



2021 | UPDATES & FOCUS

WSIA is the non-profit association of insurance professionals and specialty market leaders dedicated to the wholesale distribution system. WSIA represents the interests of its members and the valuable role they play in the insurance market through networking, education, talent recruitment and development, regulatory and legislative advocacy for surplus lines, and by promoting the value of the wholesale distribution channel.

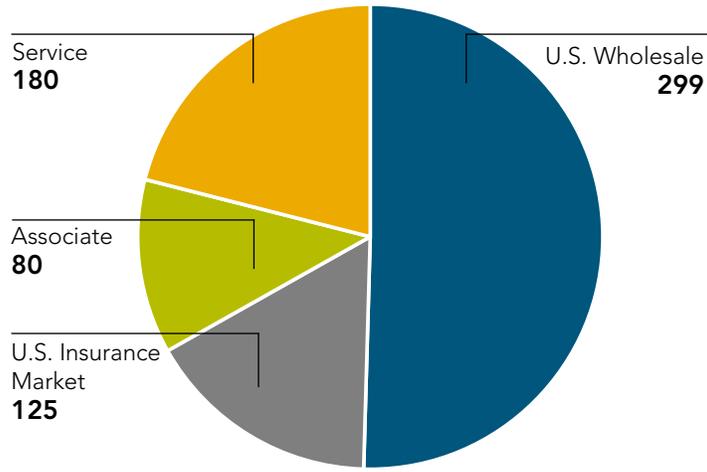


WSIA Demographics

Member Firms

U.S. Wholesale Members	299
U.S. Insurance Market Members	125
Associate Members	80
Service Members	180
Total Member Firms	684

WSIA MEMBERS BY TYPE



925 branch offices **1,609** total offices

Networking

NAPSLO ANNUAL CONVENTION

	2013	2014	2015	2016	2017	2018	2019	2020
	San Diego	Atlanta	San Diego	Atlanta	San Diego	Atlanta	San Diego	Virtual

TOTAL ATTENDEES	3,844	3,970	4,179	4,077	4,433	4,463	5,049	4,212
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UNDERWRITING SUMMIT

	2018	2019	2020
	Phoenix	Nat'l Harbor	Palm Desert

TOTAL ATTENDEES	1,362	1,194	1,213
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INSURTECH CONFERENCE

	2015	2016	2017	2018	2019	2020
	Seattle	Dallas	Atlanta	Las Vegas	Orlando	New Orleans*

TOTAL ATTENDEES	304	330	291	351	323	377
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U40 ANNUAL MEETING

	2015	2016	2017	2018	2019	2020
	San Diego	Portland	Toronto	Lake Tahoe	Nashville	Virtual

TOTAL ATTENDEES	166	205	184	165	200	154
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* Event canceled due to COVID-19

2020 AM Best Report

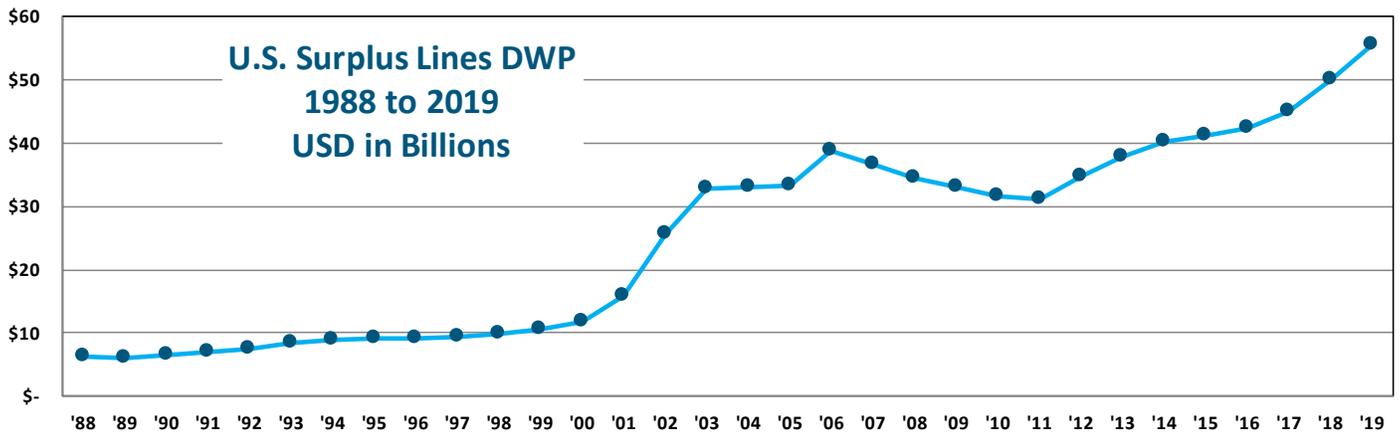
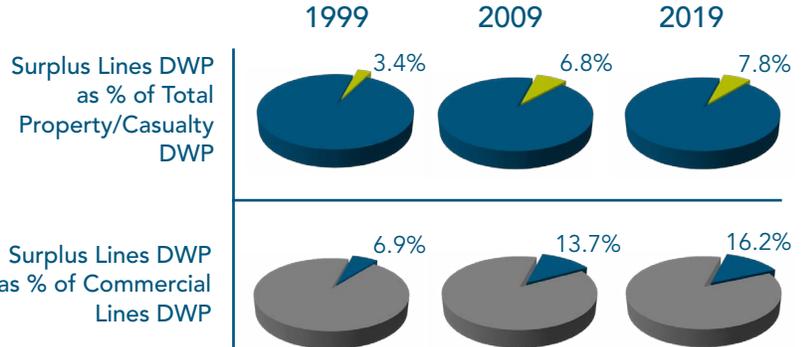
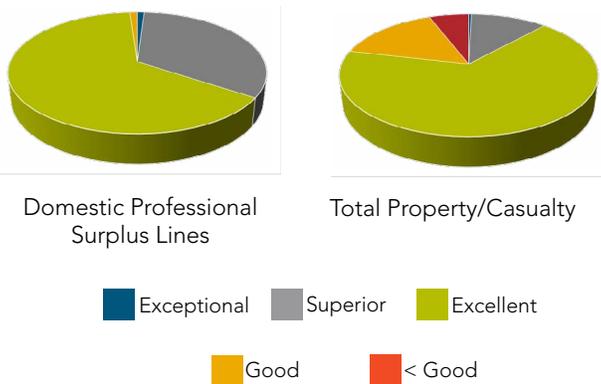
- \$56.3 billion market in 2019
- 12.8% increase in 2019 surplus lines direct written premium over prior year
- AM Best noted that despite economic, regulatory, legislative and market-related challenges, surplus lines market more than doubled in size over the last 20 years, from 3.6% of total property/casualty direct premiums written in 1999 to 7.8% at the end of 2019.



Expanding Opportunities Bolster Surplus Lines Growth and Operating Results



BEST'S RATING DISTRIBUTION BY RATING CATEGORY



Recruiting & Developing Talent

- Summer internship program: 21 selected for 2020, with more than 388 since 1981. On-site internships canceled due to COVID-19 in 2020, but these students have an opportunity to participate in 2021.
- Foundation scholarship program awarding \$1,237,000 to 304 students since 1991.
- Reached more than 3,800 college students in 2019 with 52 WSIA college visits, three symposiums and five Gamma Iota Sigma events; increase of 28% students reached over prior year.
- WSIA U40 membership of approximately 1,300, with Annual Meeting averaging 200.

Legislative & Regulatory Advocacy

WSIA's legislative advocacy team and Legislative Committee work directly with state insurance regulators and legislators and federal regulators and members of Congress, as well as in coalition with other national trade associations, to represent the interests of WSIA members and promote the wholesale, specialty and surplus lines industry.

COVID-19

RESOURCES: WSIA quickly responded to regulatory and legislative developments impacting the surplus lines industry from the onset of the COVID-19 pandemic. [Dedicated webpages](#) at [wsia.org](#) provide detailed updates by state on activity that directly impacts the surplus lines industry including regulatory bulletins, business interruption legislation and liability immunity legislation. Relevant insurance department bulletins and directives, state legislative proposals and federal legislative activity is maintained for members to easily access.

ADVOCACY: The WSIA Board of Directors adopted policy positions on state regulatory and federal legislative responses to the impacts of the COVID-19 pandemic, providing guidance for the association's approach with state and federal regulators and legislatures. The WSIA legislative advocacy team utilizes these principles to continue to ensure cooperative advancement between the market and regulators during this unprecedented time. WSIA's advocacy team will continue to work under these directives until no longer necessary for members.

STATE UNIFORMITY

WSIA advocates for uniform, state-based insurance regulation using [WSIA's Guiding Principles](#) as a roadmap for uniformity in all areas of state surplus lines regulation. The association also develops resources to educate members about use of state export lists to improve uniformity and modernization of existing and new risks for those lists.

ADVOCACY SUCCESSES:

- **Taxation:** Eliminated inconsistent treatment of home state taxation post-NRRA. Effective July 1, 2020 all states are taxing multistate policies based 100% on the home state's tax rate and rules.
- **Broker Policy Fees:** Deregulated broker policy fee caps in Florida (2019) and Michigan (2020) and continue to work toward similar success in all states.
- **NAIC Schedule T Proposal:** Helped educate state regulators on negative ramifications of a proposal to require surplus lines insurers to report their premium by home state on annual filings to the NAIC, resulting in withdrawal of proposal.

MEMBER RESOURCES:

- **Comprehensive Updates and Alerts:** Regular messaging of both breaking alerts and comprehensive legislative, regulatory and compliance updates and notices of changes impacting WSIA members.
- **50 State Compliance Charts:** Development of compliance charts and resources by state that are specific to surplus lines and provide regulatory citations and explanations for state-specific requirements.
- **National Stamping Offices Premium Data:** In 2020, WSIA began aggregating data from the 15 state Stamping Offices and working with them to distribute a biannual report of surplus lines premium and filing counts for these states. The premium represents over 62% of the annual surplus lines premium in the U.S., providing a valuable indicator of the direction of the surplus lines market overall.
- All of these materials are available on the [Legislative Advocacy, Compliance and PAC](#) section of [www.wsia.org](#)

FEDERAL ADVOCACY

- **Simplification of Nonresident Producer Licensing:** The National Association of Registered Agents and Brokers (NARAB) was adopted on January 12, 2015, but is not yet operational. NARAB is a critical regulatory efficiency reform that will implement national standards and uniformity for nonresident producer licensing while maintaining state-based regulation and home state authority. WSIA works with congressional offices and all other national trade associations to promote the immediate implementation and operation of the NARAB Board.
- **Private Flood Insurance and NFIP:** Since 2014, WSIA has advocated for legislative changes to the federal definition of private flood insurance. Revisions are necessary to amend the current definition to ensure eligible surplus lines and other private insurers private market solutions and alternatives are available to consumers in need of unique and complex flood risks and that the policies are accepted by lenders. Although private market acceptance in lieu of National Flood Insurance Program policies (NFIP) has improved recently, revisions remains a high priority in addition to ensuring consumers can freely move between the NFIP and private market without penalty. WSIA also advocates for long-term reauthorization of the NFIP in recognition of the need for broad solutions and availability of products for consumers.
- **Maintaining the NRRRA:** When Congress passed the Nonadmitted and Reinsurance Reform Act (NRRRA) in 2010, it brought much needed nationwide change to the surplus lines industry. Adopted as a provision of the Dodd Frank Act, the NRRRA established that one state, the home state of the insured, is responsible for the regulation and taxation of the surplus lines transaction. This change has brought efficiency, clarity and uniformity to the regulation of our market. WSIA works to ensure this federal law is preserved without any changes and maintained, as envisioned by Congress, in all states.

Wholesale Advocacy

WSIA members...where complex risk meets innovative solutions

Specialists	Capacity Providers	Strong and Stable Insurers	Responsive	Efficient Distributors of E&S Product
Technical Experts	Innovators	Relationship Facilitators	Solutions Oriented	Cost-Effective Distributors of E&S Product
Uberrima Fides			Integrity & Professionalism	

- Since September 2013, \$1,194,129 in earned editorial, with an estimated 26.97 million impressions, has been generated about the association and the wholesale distribution system.
- \$1,077,777 in paid advertising in trade publications and related media outlets, has generated an estimated 17.0 million impressions during that same time.

PRINT ADVERTISING

SOME THINGS WORK BETTER TOGETHER

Like working with a Wholesale & Specialty Insurance Association member to find a custom solution to a nonstandard risk. WSIA members will help you craft cost-effective, innovative solutions for your specialty and nonstandard risks. Combining the strength of the former AAMGA and NAPSLO organizations, WSIA members are your source for expert solutions.



WSIA
find WSIA members at wsia.org

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WSIA
IT'S NOT A FOUR-LETTER WORD, IT'S JUST FOUR LETTERS.

No matter how you say it, WSIA members are experts. When you need a custom solution to a nonstandard risk, seek help and choose a WSIA member to craft cost-effective, innovative solutions for your specialty and nonstandard risks. Combining the strength of the former AAMGA and NAPSLO organizations, the new WSIA is your source for solutions.

A recent Conning, Inc. analysis concluded that wholesale distribution does not increase the cost of the transaction to the insured, and you deliver an expertly tailored solution.

WSIA
find WSIA members at wsia.org

Wholesale & Specialty Insurance Association.

ONLINE ADVERTISING



SOME THINGS ARE JUST BETTER TOGETHER

Work with WSIA members, and they will deliver custom solutions to nonstandard risk.

WSIA



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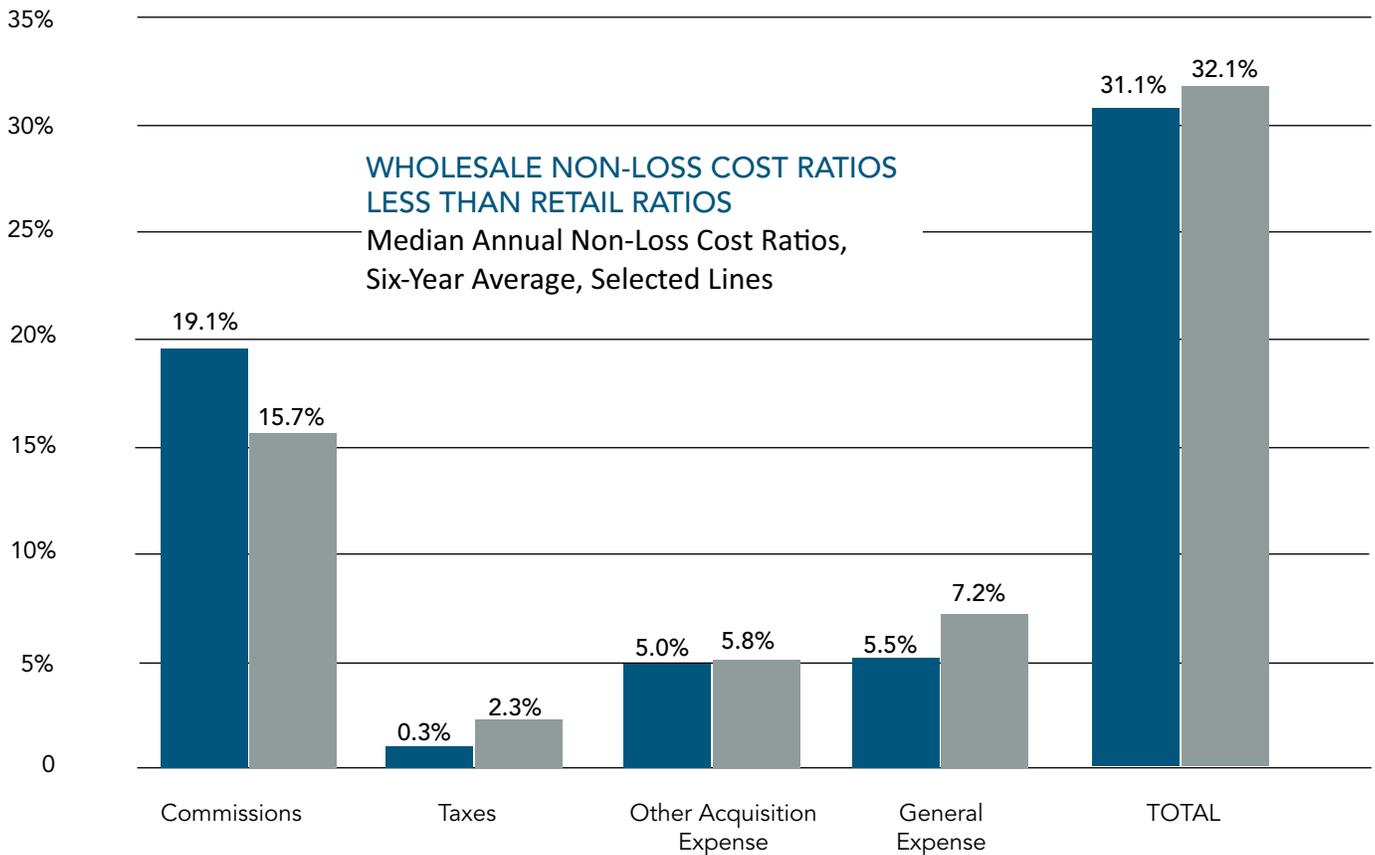
BETTER TOGETHER
FIND WSIA MEMBERS HERE

WSIA

Conning Analysis

WSIA is actively communicating the value of the wholesale distribution system to the retail industry for many years. During 2016, WSIA leadership 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 Board of Directors believed a possible misconception in the industry, that the wholesale distribution channel is substantially more expensive than the retail channel in placing specialty risks, deserved additional study. An 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.



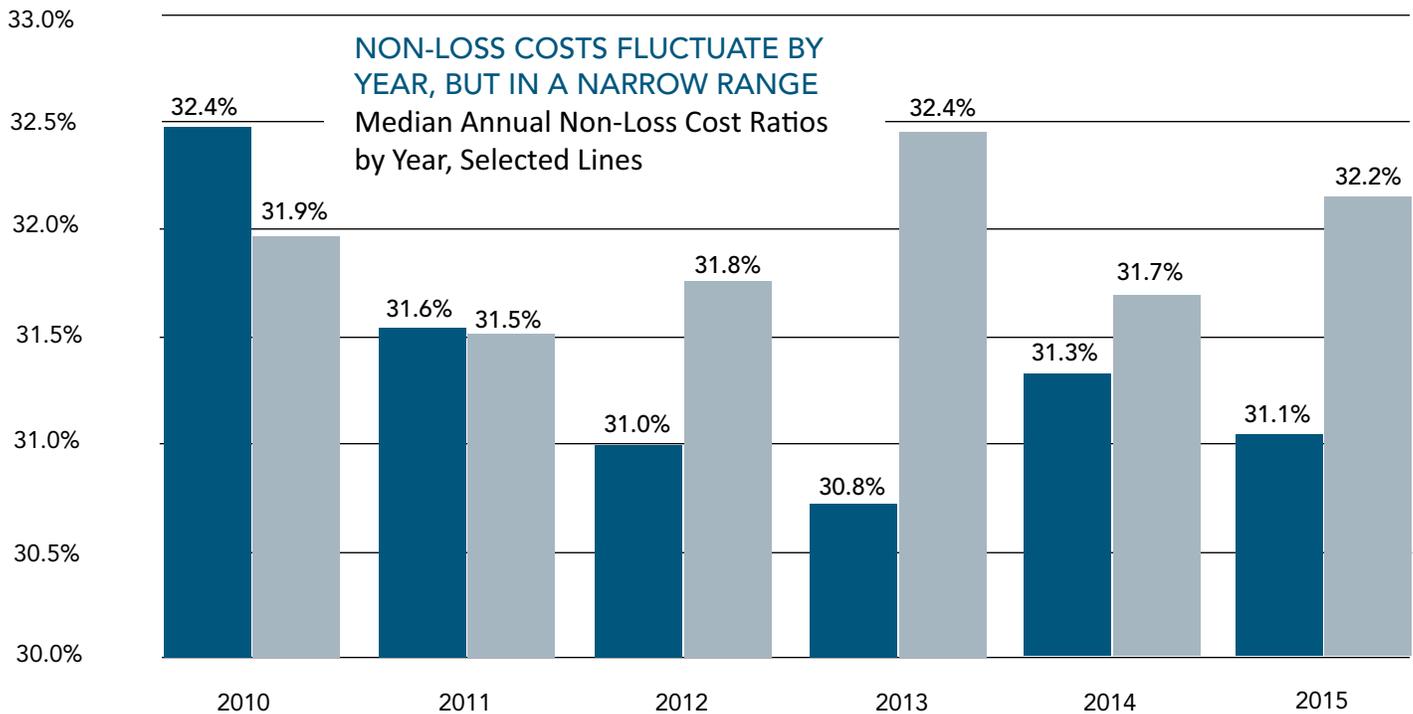
WSIA and Conning developed a detailed and thorough process to identify two composite groups of insurance companies as a proxy for each mode of insurance distribution for selected commercial lines. Insurers that use predominantly wholesale brokers for distribution were included in the "Wholesale Composite," and insurers that use predominantly retail brokers were included in the "Retail Composite." 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 Analysis

Conning measured all non-loss costs relative to direct written premium from 2010 to 2015 for these companies and, upon comparing the 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 WSIA members with tools and specific findings to leverage in their own communications. The Conning analysis and accompanying FAQs are available on the website.



Education Programs

Visit the WSIA website for up-to-date information on current WSIA Education Program dates.

EXCESS & SURPLUS LINES

For all insurance professionals who are relatively new to the surplus lines industry or who have recently transitioned into E&S

Attendees gain solid understanding of the surplus lines marketplace, current issues and trends, and the roles of brokers, underwriters, program administrators, managing general agents and other players in the industry. At the end of the program, participants will be more knowledgeable about the surplus lines market.

UNDERWRITING BOOT CAMP

For insurance professionals new to or with limited surplus lines underwriting exposure or experience

Designed for underwriters, brokers and those with binding authority to establish an underwriting foundation to enhance participants' abilities to more quickly and effectively accomplish their work. With classroom facilitation, discussion and thorough case studies, participants will be more effective technicians at the end of the program.

CONSULTATIVE SELLING & NEGOTIATIONS

For all brokers, managing general agents and underwriters who transact business and have relationships with clients

This customized surplus lines training produced by Richardson, a global sales training company, strengthens selling and negotiation skills. A small group setting allows an individualized experience focused on developing relationship skills. Participants will leave the program with stronger sales and negotiation skills, leading to greater success.

MARCUS PAYNE ADVANCED E&S

For E&S professionals with multiple years of surplus lines industry experience

Attendees learn about wholesale distribution and best practices, regulatory issues, marketing, the claims process and the reinsurance impact upon the wholesale, specialty and surplus lines industry from veteran professionals. Participants gain comprehensive knowledge and leave armed with information that can be applied immediately.

EFFECTIVE COACHING

For any surplus lines manager who leads a team of professionals responsible for revenue or premium production

During this one-day program, participants receive customized training produced by Richardson geared towards leading teams and enhancing performance in the wholesale, specialty and surplus lines industry. They return to their offices with knowledge and techniques designed to bring out the best in teams.

SURPLUS LINES MANAGEMENT

For any broker, managing general agent or underwriter who manages a team and book of business or is transitioning into a leadership role

Taught by Emory University Goizueta School of Business faculty, WSIA leaders and industry CEOs, this program combines industry experience and world-class management training. The curriculum prepares participants for current and future leadership roles by examining the foundation of good management. Participants learn to harness their leadership style to motivate teams, manage conflict, build a book of business and increase company value.

Education Programs

WSIA UNIVERSITY

For E&S professionals at all career levels and job responsibilities to grow their industry expertise

Attendees at this two-day program choose from a variety of technical training sessions and workshops to customize their learning experience. Some courses are case study-based, some are panel discussions, and others are presentations with class engagement to enhance technical skill sets.

EXECUTIVE LEADERSHIP SUMMIT

For senior-level executives with considerable experience and direct responsibility for obtaining superior and sustainable results

Senior-level E&S industry members participate in this capstone course at the University of Virginia’s Darden School of Business in Washington, D.C. The curriculum emphasizes transitioning from a tactical leadership approach to a strategic leadership focus. This program will challenge the way participants think, lead and manage in today’s complex environment, enabling them to lead more successfully.

WSIA TECHNICAL & CAREER DEVELOPMENT



ONLINE PROGRAMS

SURPLUS LINES FUNDAMENTALS

For insurance professionals seeking an introduction to E&S

Online participants understand why the surplus lines market is needed, how its distribution system works, how surplus lines transactions are regulated and how the surplus lines market is able to successfully underwrite risks that the standard market has declined.

SURPLUS LINES REGULATORY COMPLIANCE

For insurance professionals seeking an introduction to regulatory compliance

This online course covers a variety of subject material including an overview of the surplus lines industry, licensing, record keeping, insurer eligibility, diligent search, tax remittance, policy disclosure and delivery and independent procurement and industrial exemption.

Upcoming WSIA Events

WSIA ANNUAL MARKETPLACE

September 19-22, 2021

San Diego, CA

Manchester Grand Hyatt | Marriott Marquis San Diego

September 11-14, 2022

San Diego, CA

Manchester Grand Hyatt | Marriott Marquis San Diego

UNDERWRITING SUMMIT

March 1-3, 2021

Virtual Event

March 13-16, 2022

Orlando, FL

Hilton Orlando Bonnet Creek Resort

INSURTECH CONFERENCE

March 28-31, 2021

Virtual Event

U40 ANNUAL MEETING

October 10-12, 2021

Austin, TX

Sheraton Austin at the Capitol

