SURPLUS LINES (E) TASK FORCE

Surplus Lines (C) Task Force August 3, 2026, Minutes

- 2027 Task Force Charges (Attachment One)
- Surplus Lines Industry Results Presentation (Attachment Two)

Draft Pending Adoption

Draft: 8/6/26

Surplus Lines (C) Task Force
Virtual Meeting
August 3, 2026

The Surplus Lines (C) Task Force met Aug. 3, 2026. The following Task Force members participated: Larry D. Deiter, Chair, Johanna Nickelson, and Frank Marnell (SD); Glen Mulready, Vice Chair, represented by Eli Snowbarger (OK); Heather Carpenter represented by David Phifer (AK); Charles Bassett represented by Lori Dreaver Munn (AZ); Ricardo Lara represented by Audrie Lee (CA); Michael Conway represented by Rolf Kaumann (CO); Karima M. Woods represented by Angela King (DC); Trinidad Navarro represented by Jessica R. Luff (DE); Michael Yaworsky represented by Bradley Trim (FL); Doug Ommen represented by Kim Cross (IA); Dean L. Cameron represented by Shannon Hohl (ID); Holly W. Lambert represented by Linda Grant (IN); Timothy J. Temple represented by Shantell Taylor (LA); Grace Arnold represented by Kathleen Orth (MN); Mike Causey represented by Jacqueline Obusek (NC); Michael Humphreys represented by Michael McKenney (PA); Michael Wise (SC); Amanda Crawford represented by Jamie Walker (TX); and Patty Kuderer represented by Nicole Rayl (WA). Also participating was: Gennady Stolyarov (NV).

1. Adopted its March 5 Minutes

Walker made a motion, seconded by Munn, to adopt the Task Force's March 5 minutes (*see NAIC Proceedings – Spring 2026, Surplus Lines (C) Task Force*). The motion passed unanimously.

2. Adopted the Report of the Surplus Lines (C) Working Group

The Surplus Lines (C) Working Group met June 16 and March 30 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings. During these meetings, the Working Group approved three applications and four re-applications for admittance to the April 1 *Quarterly Listing of Alien Insurers* and approved two applications and four re-applications for admittance to the July 1 *Quarterly Listing of Alien Insurers*.

Orth made a motion, seconded by Walker, to adopt the report of the Surplus Lines (C) Working Group. The motion passed unanimously.

3. Adopted its 2027 Proposed Charges

Director Deiter stated that the 2027 proposed charges for the Task Force and the Surplus Lines (C) Working Group included no substantive changes.

King made a motion, seconded by Munn, to adopt the Task Force's 2027 proposed charges (Attachment One). The motion passed unanimously.

4. Heard a Presentation on Surplus Lines Industry Results

Andy Daleo (NAIC) and Bree Wilson (NAIC) presented on year-end 2025 surplus lines industry results (Attachment Two). The summary included details on participants in the U.S. surplus lines market, writings, and industry trends. The presentation also included market exposure for cybersecurity and private flood.

Stolyarov inquired if it would be possible to provide the subcategories for other liability. Daleo indicated that, currently, non-U.S. reporting company data is not that granular. However, Daleo indicated that in future years, he can work with the industry to drill down on the other liability line to provide more granularity. Stolyarov commented that it would be helpful to at least have the subcategories for U.S. reporting companies. Daleo indicated that for next year's report, additional detail will be provided.

5. <u>Heard a Presentation from NAPIA on Public Adjusters in the Surplus Lines Market</u>

Director Dieter indicated that a previous discussion regarding anti-public adjuster endorsements in certain surplus lines insurance contracts was held during the 2024 Summer National Meeting. It was discussed that these contracts may contain language that: 1) prohibits the insured from using a public adjuster; or 2) provides a premium discount if the insured agrees not to use a public adjuster. He stated that Ann Frohman (National Association of Public Insurance Adjusters—NAPIA) will provide an update on the issue.

Frohman indicated that during the 2024 Summer National Meeting, it was discussed that certain surplus lines insurance contracts contain endorsements that indicate a claimant cannot use, hire, engage, or utilize the service of a public adjuster. She indicated that over the last several years, the license provisions have been updated to include more consumer protections in the public adjuster area. She stated that NAPIA members are public adjusters who focus on commercial (75%) and residential (25%). Frohman provided the following update on litigation activities:

- NAPIA and the Florida Association of Public Insurance Adjusters (FAPI) are currently litigating against Velocity Risk Underwriters, seeking to void the anti-public adjuster endorsements per the Florida Deceptive and Unfair Trade Practices Act (FDUTPA). They are also seeking injunctive relief, alleging antitrust violations and arguing that the endorsements conflict with Florida statutes recognizing licensed public adjusters.
- *Swerling Milton Winnick Public Insurance Adjusters, Inc. v. Velocity Risk Underwriters* (Velocity Risk) was filed in Massachusetts. Frohman indicated that several surplus lines carriers are using the endorsements provided by Velocity Risk. She stated that Swerling Milton Winnick Public Adjusters alleges similar violations of tortious interference, civil conspiracy, and unfair and deceptive business practices by using this endorsement and is seeking declaratory relief. Further, she indicated that Velocity Risk has moved to dismiss the lawsuit on jurisdictional, standing, and other grounds.
- A third case was filed in the federal court of New York and in the state of New Jersey seeking declaratory relief. This case was filed by a public adjuster. However, the surplus lines carriers received dismissal. Frohman indicated that the court found that the public adjuster's allegations of tortious interference, civil conspiracy, and unfair and deceptive business practices failed to plead that the surplus lines carriers had done anything improper. She summarized that the New York and New Jersey cases were dismissed, and New York issued a formal opinion.

Tim Woodard (NAPIA) indicated that Texas has outlawed anti-public adjuster endorsements due to their illegal nature and violation of public policy. Woodard added that this is a consumer rights issue and that NAPIA realizes that an insured does not have to hire a public adjuster but should have the right. Woodward commented that Texas House Bill 1706 was passed in 2023 and enacted in January 2024.

Frohman commented that it is important for the Task Force to be aware of the licensure work completed under the *Public Adjuster Licensing Model Act* (#228) to shore up the gaps in consumer protection. She indicated that these updates should be considered by some states. She indicated that within Model #228, there is a provision stating that the consumer has the right to hire a public adjuster, and she believes it has been adopted by a dozen or more states. She indicated that some have said that surplus lines forms and rates are not filed, and what is in this form does not apply. She stated that this is not necessarily true when there are conflicts with state laws, and when there is a regulatory scheme and legislative intent to regulate, and not prohibit, public adjusters. Frohman went on to say that she encourages conversation in this area and possibly survey the industry or agents that sell these endorsements.

Director Deiter thanked NAPIA for the education on the use of public adjusters.

Amy Bach (United Policyholders—UP) noted that these endorsements are showing up in both commercial and residential policies. She stated that these endorsements step on the policyholders' right to hire the professional help they need. She indicated that a Washington Post article covered residential policies in California that included wildfire deductibles, and the California Department of Insurance (DOI) stated it does not allow this language. She indicated that she understands the deferral to the state legislature, but this is going to fall back onto regulators' plates.

Director Deiter commented that this is becoming a more important issue, especially in states like California, where residential homeowners policies are moving into the surplus lines market.

Having no further business, the Surplus Lines (C) Task Force adjourned.

Draft: 7/24/26
Adopted by the Executive (EX) Committee and Plenary—
Adopted by the Property and Casualty Insurance (C) Committee—
Adopted by the Surplus Lines (C) Task Force—

2027 Proposed Charges

SURPLUS LINES (C) TASK FORCE

The mission of the Surplus Lines (C) Task Force is to monitor the surplus lines market and regulation, including the activity and financial condition of U.S. and non-U.S. surplus lines insurers participating in the U.S. market, by providing a forum for discussion of issues and to develop or amend relevant NAIC model laws, regulations, and/or guidelines.

Ongoing Support of NAIC Programs, Products, or Services

The **Surplus Lines (C) Task Force** will:

A. Provide a forum for discussion of current and emerging surplus lines-related issues and topics of public policy and determine appropriate regulatory response and action.
B. Review and analyze industry data on U.S. domestic and non-U.S. surplus lines insurers participating in the U.S. market.
C. Monitor federal legislation related to the surplus lines market and ensure all interested parties remain apprised.
D. Develop or amend relevant NAIC model laws, regulations, and/or guidelines.
E. Oversee the activities of the Surplus Lines (C) Working Group.

The **Surplus Lines (C) Working Group** of the Surplus Lines (C) Task Force will:

A. Operate in regulator-to-regulator session pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings and in open session when discussing surplus lines topics and policy issues, such as amendments to the International Insurers Department (IID) Plan of Operation.
B. Maintain and draft new guidance within the IID Plan of Operation regarding standards for admittance and continued inclusion on the NAIC *Quarterly Listing of Alien Insurers*.
C. Review and consider appropriate decisions regarding applications for admittance to the NAIC *Quarterly Listing of Alien Insurers*.
D. Analyze renewal applications of alien surplus lines insurers on the NAIC *Quarterly Listing of Alien Insurers* and ensure solvency and compliance per the IID Plan of Operation guidelines for continued listing.
E. Provide a forum for surplus lines-related discussion among jurisdictions.

The 2025 Surplus Lines Industry

Andy Daleo, Sr. Manager – International Analysis
Bree Wilson, Sr. International Financial Analyst

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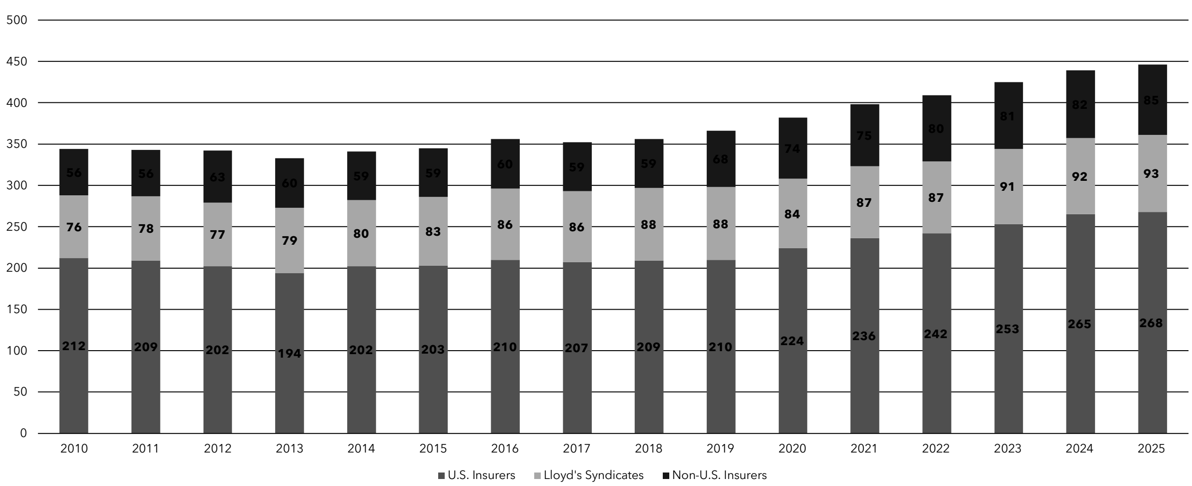
Surplus Lines Insurers – Historical Trend

(At Each Year-end)



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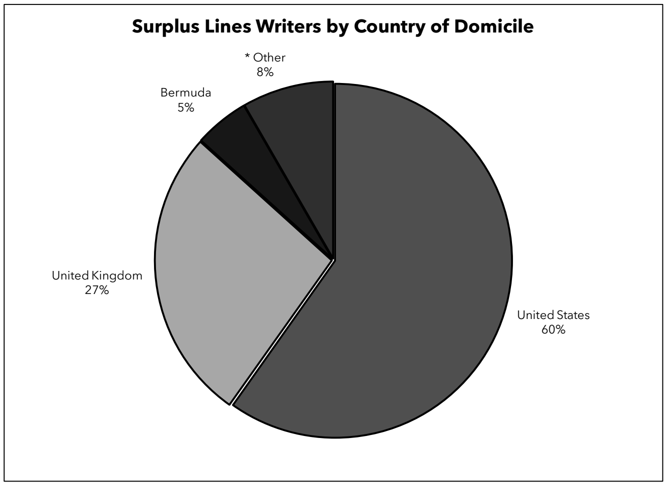
Surplus Line Writers by Country of Domicile

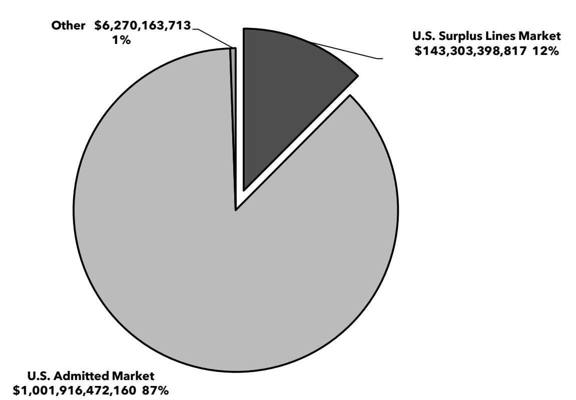
(Based on 2025 Data)



*** Other**

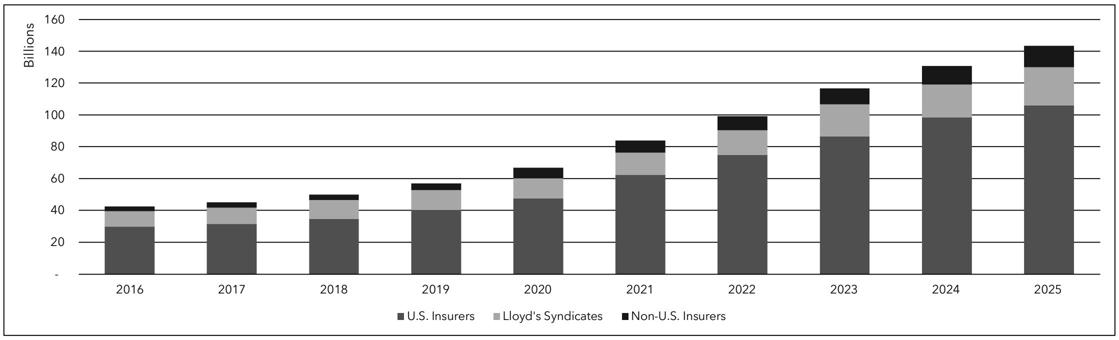
Countries	Company Count	% of Total
Ireland	7	1.6%
Luxembourg	6	1.4%
Germany	5	1.1%
Norway	4	0.9%
Liechtenstein	3	0.7%
Barbados	2	0.5%
Belgium	1	0.2%
Canada	1	0.2%
Cayman Islands	1	0.2%
France	1	0.2%
Guernsey	1	0.2%
Italy	1	0.2%
Mexico	1	0.2%
Spain	1	0.2%
Sweden	1	0.2%
Switzerland	1	0.2%

2025 Total U.S. P/C Market - $1.1 Trillion DPW



*** Other Includes: unlicensed premiums or U.S. domiciled insurers writing business outside the U.S.**

U.S. Surplus Market Direct Premium Written



($ in billions)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
U.S. Insurers	$ 29.9	$ 31.4	$ 34.6	$ 40.3	$ 47.5	$ 62.4	$ 74.9	$ 86.5	$ 98.3	$ 105.9
Lloyd's Syndicates	$ 9.6	$ 10.3	$ 11.8	$ 12.5	$ 12.7	$ 13.9	$ 15.5	$ 19.9	$ 20.8	$ 24.1
Non-U.S. Insurers	$ 3.1	$ 3.3	$ 3.5	$ 4.2	$ 6.6	$ 7.6	$ 8.7	$ 10.7	$ 11.7	$ 13.3
Total	$ 42.6	$ 45.0	$ 49.9	$ 56.9	$ 66.8	$ 83.9	$ 99.1	$ 117.1	$ 130.9	$ 143.3

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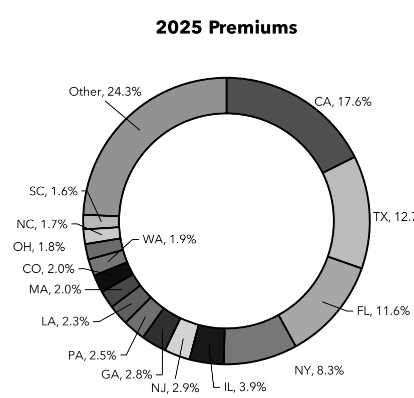
Top 15 States Market Share – based on DPW

State	2025	2024	2023	2022	2021
CA	17.6%	17.8%	17.0%	18.3%	18.3%
TX	12.7%	12.9%	13.0%	12.5%	12.4%
FL	11.6%	12.5%	12.7%	12.0%	10.9%
NY	8.3%	7.5%	7.6%	7.9%	8.3%
IL	3.9%	3.5%	3.5%	3.6%	3.6%
NJ	2.9%	2.9%	2.8%	2.7%	3.2%
GA	2.8%	2.7%	2.8%	2.7%	2.8%
PA	2.5%	2.4%	2.5%	2.6%	2.7%
LA	2.3%	2.4%	2.6%	2.5%	2.5%
MA	2.0%	2.1%	2.2%	2.3%	2.4%
CO	2.0%	1.9%	1.8%	1.8%	1.9%
WA	1.9%	1.9%	2.1%	2.1%	2.2%
OH	1.8%	1.8%	1.8%	1.8%	1.8%
NC	1.7%	1.6%	1.7%	1.8%	1.7%
SC	1.6%	1.6%	1.5%	1.4%	1.4%



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Top 5 lines of business – based on DPW

Surplus Lines Premiums by Line of Business

($ in billions)	2025 Direct Premiums U.S.	2025 Direct Premiums Non-U.S.	2025 Total Surplus Lines	2024 Direct Premiums U.S.	2024 Direct Premiums Non-U.S.	2024 Total Surplus Lines	2023 Direct Premiums U.S.	2023 Direct Premiums Non-U.S.	2023 Total Surplus Lines
Other liability / Product Liability	$54.0	$9.7	$63.7	$47.7	$7.8	$55.5	$42.2	$6.7	$48.9
Fire & Allied Lines	$21.8	$14.0	$35.9	$22.9	$12.1	$34.9	$20.1	$11.1	$31.2
Commercial Multiple Peril	$7.5	$2.4	$9.9	$7.2	$2.1	$9.3	$6.5	$1.9	$8.4
Commercial Auto	$6.3	$.9	$7.2	$5.7	$.8	$6.5	$4.7	$.7	$5.4
Marine	$3.5	$1.8	$5.2	$3.3	$1.7	$5.0	$3.0	$2.2	$5.2
Total Direct Premiums	**$105.9**	**$37.4**	**$143.3**	**$98.4**	**$32.5**	**$130.9**	**$86.5**	**$30.6**	**$117.1**

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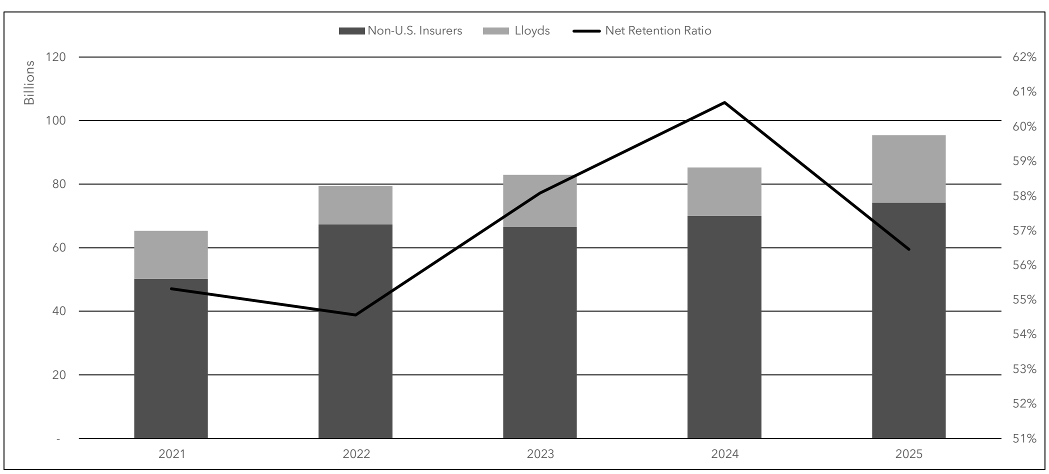
Ceded Reinsurance for Quarterly Listed Entities



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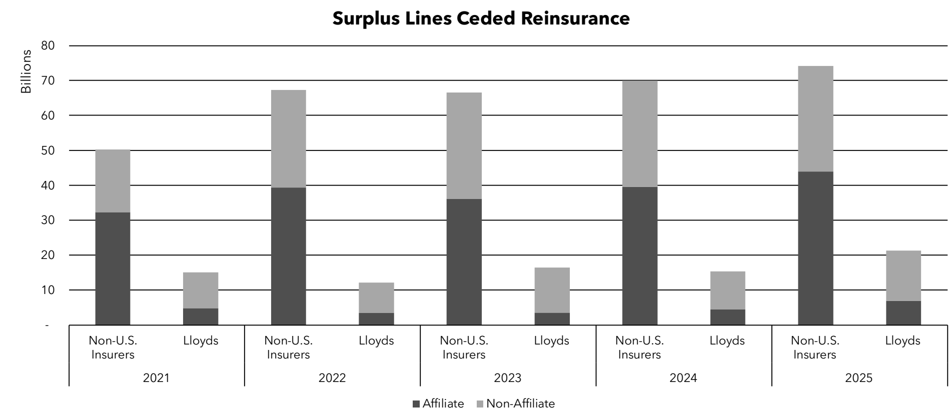
Affiliate and Non-Affiliated Ceded Reinsurance Quarterly Listed Entities



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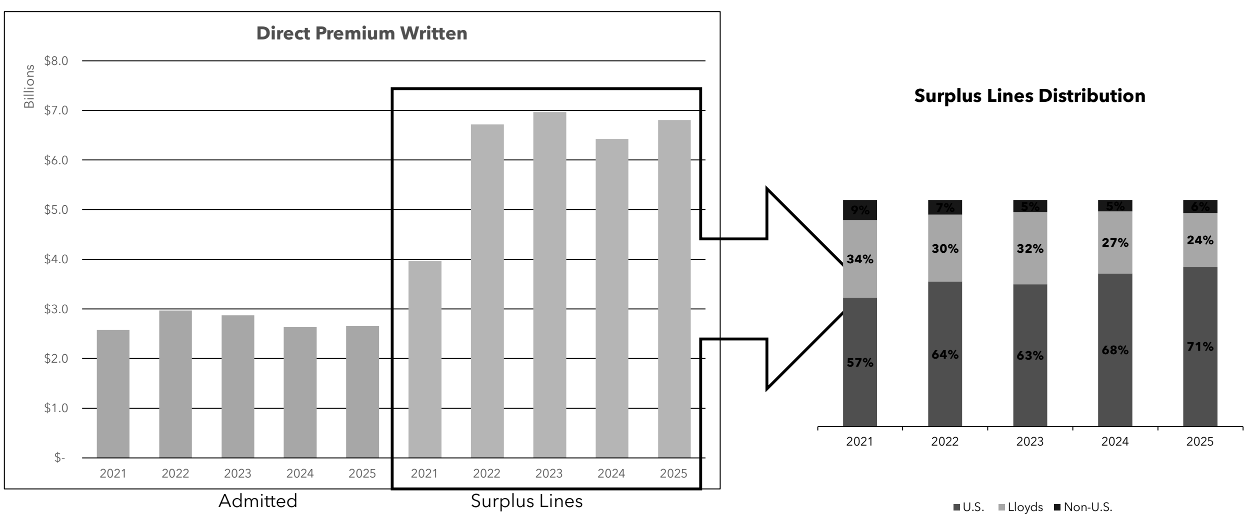
Cybersecurity



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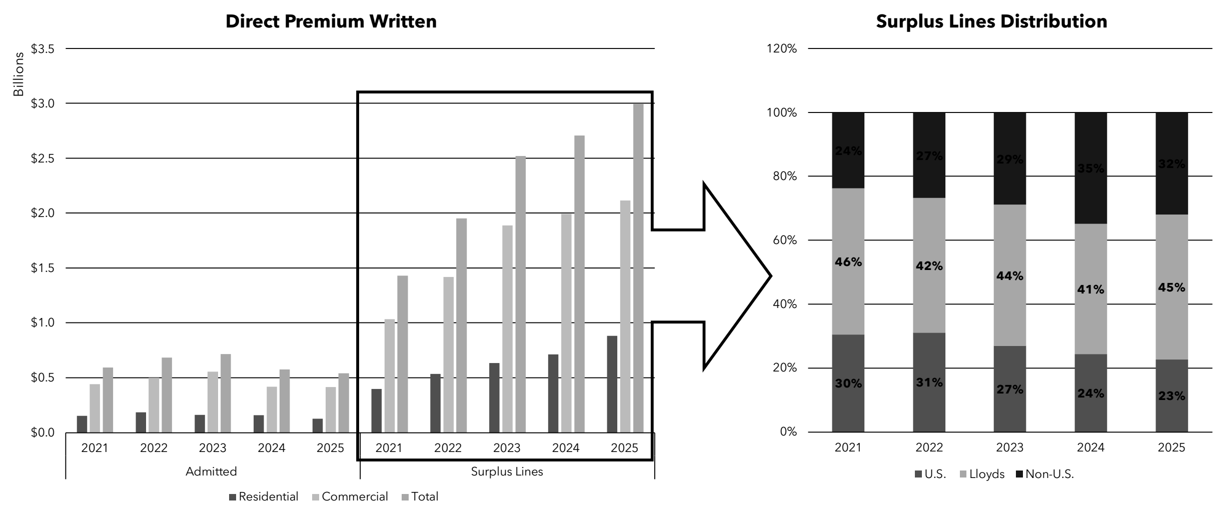
Private Flood



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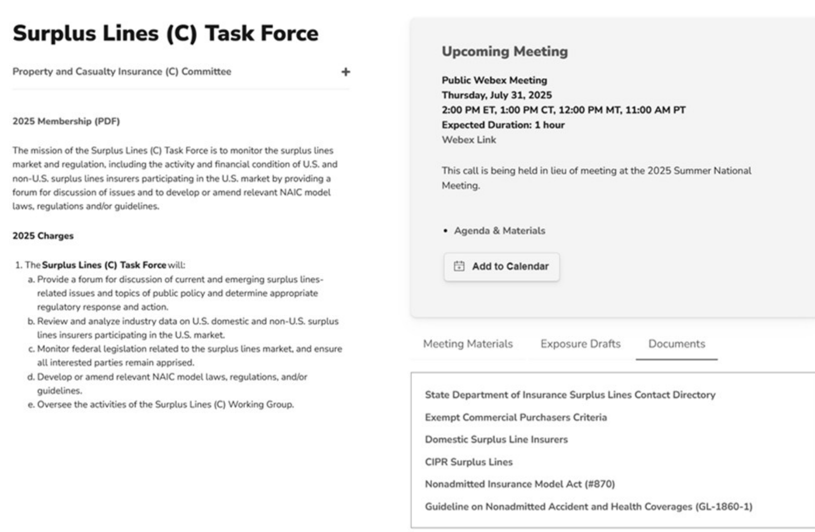
SLTF Webpage



Surplus Lines (C) Task Force

Property and Casualty Insurance (C) Committee +

2025 Membership (PDF)

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2025 Charges

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Upcoming Meeting

Public Webex Meeting
Thursday, July 31, 2025
2:00 PM ET, 1:00 PM CT, 12:00 PM MT, 11:00 AM PT
Expected Duration: 1 hour
Webex Link

This call is being held in lieu of meeting at the 2025 Summer National Meeting.

- Agenda & Materials

Add to Calendar

Meeting Materials | Exposure Drafts | Documents

State Department of Insurance Surplus Lines Contact Directory
Exempt Commercial Purchasers Criteria
Domestic Surplus Line Insurers
CIPR Surplus Lines
Nonadmitted Insurance Model Act (#870)
Guideline on Nonadmitted Accident and Health Coverages (GL-1860-1)

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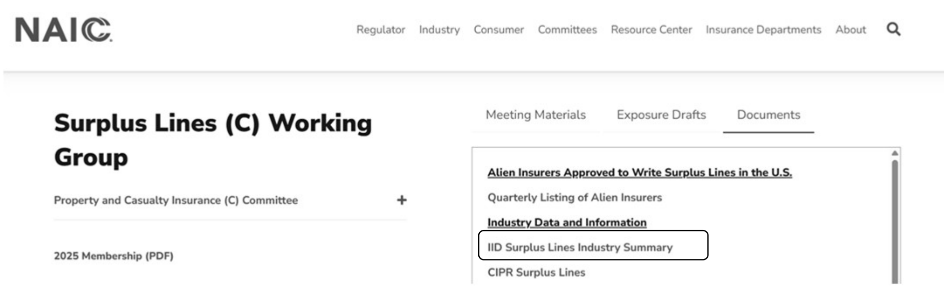
SLWG Webpage

Surplus Lines Industry Report: https://content.naic.org/committees/c/surplus-lines-wg



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Questions

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