

April 9, 2026

Commissioner Michael Conway
Chair, Property and Casualty Insurance (C) Committee
National Association of Insurance Commissioners

Re: Comments on Affordability and Availability of Homeowners Insurance Playbook
Template

Dear Commissioner Conway,

This comment letter is submitted on behalf of the undersigned organizations representing the surplus lines industry in response to the Affordability and Availability of Homeowners Insurance Playbook Template (“Playbook Draft”). We appreciate the opportunity to provide these comments which are on pages 17 and 25 - 27.

The surplus lines market plays a vital role in ensuring access to property insurance coverage for risks that the admitted market is unable or unwilling to underwrite. Often called the “safety valve” of the insurance industry, surplus lines insurers fill the need for coverage in the marketplace. With the ability to accommodate a wide variety of risks, the surplus lines market acts as an effective supplement to the admitted market. We have several recommendations to enhance the Playbook Draft and have attached our markup version for consideration.

The Playbook Draft combines its discussion of residual markets and Surplus Lines markets. Residual markets, such as FAIR Plans, and Surplus Lines markets are distinct and operationally different in significant ways. These two concepts should be discussed separately.

FAIR Plans are typically structured as either government or industry backstopped last resort mechanisms, while surplus lines are private capital solutions designed as risk transfer solutions that reduce uncertainty and volatility through price and flexibility.

While surplus lines insureds do not participate in state guaranty fund protections, that does not mean there is less financial protection for surplus lines consumers. AM Best’s reports that the solvency record of surplus lines insurers is historically equivalent to or better than the admitted marketplace. Further, domestic professional surplus lines

insurers continue to maintain a higher proportion of secure ratings than the overall property/casualty industry.

The surplus lines insurance market offers significant advantages by providing flexibility, speed, and capacity for risks that the admitted market cannot efficiently insure. Surplus lines insurers can tailor coverage, pricing, and policy terms to reflect unique or evolving exposures, such as catastrophe-prone properties or emerging technologies, without being constrained by rate and form mandates. This allows capital to respond quickly to changing loss patterns, climate volatility, and market dislocations, ensuring continued availability of insurance when standard markets withdraw or restrict coverage. By relying on risk-based pricing, global reinsurance, and specialized underwriting expertise, the surplus lines market supports innovation, absorbs volatility, and plays a critical role in maintaining overall market stability and resilience.

We appreciate the opportunity to offer these additional comments and thank the Property and Casualty Insurance (C) Committee for their work on this initiative.

American Property Casualty Insurance Association

Lloyd's America Incorporated

The Council of Insurance Agents and Brokers

Wholesale & Specialty Insurance Association (WSIA)

att.