January 2017

Dear Senator/Representative,

On behalf of the National Association of Professional Surplus Lines Offices (NAPSLO), we want to express a warm welcome to you as you begin your work in the 115th Congress.

About NAPSLO: NAPSLO is the professional trade association representing the surplus lines industry and the wholesale insurance distribution system. Comprised of approximately 400 wholesale broker member firms, 100 surplus lines insurance companies, and 200 associates and service providers to the surplus lines market, our membership operates in more than 1,500 offices representing tens of thousands of individual brokers, insurance company professionals, underwriters and other insurance professionals worldwide – all of whom are committed to the wholesale distribution system and U.S. surplus lines market.

About the Surplus Lines Market: The surplus lines market, also known as the nonadmitted market or E&S market, plays an important role in providing insurance for nonstandard and complex risks. Often called the “safety valve” of the insurance industry, surplus lines insurers fill the need for coverage in the marketplace by providing capacity to catastrophe-prone risks and coverage for risks that are declined by the standard underwriting and rating processes of standard/admitted insurance carriers. In 2016, the A.M. Best Company Special Report U.S. Surplus Lines—Segment Review reported that in 2015, the surplus lines market represented $41.3 billion in direct written premium, approximately 7% of the entire property and casualty market and over 14% of commercial lines premium. 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.

Legislation in the 115th Congress: NAPSLO’s top legislative priority is enactment of the Flood Insurance Market Parity and Modernization Act (H.R. 2901/S. 1679 in the previous Congress). This legislation would amend the definition of private flood insurance to clarify that private insurers, and surplus lines insurers in particular, are eligible to offer private market solutions and alternatives to the National Flood Insurance Program (NFIP) for consumers with unique and complex flood risks. This legislation was approved by both the House Financial Services Committee and the full House unanimously. As the congress works to reauthorize the NFIP in 2017, we strongly encourage the inclusion of this bill.

The Nonadmitted Reinsurance Reform Act (Title V, Subtitle B of PL 111-203) also remains of great importance to NAPSLO. This law, passed as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, has had a powerful, positive impact on the regulation and tax collection for the surplus
lines industry and has resulted in significant regulatory and business efficiencies. As the Congress revisits the different provisions of the Dodd-Frank Act, we urge you to preserve this important provision of the law.

As you carry out your work throughout the Congress, please consider NAPSLO a resource on issues related to insurance. We look forward to working with you and your staff in the coming Congress.

Best regards,

Brady R. Kelley
Executive Director

Keri Kish
Director of Government Relations