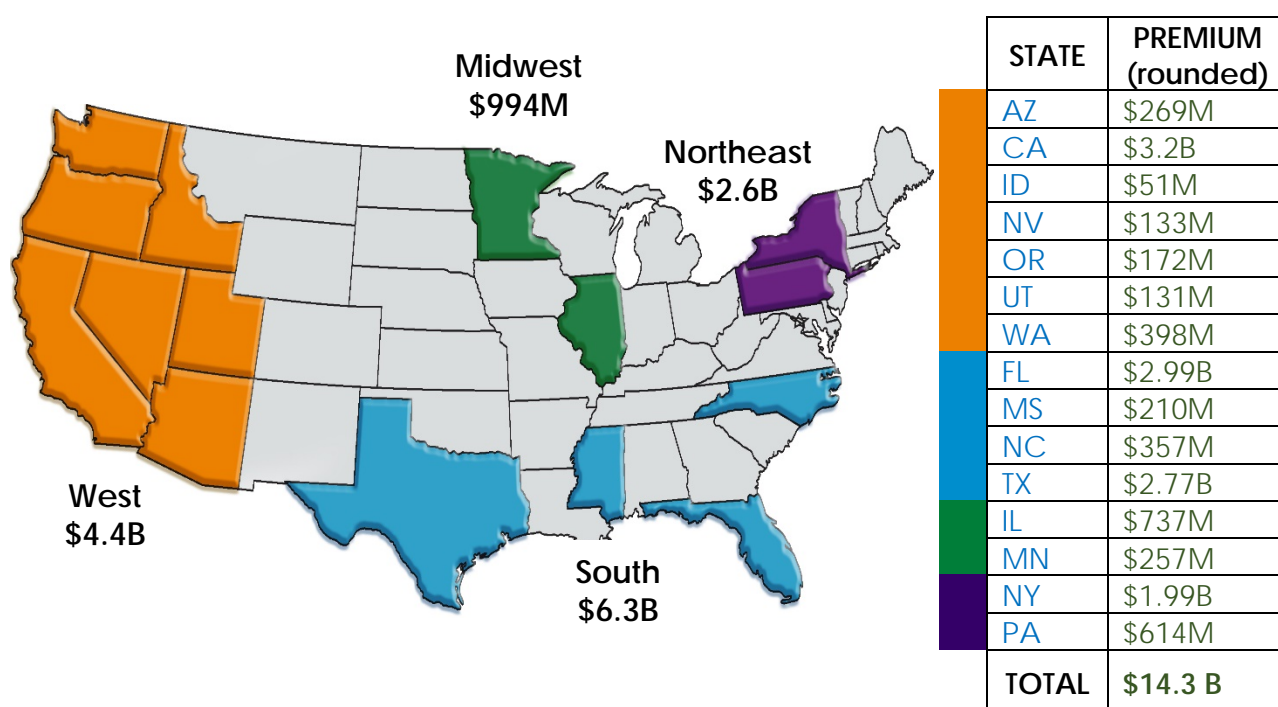


US Surplus Lines Premium Surges Nationwide



While previous outlets have reported conflicting trends of either downward or upward swings in the industry’s market, the Surplus Lines Stamping Office of Texas (SLTX) has conducted a mid-year compilation of the excess & surplus (E&S) premium that speaks to the current marketplace, based on information retrieved directly from the 15 managing service offices across the US region. When comparing data to the same period of last year, SLTX reported that 2017 has experienced an upswing of 6.6% in premium increases over 2016.

Across the US, service offices reported total premium of \$14.3B, with E&S policy items and filings, up almost 11%. As stated by Norma Carabajal Essary, SLTX CEO and Executive Director, “thus far, the mid-year mark speaks to the health of the E&S industry which continues to show the demand from buyers across the country.”

Arizona, Utah, North Carolina, and Minnesota saw the greatest premium spikes of 29%, 27%, 19%, and 16%, respectively. The positive news reported from each of these state’s executive directors were that the increases were attributed from market changes

in property and construction, new/improved business technology platforms, and policy increases in premium.

The Big Four involving California, Florida, Texas, and New York all saw increases in premium volume ranging from 5 - 8%. Equally important to note is that the Big Four offices also represent much of the US premium volume, totaling \$10.9B of the total \$14.3B mid-year value. Much of this is due to the size and regions they represent, as well as the populous and business demography of their states.

As with most states, Florida's surplus lines premium continues in an upward trend. "The primary factors of our 6% growth for the first 6 months of 2017 are an improving economy, particularly in housing, and the fact that more policies written are being renewed rather than re-entering the admitted market at the end of the period," said Gary D. Pullen, Executive Director, Florida Surplus Lines Service Office. Adding more credence to improved market changes came from three other western states with reported E&S premium increases: Idaho (7.4%), Oregon (5.2%) and Washington (5%).

Overall, the 2017 mid-year review provides a good snapshot. The industry is experiencing growth in almost all regions across the US. Albeit soft market conditions, stability is an added factor that is as valuable in what remains to be seen for the remainder of 2017 and beyond.



U.S. Surplus Lines Service Offices Mid-Year Assessment

State	% of Change		2017		Mid-Year 2016		Rates		Comments
	Premium	Items	Premium (Millions)	Items	Premium (Millions)	Items	Stamping Fee	S/L Tax	
AZ	28.82%	19.06%	\$ 268.58	37,456	\$ 208.50	31,460	0.20%	3.00%	
CA	4.93%	28.36%	\$ 3,200.74	348,498	\$ 3,050.38	271,505	0.20%	3.00%	2016 "Adjusted" Actual Premium/Item Counts
FL	6.05%	5.31%	\$ 2,988.33	552,510	\$ 2,817.90	524,672	0.10%	5.00%	New stamping fee rate (.10%) eff 4/1/17
ID	7.43%	8.82%	\$ 51.01	9,192	\$ 47.48	8,447	0.50%	1.50%	New stamping fee rate (.50%) eff 1/1/16
IL	3.49%	5.01%	\$ 736.78	70,854	\$ 711.95	67,474	0.20%	3.50%	
MN	15.56%	8.29%	\$ 256.54	22,477	\$ 222.00	20,756	0.04%	3.00%	New stamping fee rate (.04%) eff 10/1/16
MS	4.48%	13.69%	\$ 210.00	72,114	\$ 201.00	63,431	0.25%	4.00%	
NC	19.19%	24.25%	\$ 356.51	61,188	\$ 299.10	49,244	0.40%	5.00%	Stamping fee rate (.4%) eff 1/1/17
NV	0.23%	6.66%	\$ 133.45	16,724	\$ 133.15	15,679	0.40%	3.50%	Additional fee of \$50 applied for late filing
NY	6.49%	10.56%	\$ 1,990.60	163,689	\$ 1,869.20	148,058	0.18%	3.60%	Additional fee of \$25 applied for late filing
OR	5.24%	5.47%	\$ 171.91	27,353	\$ 163.35	25,934	\$15.00	2.30%	
PA	-0.90%	1.07%	\$ 614.15	98,578	\$ 619.72	97,531	\$20.00	3.00%	New stamping fee rate \$20 eff 1/1/17
TX	7.90%	9.06%	\$ 2,771.06	516,114	\$ 2,568.12	473,258	0.15%	4.85%	New stamping fee rate (.15%) eff 1/1/16
UT	26.83%	0.10%	\$ 131.40	12,064	\$ 103.60	12,052	0.15%	4.25%	
WA	5.00%	8.97%	\$ 397.95	58,212	\$ 379.00	53,419	0.10%	2.00%	
Totals	6.60%	10.96%	\$14,279.01	2,067,023	\$13,394.45	1,862,920			

As of July 14, 2017