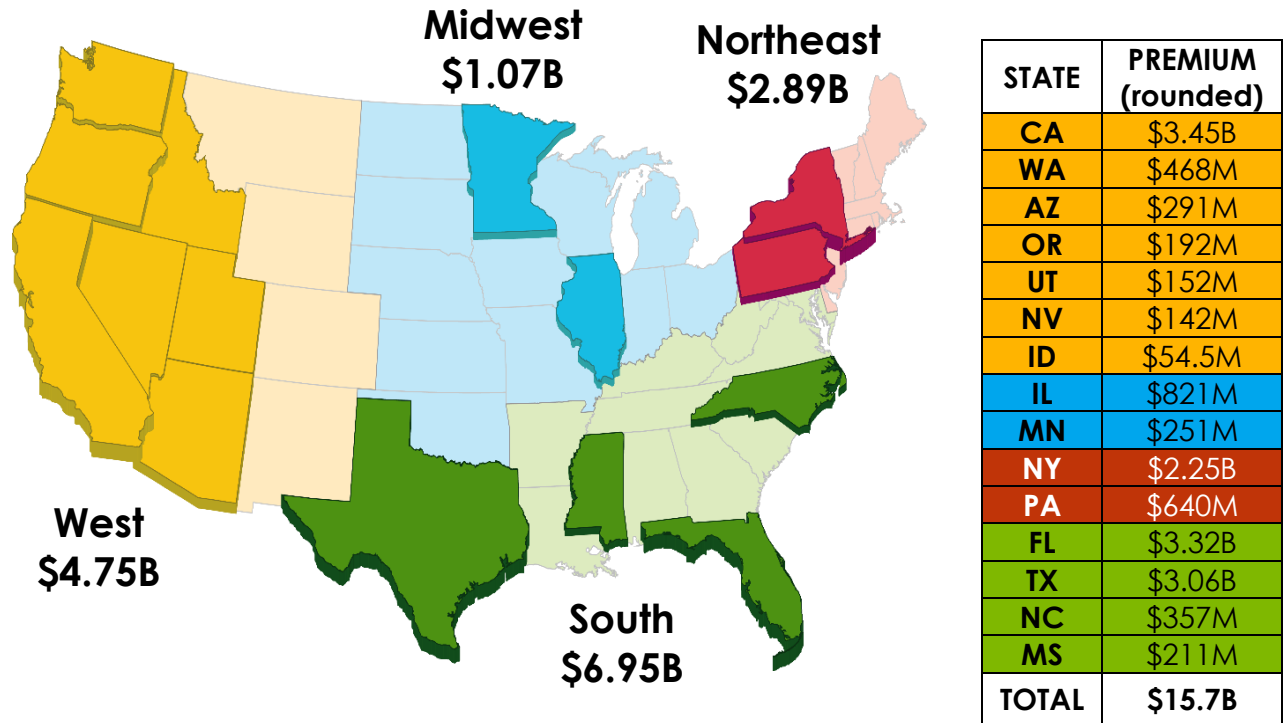


# SLTX Press Release – Surplus Lines Growth Continues Nationwide

July 17, 2018



Austin, Texas - Excess and surplus lines (E&S) premium recorded by the 15 managing service offices in the US have increased 9.4%, as of the 2018 mid-year point. Total premium reported reached \$15.7B, approximately \$1.4B more than was recorded in 2017, according to a mid-year analysis conducted by the Surplus Lines Stamping Office of Texas (SLTX).

Total transactional filings have increased as well, with 2.2M filings made through the first two quarters of the year. This total represents a 5% growth over 2017. Seven states (Illinois, Minnesota, North Carolina, Nevada, Oregon, Pennsylvania, and Utah) saw an increase in filings larger than 10%. California experienced the largest decrease, recording 320,905 filings, down from 348,498 in 2017. While the decrease may seem significant, the expectation is that California will continue to see surplus lines premium growth.

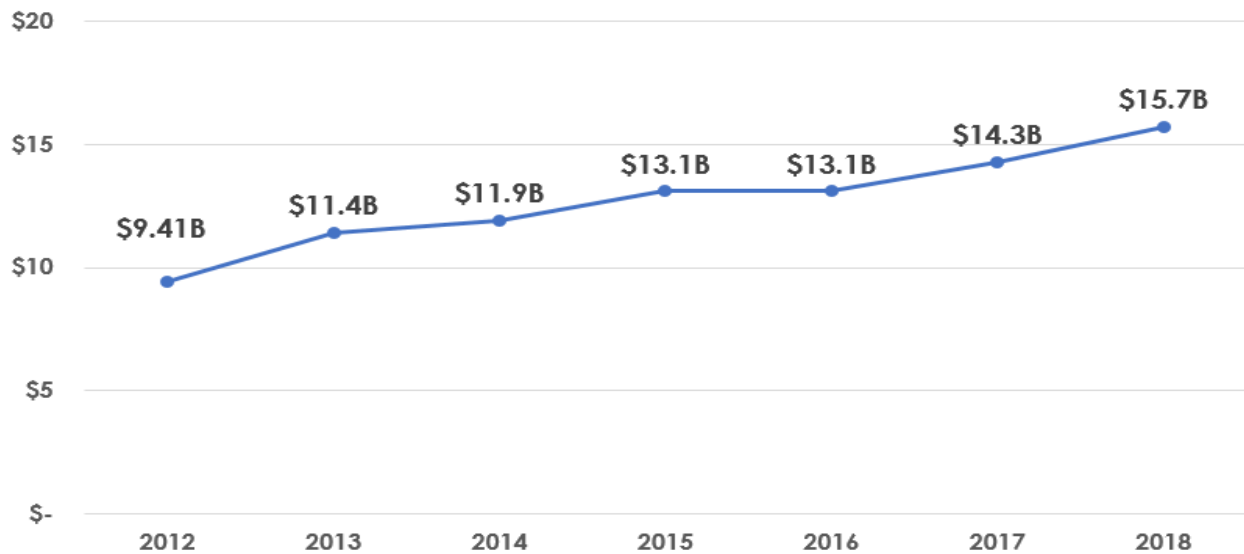
The four largest states, California, Florida, Texas, and New York, saw increases in premium volume of 8%, 10%, 11%, and 13%, respectively. These offices represent a majority of the US premium value, totaling \$12.1B of the total \$15.7B mid-year

value. These states are ranked as the most populous among the group, giving rise to the large premium amounts reported each year.

Additionally, the southern region of the US, consisting of Florida, Texas, North Carolina, and Mississippi, accounted for \$6.95B in premium, the largest of all regions. Though 92% of the region's premium was reported by Florida and Texas, North Carolina and Mississippi also had increased filings in 2018 over 2017.

Washington and Utah saw the greatest premium spikes of 18% and 16%, respectively. Improved market changes came from three other western states with reported E&S premium increases: Oregon (9%), Arizona (8%), and Idaho (7%).

### Surplus Lines Premium Growth (Historical Mid-Year Totals)



\*Prepared by SLTX, July 17, 2018

\*Data reported by US Service/Stamping Offices

“Premium among the E&S service and stamping offices have exhibited a 67% increase over the past seven years,” said Norma Carabajal Essary, CEO of SLTX. “We are quite impressed with the national growth, and more specifically, in Texas, we are already experiencing 2018 mid-year increases in coverage areas such as flood (40%), directors and officers (74%), errors and omissions (6%), and cyber liability (15%).”

Overall, the 2018 mid-year review provides a positive snapshot, as the industry is experiencing growth in all regions across the country. Against a backdrop of natural catastrophes, politics, and technological advances, the market is well-aligned to withstand what the future may bring.



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

| State         | % of Change  |              | Mid-Year 2018      |                  | Mid-Year 2017      |                  | Rates        |         | Comments  |
|---------------|--------------|--------------|--------------------|------------------|--------------------|------------------|--------------|---------|---|
|               | Premium      | Items        | Premium (Millions) | Items            | Premium (Millions) | Items            | Stamping Fee | S/L Tax |   |
| AZ            | 8.29%        | 9.05%        | \$ 290.85          | 40,844           | \$ 268.58          | 37,456           | 0.20%        | 3.00%   |   |
| CA            | 7.72%        | -7.92%       | \$ 3,447.72        | 320,905          | \$ 3,200.74        | 348,498          | 0.20%        | 3.00%   |   |
| FL            | 9.71%        | 8.73%        | \$ 3,323.43        | 601,455          | \$ 3,029.26        | 553,189          | 0.10%        | 5.00%   |   |
| ID            | 6.92%        | 5.41%        | \$ 54.54           | 9,689            | \$ 51.01           | 9,192            | 0.50%        | 1.50%   |   |
| IL            | 11.39%       | 10.03%       | \$ 820.73          | 77,962           | \$ 736.78          | 70,854           | 0.125%       | 3.50%   | Stamping fee rate decreased to (.125%) eff 1/1/18 |
| MN            | -2.32%       | 10.07%       | \$ 250.60          | 24,740           | \$ 256.54          | 22,477           | 0.04%        | 3.00%   |   |
| MS            | 0.68%        | 3.72%        | \$ 211.43          | 74,796           | \$ 210.00          | 72,114           | 0.25%        | 4.00%   |   |
| NC            | 0.04%        | 47.89%       | \$ 356.66          | 90,488           | \$ 356.51          | 61,188           | 0.40%        | 5.00%   |   |
| NV            | 6.06%        | 12.80%       | \$ 141.54          | 18,864           | \$ 133.45          | 16,724           | 0.40%        | 3.50%   |   |
| NY            | 13.25%       | 5.05%        | \$ 2,254.40        | 171,961          | \$ 1,990.60        | 163,689          | 0.17%        | 3.60%   | Additional fee of \$25 applied for late filing    |
| OR            | 9.07%        | 16.25%       | \$ 192.10          | 32,757           | \$ 176.13          | 28,177           | \$15.00      | 2.30%   |   |
| PA            | 4.26%        | 11.32%       | \$ 640.29          | 109,737          | \$ 614.15          | 98,578           | \$20.00      | 3.00%   |   |
| TX            | 10.59%       | 1.72%        | \$ 3,064.45        | 524,970          | \$ 2,771.06        | 516,114          | 0.15%        | 4.85%   |   |
| UT            | 15.75%       | 38.41%       | \$ 152.09          | 16,698           | \$ 131.40          | 12,064           | 0.18%        | 4.25%   | Stamping fee rate increased to (.18%) eff 1/1/18  |
| WA            | 17.56%       | 6.52%        | \$ 467.83          | 62,009           | \$ 397.95          | 58,212           | 0.10%        | 2.00%   |   |
| <b>Totals</b> | <b>9.39%</b> | <b>5.29%</b> | <b>\$15,668.66</b> | <b>2,177,875</b> | <b>\$14,324.16</b> | <b>2,068,526</b> |              |         | As of July 16, 2018                               |