FOR IMMEDIATE RELEASE
February 12, 2024

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Stamping Office Premium and Transaction Report - 2023 Annual Report

Kansas City, MO – The U.S. Surplus Lines Service and Stamping Offices have released their 2023 Annual Report, revealing that surplus lines premium reached $72.7 billion, and there were 5.8 million reported items filed in 2023. These figures reflect a 14.6% increase in premium and a 5.2% rise in items compared to the same period in 2022. This follows the record-breaking premium of $63 billion and 24.1% growth reported in the previous year.

The 2023 Annual Report builds on insights from the 2023 Midyear Report and includes stamping office data categorized by line of business. The report compares 2023 and 2022 surplus lines market data, identifying nine key lines of business, including auto liability, auto physical damage, disability/A&H, inland marine, liability (non-professional), multi-peril, professional liability, property, and residential/homeowners/other personal property. For the first time, the report also includes items filed by line of business. To provide a comprehensive overview across 15 states, the stamping offices collaborated to map each state's coverage codes into these nine lines of business, offering a unique source of surplus lines premium and transaction data. The 2023 and 2022 stamping office data by line of business is available for download here.

Line of business data also provides a valuable indicator of the types of business driving the E&S market, with commercial liability and commercial property coverage comprising the bulk of the market. While some states are seeing increases in personal lines coverages such as homeowners and disability policies, those lines continue to constitute only a small portion of the overall E&S market and both lines saw decreases in filed items from 2022 to 2023.

Ben McKay, CEO and Executive Director of the Surplus Line Association of California, noted that the California market grew in 2023, albeit not as dramatically as it had in previous years when it experienced double-digit growth. "Overall premiums increased by just under 3% and transactions by just under 5%, which is a good rate of growth and only looks small against the double-digit increases we saw in the years immediately prior to 2023," McKay said.

"Nobody who has seen the volatility in the California homeowners' market will be surprised to hear that homeowners was the one line of coverage that saw large increases in both premium (20%) and transactions (26%) in 2023," McKay said, regarding some of the changes in California's market. "This was to be expected, given the decisions by numerous admitted carriers to stop writing new homeowners' business in California." Overall, the Surplus Line Association of California expects that the market will remain healthy in 2024.

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Illinois saw moderation in premium growth, ending at 9.6% compared to the previous year's record-breaking 23% increase. David Ocasek, Chief Executive Officer of the Surplus Line Association of Illinois, noted that while the rapid growth of the previous year has stabilized, the surplus lines market is still aptly able to respond to the needs of the insurance market. "We continued to see Illinois surplus lines producers in 2023 responding to surging market demands in several areas," Ocasek said. "Premium volume in both the auto liability and the property segments increased more than 32% versus the prior year." He noted that insureds also sought significantly more umbrella, excess general liability, and commercial multi-peril coverage in the surplus lines market during the year.

Mark Shealy, Executive Director of the Florida Surplus Lines Service Office, acknowledged Florida's continued premium growth at 27.8% year over year, with transaction counts remaining steady at 1.2%. "Results for the 2023 Annual Report align with our Midyear Report predictions," Shealy said. "We continue to see the commercial property market's premiums exhibit a noteworthy surge in response to current market conditions. This uptrend is attributed to the hardening of prices, as well as a decrease in policy counts. To a lesser degree, the increase can also be attributed to a more subtle increase in excess commercial general liability policies."

Roger Helbling, Executive Director of the Surplus Lines Association of Oregon, reported significant milestones in Oregon, with surplus lines premiums growing more than 18% in 2023, exceeding $1 billion. He credited the achievement to the vigorous efforts of the association's staff. Helbling also said, "liability and property lines remain hard with the latter increasing over 32% and still being impacted by the catastrophic Labor Day fires in 2020."

Janet Pane, Executive Director at the Excess Line Association of New York, reported that the New York E&S market had moderate growth in 2023, with an 8.6% increase in transaction volume and a 5.2% increase in premium growth. "In 2023, some of the largest product lines driving premium increases were primary general liability and property, excess liability and umbrella, along with errors and omissions, and directors and officers," Pane said. She attributes these results to the real estate – rental and leasing and construction industries, which dominate over 45% of NY E&S premium.

Pane further emphasized the significance of specialty insurance and the E&S market in addressing societal, climate, geopolitical, and technological changes. "These transformations create a protection gap for consumers, presenting the insurance industry with an opportunity for reinvention, with the E&S market at the forefront of innovation."

Stamping office states accounted for 64% of all U.S. surplus lines premium volume in 2022, providing a valuable indicator of the state of the total U.S. surplus lines market. State stamping and service offices are nongovernmental entities that play a vital role in the surplus lines industry by facilitating compliance with surplus lines insurance regulations and tax filings as well as additional services for their respective memberships. A full list of stamping office contact information can be found here.

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