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**Surplus lines growth continues during 2020**

Kansas City, MO – Surplus lines premium in 2020 in stamping office states exceeded \$41.7 billion, up 14.9% over 2019 according to the 2020 Annual Report of the U.S. Surplus Lines Service and Stamping Offices. According to the offices, item counts decreased by 63,299, or 1.3% below 2019 item counts.



Stamping office reporting provides a valuable indicator of the direction of the U.S. surplus lines market. In 2019, states with stamping offices accounted for 62.7% of U.S. premium volume according to stamping office and AM Best reports. Each of the 15 stamping offices reported premium growth in 2020 with 11 states reporting double-digit percentage increases. While item counts were down overall, nine states reported increases.



The industry showed resilience through the trials and tribulations of 2020, and premium and items continued the trends demonstrated in the 2020 midyear report. “The report certainly points to a hardening market based on both premium growth and increasing premiums per transaction; however, the overall reduction in transactions suggests the industry is battling some headwinds due to economic conditions resulting from COVID-19,” said Dan Maher, Executive Director of the Excess Line Association of New York.



While smaller states like Idaho and Utah saw the largest increases in premium volume, large states like California, Florida, Illinois and Texas all saw double-digit increases, continuing their trends that began in 2019. Gary Pullen, Executive Director of the Florida Surplus Lines Service Office said, “Surplus lines premium reported to FLSO exceeded \$7.5 billion for the first time in 2020 and experienced a 13%, or \$894 million, premium increase. This is the third consecutive double-digit increase for premium and every quarter experienced record premium for the period.”



As always, some lines fare better than others depending upon the economic situation. Sylvia Bruno, Executive Manager of the Surplus Line Association of Utah said, “We set records with both premium and item counts in 2020 driven primarily by large increases in general liability along with fire and allied lines. We also had a significant increase in difference-in-conditions



commercial risks and earthquake insurance.”

On the other side of the country, Geoff Allen, Chief Operating Officer of the North Carolina Surplus Lines Association, noted several high-growth lines in his state. “North Carolina had over a 20% increase in premium for commercial property, excess and umbrella, directors and officers, cyber and excess auto,” Allen said.

Stamping offices each reported item counts that included new and renewal business, plus endorsements that included audit premium. While item counts are still down relative to 2019 (-1.3%), they are down less than they were as of the 2020 midyear report (-2.6%).

“FSLSO’s item count decreased 6% in 2020,” Pullen said. “The overall decrease in policy count was due to significant decreases in Personal Liability, HO-3 and Inland Marine – Personal policy counts. Coverages with the largest increases in policy count amounts were Commercial Property, Flood – Personal, Dwelling Property and Excess Commercial General Liability.”

With the possibility of new federal financial relief and the continued rollout of the COVID-19 vaccine, the stamping offices are hopeful that a stabilizing economy will continue to strengthen the surplus lines industry into 2021. These statistics are gathered and reported individually by each state stamping office and the data is aggregated and summarized by WSIA on their behalf.

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## U.S. Surplus Lines Service and Stamping Offices

2020 Annual Report

	% of Change		2020		2019		Rates		Comments
	Premium	Items	Premium	Items	Premium	Items	Stamping Fee	S/L Tax	
Arizona	6.19%	4.11%	\$ 762,416,961	92,841	\$ 717,999,612	89,178	0.20%	3.00%	
California	22.68%	7.95%	11,152,070,780	775,731	9,090,113,506	718,590	0.25%	3.00%	
Florida	13.41%	-6.10%	7,562,394,241	1,539,239	6,668,194,699	1,639,217	0.06%	4.94%	Stamping fee reduced from 0.10% to 0.06% for policies effective on or after 4/1/20. Tax rate was decreased from 5% to 4.94% for policies effective on or after 7/1/20, and applies only to policies submitted by surplus lines agents. IPC policies continue to be taxes at 5%.
Idaho	35.83%	3.41%	211,420,085	21,533	155,652,522	20,822	0.50%	1.50%	
Illinois	10.20%	-7.20%	2,108,551,065	145,809	1,913,459,079	157,127	0.075%	3.50%	
Minnesota	19.61%	1.27%	736,985,986	49,921	616,174,219	49,293	0.04%	3.00%	
Mississippi	21.29%	16.96%	568,863,279	194,640	469,003,426	166,410	0.25%	4.00%	
Nevada	6.55%	1.07%	440,624,121	41,468	413,552,551	41,031	0.04%	3.50%	
New York	3.86%	-5.28%	5,050,934,366	333,902	4,863,057,390	352,497	0.17%	3.60%	
North Carolina	8.66%	4.15%	1,009,020,888	194,712	928,596,053	186,950	0.40%	5.00%	
Oregon	21.77%	0.86%	581,683,000	71,278	477,673,455	70,673	\$10	2.30%	Stamping fee on new and renewal only
Pennsylvania	11.37%	-2.64%	1,732,009,950	223,301	1,555,248,300	229,348	\$20	3.00%	Stamping fee is per filing
Texas	13.98%	-3.09%	7,923,685,230	1,059,958	6,951,698,371	1,093,760	0.15%	4.85%	Stamping fee changed to 0.075% for items with inception date on or after 1/1/2021
Utah	37.07%	25.54%	480,231,389	51,413	350,365,336	40,953	0.18%	4.25%	
Washington	24.05%	-2.17%	1,380,208,300	144,067	1,112,593,959	147,263	0.10%	2.00%	
<b>Totals</b>	<b>14.93%</b>	<b>-1.27%</b>	<b>\$ 41,701,099,641</b>	<b>4,939,813</b>	<b>\$ 36,283,382,478</b>	<b>5,003,112</b>			