Special Report-U.S. Surplus Lines Market Review. The report found:
  - + The surplus lines market is financially stable, surplus lines carrier ratings are strong and outpacing the standard market, with no financial impairments in the last 12 years;
  - + Domestic professional surplus lines insurers generated a 3.7% increase in DWP in 2015; and
  - + Surplus lines premium totaled \$41.3 billion, reaching its highest point in history.
- Raised \$505,546 to support the work of the Foundation. The Foundation ended fiscal year 2016 with \$6.7 million in assets.
- Conferred ASLI designation on 94 industry professionals in 2016, bringing the total number of professionals to earn the designation to 2,260 since 1997.

**3.7%**  
increase  
in DWP

## CAREER DEVELOPMENT, NAPSLO'S NEXT GENERATION AND INTERNSHIP

- Placed 17 interns with 27 NAPSLO member firms for summer positions, with an investment of \$284,535 from NAPSLO, even more significant investments from NAPSLO member hosts, and an unmatched experience for students interested in careers in surplus lines.
- Reached 1,997 college students with NAPSLO's career development message by presenting at 41 symposiums and college visits, representing an increase of 39.5% students reached.
- Grew NAPSLO's Next Generation membership to 725 and continued the successful implementation of Next Generation Leadership Council.

Placed  
**17** interns

## MARKETING AND COMMUNICATIONS

- Hosted 122,159 user sessions on [www.napslo.org](http://www.napslo.org).
- Invested \$204,779 in the Wholesale Value messaging campaign in fiscal year 2016, including the Conning, Inc. wholesale distribution cost analysis. The messaging campaign generating an estimated \$168,576 in earned editorial placement and approximately 2.1 million impressions through paid advertising.
- Sent 65 NAPSLO newsletters and e-News updates to members, with an average open rate of 32%.
- Utilized social media to publicize and drive traffic to NAPSLO News.
  - + The NAPSLO LinkedIn discussion group has 3,921 members, an increase of 6.2% over the prior year.
  - + NAPSLO's twitter feed has 1,642 followers. NAPSLO tweeted 25 times during 2016, creating 32,034 tweet impressions.
  - + The NAPSLO Facebook page has 430 followers.

## 2016 AWARD HONOREES

- Charles A. McAlear/NAPSLO Industry Award – Randall Jones, NAPSLO Education Director
- W. Dana Roehrig Past President's Award – Nick Abraham, Markel
- Richard M. Bouhan Legislative Advocacy Award – Lana Parks, The Parks Group
- 2016 President's Award – Carlton Maner, Axis Insurance

**NAPSLO** has actively communicated the value of the wholesale distribution system to the retail industry for many years. During 2016, the NAPSLO Board worked with Conning, Inc. on a distribution cost analysis, which concluded that wholesale distribution does not increase the cost of the transaction to the insured.

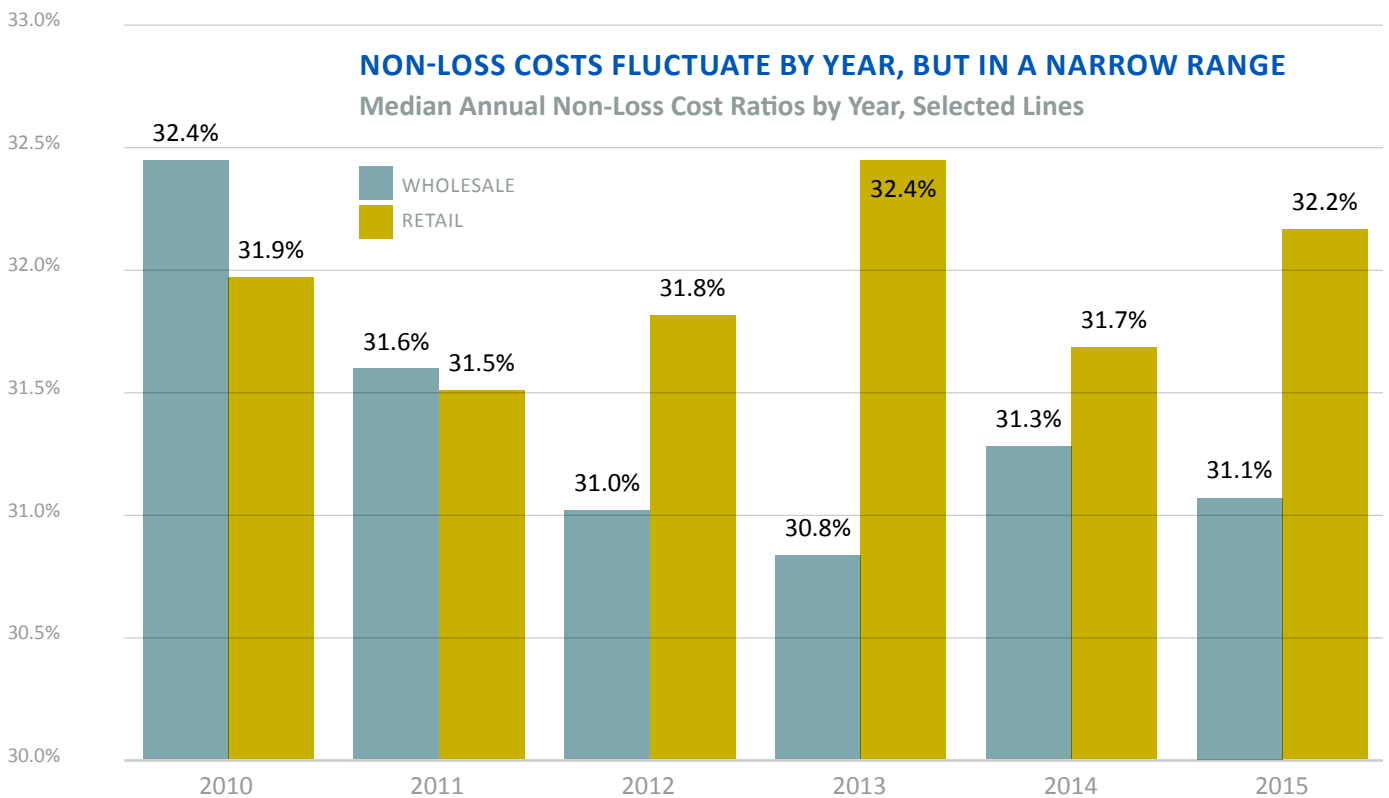
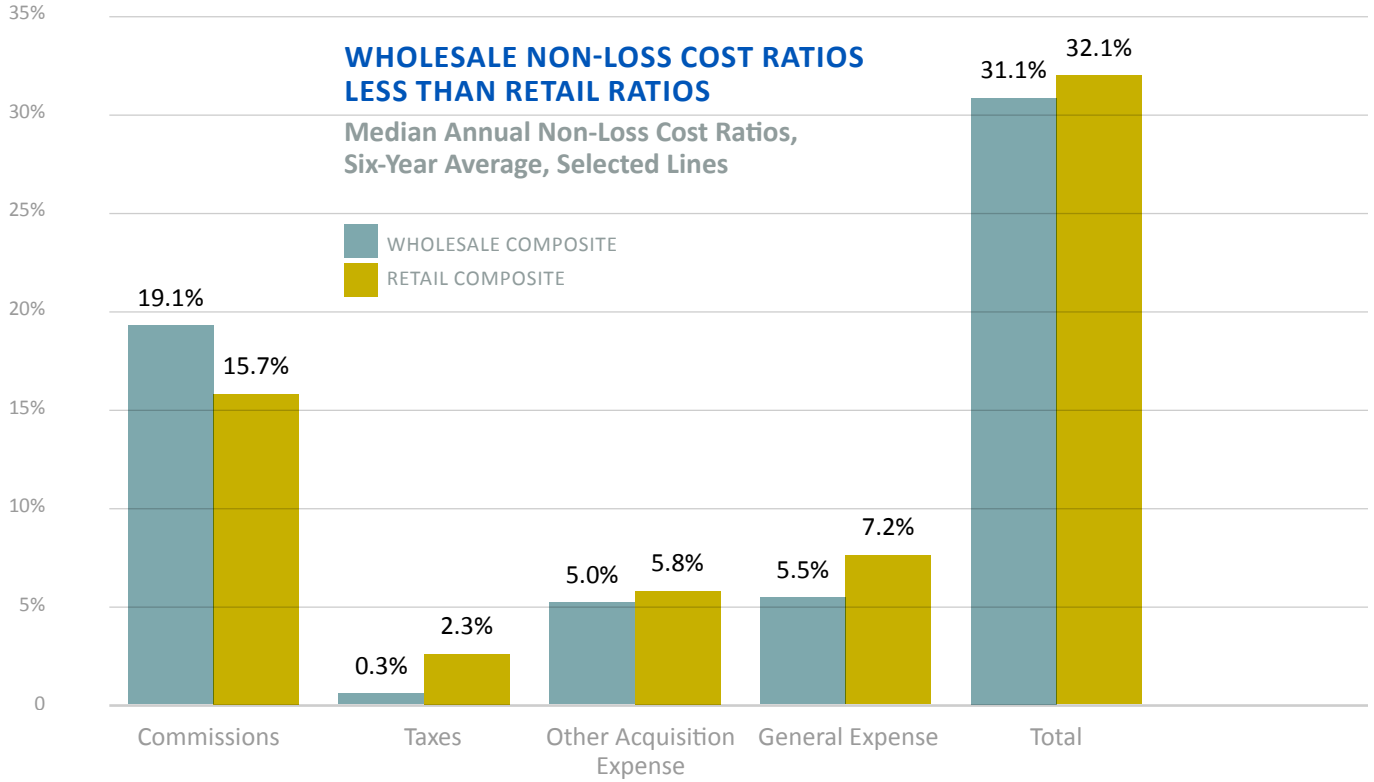
The analysis of the cost of distributing commercial insurance policies through wholesale and retail brokerage channels was conducted by Conning, Inc.'s Insurance Research Division and concluded that wholesale distribution does not increase the cost of the transaction to the insured. NAPSLO retained Conning, Inc. to develop an objective analysis of the distribution costs in order to allow for a better understanding of the facts regarding the cost structure and ratios between the wholesale and retail channels.

To conduct the analysis, NAPSLO and Conning developed a detailed and thorough process to identify two composite groups of insurance companies as a proxy for each mode of insurance distribution for selected commercial lines. Insurers that use wholesale brokers as their predominant distribution were included in the "Wholesale Composite," and insurers that use retail brokers as their predominant distribution were included in the "Retail Composite." Ultimately, the Wholesale Composite included 83 individual companies with \$19 billion in premium and the Retail Composite included 266 individual companies with \$61 billion in premium. Conning measured all non-loss costs relative to direct written premium from 2010 to 2015 for these companies and, upon comparing the two composites, found:

- The total non-loss cost ratio for the wholesale composite was lower than the retail composite by 1.0%.
- Retail non-loss cost ratios were lower than wholesale in 2010 and 2011. However, wholesale ratios were lower for 2012 through 2015.
- The wholesale composite's commission ratio is consistently three to four points higher than the retail composite, but is offset by the wholesale composite's non-commission cost ratios which average nearly four points lower than the retail composite.

The findings from the Conning analysis have allowed the Association to enhance its Wholesale Value messaging and arm NAPSLO members with tools and specific findings to leverage in their own communications. The Conning analysis and accompanying FAQs are available on the NAPSLO website.

**“  
...wholesale distribution  
does not increase the  
cost of the transaction to  
the insured.  
”**





# 2016 CONVENTION COMMITTEE

The NAPSLO Annual Convention provides an opportunity for members to network and participate in programs and presentations relevant to the surplus lines industry. It is also a forum for members to network with one another and conduct both their individual firms' business and the business of the Association.

## 2015-2016 KEY INITIATIVES AND ACCOMPLISHMENTS

- Hosted the 2016 Annual Convention with 4,077 attendees, a record for the Atlanta venue.
- Hosted a sold-out Brokers' Club.
- Featured David McCullough as keynote speaker, presented by the E.G. Lassiter Lecture Series, sponsored by the Derek Hughes/NAPSLO Educational Foundation. McCullough, an author and historian, is twice winner of the Pulitzer Prize, twice winner of the National Book Award, and has received the Presidential Medal of Freedom, the nation's highest civilian award.
- Distributed Convention materials primarily electronically, through an improved mobile application that allowed attendees to complete personal profiles and share contact information.

## 2015-2016 COMMITTEE MEMBERS

### David E. Leonard, Chair RSUI

Laura Beckmann  
AmRISC, LLC

Dennis Burton  
ACE Westchester

Kim Collins  
Great American Insurance Group

Robert Cruz  
Starr Surplus Lines

David Dow  
AmWINS Brokerage

Steve Dresner  
CoverX Specialty

Steve Eilers  
Gen Re

Felix Ganz  
Couch Braunsdorf Insurance Group

Chris Giadrosich  
Colony Specialty

Jeff Hoffman  
Atlas General Insurance Services

Wendy Houser  
Markel Wholesale

Staci Hughes  
General Star

Joel Moore  
Gulf Coast Claims Service

Vladimir Peraza  
Swett & Crawford

Jen Rubin  
Hiscox USA Manhattan

Kristen Skender  
USG Insurance Services, Inc.







# 2016 EDUCATION COMMITTEE

The NAPSLO Education Committee is committed to providing high quality excess and surplus lines educational offerings that meet the professional development needs of NAPSLO members and associated industry constituents throughout their careers while also meeting the education curriculum mission.

## 2015-2016 KEY INITIATIVES AND ACCOMPLISHMENTS

- Continued to offer and refine education and career development opportunities that support NAPSLO members throughout their careers. In 2016, those included:
  - + Excess & Surplus Lines, 100 participants
  - + NAPSLO's Marcus Payne Advanced E&S, 64 participants
  - + Consultative Selling and Negotiations, 98 participants
  - + Surplus Lines Management, 50 participants
  - + Executive Leadership Summit, 33 participants
  - + Online courses, 558 participants
- Continued to offer online programs, including Surplus Lines Compliance and the Surplus Lines Fundamentals Course, developed in partnership with The Institutes, reaching 558 participants in 2015-2016 and 3,360 since their inception. The Surplus Lines Compliance Course was reformatted with an interactive HTML format, making it an even more valuable tool for members. The redesign allows users to interact with the content in a way that reinforces learning.
- Further developed and hosted five Consultative Selling and Negotiations Programs in 2016, designed for transactional brokers and underwriters featuring a small group setting with hands-on activities that are customized for each student's needs.
- Implemented online delivery of program content for several programs which allows participants to access material and share ideas in advance of the course and also streamlines delivery. Online surveying of program participants also continues, which improves feedback and response rate.
- Continued to implement the NAPSLO Scholarship Program, providing scholarships to members from scheduled states to participate in NAPSLO schools. In 2016, scholarships were awarded to students from California, Texas and Colorado.







Educational offerings that meet the professional development needs of NAPSLO members.



## 2015-2016 COMMITTEE MEMBERS

<b>Joel D. Cavaness, Co-Chair</b> RPS Itasca	Jeff Henry AmWINS Brokerage
<b>Harry Johnson, Co-Chair</b> <b>Johnson &amp; Johnson, Inc.</b>	Jim Kilduff United Specialty Insurance Co.
Nancy Alonso Colony Specialty	Jason Kunert Nationwide E&S/Specialty
Neal Alvarez All Risks, Ltd.	Edward Levy RPS Scottsdale
David Archibale Great American Insurance Group	Shawn Makowski Benchmark Management Group
Valerie Brands-Martin Partners Specialty Group, LLC	Phillip McCrorie RSUI
Dawn Brost Maxum Indemnity Company	Melissa Mears AmWINS
Adam Care Hartford Steam Boiler Inspection & Ins.	Rachel Menz RPS San Francisco
Shawn Danhouser Markel Wholesale	Roxanne Mitchell Aspen Insurance
Paul Dastis Navigators Management Co.	Shaun Olsson Northern States Agency, Inc.
Benjamin Delinski Vela Insurance Services	Cole Palmer General Star
Erin Dolan RSUI	Jeffrey Petigrow Swett & Crawford - New York
Rich Fidei Greenberg Traurig	Kandis Pinkstaff Maximum Tampa
Nir Gabay Admiral Insurance Company	Lora Robbins All Risks, Ltd.
Stephanie Geraghty Vela Insurance Services	Mike Shannon TriFit Business Development
Glenn Hargrove All Risks, Ltd.	Rodney Smith Lloyd's Atlanta

# 2016 MID-YEAR COMMITTEE

The Mid-Year Committee helps produce the Mid-Year Leadership Forum, which provides industry leadership a platform for networking and an exchange of ideas in a relaxed setting.

## 2015-2016 KEY INITIATIVES AND ACCOMPLISHMENTS

- Hosted 755 delegates at the 2016 Mid-Year Leadership Forum in Scottsdale, Arizona, a record for the event.
- Expanded the Brokers' Lounge to provide attendees with additional meeting space.
- Presented a Leadership Session featuring organizational behavior expert, Devin Hughes. In his Leadership Session presentation Hughes discussed how to capitalize on the power of the "Happiness Advantage" to generate meaningful change and inspire organizations.



## 2015-2016 COMMITTEE MEMBERS

**James C. Drinkwater, Chair**  
AmWINS Brokerage

Robert P. Abramson  
AmWINS Brokerage

Larry C. Bobb  
Insurance Intermediaries, Inc.

Katie Sue Christofferson  
RT Specialty

Randy L. Doss  
CRC Houston

Daniel Drennen  
Environmental Ins. Services

Marlo Edwards  
Argo Group US

Steve Girard  
Markel Wholesale

Douglas Goode  
Rockhill

Whitney Pomeroy  
CapSpecialty

Michael Recanatini  
General Star

Scott Smith  
RSUI

The Legislative Committee is dedicated to promoting the legislative and regulatory interests of NAPSLO members and the surplus lines industry.

## 2015-2016 KEY INITIATIVES AND ACCOMPLISHMENTS

- Monitored all state and federal regulations and legislation of interest or with potential impacts to the surplus lines industry and provided members with access to online legislative tracking tools throughout the year as state and federal bills developed.
- Continued to build upon, and support the successes of, the Nonadmitted and Reinsurance Reform Act of 2010 (NRRRA), including implementation of the “home state” approach to the regulation and taxation of surplus lines transactions, bringing much needed efficiency, clarity and uniformity for the industry. As of this year, all 50 states and Washington D.C. now retain all taxes as the home state.
- The Nonadmitted Insurance Multistate Agreement (NIMA) announced its dissolution in April 2016. NAPSLO worked diligently over the past six years to demonstrate the benefits of home state taxation in relation to the administrative cost and burden of tax sharing.
- Twenty-nine members of the NAPSLO Legislative and Executive Committees met with 23 offices of members of Congress during NAPSLO’s annual Legislative Fly-In in Washington, D.C. in May 2016. The Committee advocated on behalf of the NAPSLO membership to educate Members of Congress on issues of importance to NAPSLO members and the surplus lines industry. NAPSLO used time with the Members to educate them about the surplus lines industry and to focus on three main issues impacting surplus lines:
  1. Support for H.R. 2901, the Flood Insurance Market Parity and Modernization Act passed by the U.S. House of Representatives;
  2. The need to maintain the Nonadmitted Reinsurance Reform Act (NRRRA) should the Dodd-Frank Act be amended or rescinded in the future; and
  3. The importance of implementing the National Association of Registered Agents and Brokers.
- Issued comprehensive updates pertaining to state and federal legislative and regulatory issues and activities impacting the NAPSLO membership
- Testified before the House Financial Services Subcommittee on Housing and Insurance in support of H.R. 2901, which passed the U.S. House of Representatives with a 419-0 vote on April 28, 2016.

## 2015-2016 COMMITTEE MEMBERS

**Scott Culler, Co-Chair**  
Markel Wholesale

**Lana S. Parks, Co-Chair**  
The Parks Group, Inc.

Neal Abernathy  
Peachtree Special Risk Brokers

Nicole Allen  
Swiss Re

H. Michael Byrne  
Drinker Biddle & Reath LLP

William Evans  
All Risks, Ltd.

Seth Fischer  
CapSpecialty

Troy Fornof  
Endurance

Ronald Gabor  
Gabor Insurance Services, Inc.

David Green  
Maxum Indemnity Company

Amicia Hine  
McClelland & Hine, Inc.

Alan J. Kaufman  
Burns & Wilcox

Joy Keller  
Southwest Risk, LP

Daniel F. Maher  
ELANY

Yusuf Mayet  
Worldwide Facilities, LLC

Benjamin J. McKay  
Surplus Line Association of CA

Dan Moline  
Northfield Insurance Company

Hugh Mooney  
All Risks, Ltd.

David L. Ocasek  
Surplus Line Association of IL

Bobby Owens  
RPS Lexington

Joseph Powell  
Powell & Roman, LLC

Vincent Pugliese  
Vela Insurance Services

James A. Roe  
Arlington/Roe

Jan Shemanske  
Nautilus Insurance Group

Ernie Taylor  
Century Insurance Group

Tracy Wade  
Maxum Indemnity Company



# CAREER DEVELOPMENT & NEXT GENERATION COMMITTEE

The Career Development & Next Generation Committee's mission is to network with NAPSLO members to create interest, awareness and enthusiasm about careers in surplus lines with bright, enthusiastic college students. The Committee also encourages the exchange of educational and industry information and promotes professionalism among NAPSLO's Next Generation members, and is an avenue for young insurance professionals to become more involved in the surplus lines community.

## 2015-2016 KEY INITIATIVES AND ACCOMPLISHMENTS

- Promoted career opportunities in the industry through attending industry days, career fairs, conferences and classroom engagement. The Committee also coordinated efforts with the Derek Hughes/NAPSLO Educational Foundation to reach nearly 2,000 students through 41 speaking engagements, symposiums, career fairs and college visits.
- NAPSLO and the Foundation sponsored and presented at the Troy University Surplus Lines Symposium – reaching 192 students from 24 universities – and at the Illinois State Surplus Lines Symposium where 120 students from 18 universities were reached. NAPSLO provided an enhanced level of management and logistical support than in past years for these events.
- NAPSLO's Next Generation Leadership Council (NGLC) completed its first full year of operation and provided value to members through Annual Convention events, webinars and regular e-newsletters.
- Developed a University Bulletin e-newsletter targeted at students and educators interested in opportunities within surplus lines. This regular communication facilitates greater understanding of NAPSLO career development opportunities.

## 2015-2016 COMMITTEE MEMBERS

### **Davis Moore, Chair** **Worldwide Facilities, LLC**

Kim Anthony  
Risk Ins. Brokers of the West

Frank Baron  
Zurich

Alyssa Bouchard  
AAMGA

Laura Corwin  
Vela Insurance Services

Joe Dahlvig  
Admiral Insurance Company

Brett Dresner  
Partners Specialty Group, LLC

John Farrey  
Burns & Farrey, P.C.

Brett Glaser  
General Star

Melanie Gross  
AmWINS Brokerage

Matthew Jarrett  
AmWINS Brokerage

Shannon Martin  
Markel Corporation

Mike Mueller  
RPS Itasca

Christa Nadler  
RPS Chicago

Katie Olson  
Swiss Re Corporate Solutions

Katherine Ribble  
Hallmark E&S Insurance Svcs, LLC

Robert Sanders, Jr.  
Preferred Specialty, LLC

Brian Sloan  
Great American Insurance Group

Katie Stautberg  
Great American Insurance Group

# 2016 INTERNSHIP COMMITTEE

The Internship Committee's mission is to attract bright, enthusiastic college juniors and seniors majoring in Insurance/Risk Management to our industry through the NAPSLO Internship Program.

## 2015-2016 KEY INITIATIVES AND ACCOMPLISHMENTS

- Placed 17 interns in the 2016 NAPSLO Internship Program, hosted by 27 member firms. The Intern Orientation Program continued to better prepare interns for the culture of the E&S professional environment.
- Selected eight NAPSLO interns to attend the 2016 Annual Convention. Selected Ethan Witting as the J.H. Blades Scholar and selected Jessica Groenewegen as the Bermuda Scholar.



## 2015-2016 COMMITTEE MEMBERS

Robert Greenebaum, Co-Chair Swett & Crawford - Chicago	Katie Katzman AmWINS Brokerage
Michael D. Miller, Co-Chair Nationwide E&S/Specialty	Jennifer Kessel USG Insurance Services, Inc.
Nick Abraham Markel Wholesale	Jeff Lamb Markel Corporation
Phil Adams SCU Orlando	Ronda Lofton RPS Scottsdale
Michelle Akacki WKFC Underwriting Managers	Adam Mazan RPS Orange
Susan Altrock Arch Insurance Group	Jonathan M. McKenzie Commercial Sector Ins. Brokers
Amanda Berger Partners Specialty Group, LLC	Jennifer Mier AmWINS Brokerage
David Brinkerhoff RT Specialty	Catherine Moran AmTrust E&S Insurance Services
Johanna Brooks General Star	Terri Moran Vela Insurance Services
Chad E. Brown Alternative Risk Company	Clint L. Nokes RSUI
Gabe Carrieri XS Brokers Insurance Agency	William Palmer Arch Insurance Group
Timothy Chaix R.E. Chaix & Assoc. Ins.	Matt Parkhurst Great American Insurance Group
Tony Chimera Endurance	Emily Robertson IFG Companies
Lisa H. Collins Great American Insurance Group	Patti Roth Worldwide Facilities, LLC
Dan Confalone Markel Wholesale	Kathleen Sandow Nautilus Insurance Group
Karen Davis Nationwide E&S/Specialty	Christine Snowberger General Star
Tom DeCotis DeCotis Insurance Assoc., Inc.	Chad Trainor Arlington/Roe
Jack Elliott CRC Birmingham	Caley Waters RSUI
Amel Gana AmTrust E&S Insurance	Lindsey Wingerning Liberty International Underwriters
Sarah Gavlick Markel Wholesale	Marian Woods Maxum Indemnity Company
Robert Harwood Bell & Clements Limited	Michelle Yuko AmWINS Brokerage



# 2016 TECHNOLOGY COMMITTEE

The mission of the Technology Committee is to inform members on current industry technology issues; raise awareness and influence development of technology standards for the industry and members, and work with other industry organizations on technology initiatives impacting the surplus lines industry.

## 2015-2016 KEY INITIATIVES AND ACCOMPLISHMENTS

- Participated in AAMGA Automation Committee meetings to provide programming input and sponsored keynote address at the 2016 AAMGA Automation & Technology Conference.
- Collaborated with other industry partners to fund the public relations and marketing efforts of the E&S Joint Working Group. The ESJWG is a volunteer alliance of industry organizations working to improve efficiencies.
- Monitored industry technology issues and standards development occurring in the E&S Joint Working Group (ESJWG) and reported progress and outcomes.
- Developed and distributed new NAPSLO Technology Update which is sent to member technology contacts. Also developed a NAPSLO Technology Group on LinkedIn for use by the same group.

“  
...provide programming  
input and sponsored  
keynote address at the  
2016 AAMGA Automation  
& Technology Conference.  
”

## 2015-2016 COMMITTEE MEMBERS

### F. Marshall Turner, Co-Chair Maxum Indemnity Company

Phil April  
Seneca Specialty

Tracey L. Bellack  
General Star

Stacy Brown  
Freberg Environmental, Inc.

Buddy Campo  
SCU New Orleans

Cristi Carrington  
Brown & Riding Insurance

Chuck Clemens  
Maxum Indemnity Company

Brian Foley  
All Risks, Ltd.

Nick Graham  
Nautilus Insurance Group

John L. Guadagno  
U.S. Risk

Jim Gulley  
Milton O. Johnston & Company

Timothy Horton  
USG Insurance Services, Inc.

Jack P. Kramer  
Northeast National Brokerage

Bryan Sanders  
Markel Wholesale

Bradley Sessions  
Southern Alabama Insurance

Michael Sparber  
RIBS

Blake Stock  
The Combined Group

Kevin Sullivan  
XL Catlin

Eric Wistrand  
Couch Braunsdorf Insurance Group

# MEMBERSHIP AND ETHICS COMMITTEE

The Membership and Ethics Committee’s mission is to recommend new members to the Board of Directors. This includes recommendations for voting members: Wholesale Broker/Agent members, Company members and Underwriting Manager members, as well as non-voting members: Associate members, Life members and Honorary members.

## 2015-2016 KEY INITIATIVES AND ACCOMPLISHMENTS

- Reviewed 47 new membership applications and approved 13 wholesale broker applications, 3 company applications, 3 underwriting manager applications and 22 associate applications.
- Supported the Membership Management Portal and provided input to continually enhance the portal.

## NAPSLO MEMBERSHIP CLASSIFICATIONS

### Wholesale Broker

Defined as a sole proprietorship, partnership or corporation licensed in at least one jurisdiction within the U.S. or Canada as a broker, agent or managing general agent, which is engaged in an insurance business principally as a wholesaler.

### Company

Defined as a risk-bearing insurer, incorporated or organized in any state in the U.S. or Canada, engaged in the writing of insurance principally through wholesale broker/agents. Companies that meet all the NAPSLO membership criteria other than those driven by percentages can qualify for Associate membership.

### Underwriting Manager

Defined as a firm which derives its business from wholesalers and has specific underwriting authority in one or more risk-bearing insurers for specified classes of business in designated

geographic areas and the companies for whom it underwrites would themselves qualify for Company membership. Underwriting managers that meet all of the NAPSLO membership criteria other than those driven by percentages can qualify for Associate membership.

### Associate

Defined as an individual, firm or organization that does not qualify for voting membership, but supplies services to voting members and/or supports the wholesale excess/surplus lines system.

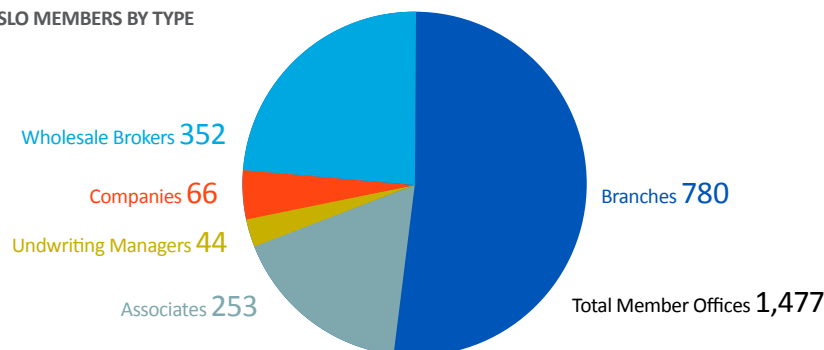
### Life

Membership is granted to each Past President of the Association.

### Honorary

An individual nominated and elected by the Board of Directors.

## NAPSLO MEMBERS BY TYPE



## 2015-2016 COMMITTEE MEMBERS

### Carlton Maner, Chair AXIS Insurance

Laura Allen  
RPS Fort Lauderdale

Andrew Bown  
RFIB Group Limited

Robert Ceconi  
Swiss Re Corporate Solutions

Jim Dowdy  
Zurich Specialty Wholesale

Ross Driscoll  
National E&S Insurance, Inc.

Marsh Duncan  
Colony Insurance Company

Dennis N. Dunne  
Trigon, Inc.

David Finkelstein  
Russell Bond

Steve R. Franke  
Nationwide E&S/Specialty

Lindy Gardner  
Admiral Insurance Company

William Hildebrand  
GCube Insurance Services

Timothy P. Hochkeppel  
Western World Insurance Group

Marie Hohensee  
Lane & Associates, Inc.

Robert C. Itzinger  
RT Specialty

Michael James  
Chesterfield Insurance Brokers

Neil Kessler  
CRC Dallas

William H. Sessions  
Southern Alabama Insurance

Jeff M. Short  
Partners Specialty Group, LLC

Chris Siegel  
Burns & Wilcox

Van N. Spanos  
Great American Insurance Group

# POLITICAL ACTION COMMITTEE

The NAPSLO Political Action Committee (PAC) manages NAPSLO's efforts to support candidates for the U.S. House of Representatives and Senate whose philosophies and attitudes are consistent with the goals of NAPSLO, the surplus lines industry and the wholesale distribution system.

## 2015-2016 KEY INITIATIVES AND ACCOMPLISHMENTS

- Received \$131,826 in contributions from 212 individual NAPSLO members, setting a record for the total contributions to the PAC.
- Contributed \$83,000 to federal candidates whose philosophies are consistent with NAPSLO members' goals for the surplus lines industry.
- Enhanced efforts to raise awareness about the purpose of the NAPSLO PAC with all NAPSLO members, and the importance of member support, with more targeted messaging in NAPSLO publications and an enhanced presence on the NAPSLO PAC website.

## 2016 NAPSLO PAC CONTRIBUTORS

NAPSLO PAC contributions came from 223 individuals and ranged in amount from \$25 to \$5,000 in 2016.

### Platinum Contributors \$5,000

Rupert Hall  
David Leonard  
Matthew Nichols  
Tim Pedersen  
Patrick Ryan

David Brinkerhoff  
Joel Cavaness  
Tom Clark  
Skip Cooper  
Scott Culler  
Mark English  
Mimi Fiske  
Rich Flanagan  
Gil Hine

Lynn Bordelon  
Stacy Bruegging  
Mike Byrne  
Tom Cesare  
Tim Chaix  
Lorrie Cheshier  
Tony Chimera  
Anthony Constanzo  
Paul DeCotis  
David Dow

Adam Terry  
Bill Tierney  
Gloria Tudor  
John Wood

### Contributors less than \$250

George Abernathy  
Laura Allen  
Jerry Alongi  
Steve Alvarez  
Steve Eilers  
Masha Austin  
Jae Barclay  
Allie Barrera  
Christopher Bentley  
Teri Brinson  
Owen Buhler  
Martha Buretz  
Phil Burke  
Buddy Campo  
Lisa Carroll  
Devin Claypool  
Kimberly Collins  
Wil Cooper  
Laura Corwin  
Shannon Dahlke  
Karen Davis  
David Derigiotis  
Heather Deugan  
Jeff Diefenbach  
Randy Doss  
John Farrey  
Jeff Fields  
Vicky Fleming  
Troy Fornof  
Julienne Fritz  
Thomas Garland  
Bill Gatewood

Rich Gobler  
Harvey Goldenberg  
John Goolsby  
Jessica Groenewegen  
Tim Guiltinan  
Hank Haldeman  
Whitney Hartman  
Craig Hawkins  
Susan Henderson  
Debbie Hill  
Nicole Huckstorf  
Lorelei Johansen  
Mike Jones  
David Jones  
Katie Katzman  
Kathy Kerekes  
Jennifer Kessel  
Mariann Lausas  
Ed Levy  
Leslie Lloyd  
Henry Lopez  
Dan Maher  
Shawn Makowski  
Timothy Makowski  
Kathleen Malek  
Robert McEwen  
Bryan McGarry  
Ben McKay  
Jonathan McKenzie  
Melissa Mears  
John Meetz  
Kelsey Moore  
Lindsay Moore  
Catherine Moran  
Mark Morgan  
Dan Muldowney  
Bryan Neville  
Cindy Norwood  
Kayla Oldham

David Pagoumian  
Cole Palmer  
Jean Patterson  
Chip Pecchio  
Melissa Polka  
Patrick Porter  
Justin Purdy  
Ryan Purdy  
Penny Restrepo  
Greg Ricker  
Lora Robbins  
Greta Roberts  
Riaan Roux  
Jose Santiago  
Scott Sauter  
James Sipich  
Scott Smith  
Bonnie Steen  
Matt Thomas  
Mary Pat Thurston  
Brannon Topey  
John Toth  
Chad Trainor  
Kevin Turner  
Joshua Vengley  
Danielle Wade  
Tracy Wade  
Adam Williamson  
David Wood  
Brad Wood  
Kelly Yager  
Michael Yovino  
Michelle Yuko  
Jill Zauner  
Chris Zoidis

### Gold Contributors \$2,500-\$4,999

Sam Baig  
Steve DeCarlo  
James Drinkwater  
Robert Greenebaum  
John Horton  
Harry Johnson  
Daniel Kaufman  
Alan Kaufman  
Carlton Maner  
Jeff McNatt  
Nationwide E&S  
Dave Obenaauer  
Lana Parks  
Marshall Turner  
Tim Turner

Chris Houska  
Alex Jezerski  
Corinne Jones  
Fred Karlinsky  
Brady Kelley  
Bruce Kessler  
Duffy Koller  
Terry McCann  
Edward McCormack  
Phillip McCrorie  
Brad McFadden  
Mike Miller  
Davis Moore  
Brendan Mulshine  
Timothy Pedersen  
Ed Pray  
Scott Purviance  
Ben Ramundt  
James Roe  
Bryan Sanders  
Jacque Schaendorf  
Richard Schmitzer  
Scott Smith

Steve Dresner  
Steve Eilers  
Bill Hildebrand  
Amicia Hine  
Marie Hohensee  
Wendy Houser  
Matthew Huels  
Pierson Jones  
Neil Kessler  
Keri Kish  
Jeff Lamb  
Mike Lohbrunner  
Valerie Martin  
Mike Masucci  
Jennifer Mier  
William Nichols  
Clint Nokes  
David Ocasek  
David O'Keeffe  
Kiera Palmer  
Lauri Pasqua  
Vincent Pugliese  
Greg Rubel  
Robert Sanders  
Brian Schwarzbach  
Jan Shemanske  
Leonard Sjostrom  
Kristen Skender  
Paul Springman

### Bronze Contributors \$250-\$999

Neal Abernathy  
Nick Abraham  
Phil Adams

**Silver Contributors \$1,000-\$2,499**  
Josh Ammons  
Jeffrey Aumick  
Brenda Ballard-  
Austenfeld  
Ben Beazley  
Suzanne Brandt  
Sandra Breedlove  
Sue Brennan

## 2015-2016 COMMITTEE MEMBERS

### Dave Obenaauer, Chair CRC Roseland

Josh Ammons  
AmWINS Brokerage

Lynn Bordelon  
McClelland & Hine, Inc.

Devin Claypool  
OneBeacon Insurance Group

Wyeth Coburn  
CRC Roseland

Tony Constanzo  
XS Brokers Insurance Agency

Mimi Fiske  
Markel Corporation

K. Pierson Jones  
Houston Casualty Company

Mike Jones  
SCU

Fred E. Karlinsky  
Greenberg Traurig

Daniel J. Kaufman  
Burns & Wilcox

Henry A. Lopez  
Navigators Management Co.

Mark Morgan  
Brown & Riding Insurance

David Palmer  
Genesee

Kiera Palmer  
AmWINS Brokerage

Tim Pedersen  
Brown & Riding Insurance

Scott Sauter  
Sompo Canopus

Brian Schwarzbach  
Atlantic Casualty Insurance Co.

Chris Timm  
Century Insurance Group

Jason Wexler  
IFG Companies

The Budget, Finance, Audit & Investments Committee assists the Board in overseeing the Association's long-term financial health and manages the budget process, periodic financial reporting and the annual audit. In addition, the Committee assists NAPSLO staff in managing Association assets and investments.

## 2015-2016 KEY INITIATIVES AND ACCOMPLISHMENTS

- The Financial Review Subcommittee reviewed NAPSLO's financial statements on a quarterly basis and worked with NAPSLO staff to address any questions or financial reporting issues that arose. The NAPSLO Board reviewed NAPSLO's financial statements on a quarterly and annual basis to include September 30, January 31, April 30 and July 31.
- The Investment Review Subcommittee reviewed monthly investment reports from NAPSLO's investment manager, Bradley, Foster & Sargent, to ensure compliance with the IPS and monitor investment performance in relation to portfolio benchmarks.
- The Committee met with the independent auditors from Mayer Hoffman McCann (MHM) and discussed results of the July 31, 2016 audit, including an unmodified audit opinion, no material financial statement adjustments, and no material weaknesses in NAPSLO's internal control structure. The final audit and correspondence regarding the audit and NAPSLO's internal controls were presented to the Board of Directors and all NAPSLO members at the 2016 Annual Convention.

## 2015-2016 COMMITTEE MEMBERS

**Jacqueline M. Schaendorf, Chair**  
Insurance House, Inc.

Jessica Clark  
Rockhill

Matthew Campion  
XL Catlin

James Damonte  
Hallmark Financial Svcs

Craig Hawkins  
OneBeacon Insurance Group

Angela Higbea  
AmWINS Brokerage

Keith Hinson  
SLB Insurance Group of LA

Duffy Koller  
AmTrust E&S Insurance Services

Doug Krumrey  
AXIS Insurance

Doug Lang  
Western World Insurance Group

Patrick Porter  
MUSIC

Lee Sjostrom  
RSUI

Thom Smith  
Sullivan Brokers

Andy Swenson  
Zurich

Garick Zillgitt  
Rockhill

NAPSLO closed its 2016 fiscal year in a strong financial position. Revenue growth from attendance at the 2015 NAPSLO Annual Convention, 2016 Mid-Year Leadership Forum and NAPSLO education programs was invested in services and resources to enhance NAPSLO benefits to members, and continued to generate value for the Association.

NAPSLO reported total revenues of \$6.6 million, an increase of 5.4 percent from 2015, and expenses of \$6.7 million, an 8.4 percent increase from 2015. NAPSLO ended fiscal year 2016 with \$6.7 million in net assets, providing continued strength and stability in financial operations.

Convention registration revenues grew with 4,179 members attending NAPSLO's 2015 Annual Convention, along with steady attendance at the 2016 Mid-Year Leadership Forum. With 715 member firms representing 1,477 member offices, membership dues, which renew in June of each year, remain steady and the dues schedule has not increased in the past nine years.

Increases in 2016 spending also resulted from growth in attendance at NAPSLO's events during the year, and growth in the number of NAPSLO committee volunteers supporting the Association's committee work, as well as the full complement of NAPSLO staff supporting the Association and its committees.

The state of the Association is strong as evidenced by its financial results in fiscal year 2016. The Board of Directors continues to leverage the Association's financial position to make strategic investments in NAPSLO services and resources to enhance the value of services to members. These investments ranged from launching the new Effective Sales Coaching Program to the continued investment in the wholesale value messaging campaign, all of which enhance the awareness and relevance of the surplus lines segment and its growing proportion of the insurance industry. The Association's strong financial position will support continued investment in valuable services to NAPSLO members in the areas of wholesale value messaging, regulatory and legislative advocacy and growing education and career development programs for NAPSLO members in the years to come.

NAPSLO's financial statements were reviewed by independent auditors, Mayer Hoffman McCann P.C. Their report included an unqualified audit opinion, no material financial statement adjustments, and noted no material weaknesses in NAPSLO's internal control structure.

“

**The Board of Directors continues to leverage the Association's financial position to make strategic investments in NAPSLO's services and resources to enhance the value of services to members.**

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## NAPSLO BALANCE SHEET

	<u>July 31, 2016</u>	<u>July 31, 2015</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 3,196,083	\$ 2,699,094
Investments	7,722,806	7,755,423
Other Receivables	14,866	3,770
Accrued Interest Receivable	39,096	40,582
Prepaid Expenses	157,871	220,607
Property and Equipment	126,311	120,058
Total Assets	<u>\$ 11,257,033</u>	<u>\$ 10,839,534</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts Payable	\$ 238,131	\$ 130,124
Accrued Expenses	190,840	190,952
Deferred Rent	61,574	58,915
Deferred Revenue	4,087,496	3,665,093
Total Liabilities	<u>4,578,041</u>	<u>4,045,084</u>
Net Assets		
Unrestricted	<u>6,678,992</u>	<u>6,794,450</u>
Total Liabilities and Net Assets	<u>\$ 11,257,033</u>	<u>\$ 10,839,534</u>

## NAPSLO INCOME STATEMENT

	<b>For the Years Ended</b>	
	<u>July 31, 2016</u>	<u>July 31, 2015</u>
<b>Revenues</b>		
Membership Dues	\$ 1,612,722	\$ 1,578,727
Program Service Revenue	4,662,014	4,356,021
Total Revenues	<u>6,274,736</u>	<u>5,934,748</u>
<b>Expenses</b>		
Program Services	2,497,140	2,396,098
Committee Activities	1,660,539	1,483,598
General and Administrative	2,580,190	2,335,660
Total Expenses	<u>6,737,869</u>	<u>6,215,356</u>
<b>Investment Income</b>	<u>347,675</u>	<u>345,728</u>
Change in Net Assets	(115,458)	65,120
Net Assets, Beginning of Year	6,794,450	6,729,330
Net Assets, End of Year	<u>\$ 6,678,992</u>	<u>\$ 6,794,450</u>

# 2016 LEADERSHIP

## 2016-2017 BOARD OF DIRECTORS



**PRESIDENT**  
**David E. Leonard,**  
CPCU, Re, AIAF, ARM  
RSUI Group, Inc.  
Atlanta, GA



**VICE PRESIDENT**  
**James Drinkwater**  
AmWINS Brokerage  
New York, NY



**SECRETARY**  
**Jacqueline M. Schaendorf,**  
CPCU  
Insurance House, Inc.  
Atlanta, GA



**TREASURER**  
**Joel D. Cavaness,** CPCU, ARM  
Risk Placement Services, Inc.  
Itasca, IL



**IMMEDIATE PAST PRESIDENT**  
**Gilbert C. Hine, Jr.,** CPCU, CFP  
McClelland & Hine, Inc.  
San Antonio, TX

## WHOLESALE BROKER DIRECTORS



**Brenda (Ballard) Austenfeld**  
RT Specialty  
Kansas City, MO



**Robert J. Greenebaum, Jr.**  
CRC Swett  
Chicago, IL



**Harry L. Johnson II**  
Johnson & Johnson Inc.  
Charleston, SC



**Davis D. Moore**  
Worldwide Facilities, Inc.  
Los Angeles, CA



**Dave Obenauer**  
CRC Wholesale Group  
Roseland, NJ



**Lana S. Parks,** CIC, CPCU  
The Parks Group  
Arlington, TX

## COMPANY DIRECTORS



**Scott A. Culler**  
Markel Wholesale  
Scottsdale, AZ



**Bruce Kessler**  
Westchester  
Alpharetta, GA



**Richard Schmitzer**  
James River Insurance Co.  
Richmond, VA

## NAPSLO STAFF

**Vicky Fleming**  
Administrative Assistant/Registration Manager

**Julienne Fritz**  
Director of Operations

**Susan Henderson**  
Director of Marketing & Communications

**Debbie Hill, CMP**  
Director of Meetings & Conventions

**Brady Kelley**  
Executive Director

**Keri Kish, J.D.**  
Director of Government Relations

**Denise Marshall**  
Executive Assistant

**John Meetz**  
State Relations Manager

**Justin Mohn**  
Project Manager

**Greta Roberts**  
Accounting & Membership Manager

**Josh Vengley**  
Sr. Enterprise Solutions Administrator



# PAST PRESIDENTS COUNCIL

## THE PAST PRESIDENTS COUNCIL

The Past Presidents Council provides counsel to the current NAPSLO President and Board of Directors on issues and assists with special projects as needed. Forty industry leaders have occupied the office of NAPSLO President since the Association's inception in 1974, and a number of Past Presidents remain actively engaged in the industry and activities of the Association. This wealth of knowledge, experience and leadership is critically important and valuable to the NAPSLO Team, Officers and Board of Directors in ensuring the continued success of the organization and its membership services and operations.

**Gil Hine, Chair**  
**Robert Angle**  
**Thomas Bloom**  
**Kevin Brooks**  
**James Bryson**  
**Maureen Caviston**  
**Jeremy Cooke**  
**Nicholas Cortezi**  
**John Crowther**  
**H. James Griffith**

**Hank Haldeman**  
**David Hartoch**  
**Letha Heaton**  
**Tapley Johnson**  
**Marshall Kath**  
**John Latham**  
**Anthony Markel**  
**Charles McAlear**  
**William Newton**  
**Matthew Nichols**

**Roy Oddy**  
**Timothy Pedersen**  
**Richard Polizzi**  
**Robert Sargent**  
**Paul Springman**  
**Neil Strickland**  
**Joseph Timmons**  
**Lawrence Wesson**  
**Kevin Westrope**  
**John Wood**





**National Association of  
Professional Surplus Lines  
Offices, Ltd.**

4131 N. Mulberry Drive  
Ste. 200  
Kansas City, MO 64116  
816.741.3910  
[www.napslo.org](http://www.napslo.org)