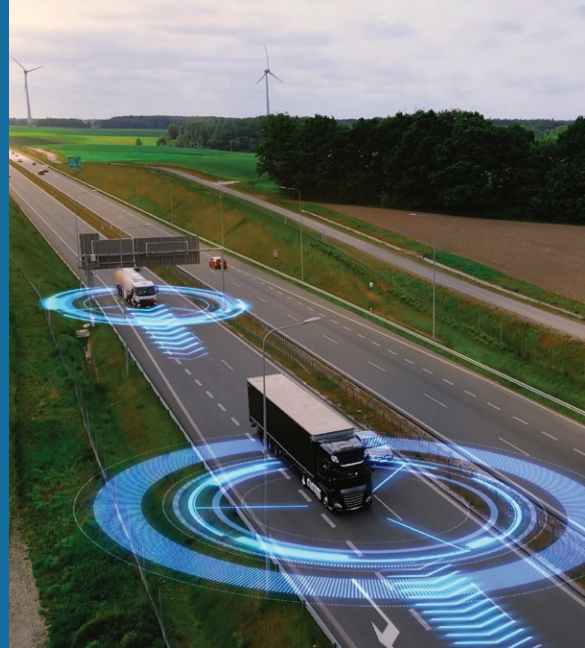
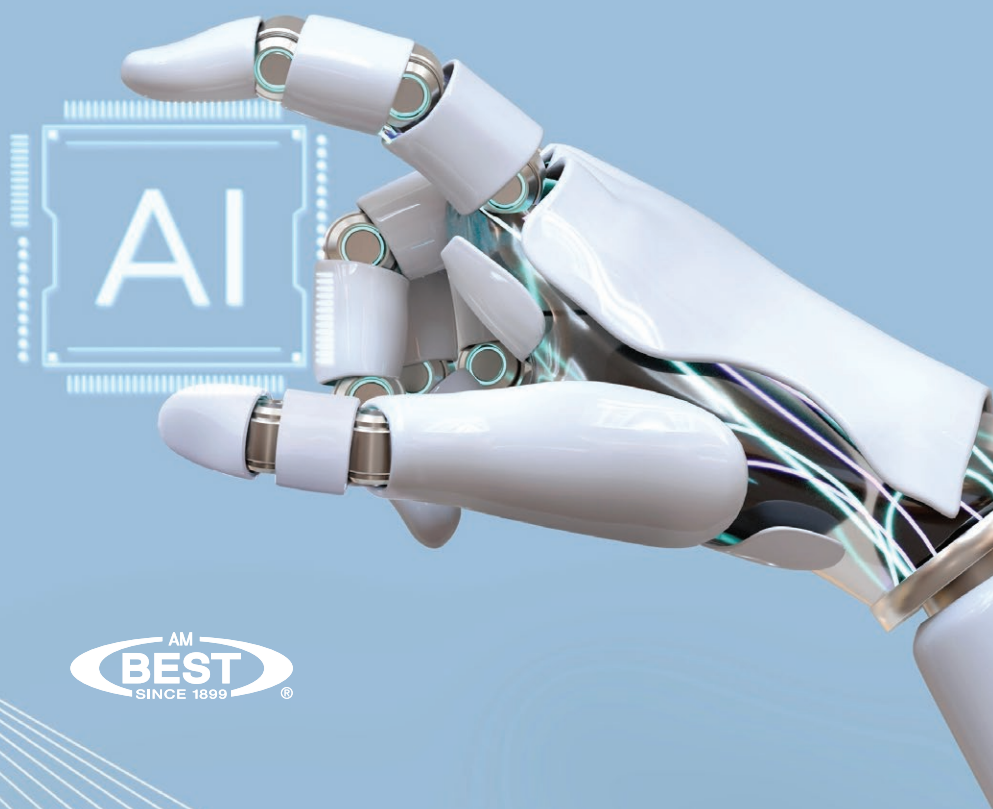


AM Best
September 14, 2026
Market Segment
Report



US Surplus Lines Market: Competition Moderates Premium Growth, But Customization Solidifies the Market's Value



September 14, 2026

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The trend of surplus
lines premium
moderation,
primarily affecting
US surplus lines
companies, was
further evident in
2025

Principal Takeaways

- Despite abundant capacity and resurgent admitted carriers helping to moderate premium growth, the surplus lines market achieved an eighth consecutive year of double-digit growth.
- The need for customized coverage to continue meeting the needs of emerging and evolving commercial risks should negate any significant exodus of business from competitive pressures.
- The surplus lines composite increased its net underwriting profit by more than \$1 billion in 2025, displaying disciplined underwriting and pricing coupled with expert risk selection.
- Wholesalers whose specialization spans a wide set of classes encompassing complex, high-value risks can clearly separate themselves from their competitors.

Section I - State of the Market

Over the past eighteen months, through mid-2026, the surplus lines and specialty commercial markets have become highly competitive, with supply outweighing demand, and particularly for specific lines of coverage and risk classes. An abundance of capital and heightened competition among insurers, reinsurers, and managing general agents (MGAs) has shifted more of the negotiating power to the buyer's or policyholder's side. More than ample market capacity—from insurers, reinsurers, and delegated underwriting authority enterprises (DUAEs) such as MGAs and program managers—is outpacing demand and pressuring margins.

These market conditions have led to premiums written by US insurers, both the entities writing the majority (more than 50%) of their business on a surplus lines basis (domestic professional surplus lines companies) and those writers of a more modest amount of surplus lines business in certain states (characterized for this report as domestic specialty surplus lines insurers), to supplement their primary focus on the admitted market. Signs of premium growth moderation in the surplus lines market further solidified in 2025 and was most evident through an analysis of premiums written by domestic surplus lines insurers. Nevertheless, the total surplus lines market, including the direct premiums written (DPW) by Lloyd's syndicates and regulated alien (non-US) insurers, achieved an eighth consecutive year of double-digit, year-over-year (YoY)

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Exhibit 1

US Surplus Lines – Direct Premiums Written by Segment, 2000-2025

(\$ millions)

	P/C Industry		Surplus Lines		Domestic Professionals				Lloyd's			Regulated Aliens				Domestic Specialty			
	YoY %		YoY %		YoY %		SL Mkt	# of	YoY %		SL Mkt	YoY %		SL Mkt	# of	YoY %		SL Mkt	# of
	DPW	Chg.	DPW	Chg.	DPW	Chg.	Share	Cos.	DPW	Chg.	Share	DPW	Chg.	Share	Cos.	DPW	Chg.	Share	Cos.
2000	327,286	6.0	11,656	9.8	7,884	8.5	67.6	98	2,499	30.7	21.4	941	-17.5	8.1	46	332	11.4	2.8	106
2001	367,798	12.4	15,813	35.7	10,773	36.6	68.1	104	3,368	34.8	21.3	1,362	44.7	8.6	44	310	-6.6	2.0	91
2002	422,703	14.9	25,565	61.7	19,572	81.7	76.6	108	4,082	21.2	16.0	1,600	17.5	6.3	46	311	0.3	1.2	76
2003	463,033	9.5	32,799	28.3	25,662	31.1	78.2	115	4,492	10.0	13.7	2,400	50.0	7.3	45	245	-21.2	0.7	63
2004	481,588	4.0	33,012	0.6	25,744	0.3	78.0	115	4,596	2.3	13.9	2,400	0.0	7.3	53	272	11.0	0.8	59
2005	491,429	2.0	33,301	0.8	25,968	0.9	78.0	111	4,675	1.7	14.0	2,400	0.0	7.2	50	238	-12.5	0.7	57
2006	503,894	2.5	38,698	16.3	29,410	13.3	76.0	117	5,989	28.1	15.5	3,100	29.2	8.0	55	199	-16.4	0.5	54
2007	506,180	0.5	36,637	-3.5	27,675	-5.9	74.1	120	6,360	6.2	17.0	3,100	0.0	8.3	55	202	1.5	0.5	56
2008	492,881	-2.6	34,365	-6.2	24,612	-11.1	71.6	130	6,062	-4.7	17.6	3,403	9.8	9.9	53	288	42.6	0.8	70
2009	481,410	-2.3	32,952	-4.1	22,830	-7.2	69.3	139	6,090	0.5	18.5	3,735	9.8	11.3	55	297	3.1	0.9	69
2010	481,120	-0.1	31,716	-3.8	21,882	-4.2	69.0	143	5,789	-4.9	18.3	3,758	0.6	11.8	56	287	-3.4	0.9	66
2011	501,555	4.2	31,140	-1.8	22,582	3.2	72.5	146	5,790	0.0	18.6	2,537	-32.5	8.1	53	231	-19.5	0.7	60
2012	523,360	4.3	34,808	11.8	25,490	12.9	73.2	142	6,270	8.3	18.0	2,747	8.3	7.9	61	301	30.3	0.9	53
2013	545,760	4.3	37,719	8.4	26,818	5.2	71.1	140	7,099	13.2	18.8	3,362	22.4	8.9	59	440	46.2	1.2	49
2014	570,187	4.5	40,243	6.7	28,274	5.4	70.3	135	8,157	14.9	20.3	3,311	-1.5	8.2	60	501	13.9	1.2	58
2015	591,186	3.7	41,259	2.5	29,333	3.7	71.1	139	8,645	6.0	21.0	2,974	-10.2	7.2	58	307	-38.7	0.7	53
2016	612,906	3.7	42,425	2.8	29,112	-0.8	68.6	139	9,607	11.1	22.6	3,057	2.8	7.2	61	649	111.4	1.5	59
2017	642,127	4.8	44,879	5.8	30,594	5.1	68.2	138	10,325	7.5	23.0	3,289	7.6	7.3	59	671	3.4	1.5	58
2018	678,029	5.6	49,890	11.2	34,054	11.3	68.7	148	11,755	13.8	23.2	3,543	7.7	7.0	62	537	-20.0	1.1	61
2019	712,194	5.0	56,279	11.2	39,060	14.7	70.4	154	12,477	6.1	22.5	4,337	22.4	6.3	62	405	-24.6	0.7	60
2020	728,866	2.3	66,102	17.5	46,948	20.2	71.0	161	12,821	2.8	19.4	5,847	34.8	8.8	74	486	20.0	0.7	65
2021	798,393	9.5	82,653	25.0	61,200	30.4	74.0	169	13,872	8.2	16.8	6,864	17.4	8.3	75	717	47.5	0.9	69
2022	875,755	9.7	98,488	19.2	73,369	19.9	74.5	185	15,483	11.6	15.7	8,735	27.3	8.9	79	901	25.6	0.9	65
2023	968,030	10.5	115,646	17.4	83,830	14.3	72.5	192	19,947	28.8	17.3	10,667	22.1	9.3	80	1,202	33.4	1.0	60
2024	1,059,735	9.5	129,820	12.3	96,012	14.5	74.0	202	20,821	4.4	16.0	11,717	9.9	9.0	82	1,269	5.6	1.0	61
2025	1,113,950	5.1	143,287	10.4	104,585	8.9	73.0	214	24,050	15.5	16.8	13,331	13.8	9.3	85	1,320	4.0	0.9	54

Source: NAIC (International Insurers Division) and AM Best data and research

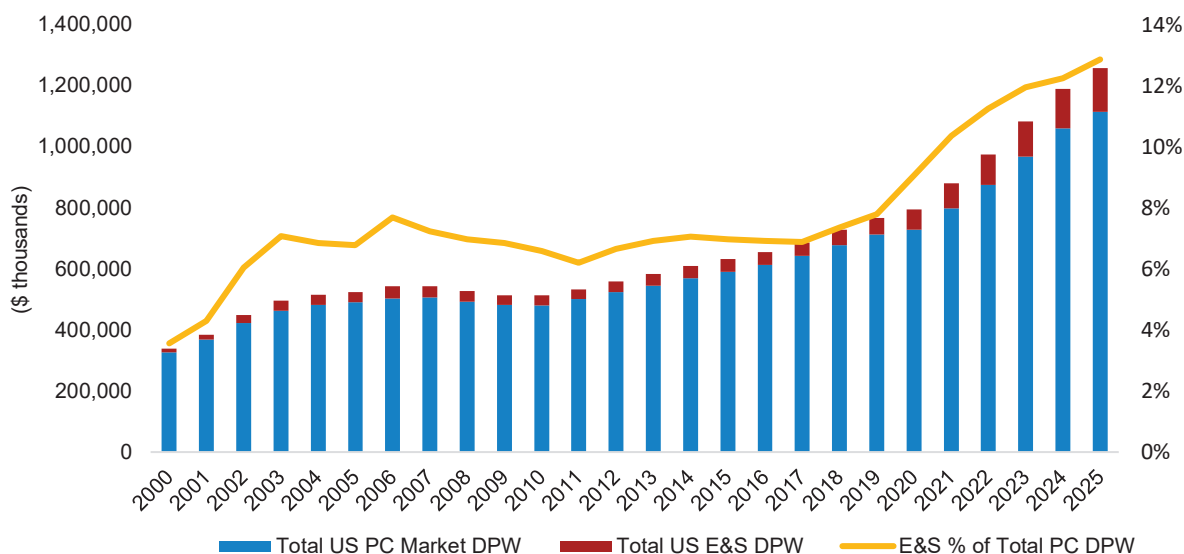
growth of 10.4% for the year (**Exhibit 1**). US domestic professional insurers, comprising the single largest component of the surplus lines market as captured by AM Best, produced back-to-back years generating 14% YoY growth in 2023 and 2024 before seeing that decline to 8.9% in 2025. Similarly, US domestic specialty surplus lines insurers experienced a modest drop in YoY growth as well. In total, US domestic surplus lines insurers generated \$105.9 billion in DPW in 2025, increasing by 8.9% YoY, ceasing the consecutive year streak of double-digit premium growth at seven years.

Despite the modest decline of premium growth, the total surplus lines market, including business written by Lloyd's syndicates and by non-Lloyd's alien insurers, eclipsed not only the \$130 billion threshold but the \$140 billion threshold in 2025. The total market's 10.4% growth in 2025 still outpaced the modest 5.1% growth for the total property/casualty (P/C) industry. During the seven-year period leading into 2025, when the surplus lines market grew by double digits, the P/C industry only grew its YoY DPW by more than 10% once in 2023 (10.1%). This was indicative of how much surplus lines insurers benefited from the hard market conditions that prevailed for several lines of coverage, particularly commercial property, commercial auto, and directors and officers liability, when that market's extended period of highly competitive market conditions generated a sharp market correction in 2020 and 2021. As a result of the divergent growth trends reflected in the total P/C industry and the surplus lines market as a subset of the total industry, the aggregate premium for US surplus lines writers grew to represent 12.9% of the total P/C market, its highest ever (**Exhibit 2**).

AM Best Outlook for the Surplus Lines Market Revised to Stable

AM Best revised its outlook for the surplus lines market to Stable from Positive in November 2025, reflecting moderating premium growth and rate softening amid loss cost uncertainty (social inflation and catastrophe volatility). The outlook also noted capacity is becoming increasingly more selective

Exhibit 2
US Surplus Lines Market Share of the Total P/C Industry
 (Annual Direct Premiums Written)



Source: AM Best data and research

on terms and conditions and is raising performance thresholds at renewals. AM Best also noted that the integration of new, complex technologies in numerous industries increases the likelihood that specifically tailored surplus lines coverage solutions will remain in high demand. For the medium-to-higher hazard, borderline surplus lines risks, admitted carriers have tightened their underwriting criteria, leading accounts to seek coverage in the excess and surplus market.

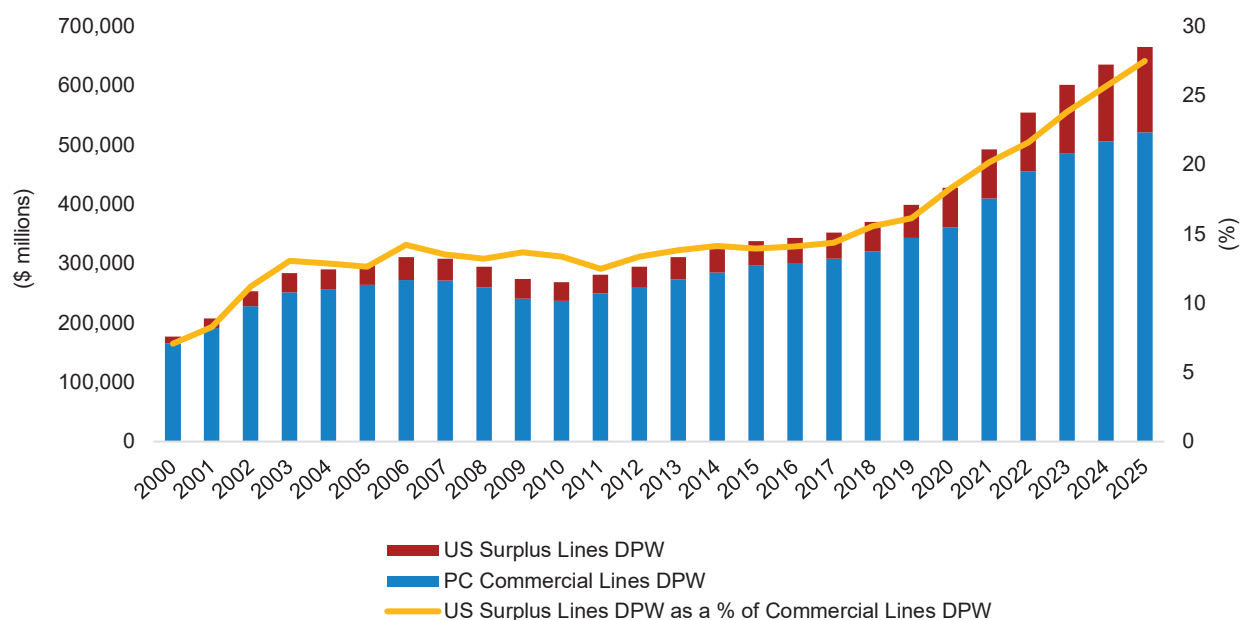
Additionally, the desire of DUAEs to work with carriers to develop customized coverage solutions is also providing a boost for excess and surplus structured carriers. The global reinsurance market, including the London market, remains a major participant in the excess and surplus segment as well.

Surplus Lines Insurers and Intermediaries Remain Integral in the Prevailing P/C Market

As technological advancements become more ingrained in the development of entirely new industries and change the nature of existing industries, accessing needed coverage for complex risks through surplus lines intermediaries will become more of the path to success. The development of new technologies, growth in e-commerce, and the expanding global economy have made robust risk management strategies a necessity. This has boosted the demand for specialized insurance products to cover the exposures related to expanding technology-driven and evolving business operations. Coverages for complex exposures are not readily available through standard market insurers, elevating the need for the specialized coverage solutions that are endemic to the surplus lines market.

In line with the evolving landscape, wholesale distributors, MGAs, and other DUAEs have become the default pathway to medium-to-high hazard, complex accounts. At the same time, the surplus lines market has become less top-heavy and more fragmented, with the top 25 entities generating a still sizable but declining proportion of the total surplus lines market premium compared to the early 2000s or 2010s market.

Exhibit 3
US Surplus Lines DPW as a % of P/C Commercial Lines DPW



Source: AM Best data and research

Surplus Lines Market Participants

In this section of the report, AM Best identifies the four main segments of the surplus lines market that provide a comprehensive and accurate picture of the overall segment's financial performance:

- **Domestic professional companies** (the largest segment) are US-domiciled insurers that write 50% or more of their total premium on a nonadmitted or surplus lines basis.
- **Domestic specialty companies** are US-domiciled insurers that operate on a nonadmitted basis to some extent, but whose direct nonadmitted premium writings amount to less than 50% of their total direct premiums written (DPW).
- **Regulated alien insurers** and **Lloyd's syndicates** are non-US-domiciled insurers that must file financial statements and auditors' reports the names of their US attorneys or other representatives, as well as information on their US trust accounts, with the International Insurers Department (IID) of the National Association of Insurance Commissioners (NAIC). Regulated aliens must also meet IID criteria relating to capital and surplus, as well as underwriting and claims practices, and have a reputation for financial integrity. The NAIC publishes a Quarterly Listing of Alien Insurers that meet its criteria. In this report, we separate the premium written by the non-Lloyd's alien insurers and the Lloyd's syndicates.

Note: Lloyd's is not an individual insurer but a market of many risk bearers. According to the IID, 93 Lloyd's syndicates were transacting surplus lines business in 2025. Premium totals for the Lloyd's Market reflect the activities of the 93 syndicates and should not be compared to the premium of any one surplus lines group or company referenced in this report.

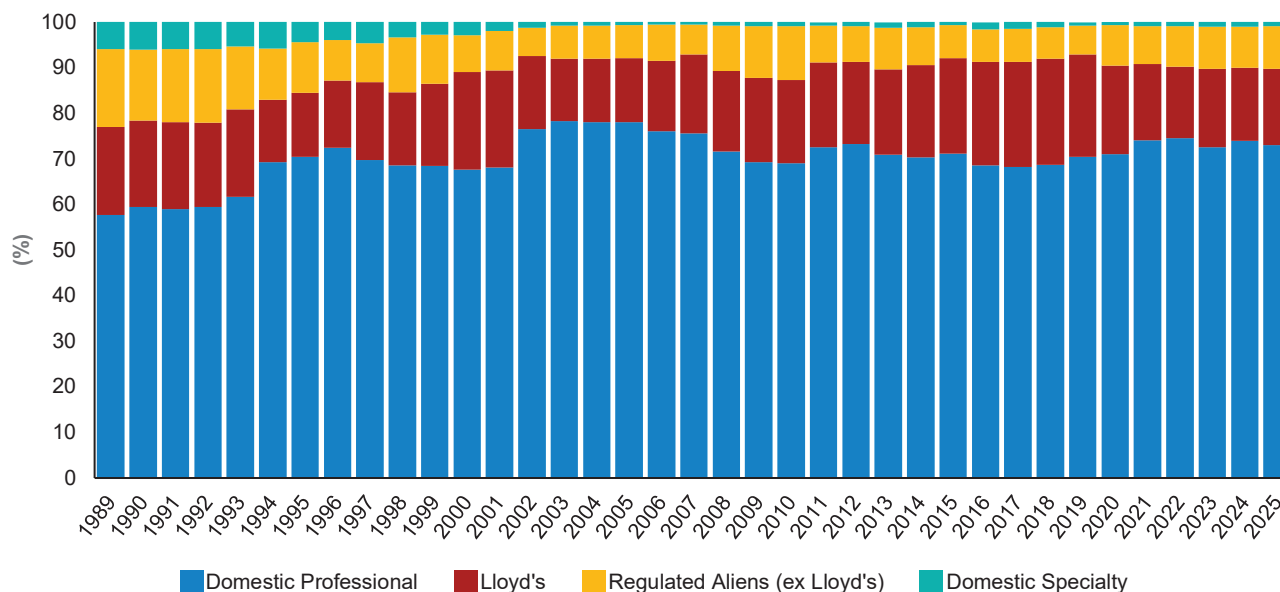
Surplus lines carriers accounted for 27.5% of the US commercial insurance market in 2025, up from 25.7% in 2024 (**Exhibit 3**). The percentage first eclipsed the 20% threshold in 2021 and has increased each successive year.

Looking forward, the key point relative to current market dynamics is that far more premium now flows through excess and surplus conduits than in prior cycles, reflecting the increased influence and economic leverage of surplus lines intermediaries. With some wholesale brokers, MGAs, and fronting organizations consolidating and thereby increasing their scale, carriers have become more dependent on them to access desired business. Compared to historical business cycles, AM Best believes the enhanced importance of surplus lines intermediaries will negate any broad, rapid retreat from the surplus lines market as admitted carriers seek opportunities to grow their portfolios.

With many of the larger surplus lines writers maintaining statutory entities dedicated to both admitted and nonadmitted business within their organizations, they are well-positioned to rebalance exposures across their admitted and nonadmitted entities as market conditions evolve and necessitate it. Because of distribution relationships, MGA/fronting company access to business, different program structures, and the ability to provide admitted and nonadmitted paper, it is likely that a larger share of business that has found its way to the surplus lines market will remain in that market compared to prior cycles. Previous market transitions were characterized by a good portion of the business that moved to the surplus lines market when conditions hardened, flowing back to the admitted market when market conditions softened. The nature of the exposures presented by much of the commercial property, cyber, products liability, technology errors & omissions, and other professional liability risks that have driven the surplus lines growth over the past decade is probably best suited to be covered by surplus lines insurance products.

For the past two decades, the proportion of total surplus lines market DPW written by US domestic professional surplus lines companies plus the DPW written through Lloyd's syndicates has hovered between 89% and 92% annually and has been at +/- 90% in the past four years (**Exhibit 4**). The DPW generated through regulated alien insurers has increased tremendously in recent years, by

Exhibit 4
US Surplus Lines - Market Share by Segment



Source: NAIC (International Insurers Division) and AM Best data and research

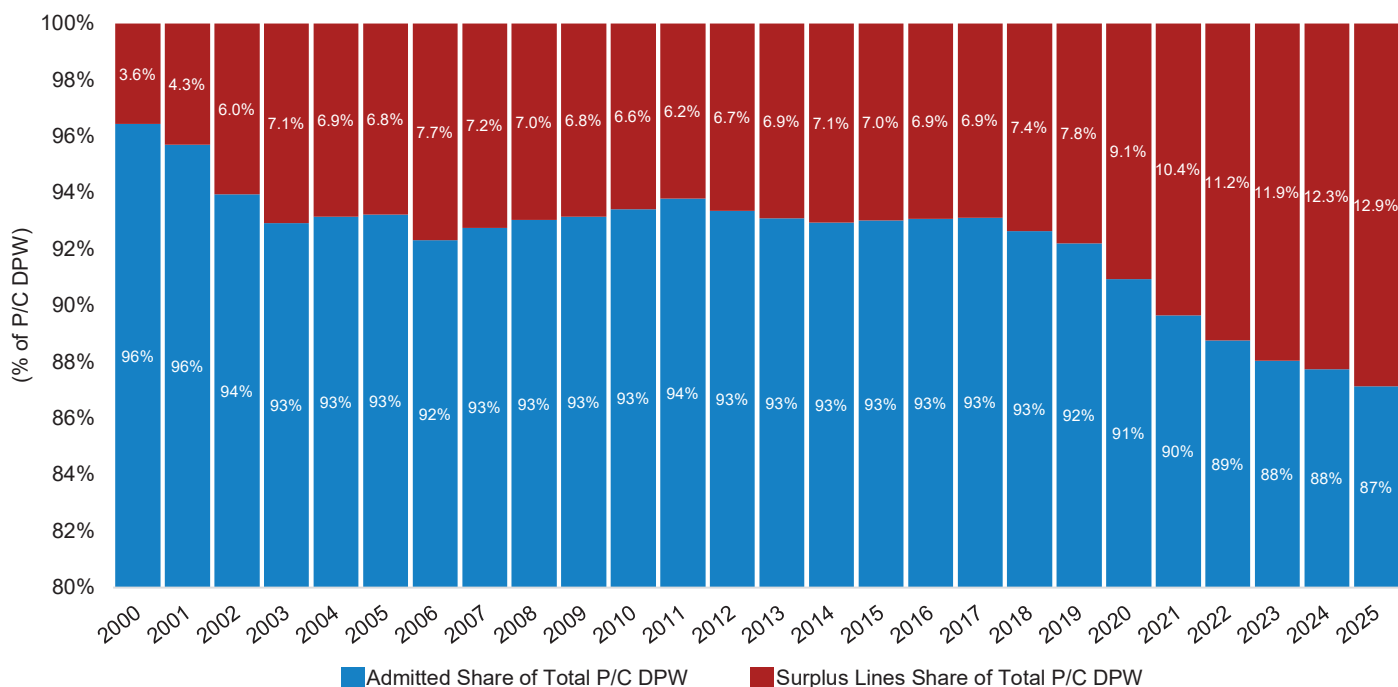
approximately 53% comparing the 2025 to 2022 premium totals; however, in terms of market share, the increase has been modest due to the proportion of total market premium written by these entities compared to US domestic professionals and Lloyd's syndicates. Nevertheless, in 2025, the market share for regulated alien surplus lines insurers reached its highest point, 9.3%, since 2010 (the market share in 2023 was also 9.3%). As has historically been the case, domestic specialty insurers have represented 1% or less of the market, which was again the case in 2025.

Exhibit 5 displays the admitted vs. surplus lines split of total P/C industry premium based on AM Best data. Property risks in states/areas that were subjected to repeated catastrophes and specific lines of coverage that were yielding consistently unfavorable results were largely eschewed by admitted carriers, and as such resulted in accounts moving to the surplus lines market during the 2018-2024 period. The percentage of premium represented by US surplus lines business was just under 13% in 2025 and has exceeded double digits since 2021. The increased volatility that has impacted the homeowners' market on the personal lines side has contributed to the increase in business moving into the surplus lines market along with all the industries that have become more complex as advanced technology has become more ingrained in them.

An Increasingly Less Concentrated Surplus Lines Market

For three decades, AM Best has generated the top 25 surplus lines groups graph, combined with the syndicates comprising the Lloyd's Market, which have accounted for more than 70%-80% of the surplus lines market DPW. During harder market periods yielding conditions where standard market companies narrow their focus on core businesses to generate better underwriting results and operating returns, moderate-to-higher hazard, borderline surplus lines business is generally left to surplus lines market carriers. These insurers use their structural market advantages to craft specialized coverage that best addresses the higher risk profiles of these insureds.

Exhibit 5
US P/C Industry - Admitted vs. Surplus Lines DPW



Source: AM Best data and research

Exhibit 6

US Surplus Lines - Lloyd's and Top 25 Groups

(Ranked by 2025 Nonadmitted Direct Premiums Written)

2025 Rank	2024 Rank	AMB #	Group/Company Name	Surplus Lines DPW (\$ thousands)	YoY DPW % Change	Surplus Lines Market Share (%)
		85202	Lloyd's	24,050,492	15.5	16.8
1	1	00811	Berkshire Hathaway Ins Grp.	7,411,306	-12.1	5.2
2	2	18540	American International Grp.	5,911,205	5.6	4.1
3	3	03116	Fairfax Financial (USA) Grp.	4,541,837	3.4	3.2
4	4	18252	W. R. Berkley Insurance Grp.	4,451,670	10.0	3.1
5	6	18498	Chubb INA Group	4,399,489	15.3	3.1
6	5	18468	Markel Insurance Group	4,097,655	6.9	2.9
7	8	05987	Nationwide P&C Group	3,097,124	4.5	2.2
8	7	18756	Starr International Group	3,084,188	3.9	2.2
9	11	18782	MS & AD US Insurance Grp.	2,782,464	35.1	1.9
10	9	00060	Liberty Mutual Insurance Cos.	2,519,546	5.7	1.8
11	10	18777	AXIS US Operations	2,353,652	7.0	1.6
12	13	18557	XL America Companies	2,245,379	13.0	1.6
13	12	18878	Sompo Holdings US Group	2,184,453	6.7	1.5
14	14	14027	Kinsale Insurance Company	1,977,171	5.7	1.4
15	17	18313	CNA Insurance Companies	1,738,962	8.3	1.2
16	21	00048	Hartford Insurance Group	1,624,685	15.0	1.1
17	16	18674	Travelers Group	1,563,555	-4.8	1.1
18	15	18484	Arch Insurance Group	1,561,219	-5.0	1.1
19	23	04835	Great American P&C Ins. Grp.	1,536,988	14.5	1.1
20	19	18975	Core Specialty Insurance Group	1,517,106	3.7	1.1
21	40	18934	Beazley USA Insurance Group	1,514,596	129.7	1.1
22	18	18733	Tokio Marine US PC Grp.	1,503,292	-6.3	1.0
23	22	18549	Zurich Insurance US PC Group	1,312,732	-2.9	0.9
24	20	18753	Munich-American Holdings Corp.	1,302,958	-9.2	0.9
25	25	18533	AmTrust Group	1,291,829	13.9	0.9
Subtotal of Top 25 Surplus Lines Groups				67,525,061	4.6	47.1
Subtotal of the Top 25 Groups and Lloyd's				91,575,553	7.3	63.9
Total US Surplus Lines Market				143,286,784	10.4	100.0

Source: AM Best data and research

The 2018 to 2024 period of double-digit growth in the surplus lines market yielded conditions that attracted new capital and incentivized established surplus lines companies to pursue additional avenues to grow their books of business. In 2025, the top 25 surplus lines groups by DPW, including the Lloyd's market, generated just over 63.9% of total surplus lines market DPW, as **Exhibit 6** shows, compared to 65.8% in 2024. Excluding the Lloyd's market, the top 25 groups accounted for 47.1% of surplus lines premium, down from 49.7% in 2024 and 51.3% in 2023. This declining concentration at the top of the market is clearly indicative of the impact of newer market entrants and companies with expanded surplus lines-focused strategies on the spread of surplus lines premium among the market's full universe of insurers. The companies that have incrementally increased their market share have included insurers employing the fronting company model through alignments with MGAs and other DUAEs. This change has resulted in a more diversified surplus lines market.

Lloyd's syndicates operate as individual businesses, but the size of the collective market allows them to compete with major international groups under the Lloyd's brand. The syndicates' portfolio is highly diversified but does have some geographical bias towards North America, as well as product bias

towards commercial specialty lines. Their appetite for US surplus lines and the specialty commercial business remains strong. The network of global licenses is a key competitive strength.

Despite a 12.1% YoY decline in US surplus lines DPW, Berkshire Hathaway remained the leading US surplus lines organization. The prevailing market softness affecting the overall surplus lines market was a likely factor in the group's surplus lines premium decline. It was just two years ago, in 2023, that the group's surplus lines premium grew more than 20%, the result of its acquisition of Alleghany Corporation. Berkshire Hathaway's surplus lines' writings through the Berkshire Hathaway Specialty division are still

AM Best's Annual Surplus Lines Market Report

In hopes of bringing clarity to debates about insurance company solvency, in 1991, we published *Best's Insolvency Study: Property/Casualty Insurers 1969-1990*. In 1994, the Derek Hughes/NAPSLO Educational Foundation, now the WSIA Education Foundation, commissioned a similar study on the solvency record of the domestic surplus lines industry. Although the segment was poorly understood at the time, data demonstrated its financial stability and solvency were on par with the overall P/C industry.

Since then, AM Best has published an annual report on the surplus lines market (commissioned by the foundation), documenting the following:

- The market's role in developing products to cover new or emerging risks, distressed risks, high-capacity risks, and other unique risks that cannot be insured in the standard P/C market.
- The importance of surplus lines insurers' freedom of rate and form, which has allowed for creative insurance solutions to meet very complex or unique coverage needs.
- The critical and still growing role of wholesalers in developing products and forging relationships with insureds that facilitate the placement of business in this market.

Throughout its history, the surplus lines market has faced significant obstacles and intense competition, including periods of aggressive pricing during which standard market carriers seeking organic growth offered broader coverage, as well as the growing appeal of the alternative risk transfer market as another means of covering surplus lines risks. Throughout, surplus lines industry representatives have maintained an active presence in the states and in Washington, DC, tracking and addressing critical regulatory issues affecting the industry and helping advance key pieces of legislation.

Despite numerous economic, regulatory, legislative, and market challenges, surplus lines insurers' share of the P/C market share has more than tripled since the start of the century, from 3.6% total P/C direct premiums written (DPW) in 2000 to 12.9% at the end of 2025. During the same period, the US surplus lines insurers' share of the P/C industry's commercial lines' DPW rose from 7.1% to 27.5%, demonstrating the segment's growing importance to the P/C insurance industry. This specific measure is a strict view of the growth of US surplus lines insurers and does not include the surplus lines premium written by Lloyd's syndicates and regulated alien insurers. As of mid-year 2026, 97% of surplus lines insurers had AM Best long-term Issuer Credit Ratings (ICRs) of "a-" or higher, compared with 86% for the total P/C industry.

The surplus lines market functions as a strong safety valve for the insurance industry, as economic turmoil, emerging issues, and developing exposures continue to drive the demand for new, creative, and comprehensive insurance solutions. AM Best believes that given the surplus lines market's ability to effectively assess new exposures and its flexibility to tailor terms and limits to meet coverage demands, the market's role and value to the P/C insurance marketplace will continue to grow.

dominated by its main surplus lines (re)insurer, National Fire & Marine Insurance Company. The YoY DPW growth for the #2 US surplus lines group, AIG, fell back to mid-single-digits after reaching 13% in 2024 and was also reflective of prevailing market conditions. AIG's lead surplus lines insurer, Lexington Insurance Company, remains a stalwart in the segment, and surplus lines/specialty commercial business remains a fit for the group's overall profile. AM Best expects that it will continue seeking desirable opportunities to expand its portfolio in the lines and for the risk classes that fall within its risk appetite.

Nine of the top 10 surplus lines writers from 2024 remained in the top 10 in 2025, with only AXIS US Operations falling from 10th to 11th, replaced in the top 10 by Mitsui Sumitomo Insurance Company Limited's (MSI) ascending surplus lines entity, MS & AD US Insurance Group, which moved up two spots to be the #9 surplus lines carrier in 2025 through YoY DPW growth of 35%. MSI and all its subsidiaries are owned by the Japanese holding company, MS&AD Insurance Group Holdings, Inc. (MS&AD). MS&AD is seeking further growth opportunities in the US, and to that end, added to its stable of US specialty insurers, forming MSIG Specialty Insurance America, Inc., which received its initial AM Best issuer credit rating of "aa" (Superior) in June 2026. The new company's rating reflects the company's strategic importance to the parent company. MS&AD's US leading surplus lines subsidiary, MS Transverse, launched in 2018 as a P/C program insurer, delegating certain functions and authorities to a wide array of MGAs and program managers, acting as a fronting company by transferring risks underwritten by the MGAs to reinsurers.

Despite the constraining effect that current competitiveness has had on the surplus lines market's premium growth, eight of the top 25 surplus lines writers grew by double-digits in 2025, while six insurers experienced YoY declines in premium. The most notable YoY growth was achieved by Beazley USA Insurance Group and its 130% increase in premium that was predominantly driven by the transition of the business from the Beazley-affiliated Lloyd's syndicate to its lead US surplus lines statutory insurer, Beazley Excess and Surplus Insurance, Inc. Of the groups that experienced premium declines in 2025, only Berkshire Hathaway experienced a double-digit decline.

Merger and acquisition activity has historically played a part in different organizations enhancing their market share position. In March of 2026, Zurich Insurance Group (Zurich) announced it had reached an agreement to acquire Beazley plc (parent of Beazley USA) for \$10.9 billion in a deal expected to close during the second half of 2026. Zurich Insurance US PC Group was the #22 surplus lines group in 2025. Had the deal been completed before the end of 2025, the combined Zurich US-Beazley USA's entity's \$2.83 billion in surplus lines DPW would have made it the #10 surplus lines insurer for the year, one spot lower than another newly merged entity. In February 2026, Sompo Holdings (Sompo) completed its acquisition of Aspen Insurance Holdings Limited (Aspen). The merger will result in the consolidation of the #12 surplus lines insurer, Sompo Holdings US Group, and the #40 insurer, Aspen US Insurance Group. These two entities combined for \$2.96 billion in surplus lines DPW in 2025.

Over time, organizations have improved their standing among the leading surplus lines groups through markedly different strategies. While the other top 24 surplus lines writers are groups with two or more subsidiaries writing surplus lines business, the #14 surplus lines insurer, Kinsale Insurance Company, is a single company. Kinsale partners with independent wholesale and specialty retail brokers, primarily underwriting hard-to-place small business risks and personal lines risks on a 70% casualty to 30% property split. Along similar but different lines, the number 8 surplus lines insurer, Starr International Group, has a single-member company, Starr Surplus Lines Insurance Company, that generates all the group's surplus lines premium. However, there are two other statutory entities that are part of the group that solely write admitted business.

Core Specialty Insurance Group has moved from #30 in 2022 to #20 in 2025 (after reaching #19 in 2024) via acquisitions. It completed a merger with the former Lancer Insurance Group, in addition to an October 2022 acquisition of Hallmark Financial Services, Inc.'s E&S operations. The group previously completed the recapitalization of StarStone US and rebranded as Core Specialty in 2020.

Insurers taking advantage of multi-pronged distribution platforms, along with business portfolios with considerable geographic and/or product line diversification, give themselves a greater chance of improving or defending their positions in the very competitive current market landscape. In addition, new distribution partnerships, including instances in which insurers delegate authority to MGAs or DUAEs, have helped fuel the growth of newer surplus lines entities. The primary question concerning the long-term mutual benefit and success of the relationships surplus lines insurers have with their chosen DUAEs concerns the alignment of interests. While DUAEs get paid based on the policies and premiums they write, without that business generating favorable underwriting results as the business matures, they may not enjoy long-term commitments with their carrier partners.

Exhibit 7

US Surplus Lines Market - Top 25 Companies

(Ranked by 2025 Nonadmitted Direct Premiums Written)

Rank	AMB #	Company Name	Surplus Lines DPW (\$ thousands)	Surplus Lines Market Share (%)
1	2350	Lexington Insurance Company	3,561,510	2.5
2	2428	National Fire & Marine Ins Co	3,530,036	2.5
3	13977	Starr Surplus Lines Ins Co	3,084,188	2.2
4	3292	Scottsdale Insurance Company	2,768,113	1.9
5	3759	Evanston Insurance Company	2,744,825	1.9
6	4433	Westchester Surplus Lines Ins	2,542,156	1.8
7	20633	MS Transverse Specialty Ins Co	2,450,476	1.7
8	12515	AXIS Surplus Insurance Company	2,353,652	1.6
9	11340	Indian Harbor Insurance Co	2,245,360	1.6
10	13033	Endurance American Spec Ins Co	2,184,453	1.5
11	14027	Kinsale Insurance Company	1,977,171	1.4
12	11123	Crum & Forster Specialty Ins	1,780,200	1.2
13	3535	AIG Specialty Insurance Co	1,779,914	1.2
14	3538	Columbia Casualty Company	1,738,962	1.2
15	12523	Arch Specialty Insurance Co	1,561,219	1.1
16	11432	Starstone Specialty Ins Co	1,517,106	1.1
17	21670	Beazley Excess and Surplus Ins	1,514,596	1.1
18	3026	Admiral Insurance Company	1,494,133	1.0
19	12619	Landmark American Ins Co	1,469,040	1.0
20	13866	Ironshore Specialty Ins Co	1,388,457	1.0
21	3557	Steadfast Insurance Company	1,312,408	0.9
22	1990	Nautilus Insurance Company	1,311,937	0.9
23	12096	Everest Indemnity Insurance Co	1,182,915	0.8
24	12078	Liberty Surplus Ins Corp	1,131,089	0.8
25	12562	QBE Specialty Insurance Co	1,124,476	0.8
Top 25 Subtotal			49,748,392	34.7
Total US Surplus Lines			143,286,784	100.0

Source: AM Best data and research

A Return to the Top for a Former Leading Surplus Lines Company

AIG's Lexington Insurance Company surpassed Berkshire Hathaway's National Fire & Marine as the leading single surplus lines insurer in terms of calendar year DPW in 2025 (**Exhibit 7**). Lexington only grew its DPW by a modest 5.2% YoY in 2025, but with National Fire & Marine's nonadmitted premium dropping by almost 15%, YoY, the company fell behind Lexington. The #1 spot is familiar to Lexington, as it was the largest single US surplus lines company by DPW from 1994 through 2019. Starr Surplus Lines Insurance Company, Scottsdale Insurance Company (Nationwide P&C group), and Evanston Insurance Company (Markel Insurance Group) remained in the third through fifth spots, respectively. The top 5 companies accounted for \$15.7 billion, or 10.9% of the total surplus lines market DPW in 2025, down from 12.2% in 2024, providing further evidence of diversification in the surplus lines market, competition-wise. The \$47.9 billion of DPW for the top 25 companies accounted for 34.7% of the total surplus lines market premium, down from 36.9% in 2024.

Capacity for Cyber Coverage Remains Tilted Towards Excess and Surplus Carriers

AM Best believes the cyber market is splitting into two separate markets: one dominated by surplus lines carriers writing primary and excess cyber-specific policies and another focused on endorsements to other commercial policies. The

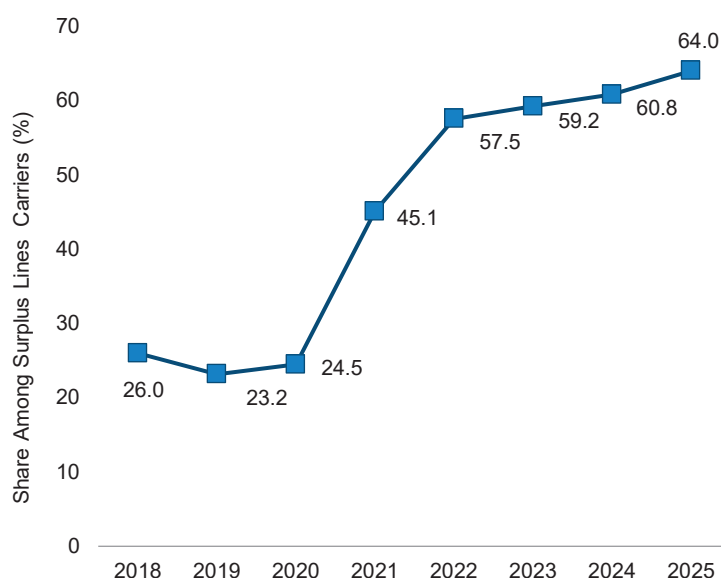
results of the two markets are different, with third-party claims growing more rapidly within the surplus lines market.

The bifurcation of cyber insurance extends to surplus lines versus admitted carriers. Surplus lines insurers have consistently grown their share of the cyber market, increasing from one-quarter of the total cyber market as recently as 2018 to year-end 2025, accounting for almost two-thirds of all cyber insurance by premium (**Exhibit 8**). Surplus lines insurers have provided most of the coverage solutions for more complicated cyber risks via primary cyber policies that feature policy language tailored to the insured's needs. Conversely, coverage for exposures that are viewed as less complex is most often provided by admitted carriers as endorsements to an insured's existing commercial policies. In terms of policy count, the majority of cyber policies are endorsements to other commercial liability policies written in the admitted market. Nevertheless, the primary policies usually written by surplus lines companies accounting for the greater share of total cyber premium.

In terms of loss experience, there has also been a consistent difference in terms of the loss ratios for admitted and surplus lines companies providing cyber coverage. Since 2021, the paid loss ratio for surplus lines carriers has remained below that of admitted carriers, as shown in **Exhibit 9**. However, the 55.9 incurred loss ratio for surplus lines carriers in 2025 was higher than that of admitted carriers, 50.2. The gap is narrower than it was last year when the respective incurred loss ratios for surplus lines and admitted insurers were 54.1 and 40.5; however, consecutive years of a higher incurred loss ratio appear indicative of surplus lines carriers writing different risks than admitted carriers, specifically risks more prone to longer tail losses, which take longer to settle.

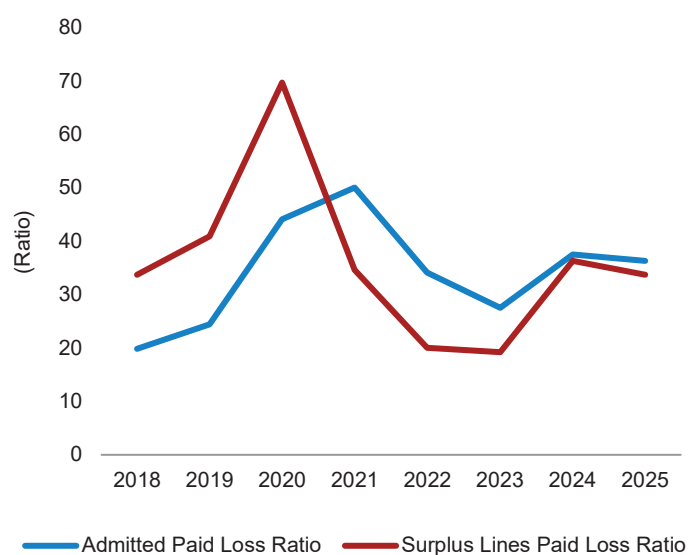
The increase in third-party cyber claims has been disproportionate toward surplus lines carriers. Total cyber third-party claims were up 30% in 2025, with surplus lines claims

Exhibit 8
Surplus Lines as Share of all Cyber DPW



Source: AM Best data and research

Exhibit 9
Admitted vs. Surplus Cyber Paid Loss and DCC Ratio



Source: **BESTLINK**

up almost 40%, while admitted carriers saw just a 12% increase. With surplus lines carriers having a larger number of third-party claims, those claims will take longer to pay out, and the paid loss advantage for surplus lines carriers may dissipate and possibly even turn the other way.

Select Emerging and Evolving Exposures

Artificial Intelligence Exposures

Businesses across virtually all industries are rapidly integrating generative artificial intelligence (Gen AI) into their internal operations and into customer-facing products and services. As such, it is vital for insurers and insurance intermediaries to understand the nature of Gen AI use for their current insureds and prospective policyholders to have the most comprehensive understanding possible of the depth and nature of potential risks. Depending on the type of operation and level of integration of Gen AI, risks can include biased recommendations, defective outputs infringement on intellectual property, and cybersecurity concerns. There are also risks associated with reputational damage, breach of privacy with respect to the scores of information and data used in AI models, and falling short of stated regulatory requirements governing AI use.

Because of the nascent level of comprehensive Gen AI use for many companies, from an insurance company perspective, in addition to the lack of claims data available for analysis and from which to gain insights, the greatest exposure that Gen AI use may present is the fact that the exposure will remain static long enough to be defined, priced, and monitored. This reality creates challenges in many ways, including the following:

- Insurance pricing needs pools of reasonably similar risks, and Gen AI resists that or, at the very least, makes it difficult. This is because the same AI model can present completely different exposures depending on what it is connected to, what it is allowed to decide, and the degree and effectiveness of human oversight involved.
- An insured's exposure will change after an insurer binds coverage. As the Gen AI provider updates its model, the insured connects new data or hands the system more autonomy, which can lead to potentially loosened "guardrails." A claim from one version of a Gen AI model most likely tells an insurer relatively little about the next one. It is unquestionable that more loss data is helpful, however, data on something that is a moving target does not accumulate in a way that fosters pricing confidence the way it does for stable risks.
- The same AI failure can also result in potential losses for several lines of coverage at once: technology errors & omissions (E&O) liability, general liability, employment practices, directors & officers liability, etc. This can lead to coverage disputes and allocation issues and potentially implicate more than one policy or policy limit rather than producing a clean claim under one clearly identified coverage.

With respect to AI exposures, admitted insurers are focused on implementing the best, most absolute AI exclusions and limiting coverage in traditional general liability policies. The insurance industry is actively trying to guard against implicitly covering AI-related claims through legacy technology E&O policies. Burgeoning exposures such as AI "hallucinations," model performance deterioration, and data poisoning are often uninsurable through standard admitted carriers.

The surplus lines market, by contrast, is the primary avenue currently available for obtaining affirmative, specialized coverage options available for AI and Gen AI exposures using its freedom of rate and especially its freedom of form. Some carriers are offering standalone AI liability policies covering mechanical failures, algorithmic deviations, and losses stemming from faulty AI decisions. Some wholesale brokers or other DUAEs with niche expertise have been able to source specialized endorsements to add to existing cyber or E&O policies to cover algorithmic bias or intellectual

property infringement. There are also some nonadmitted insurers that have developed innovative programs and underwriting facilities specifically geared to offering coverage solutions for chosen companies that are developing or utilizing AI.

Driverless Technologies

Autonomous vehicle (AV) technology has moved from the idea stage to research labs and now onto public roadways, creating a unique conundrum for insurers because the exposures involved are unlike other exposures the insurance industry has evaluated until that point. Driverless technology exposures exist at the intersection of product liability, automobile liability, and risks involved with faulty software because accidents in tech-driven vehicles could be caused by software errors, manufacturing defects, network outages, GPS flaws, failing sensors, or even cyberattacks. Actuarial data has been available for decades for human-driven vehicles, but underwriting and pricing for a fleet of vehicles that operate without drivers presents a very different set of risks.

Rising technological complexity and interconnectedness could vastly increase the cyber vulnerability of autonomous trucks and fleet operators. Because associated cyber risk potential for driverless fleet operators would increase significantly with multiple targets and potential points of access, cyber insurance would become more integral to the required insurance program and account for a greater proportion of a risk insurance premium for autonomous truck owners/operators than what is now the norm for traditional commercial trucking risks. The commercial automobile segment has been a consistently unprofitable P/C line of coverage for an extended period, making it more understandable that the coverage for driverless technologies will, at least initially, be found in the surplus lines market.

A separate but equally important challenge for underwriters of autonomous vehicles includes the fast-evolving regulatory landscape. At the present time, 42 states and the District of Columbia have enacted some sort of AV-related legislation. However, requirements by state vary widely. The lack of continuity from state to state complicates the coverage needs of companies using driverless auto technology, ultimately making the surplus lines market the most suitable option to provide needed coverage.

Pharmaceutical, Biotechnology, and Life Sciences Exposures

The complex risks involved with unique, often unknown exposures presented by experimental drug manufacturers necessitate expert underwriting and tailored policies. Pharmaceutical risks, especially ones involving new, innovative products, have limited loss histories combined with significant liability loss potential, making traditional insurers reluctant to offer coverage. To the extent any coverage is offered by an admitted carrier for an insured involved with clinical trials, the carrier will generally exclude coverage for clinical trials involving human subjects.

Entities involved in gene therapy and biogenetics are also best suited for the nonadmitted market because they present exposures that cannot be accurately priced using standard actuarial methods; thus they are ill-suited for the standard or admitted market. Surplus lines insurers are more adaptable by nature and have the flexibility to design products that cover the exposures they feel can be underwritten and adequately priced and exclude or limit other potential exposures not fitting that profile.

Specialized risks are common in the biotechnology and life sciences industries. The flexibility of insurers that can craft tailored policies for complex risks, environmental and product liability risks, is integral for biotech companies responsible for the safety and efficacy of pharmaceuticals, medical devices, and other therapies. As innovative technologies allow for more rapid product development for health, biotech, and life science companies, the needs of entities in these industries will only

expand, and the creative expertise of surplus lines insurers will likely be in greater demand. Surplus lines' companies are often willing to provide higher coverage limits than admitted carriers. For insureds presenting the type of exposures faced by biotech companies, the expansion of coverage limits across an insurance program encompassing primary and excess coverage basis, this flexibility could be vital.

Service Office Statistics Reveal Sustained Market Momentum

According to the midyear 2026 report representing the premium volume across the fifteen US surplus lines service and stamping offices, on a year-over-year basis, surplus lines premiums totaled \$47.6 billion through the first half of 2026, an increase of 2.8% compared to the first six months of 2025. Item filings increased to 4.3 million, an increase of 16.9%, which is indicative of the continued demand for surplus lines coverage across a broad range of risk classes. The midyear stamping office premium total represented further moderation in the segment's long-term premium growth following full-year growth of 7.8% in 2025. However, taken in conjunction with the increase in items filed, it is the drop in average premiums.

From a business line perspective, the report showed that commercial liability (non-professional lines) and commercial property coverage, including commercial package policies and standalone commercial coverages like earthquake, flood, terrorism, and difference-in-conditions (DIC), continued to dominate in terms of their representation of total surplus lines premiums. The two accounted for 39.6% and 28.5% of first-half 2026 surplus lines direct premiums, respectively. While liability premiums were up by 11.2%, the property premium total of \$15.7 billion was 13.7% lower than it was at midyear 2025. The softness that is pervasive in the commercial property segment market currently was the predominant force that led to the year-over-year increase in first-half surplus lines premium dropping below 3% in 2026.

In terms of premium trends for other lines of business that are shaping the surplus lines market in the first half of 2026, residential, homeowners, and other personal property premium increased growth of 20.2%. In combination, they represent only 6.1% of the surplus lines market premium in these states. The volatility caused by loss activity from different weather-related catastrophes and secondary perils like severe convective storms, wildfires, and floods impacting the residential property market has led to more of this business flowing into the surplus lines market.

Other lines experiencing growth through the first six months of 2026 were auto liability (15.8%), professional liability (15.0%), and inland marine (12.3%). The challenges presented by the commercial auto market for standard market carriers continue to yield opportunities for surplus lines insurers.

Among the states typically representing the largest portion of surplus lines premium—California, Florida, Texas and New York—Florida experienced a 5.6% premium decline compared to the first half of 2025, while California (4.0%), New York (4.8%), and Texas (5.0%) experienced mid-single-digit written premium growth. This modest premium growth did not reflect the continued importance of surplus lines insurers in these states, which was reflected in the increase in the notably higher number of items filed in each state—California (22.6%), Florida (14.4%), New York (9.7%), and Texas (20.9%)—during the first half of 2026. The states that experienced the highest magnitude of first-half 2026 premium growth were Idaho (25.5%), Illinois (13.9%), and North Carolina (13.4%). In all three states, the increase in the number of items filed was higher than the premium growth, another indication of the decline in average premiums in the surplus lines market.

Parametric Covers

Parametric insurance or parametric risk transfer emerged in the late 1990s. This is not an innovation; however, it is an alternative risk coverage option that has surged in popularity in the surplus lines and specialty insurance markets as the frequency and severity of natural disasters have increased, most often tied to climate risk. Parametric insurance pays a predetermined sum upon the occurrence of a specific trigger such as wind speed or a certain level of rainfall. However, the entity insured doesn't need to suffer a loss or any damages to be paid. Parametric coverage is designed to provide a simple, transparent coverage option for policyholders. Through the purchase of a parametric policy, they and the insurer agree on the triggering event and the amount of coverage.

The core value of surplus lines insurers lies in their ability to provide tailored, bespoke insurance coverage for complex, high-hazard risk exposures. For that reason, parametric coverage is being offered more by surplus lines insurers that have the capacity and ability to offer needed, customized solutions for unique events for which parametric insurance can offer a solution.

As data quality improves, AM Best believes more parametric models as risk transfer tools will be created, and applications will be broader. The continued evolution of big data resulting in more credible indexes, along with sophisticated technology for monitoring triggering events, should lead to more opportunities for parametric coverage solutions to be introduced. The simple settlement process is another advantage of parametric coverage that should lead to greater use of these products.

A Look Over the Horizon

Over the near term, the surplus lines market should continue to see opportunities to expand in different pockets and for certain risk classes because it is best suited to provide coverage solutions for more complex, emerging risks, particularly liability risks. The nuanced risk selection and pricing flexibility of the surplus lines market is ideal for evolving liability exposures emanating from new products and burgeoning technologies. As the current market continues evolving, a larger percentage of accounts that moved to the surplus lines market in the past several years will stay there compared to previous transitions during softer market conditions.

AM Best believes annual premium growth will continue to moderate due to the competitiveness affecting several lines of coverage, in addition to the wealth of capacity pursuing surplus lines business. As the admitted market incrementally increases its pursuit of premium growth, it will likely include accounts that arguably are more suited for the nonadmitted market. These factors will likely constrain the magnitude of the pricing increases sought on liability risks with exposure to claims where social inflation or third-party litigation funding can exacerbate loss severity. Commercial auto and umbrella/excess liability risks are the lines where insurers will most resolutely hold the line on pricing.

However, market conditions can change with the occurrence of an unexpected major catastrophe or global pandemic outbreak. Additionally, recent regulatory changes for surplus lines businesses that modestly lower the friction for surplus lines placements (by states doing away with diligent search requirements) may provide a modest tailwind in the states affected.

Section II – Financial Performance and Ratings Distribution

During the two most recent calendar years, the aggregate results of P/C insurers have reflected the benefit of initiatives undertaken to address acute risk selection and underwriting concerns. Results in 2024 and

2025 also reflect the benefits of rate and pricing momentum because of dedicated efforts over the span of several years to improve premium adequacy across multiple lines of coverage. In earlier years, economic headwinds exacerbated negative claims trends for certain lines of coverage, most notably for the commercial auto and homeowners lines, making it more challenging for carriers to generate profitable underwriting results. In addition, commercial auto and general liability underwriters are still contending with the impact of social inflation and third-party litigation funding on claim costs.

In this section, the primary focus is on the performance of a special AM Best surplus lines composite comparing the performance of the overall P/C industry. However, the initial exhibits in this section feature all US companies writing surplus lines business based on the data filed in Schedule T of the annual NAIC financial statements and how the premiums and loss ratios for surplus lines companies and the total P/C industry compare on a direct basis (meaning before the assumption of any premiums from affiliated or unaffiliated companies and the cession of any premiums to affiliated or unaffiliated reinsurers, which represent net results).

Exhibit 10 shows the distribution of surplus lines premium across several P/C lines of business from 2023-2025. Overwhelmingly, the leading line of business for surplus lines carriers has been general (other) liability coverage, which is a combination of the coverage coded as Other Liability—Occurrence or Other Liability—Claims-Made in NAIC statutory reporting and includes primary and excess liability business. The claims-made line of business consists largely of liability coverage for businesses when employees make mistakes (errors or omissions) discharging professional services. Directors and officers (D&O) liability falls within this liability coverage umbrella as well. General liability coverage written by surplus lines writers increased incrementally across the three years from \$40 billion (35% of all P/C general liability DPW in 2023) to over \$51 billion (or 39%) in 2025. This

AM Best's Domestic Professional Surplus Lines Composite

This section examines the financial performance of AM Best's Domestic Professional Surplus Lines (DPSL) special composite, which is composed of some of the leading companies in the surplus lines segment. The composite provides an accurate picture of the overall segment's financial performance. This section also discusses AM Best's ratings on the DPSL composite companies in comparison to the overall P/C industry.

Exhibits 10-12 focus AM Best's view of the surplus lines market through the aggregated data of all companies writing on a surplus lines basis, based on the nonadmitted premium data amassed from Schedule T of the annual NAIC financial statement filings.

The comparison of the results for the DPSL composite to those of the total P/C industry in this section is specific to Exhibits 13 through 23. It is based on the statutory financial data of the 69 US-based DPSL companies, although not all the companies identified in **Appendix B** are included in the composite. Composite members are surplus lines companies that wrote more than 50% of their business on a nonadmitted basis in 2025. When creating the composite, AM Best excluded surplus lines companies that (1) are members of intercompany pools writing predominantly admitted business as opposed to surplus lines business; (2) reinsure the vast majority, if not all, of their business with an affiliate; or (3) write a relatively small amount of premium. The composite does include companies that may be part of an intercompany pool but still write surplus lines business on a predominantly direct basis and retain a meaningful portion of it. The comparative issuer credit rating (ICR) data presented in Exhibit 23 is presented on a rating unit basis, as defined in the text.

Exhibit 10

US Domestic Surplus Lines - Direct Premiums Written and Percentage of Total P/C Industry Premium, by Line of Business

(\$ millions)

Coverage Line	2023 Direct Premiums Written	% of Total P/C DPW	2024 Direct Premiums Written	% of Total P/C DPW	2025 Direct Premiums Written	% of Total P/C DPW
Other Liability (Total)	40,015	35.0%	45,334	37.1%	51,483	39.0%
Other Liability (Occurrence)	25,270	34.1%	30,128	36.8%	34,878	38.4%
Other Liability (Claims-Made)	14,738	38.1%	15,200	39.3%	16,602	41.8%
Fire & Allied Lines	23,699	28.2%	26,471	29.9%	25,238	28.2%
CMP (Total)	6,640	10.8%	7,243	11.0%	7,504	10.9%
Commercial Automobile	4,658	7.3%	5,722	8.0%	6,315	8.2%
Homeowners Multiperil	2,181	1.4%	3,220	1.9%	4,141	2.2%
Medical Professional Liability (Total)	3,207	26.2%	3,581	27.7%	3,930	28.9%
Inland Marine	2,704	7.6%	2,972	8.8%	3,167	9.1%
Products Liability (Total)	2,200	42.4%	2,342	43.0%	2,523	44.2%
Personal Lines	2,193	0.5%	3,238	0.6%	4,160	0.7%
Commercial Lines	84,992	18.1%	95,626	19.1%	102,388	19.6%
Total Surplus Lines DPW (All Lines)	87,508	9.2%	99,108	9.5%	106,818	9.7%

Note: The total surplus lines premiums in this exhibit representing US surplus lines insurers differ slightly from the annual sum of the Domestic Professional and Domestic Specialty surplus lines companies whose annual premiums captured in Exhibit 1 each year are pulled in mid-June. The surplus lines premium totals in this exhibit reflect the most updated values as of July 20, 2026. The additional month even accounts for the slight difference in the 2025 premium total, as well.

Source: AM Best data and research

was more than twice the next highest line, the combined fire and allied lines line of coverage which essentially represents commercial property business. Fire is the core commercial property coverage line, providing indemnification for financial loss due to damage to physical buildings, or business contents caused by fire and related smoke or water damage, while allied lines is a broader catch-all, covering damage from other perils, such as wind, water, and vandalism.

Similar to the trend for general liability, the proportion of fire and allied lines business written in the surplus lines market increased by 12% from 2023 to 2024 (to \$26.5 billion), but then, as the commercial property market softened in 2025 in line with notably improved underwriting results, the proportion written by surplus lines insurers in 2025 reduced to \$25.2 billion. Although surplus lines insurers cover a sizable percentage of medical professional liability (28.9%) and products liability (44.2%) business both of those lines generated under \$5 billion in annual premium in 2025, which paled in comparison to the two lead coverage lines.

Comparing the underwriting performance of the surplus lines market insuring those main coverage lines - fire, allied lines and general (other) liability, individually—surplus lines insurers have produced direct loss ratios superior to those of the P/C industry during the past three years, except for general liability in 2025 (**Exhibit 11**). In the aggregate, surplus lines carriers underwriting general liability have consistently reported direct loss ratios lower than total industry loss ratios. It should be noted that over a longer term, for example from 2015 through 2025, the frequency of high intensity weather-related and man-made (some wildfires) catastrophes led to wider variances in the results for surplus lines insurers underwriting commercial property lines compared to the total industry's results. Surplus lines insurers provide coverage for property risks that may have a greater susceptibility to catastrophe losses; therefore, they are inherently exposed to a greater degree of volatility, performance-wise.

Exhibit 11
US Surplus Lines - Fire, Allied Lines, and Total Other Liability, Direct Incurred Loss Ratios, 2021-2025
 (%)



Source: AM Best data and research

Homeowners Insurance Remains an Area of Surplus Lines Growth

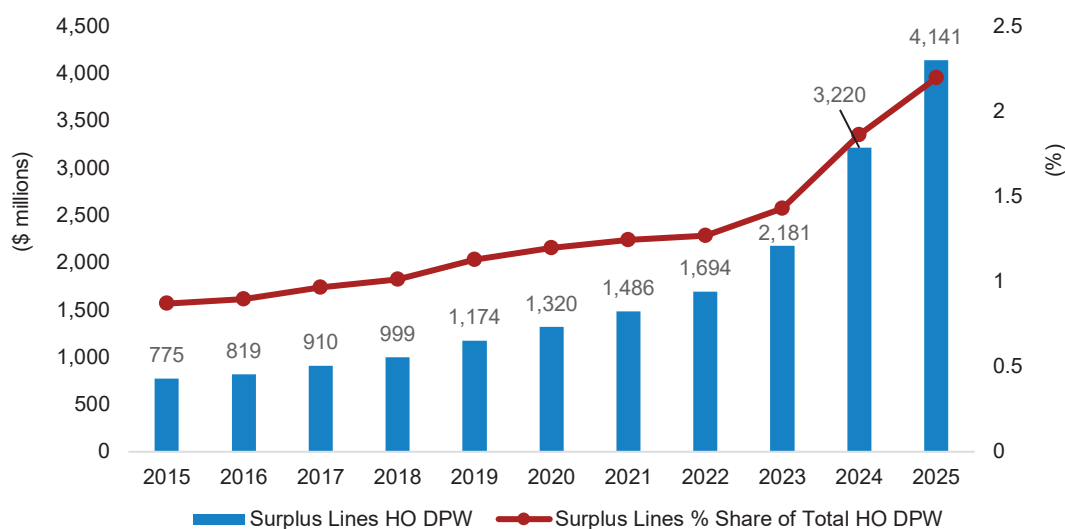
Due to changing climate conditions and different migration patterns of US citizens moving to different coasts and other areas that have been subjected to severe weather, the loss experience for homeowners multiperil insurance has been increasingly volatile over the past decade. Surplus lines insurers have not traditionally focused on this line of coverage, as it has historically been a line dominated by standard market insurers. The lion's share of P/C coverage of homeowners insurance is still predominantly provided by standard market insurers, but coverage for homes in areas that have been plagued by recent wildfires and high-value homes in coastal areas have increasingly found their way into the surplus lines market. Over the last 10 years, the percentage of total homeowners premium being written by surplus lines insurers increased from 0.9% of all P/C carriers

writing homeowners insurance in 2015 to 2.2% in 2025 (**Exhibit 12**). As shown earlier in Exhibit 10, in 2023, \$2.2 billion of homeowners coverage was written in the surplus lines market, but in just two years, that number grew to \$4.1 billion in 2025. This still represents a small percentage of the overall homeowners insurance market, but the surplus lines premium total has grown significantly in a relatively short period of time. AM Best continues to believe that homeowners exposures that suffer multiple losses from catastrophes, or those in areas being subjected to more tumultuous weather patterns, are likely to find their way to, and remain in, the surplus lines market.

DPSL Composite – Primary Coverage Lines

The AM Best DPSL composite, consistent with the surplus lines market, shows the other (general) liability business continuing to generate the largest share of DPW at 48.6% (**Exhibit 13**). Large D&O liability pricing increases in 2020 and 2021, attracted capital and additional carriers looking to devote resources to

Exhibit 12
US Surplus Lines - Homeowners Direct Premiums Written
Share of Total P/C Industry Homeowners DPW



Source: AM Best data and research

Exhibit 13

US DPSL Composite – Top 5 Product Lines by DPW, 2024 vs. 2025

Ranked by 2024 Surplus Lines DPW

Rank	Product Line	2024 Surplus Lines DPW (\$ thousands)	2024 DPSL Composite Market Share (%)	2025 Surplus Lines DPW (\$ thousands)	2025 DPSL Composite Market Share (%)	2024/2025 DPW Change (%)
1	Other Liability	21,778,975	48.6	23,311,765	48.6	7.0
2	Fire	7,969,019	17.8	7,819,052	16.3	-1.9
3	Allied Lines	5,364,253	12.0	4,586,874	9.6	-14.5
4	Commercial Multi-peril	2,456,498	5.5	2,011,253	4.2	-18.1
5	Inland Marine	1,621,917	3.6	1,686,180	3.5	4.0
Top 5 – Subtotal		39,190,662	87.5	39,415,124	82.2	0.6
Total DPSL Composite		47,269,882	100.0	47,935,969	100.0	1.4

Source: AM Best data and research

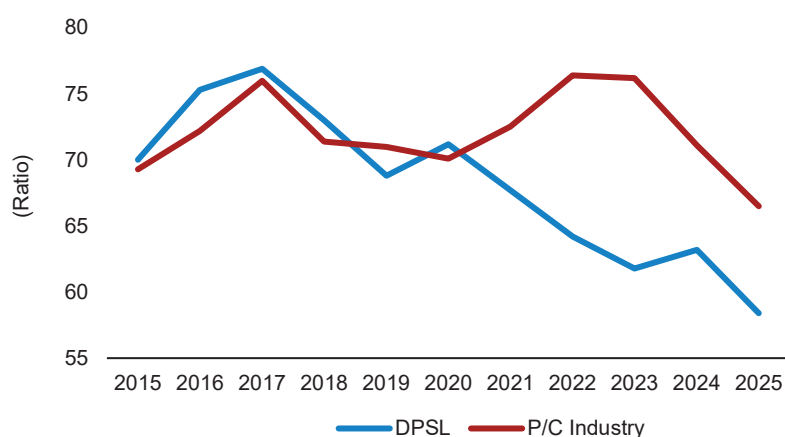
take advantage of the improved premium adequacy. This included some surplus lines insurers. Softer pricing soon returned (by mid-2022) and has continued into 2026. The competitive D&O liability and cyber liability markets may soon have a limiting effect on overall general liability DPW; however, that should not affect this line, which remains the clear, leading line of business for surplus lines carriers. Commercial property coverages—fire and allied lines—comprise the next tier of the leading lines of insurance written by surplus lines insurers. Together they made up another 26% of the DPSL composite's overall DPW in 2025. Commercial multiperil or CMP coverage and inland marine, both accounting for less than 5% of the DPSL composite's premium, represent additional property lines of coverage written by the composite (except for the CMP-Liability portion of the commercial multiperil package policy).

DPSL Underwriting and Operating Performance Reaches New Heights

The DPSL composite's net underwriting and operating results have varied somewhat over the last five years in terms of the level of profitability, but the results have been consistently profitable, from both the underwriting and operating perspectives. The performance has been achieved during this period despite challenges that have arisen from severe weather-related catastrophe events, rising loss costs affected by macroeconomic trends, and an increasingly complex liability claim environment where social inflation and third-party litigation funding have contributed to higher judgments and case settlements. Annual growth in the composite's net premiums earned (NPE) has outpaced the growth in losses and loss adjustment expenses (LAE) incurred. In 2025, when NPE declined

Exhibit 14

US DPSL Composite vs. P/C Industry - Net Loss & LAE Ratio



Source: AM Best data and research

by 1.3%, loss and LAE incurred declined by 8.8%, leading to a lower loss and LAE ratio (**Exhibit 14**). From 2021 to 2025, the composite's net loss and LAE ratio declined every year except 2024. Over a longer horizon, the 2025 loss and LAE ratio of 58.4 were the composite's lowest since 2015.

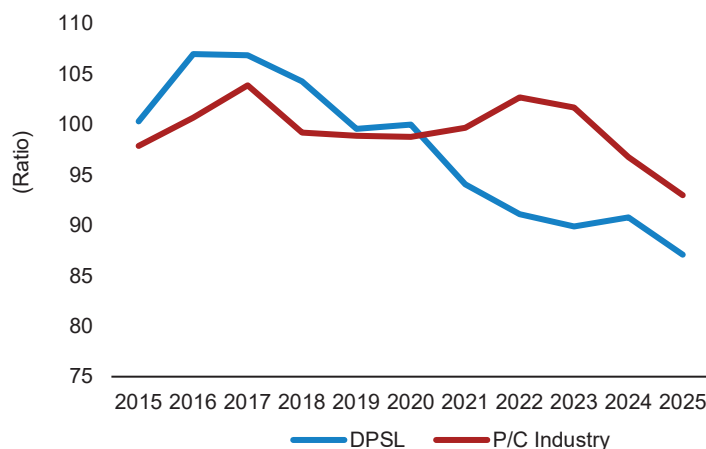
The DPSL composite's net underwriting profit increased by more than \$1 billion in 2025, owing to the benefits of pricing momentum from the years immediately prior that fortified net premiums earned, in addition to improvements in both risk selection and underwriting.

Calendar years 2024 and 2025 were excellent for the overall P/C industry, as years of focus on improved premium adequacy in conjunction with underwriting initiatives propelled a decided turnaround in the key personal lines coverages (private passenger auto and homeowners multiperil). Because of the significant improvement in industry results owing to those two lines, calendar year 2025 turned out to be a year of demarcation for the entire P/C industry. Nevertheless, even though neither of those highly improved lines are focused on by surplus lines companies, the DPSL composite's net loss and LAE ratio was still eight points lower (better) than that of the broader P/C industry.

In line with the markedly improved loss and LAE ratio, the DPSL composite's net combined ratio improved by more than three percentage points in 2025, and at 87.1, it was the best result from 2015 to 2025 (**Exhibit 15**). As noted, the broad P/C industry enjoyed a much better underwriting performance in 2025 as well. However, its combined ratio, although greatly improved at 93.0 (down from 96.8 in 2024), was still almost six points higher than the combined ratio posted by the DPSL composite. The spread was predominantly attributable to the net loss and LAE ratio difference because the composite's net other underwriting expense ratio (the other key component of the combined ratio) exceeded the P/C industry expense ratio by three points. The composite's expense ratio has historically been consistently higher than the broader P/C industry. However, the higher underwriting expense ratio for the DPSL composite is probably impacted somewhat by the degree of customization needed in the development of bespoke coverage solutions.

The composite's accident year combined ratio of 89.4 was also notably better than the P/C industry's 95.4. The DPSL composite's favorable result is attributable to the effectiveness of its underwriting, pricing, and claim management strategies to successfully underwrite higher-hazard risks and with inherently more complex exposures and risk characteristics. Inflationary pressures owed to geopolitical strife; increasingly volatile weather affecting a wider expanse of states and challenges presented by evolving technologies have made insuring these risks increasingly tough the past few years. Nevertheless, the surplus lines market has risen to this challenge. A softening market for several lines will put pressure on profit margins and limit some of the improvement in bottom-line results experienced by surplus lines (and admitted) companies.

Exhibit 15
US DPSL Composite vs. P/C Industry - Net Combined Ratio



Source: AM Best data and research

Pretax Income Continues to Benefit from Underwriting Performance Momentum

The DPSL composite generated more than \$3.5 billion in additional underwriting income in 2025, an increase of almost 47% (**Exhibit 16**). This represented substantial improvement but did not quite match the increase in underwriting income for the broad P/C industry, which almost tripled its 2024 underwriting income in 2025, largely due to the marked, continued improvement in the industry's performance writing personal lines business (which accounts for approximately 50% of total P/C industry DPW). With more than 90% of surplus lines business concentrated on commercial business, the DPSL composite's improvement was driven by its improvement in writing lines of coverage and risk classes outside of personal auto and homeowners coverage.

For the DPSL composite, modest 4.5% YoY growth in net investment income combined with the improved net underwriting income, led to pretax operating earnings increasing by more than 19% YoY. By contrast, buoyed by the banner year for underwriting, the overall P/C industry's pretax income increased by over 40% YoY with the lion's share of the improvement owing to the industry's higher underwriting income. P/C industry net investment income growth (4.9%) was very

Exhibit 16
US DPSL Composite – 12-Month Financial Indicators, 2024-2025
(\$ billions)

	DPSL Composite			P/C Industry		
	2024	2025	YoY % Change	2024	2025	YoY % Change
Net Premiums Written	27.2	26.2	-3.6	939.1	983.2	4.7
Net Premiums Earned	26.7	26.4	-1.3	909.4	964.9	6.1
Pure Losses Incurred	14.0	12.9	-8.2	561.1	554.8	-1.1
Loss Adjustment Expense	2.9	2.6	-11.5	85.3	86.6	1.5
Losses & LAE	16.9	15.4	-8.8	646.4	641.4	-0.8
Underwriting Expenses	7.5	7.5	0.6	236.7	253.8	7.3
Policyholder Dividends	0.0	0.0	-13.3	4.4	6.3	44.4
Underwriting Income/Loss	2.4	3.5	46.7	21.8	63.5	190.9
Net Investment Income	3.8	4.0	4.5	89.0	93.4	4.9
Other Income/Loss	0.1	0.0	-87.8	1.3	1.2	-5.2
Pretax Operating Income	6.2	7.4	19.5	112.3	157.9	40.7
Realized Capital Gains/Losses	5.1	0.0	-100.6	78.7	23.0	-70.8
Federal Income Taxes	1.4	1.5	14.0	20.1	25.7	28.2
Net Income	10.0	5.6	-44.1	171.9	155.2	-9.7

NM = Not meaningful.

Source: AM Best data and research

similar to that of the DPSL composite. P/C industry insurers, including surplus lines companies have continued to look to identify avenues for new money reinvestment at higher yields, which also facilitated the DPSL composite's investment income growth.

Realized capital gains, which can be volatile from year to year depending on the interest rate environment and capital market opportunities, were down by a sizable amount for both the DPSL composite and the total P/C industry in 2025. Calendar year 2023 represented a huge turnaround in the broader industry in terms of net realized capital gains and their impact on net income. Realized gains have decreased since then. For the DPSL composite, 2025 represented a return to normal following 2024, when its net income was skewed, more than doubling to \$5.0 billion because of the realized gains for a Berkshire Hathaway subsidiary. The resulting \$9.9 billion in net income in 2024 was more than double the composite's annual result in any year during the past decade. However, the almost \$5.6 billion in net income in 2025 was the DPSL composite's second largest total during the past decade.

Volatility in Realized and Unrealized Investment Results Impacts Operating Results

As **Exhibit 17** illustrates, substantial yearly differences in either realized or unrealized gains or losses can have a material additive or limiting effect on the investment returns of the DPSL composite and the P/C industry. While the P/C industry benefited from an increase of approximately \$47 billion in unrealized gains, lower realized gains for the DPSL composite overshadowed an increase in unrealized gains and ultimately led to an almost 24% drop in total investment return in 2025. Just a couple of years ago in 2023, considerable unrealized capital gains aided the broad P/C industry decidedly in 2023, with results reversing in 2024 due to almost \$11 billion in unrealized losses stemming from declines in preferred and common stock holdings in the aggregate. Similarly, the composite's total financial return in 2023 benefited from unrealized capital gains of more than \$3.0 billion but was hindered by \$2.6 billion in unrealized losses in 2024. Nevertheless, on both counts. Investment performance and the income derived from it continued to supplement underwriting income.

Net premium leverage (the ratio of net premiums written to policyholder's surplus) remained below 1.0 for both the P/C industry and the DPSL composite, indicating low leverage and a solid capital position. The DPSL composite's ceded premium leverage has generally been moderately lower than the P/C industry, which may be surprising since surplus lines insurers cover unique, usually higher-hazard risks than admitted carriers and may strategically choose to protect their balance sheets through reinsurance. With the potential for volatility in the capital markets in 2026 stemming from the Iran war, and its impact on gas and energy prices, there is always a concern about the potential impact of realized or unrealized gains on policyholders' surplus. Nonetheless, as of June 30, 2026, the key US

Exhibit 17

US DPSL Composite vs. P/C Industry - Investment Performance, 2024-2025

(\$ millions)

	DPSL			P/C Industry		
	2024	2025	YoY % Change	2024	2025	YoY % Change
Net Investment Income Earned	3,790	3,962	4.5	89,009	93,396	4.9
Realized Capital Gains/(Losses)	5,094	-319	-106.3	79,738	23,019	-71.1
Net Investment Gain/(Loss)	8,883	3,643	-59.0	168,747	116,415	-31.0
Unrealized Capital Gains/(Losses)	-2,635	1,124	NM	-10,887	47,000	NM
Total Investment Return	6,248	4,767	-23.7	157,860	163,415	3.5

NM = Not Meaningful

Source: AM Best data and research

stock market indices (the S&P 500 and the Dow Jones Industrial Average) were up between 16% and 18% during the past twelve months. AM Best expects that, despite the potential for volatility, insurers continue to seek opportunities for reinvestment at higher yields.

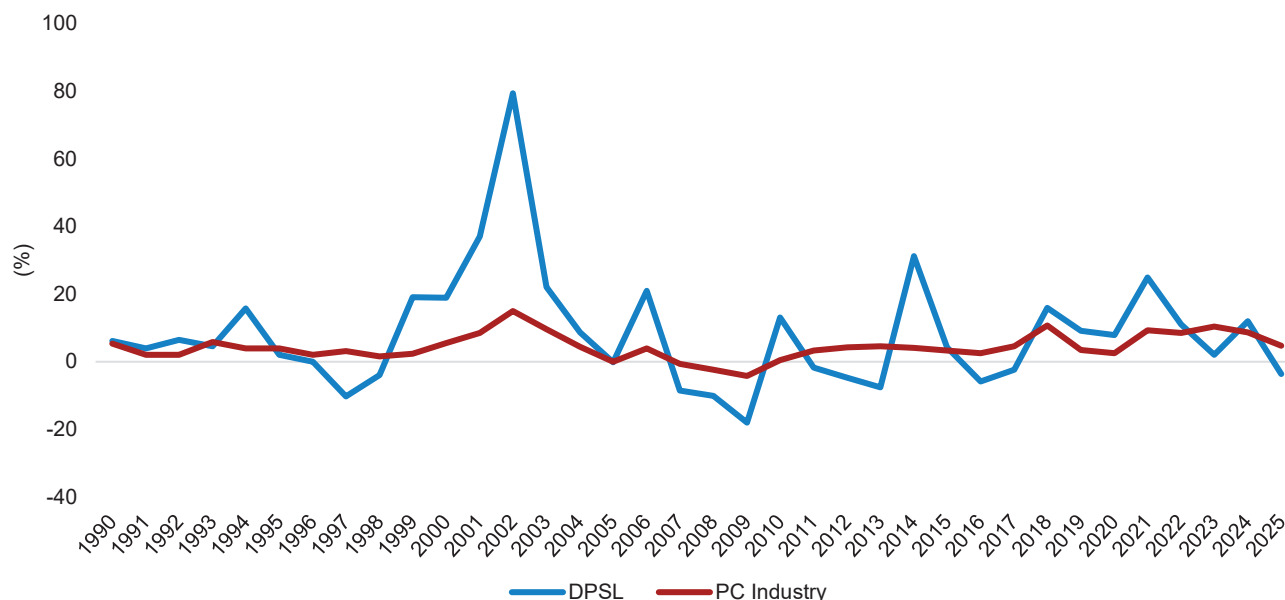
The composition of invested assets has been stable for both the DPSL composite and the P/C industry, although stock market volatility has led to variances in annual common stock leverage, more so for the composite than for the overall industry. At the end of 2025, the common stock leverage for the DPSL composite (29.4% of policyholder's surplus) was considerably lower than that of the overall P/C industry (43.2%), reflecting a more conservative position. However, the composite's leverage is overwhelmingly skewed by the net of stocks bought and sold by one composite member company (National Fire & Marine).

Improved Returns Grow Surplus and Fortify Balance Sheet Strength

Net premiums written (NPW) for the DPSL composite rose consistently, but in varying degrees from 2018 to 2024, driven by steadily increasing DPW during that period (**Exhibit 18**). An increase in ceded premiums led to a moderate 3.6% decline in net premiums written in 2025. NPW for the P/C industry has also risen consistently during that period, but on average, the growth has been moderately lower than the NPW growth for the composite when comparing the annual data. Surplus lines insurers have been able to take advantage of market dislocation affecting specific lines of coverage, in addition to serving as the creative engine for the P/C industry as new technologies, manufacturing processes, and products required the development of new creative coverages. NPW growth was also augmented by higher than average pricing for many of the composite's core lines of coverage and risk classes, as inflationary pressures negatively impacted loss severity and compelled a push for greater premium adequacy.

Exhibit 18

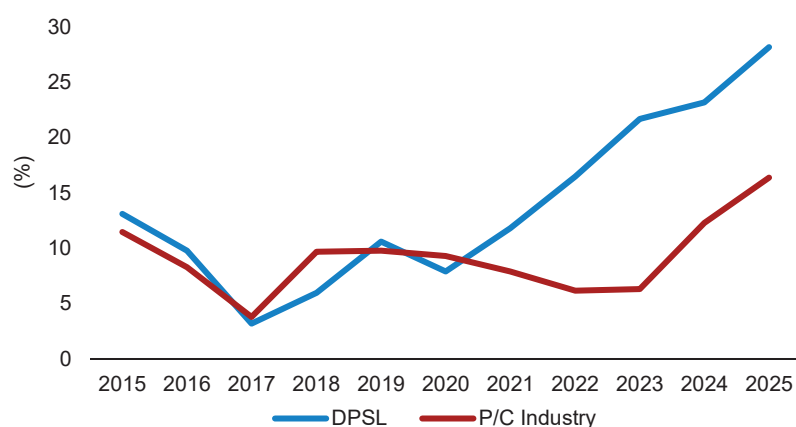
US DPSL Composite vs. PC Industry - Net Premiums Written Growth



Source: AM Best data and research

The DPSL composite's five-year compound annual growth rate (CAGR) for net premiums written (after the effects of reinsurance ceded to reinsurers are considered) is 9.1%, compared with a CAGR of 8.3% for the P/C industry. However, direct premium volume, which is not impacted by reinsurance or pooling agreements, provides a more accurate measure of YoY premium growth. By that measure, the DPSL composite's DPW has grown by double-digits in three of the last five years, and its five-year CAGR is 11.5%, compared to 8.9% for the P/C industry.

Exhibit 19
US DPSL Composite - Pretax Returns on Revenue
(Net Premiums Earned) vs. P/C Industry



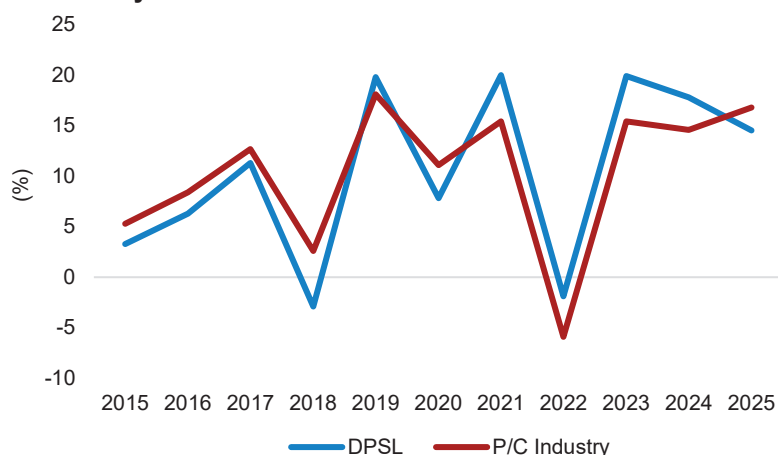
Source: AM Best data and research

In each of the past five years, the DPSL composite has generated double-digit pretax operating returns on revenue (ROR) (**Exhibit 19**). The streak would stretch to seven years, going back to 2019, except for the pandemic-affected 2020 year. The composite's pretax returns were generally in line with the P/C industry returns from 2015 to 2020 but have clearly outpaced the broad industry's returns in each of the last five years.

As **Exhibit 20** shows, the DPSL composite's returns on equity (ROE) have generally been either modestly higher or lower than the P/C industry's annual ROEs, reflecting differences in unrealized gains and, to some extent, stockholder dividends. The returns for both have trended closely each year with the composite enjoying a slight edge in the last two calendar years.

In calendar year 2025, both the DPSL composite and the P/C industry grew annual policyholders' surplus by around 10% (a little higher for the P/C industry). Operating results in terms of net income and operating returns were favorable for both the composite and the broader P/C industry, despite the one-year aberration in realized gains in 2025 that led net income to decline by 44% YoY for the year (**Exhibit 21**). The companies making up the DPSL composite have generated sufficient

Exhibit 20
US DPSL Composite - Total Return on Surplus vs. P/C Industry



Source: AM Best data and research

returns to facilitate aggregated dividends of almost \$9 billion that were upstreamed to their respective parent companies over the last five years. In AM Best's view, DPSL companies have managed these dividend payments responsibly, considering the 69% growth in the composite's policyholder's surplus over the same period.

Exhibit 21

US DPSL Composite vs. P/C Industry - Investment Performance, 2024-2025

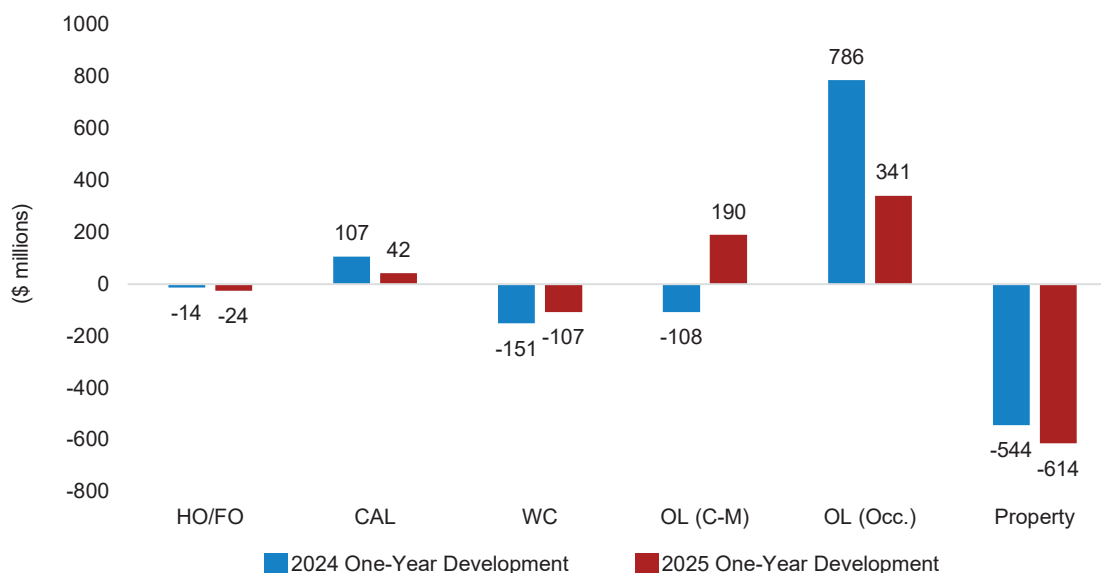
(\$ billions)

	DPSL			P/C Industry		
	2024	2025	YoY % Change	2024	2025	YoY % Change
Policyholders' Surplus at Prior Year End	38.0	44.2	16.2	1,064.8	1,138.6	6.9
Net Income	10.0	5.6	-44.1	171.9	155.2	-9.7
Unrealized Capital Gains/Losses	-2.6	1.1	NM	-10.9	47.0	-531.7
Contributed Capital	0.7	-0.1	NM	3.3	8.0	140.7
Stockholder Dividends	-2.0	-2.5	NM	-88.0	-73.6	-16.4
Other Changes	0.1	0.1	10.4	-2.6	-6.0	125.1
Ending Policyholders' Surplus	44.2	48.4	9.5	1,138.6	1,269.3	11.5
Change in PHS from Prior Year End (\$)	6.2	4.2	-31.7	73.8	130.8	77.2
After Tax Return on Surplus (ROE) (%)	17.8	14.5	-18.5	14.6	16.8	15.1

Note: NM = Not Meaningful. Values may not add up to 100% due to rounding.

Source: AM Best data and research

Exhibit 22

DPSL Composite - One-Year Loss and Allocated Loss Adjustment Expense (ALAE) Reserve Development, By Line of Business

Source: AM Best data and research

General Liability Experience Shifts Overall Line of Business Reserve Development

The impact of prior accident year loss and allocated loss adjustment expense (ALAE) reserve development was modestly favorable for the DPSL composite's calendar-year loss ratio, with approximately \$331 million in favorable development shaving 1.2 percentage points off the calendar-year combined ratio (of 87.1). Nevertheless, individual lines of coverage had decidedly different results for the year (**Exhibit 22**). The line that had the most favorable impact on overall loss reserve

development was the commercial property line with about \$614 million in favorable development, and workers' compensation contributed another \$107 million in favorable development, although it is a relatively inconsequential line of coverage for the composite from an annual premiums written perspective. The adverse loss reserve development for the composite primarily concerned the general (other) liability line of coverage (encompassing both the per occurrence and claims-made lines of general liability coverage) as they combined to produce \$531 million in adverse development. Commercial auto liability also contributed about \$42 million in adverse development.

Surplus Lines ICR Distribution Stays Superior Compared to the P/C Industry

AM Best uses a comprehensive top-down and bottom-up approach to collectively evaluate the entity or entities to which it assigns Best's Credit Ratings. These entities are referred to as rating units.

As **Exhibit 23** shows, AM Best surplus lines rating units have a higher proportion of issuer credit ratings (ICRs) in the top two, "Exceptional" and "Superior" categories than the overall P/C industry, with all other surplus lines rating units falling in the "Excellent" and "Good" categories. As of July 24, 2026, 100% of the ICRs of AM Best's 105 domestic professional surplus lines rating units were in these top four categories, compared to 97.2% for the P/C industry (as of June 30, 2026).

Exhibit 23

US DPSL vs. US PC Industry - AM Best Ratings by Rating Unit

Category	Rating Level	DPSL		PC Industry	
		Rating Units	%	Rating Units	%
Exceptional	aaa	1	1.0	3	0.5
	Subtotal	1	1.0	3	0.5
Superior	aa+	9	8.6	16	2.5
	aa	9	8.6	17	2.6
	aa-	16	15.2	45	7.0
	Subtotal	34	32.4	78	12.1
Excellent	a+	15	14.3	85	13.2
	a	21	20.0	170	26.4
	a-	31	29.5	217	33.7
	Subtotal	67	63.8	472	73.3
Good	bbb+	2	1.9	36	5.6
	bbb	1	1.0	24	3.7
	bbb-	0	0.0	13	2.0
	Subtotal	3	2.9	73	11.3
Fair	bb+, bb, bb-	0	0.0	16	2.5
Marginal	b+, b, b-	0	0.0	1	0.2
Weak/Very Weak	ccc+, ccc, ccc-, cc	0	0.0	1	0.2
Poor	c	0	0.0	0	0.0
Subtotal		0	0.0	18	2.8
Total Issuer Credit Ratings		105	100.0	644	100.0

Note: Numbers may not add up due to rounding. Domestic professional surplus lines ratings are as of July 24, 2026. US P/C industry ratings data is as of June 30, 2026.

Source: AM Best data and research

The percentage of surplus lines rating units in the top-tier categories of Excellent to Exceptional remains very high – 102 out of 105 rating units, or 97.1%. That percentage remained consistent despite the recent increase in the number of DPSL rating units, with start-up entities helping to offset the impact of consolidation.

As of June 30, 2026, the percentage of 644 total P/C rating units in the Excellent to Exceptional categories was 85.9%, a slight increase from 84.3% at mid-year 2025. For the DPSL composite, the 97.2% of rating units across those levels is significantly higher. Additionally, no surplus lines rating unit has an ICR lower than "bbb" versus 31 such P/C industry rating units with ICRs of "bbb-" or lower.

Section III – Regulation and Legislation Update

Key Federal Issues

National Flood Insurance Program

On January 31, the NFIP was reauthorized through September 30, 2026, the 35th short-term extension without any program reforms since the Biggert-Waters Act of 2012's long-term reauthorization expired in September 2017. A long-term reauthorization is unlikely to occur during this congressional session. Absent the long-term reauthorization, congressional reforms of the NFIP could further bolster public-private partnership efforts to see more homeowners and businesses carry flood insurance. Based on some of the publicized opinions on congressional members, there is a particular appetite to look more closely at the NFIP's repetitive loss properties. WSIA will continue advocating for the implementation of the continuous coverage proposal that would allow consumers to move back and forth between the NFIP and the private market.

Private Flood Insurance: Federal Push May Help Spur Long-awaited Expansion

Shifting weather patterns and emerging flood exposures continue to present a new reality for homeowners and property owners across the US. Combined with the lack of NFIP reform, these factors have made it clear that increased private insurance involvement in the flood market would improve the quality of options for those needing better coverage options. Expanding and improving private coverage options is vital to providing policyholders in need of flood coverage with the healthiest and most stable market for the longer term.

Private insurers that have the appetite to take on new flood risks can price the risk more precisely and accurately than insurers writing through the NFIP program. Using newer tools and modern flood modeling that identifies far more properties at risk than FEMA currently recognizes can make a big difference in the quality and appropriateness of the final product. Private industry is simply more agile than the federal government, which can make a tremendous difference for policyholders needing more sophisticated, knowledgeable expertise, especially those property owners located in areas that have proven to be more susceptible to flooding than once thought. The mismatch between historical flood models and changing climate realities underscores the need for newer, better private coverage options to become more of the norm.

The National Association of Insurance Commissioners (NAIC) has been collecting annual and quarterly statement data for the private flood line since 2017. From 2017 to 2023, the industry's aggregate annual private flood DPW total generally increased YoY before declining by 10% in 2024 and by a much more modest 1.9% in 2025. Private coverage for personal lines risks declined to a greater degree than coverage for commercial risks. Private flood coverage written on a surplus lines basis accounts for more than half of the market with nonadmitted carries writing 50.6% of private flood premium in 2024 and 52.6% in 2025. With most surplus lines business being commercial, it is understandable that the surplus lines percentage of private flood business increased in 2025.

As **Exhibit 24** shows, from 2021 through 2025, commercial insurance purchases of private flood coverage outpaced personal lines purchases by 2 to 1, accounting for 66-67% of total private flood insurance premium in every year by 2024 when the commercial share dipped to approximately 60%. In 2024 and 2025, with the modest reversal of private flood momentum, private flood coverage for personal lines or homeowners' risks declined by 31%, while coverage for commercial risks declined by about 8%.

Identifying the reasons for the premium decline for commercial (or personal lines) risks is difficult using only the available data. Commercial lines policyholders retaining more risk via higher deductibles probably placed somewhat of a drag on overall premium totals. Additionally, in 2025, private insurers

Exhibit 24

Private Flood Insurance - Personal and Commercial by DPW

(\$ millions)

	2021	2022	2023	2024	2025
Personal	335	437	457	510	353
Commercial	692	852	958	758	704
Total	1,027	1,288	1,415	1,269	1,056
Share Commercial	67.4%	66.1%	67.7%	59.8%	66.6%

Source: 

of commercial flood risks may be a little more cautious providing the same level of flood coverage owing to a rise in insured flood losses coming into the year. In 2024, there was a high frequency of severe thunderstorms (severe convective storms) that led to higher economic loss totals specifically attributable to pluvial flooding—when intense rainfall overwhelms drainage

systems and the ground's ability to absorb water, causing the excess water to flow over the surface and pool in low-lying areas. Pluvial flooding is independent of overflowing bodies of water. The combination of changing climate risk as well as increased development in flood-prone areas is attributable to probable factors that will have some impact on private flood premium for commercial risks primarily written by surplus lines carriers.

SAFE Banking Act – 2026 Cannabis Legislation

On June 24, 2026, a bipartisan group of congressional representatives reintroduced the Secure and Fair Enforcement (SAFE) Banking Act of 2026, introducing the legislation in both the House (H.R. 9471) and the Senate (S. 4942). The legislation is designed to ensure that state-legal cannabis businesses have access to critical banking and financial services. Despite having broad bipartisan support and passing the House multiple times in previous congressional sessions, the bill has been the subject of heavy debate in the Senate, which has thwarted its progress.

Currently, banks and other financial institutions are legally allowed to provide banking services to cannabis businesses if they follow guidance issued by the Financial Crimes Enforcement Network (FinCEN) in 2014. However, not many banks actively serve cannabis-related businesses (CRBs) because of the costly and onerous compliance requirements to file Suspicious Activity Reports (SARs). Those financial institutions that do currently serve CRBs in some fashion pass the costs down to the customer, making banking expensive for these CRBs.

One reason for more hope in 2026 is the support of President Donald Trump, who issued an executive order in December 2025 for his attorney general to expedite the process of moving cannabis to Schedule III from Schedule I under the Controlled Substances Act. The president's stated goal was for marijuana-related medical research to be conducted, allowing the study of its benefits, potential dangers, and future treatments.

On April 23, Attorney General Todd Blanche used his authority under the United Nations Single Convention on Narcotic Drugs to make an immediate rescheduling order, directing that certain medical marijuana products be rescheduled from a Schedule I of the Controlled Substances Act (CSA) to Schedule III drugs, although all other marijuana products are to remain as Schedule I drugs. The federal Drug Enforcement Administration (DEA) simultaneously scheduled a new administrative hearing to discuss the matter. That hearing commenced on June 29.

Even with the rescheduling, significant restrictions on cannabis use, manufacturing, labeling, marketing, distribution, banking, and insurance would remain in place; however, there is expected

to be some loosening of current prohibitions and lower risks for service providers of cannabis-related businesses (CRBs) that comply with the new federal legal structure.

While rescheduling does not officially legalize marijuana, Blanche announced a plan to recognize state-legal medical programs, mentioning that 40 states have created legal, regulated medical marijuana programs over the last 30 years. Because Schedule III requires a lengthy legal process for the Federal Drug Administration to approve drugs, he is using the Single Convention to allow state-legal products.

Currently, each state approaches the cannabis industry differently, making it necessary for insurers of cannabis businesses to navigate a myriad of regulations and a web of legal issues. Among some of the complex issues in the development of standards for reliable roadside sobriety testing that would be as effective as alcohol breath tests. How on-the-job accidents should be handled when a worker tests positive for cannabis is another complex question.

Legal System Abuse and Third-Party Litigation Funding (TPLF)

Legislation aimed at reforming legal systems abuse remains stalled in Congress, but we believe we could see some activity later this year. The Tackling Predatory Funding Litigation Act was filed in both the House and Senate at the start of the 2025-2026 congressional session. If passed, the bill could help curb some of the predatory legal abuses attributed to increasing the costs of doing business in the US, including insurance services. The act would fix a tax loophole for those that invest in lawsuits by taxing the earnings from lawsuit investors as ordinary income instead of the exempt capital gains as they are now. The earnings would be taxed at the highest tax rate plus an additional surtax, making investment returns less appealing. There continues to be strong support to help curb these costly abuses. A coalition of industry stakeholders continues to meet with congressional offices pushing for action.

Another bill that WSIA supports with respect to needed legal reforms is the Litigation Funding Transparency Act that has been filed in the U.S. Senate. This bill would require disclosure to the adjudicators that a lawsuit is funded by a third party. While this bill has not yet moved forward, it is an example of the types of legislative effort that could have a significant, positive impact on tort and legal abuse reform needed.

TRIA Reauthorization

The Terrorism Risk Insurance Program (TRIA), will expire at the end of 2027. On June 29, the US House of Representatives passed H.R. 7128, the TRIA Program Reauthorization Act of 2026 (TRIA) with overwhelming bipartisan support. Earlier in the year, the House Financial Services Committee voted out their recommendation for a clean extension of the program through 2034. The legislation provides a federal backstop for insurers facing catastrophic losses from terrorist attacks. The legislation extends this federal terrorism risk insurance backstop until December 31, 2034, ensuring that businesses, schools, and large venues can access affordable coverage against terrorism-related losses. Without the program, the insurance market would struggle to provide affordable terrorism insurance to businesses, leaving critical infrastructure and economic centers vulnerable.

Terrorism cannot be modeled like other catastrophic property events such as tropical cyclones and earthquakes because of the nature of these events. Terrorist events are unpredictable by nature and are therefore not subject to actuarial analysis. Passage of the bill is indicative of Congress' recognition that TRIA functions as part of the essential infrastructure for economic stability in the US.

The House passage of H.R. 7128 clears the path for the Senate to take action on its own version of the TRIA Reauthorization bill, S. 4395, or to take up a vote on the House-passed bill for the TRIA Reauthorization to become law.

In its meetings with congressional offices, WSIA emphasized the importance of addressing the reauthorization well before the program's expiration since many policies that will be effective during that time are already either being negotiated or in place. While there is no expectation for significant changes to TRIA in the final bill that is passed, the concern over the timing of when action is taken remains top of mind.

Key State Issues

Florida Legislative Reform Update

Following years of significant challenges, the Florida personal property insurance market has experienced stabilization through profitability and increasingly manageable market conditions. Reduced litigation and claim solicitation have improved the state's insurance landscape, attracting new writers while allowing existing writers to recover from losses in earlier years and take advantage of more refined pricing sophistication.

In earlier years, the property insurance market in Florida was burdensome and riddled with corrupt activity and substantially higher litigation costs, which adversely affected insurers' profitability. For a state widely exposed to natural disasters, mainly in the form of hurricanes, these effects were only exacerbated by loss creep from severe weather-related events. Several legislative actions and reforms were recently implemented to drive stabilization in the marketplace and have achieved their objectives, as evidenced by improving results beginning in 2024. Reforms have particularly been aimed at curbing practices that led to increased and often questionable claim severity and reducing the amount of property claims that end up in litigation, thus relieving pressure on loss costs, especially defense and cost containment costs.

Florida's Historic Legislative Reforms

The early results in the post-reform Florida insurance environment have been encouraging. Florida insurers have benefited from a meaningful reduction in property lawsuits and a significant decline in litigation-related costs. According to the Florida Office of Insurance Regulation (FLOIR), property insurance litigation filings dropped by 23% between 2023 and 2024 and by another 25% through the first half of 2025.

Florida Senate Bill 2A (SB 2A) enacted a sweeping overhaul of the state's property insurance market by eliminating one-way attorney fees and banning the Assignment of Benefits (AOB) to curb litigation and third-party contractor fraud. The law established a \$1 billion reinsurance fund and forced Citizens Property Insurance policyholders to migrate to private carriers if alternative offers are within 20% of their current rate, while also mandating phased-in flood coverage. The legislation significantly accelerated the claims process by slashing the time policyholders have to report claims from two years to one year, while simultaneously cutting the deadline for insurers to pay or deny claims from 90 days down to 60 days.

Florida House Bill 837 (HB 837) enacted tort reform overhaul in 2023 that shifted the legal balance by barring plaintiffs from recovering any damages if they are more than 50% at fault for their injuries. The legislation also reduced the general negligence statute of limitations from 4 years down to 2 years and eliminating one-way attorney fees for most civil actions. Additionally, the law restricted jury evidence to actual medical bills paid rather than inflated sticker prices, and established a 90-day safe harbor window for insurers to settle claims before facing bad-faith litigation.

Legislative sessions in 2024 and 2025 were not as active, however, a few bills were passed that impacted the property insurance market. One of these bills expanded business opportunities for

excess & surplus lines' carriers by allowing the ability to offer coverage on seasonal homes if they have an AM Best rating of A- or higher and the homes lack homestead exemptions. The other was the launch of the My Safe Florida Condo program, which would provide customers with free mitigation inspections and grants to implement hurricane-resistant upgrades.

In July 2025, House Bill 1549 was signed into law, which eliminated remaining the “diligent effort” requirement for agents placing homeowners’ business with surplus lines insurers, thus streamlining the process of placing coverage and providing more means for surplus lines insurers to offer non-admitted insurance products. Around the same time, both total premiums and policy counts dipped in the Florida surplus lines market, though policy counts have trended upward through the first half of 2026, increasing by 13.3% since the end of 2025. It remains too early to tell what the lasting impact of this bill may be.

Florida Property Insurance Corporation

SB 1028 is a bill that was passed and signed into law by Governor Ron DeSantis effective June 16, 2026. It is intended to shrink state-backed Citizens Property Insurance Corporation (Citizens) by expanding the existing personal lines clearinghouse into three distinct clearinghouses: a personal lines clearinghouse; a commercial lines clearinghouse for authorized (admitted) insurers; and another commercial lines clearinghouse for surplus lines insurance. Each clearinghouse has its own administrator that Citizens must elect within 90 days. By January 1, 2027, all new and renewing commercial residential and nonresidential applications must first route through the admitted clearinghouse and then, if no qualifying admitted offer is made, through the surplus lines clearinghouse before Citizens may quote or bind.

The commercial lines clearinghouses are designed to keep certain commercial residential and commercial nonresidential risks out of Citizens if private coverage is available. The law makes applicants ineligible for Citizens’ coverage when an admitted insurer offers comparable coverage at or below the eligibility threshold or when an approved surplus lines insurer offers comparable coverage priced no more than 15% above Citizens’ total cost of coverage. It also protects agents’ ownership of expirations, sets commission floors tied to Citizens’ January 1, 2026, rates, removes appointment requirements for program-only business, and requires the Office of Insurance Regulation to review and approve the program annually by final order.

California Privacy Legislation

California’s Insurance Consumer Privacy Protection Act of 2025, SB 354, is progressing through the legislative process, having passed the Senate and currently under consideration in the Assembly. This legislation seeks to expand consumer privacy rights specific to the insurance industry by imposing new requirements on insurers and their third-party service providers related to data collection, use, retention, and disclosure, going beyond existing frameworks such as the California Consumer Privacy Act (CCPA) and the California Privacy Rights Act (CPRA). Key provisions include consumer rights to access, correct, and delete personal information; opt-in consent for certain data uses and marketing; increased oversight of third-party data sharing; and a private right of action for violations of the law.

WSIA, the Council of Insurance Agents and Brokers (CIAB), the California Insurance Wholesalers Association (CIWA), the American Property Casualty Insurance Association, and other industry stakeholders formed a broad coalition that submitted two letters opposing the bill as drafted and suggesting changes necessary for the surplus lines industry. WSIA, the CIAB and CIWA have entered negotiations to address several key issues, including compliance complexity, overlap with existing privacy laws, and the creation of a private right of action.

The bill has been amended to exclude commercial insurance, substantially reducing the bill's impact on the surplus lines market. Additionally, it returns the private right of action to only those provisions already subject to the CCPA/CPRA under existing law.

Delaware's Proposed Export List

The WSIA has worked with the Insurance Agents and Brokers of Delaware on potential comprehensive reforms to the Delaware surplus lines statute. Those efforts will be further negotiated with the department and could potentially be ready for legislation in 2027.

In the meantime, the department agreed to implement an export list authorized by statute. The Delaware Department of Insurance issued Surplus Lines Bulletin 23, announcing a March 19, 2026, public hearing on a proposed export list, which would allow certain classes of risks to be placed directly with eligible surplus lines insurers without first requiring a diligent search of the admitted market. The proposed list includes 20 coverages, and once adopted, the final export list will be published on the department's website.

Key State-Specific Legislative Updates

California

As originally drafted, AB 1680 increases regulatory oversight of the California FAIR Plan by requiring compliance with examination findings; authorizing civil penalties of up to \$10,000 per act (\$20,000 if willful); and allowing the Insurance Commissioner to require expanded policy limits and additional coverage offerings, including comprehensive homeowners policies. The bill reserved clearinghouse language, allowing nonadmitted insurers to participate only after admitted insurers had the first option. AB 1680, as amended, shifts its focus from surplus lines broker reporting to California FAIR Plan transparency. The bill would require the FAIR Plan to publish quarterly data on its website, including the number of policies issued by ZIP code, the FAIR Plan's overall risk exposure, and the number of policyholders removed from FAIR Plan coverage through the clearinghouse program. While the bill no longer contains provisions related to surplus lines broker reporting or the Department's List of Approved Surplus Line Insurers (LASLI), the clearinghouse data could provide additional insight into the movement of risks between the FAIR Plan, admitted market, and potentially the surplus lines market. The bill passed the Senate Insurance Committee as amended and was referred to the Senate Appropriations Committee for further consideration.

SB 876, as amended, removes several of the broader claims-payment provisions contained in earlier versions of the bill but continues to advance significant residential property insurance reforms. The bill expands coverage requirements, consumer protections, and regulatory enforcement, particularly for losses related to state-declared emergencies. It would require insurers to offer enhanced replacement cost and additional living expense coverage, expand building code upgrade benefits, establish new disaster response and claims communication requirements, and increase penalties for unfair insurance practices during states of emergency. Because the bill applies to residential property insurance and does not contain an express surplus lines exemption, it could impact surplus lines insurers writing California residential property risks. It also removes the existing exemption that protects surplus lines brokers, production agencies, and administrators from certain restitution orders, increasing potential regulatory exposure for the surplus lines market. The bill passed both the Assembly Insurance and Judiciary Committees with amendments and has been referred to the Appropriations Committee for further consideration. If enacted, the bill would take effect on January 1, 2028.

SB 877, as amended, narrows claim-document disclosure required within the standard fire policy statute to generally require disclosure of claim-related documents meaning all documents that related to the evaluation of damages such as estimates, appraisals, and other materials used to determine loss

and repair costs. Under current law, residential property insurers are required to provide all claim-related documents within 15 days after receiving a request from an insured following a covered loss. The bill was approved by the committee on a 16–0 vote on June 17 and was subsequently re-referred to the Assembly Appropriations Committee for further consideration.

SB 878, as amended, narrows its scope from fire insurance claims generally to residential property insurance claims and removes insurer reporting and public disclosure requirements. It codifies existing claims-handling deadlines and adds new payment requirements for total-loss residential property claims, including statutory interest on late payments. While the bill does not specifically reference surplus lines insurers, it does not appear to contain an express surplus lines exemption and could impact surplus lines carriers writing residential property coverage in California. The bill was approved by the committee on a 14–0 vote on June 17 and re-referred to the Assembly Appropriations Committee for further consideration.

SB 1301, as amended, expands California residential property insurance nonrenewal and coverage reduction requirements by requiring insurers to provide renewal offers, nonrenewal notices, and notices of coverage reductions at least 90 days before policy expiration, while also establishing new disclosure, remediation, dispute resolution, and reporting requirements. The bill further limits insurers' ability to rely on certain claims history, policyholder inquiries, and roof age in underwriting decisions. While the statute does not explicitly apply to surplus lines insurers, a 2019 California Department of Insurance General Counsel opinion suggested similar notice requirements could extend to the surplus lines market. If applied, the expanded notice and remediation requirements could complicate surplus lines placements and contribute to blanket nonrenewals, particularly given California's annual diligent search requirement. The bill passed the Assembly Insurance Committee as amended and was referred to the Appropriations Committee for further consideration. If enacted, the bill would take effect January 1, 2028.

On June 19, 2026, the California DOI issued Bulletin 2026-5 clarifying that, pursuant to SB 495, insureds must be given at least 100 days from the date of loss to submit a proof of loss for claims arising from a declared state of emergency. The bulletin applies to both admitted and non-admitted insurers writing residential property insurance and reminds insurers that additional three-month extensions must be provided for good cause as required by statute.

Colorado

HB 26-1091 would establish data privacy protections for homeowner's insurance transactions that would be applicable to surplus lines insurers. The bill would have imposed extensive operational, compliance, and liability obligations on surplus lines insurers, including strict limitations on the processing, retention, and sharing of consumer personal data; mandatory opt-in consent requirements; detailed privacy notice obligations; restrictions on underwriting practices; regulatory enforcement by the commissioner; and a private right of action with statutory and treble damages. The bill has been postponed indefinitely by the House Committee on Business Affairs & Labor.

The Colorado Division of Insurance issued Bulletin B-5.58 on July 17, 2026, providing claims-handling guidance for admitted and nonadmitted insurers offering residential property coverage to policyholders displaced by the current Colorado wildfires. The bulletin directs insurers to promptly evaluate Additional Living Expense (ALE), Loss of Use, and similar coverage claims for policyholders affected by mandatory evacuations, access restrictions, utility outages, or other wildfire-related conditions, even before the full extent of property damage is confirmed. It also encourages insurers to consider the totality of the circumstances when evaluating voluntary evacuation claims, waive applicable waiting periods where appropriate, provide advance payments or direct billing, consider a broad range of temporary housing options, and handle claims in a prompt, fair, compassionate, and policyholder-centered manner.

Connecticut

HB 5373 was an omnibus insurance bill to eliminate diligent search requirements and add a new requirement that surplus lines brokers must annually submit the number and types of policies issued, the location of such property, total premium paid by insureds, and the number of policies renewed in the prior year. The bill also permitted the commissioner to request and obtain additional information. An alternative amendment would have permitted the Commissioner to request the data through the surplus lines carriers.

The final version of the bill passed with amendments. Effective October 1, 2026, all diligent search requirements for surplus lines policies are eliminated but now there is a requirement certain data elements to be included on the annual surplus lines broker filing, including: the number and types of policies issued; for any policy covering real property, the location of such property, and the total premium paid by insureds for coverage under such policy; and the number of policies renewed in the prior year.

Florida

HB 7031 would have exempted flood insurance placed in the surplus lines market from the surplus lines premium tax; however, the provision was stripped out of the bill and no longer contains provisions affecting surplus lines.

The Florida Office of Insurance Regulation's (OIR) proposed an amendment to Rule 69O-137.009 which would require surplus lines insurers to submit Market Intelligence Reports (MIRs). These reports, currently only required of admitted insurers, require monthly reporting of extensive data elements including pending claims data. The industry believes the reports will be difficult for surplus lines carriers to comply with and would present a new precedent for surplus lines carrier reporting in Florida.

WSIA led a coalition of members and insurance trades to request a Regulatory Workshop and requested the OIR provide a formal Statement of Estimated Regulatory Cost (SERC). The workshop was held on May 27 where WSIA and coalition members expressed opposition to the proposal due to practical compliance issues, costs, legal concerns, and regulatory purpose and proposed several alternative sources of data that could be obtained or extrapolated from other sources. WSIA has learned that the OIR will no longer be moving forward with this regulatory proposal.

Georgia

HB 1344 establishes the Georgia Storm Damage Mitigation Program to provide grants for residential property resilience improvements and sets eligibility criteria for applicants. The bill allows properties insured through an admitted insurer or surplus lines insurer to qualify for grant eligibility. If enacted, this bill would go into effect on July 1, 2026. The bill also clarifies that "rental home marketplace guarantees" are not considered property insurance, provided that the guarantee is backed by a reimbursement insurance policy issued by either an admitted insurer or a surplus lines insurer. The backing insurer must agree to step in and cover the guarantee if the provider fails to perform. The bill expressly allows surplus lines insurers to underwrite reimbursement policies backing rental marketplace guarantees. The bill took effect July 1, 2026.

Idaho

HB 562 revises Idaho's notice requirements for the cancellation and nonrenewal of certain commercial insurance policies. The bill extends the notice period for cancellation from 30 days to 60 days and increases the nonrenewal notice requirement from 45 days to 60 days. However, the existing statute will continue to exempt surplus lines policies. The bill was signed by the Governor on March 27 and takes effect January 1, 2027.

Illinois

SB 2910/HB 4552, as amended, removes excess and surplus lines insurers from the scope of the bill that would have required surplus lines insurers writing basic property insurance in Illinois to participate in the Illinois FAIR Plan and share in the Plan's premiums, losses, expenses and reporting obligations. The bill instead applies only to admitted insurers and restructures the Illinois FAIR Plan by expanding access to residential and commercial property coverage, establishing a new governance framework and revising participation and operational requirements for member insurers. The bill failed to pass prior to adjournment.

SB 2255 would prohibit "surveillance pricing," defined as using personal data to set or offer customized prices for goods or services. As amended, the bill expressly exempts insurers licensed, regulated, or otherwise authorized to do business in Illinois, including excess and surplus lines insurers and persons acting on their behalf, from the prohibition. The bill also permits differential pricing through loyalty, membership, or rewards programs that satisfy specified disclosure and eligibility requirements. The bill failed to pass prior to adjournment.

Kansas

HB 2223 permits nonresident healthcare providers to satisfy required professional liability coverage through a nonadmitted insurer, provided the insurer files a form with the commissioner declaring that its policies meet Kansas minimum coverage requirements when the insured is rendering services in the state. Any nonadmitted insurer may submit this form, allowing such coverage to qualify for licensure compliance. The bill took effect on July 1, 2026.

SB 422 authorizes the commissioner to revoke a nonresident (including surplus lines) agent license without prior notice or hearing if the agent no longer holds a valid home state license, with revocation effective 30 days after notification to the commissioner. The bill has passed the Senate but died in the House.

SB 472 makes administrative updates to the Kansas Department of Insurance by granting the commissioner authority to set regulatory fees and requiring annual publication of those fees in the Kansas Register. The bill allows the commissioner to set excess lines license application and renewal fees, subject to a \$50 statutory cap, with those fees published annually in the Kansas Register by December 1. The bill failed to advance before the legislature adjourned.

Kentucky

HB 527 makes broad, technical updates to Kentucky insurance statutes governing licensing, definitions, examinations, renewals, designations, and regulatory oversight across multiple insurance professions and business entities. The bill clarifies that a business entity holding a surplus lines broker license is included within the definition of a "licensed business entity." As a result, surplus lines broker business entities are subject to existing designation and supervision requirements, including the obligation to designate licensed individuals to act under the license and to maintain at least one designated licensed individual to keep the license or line of authority active. The bill was delivered to the Governor in late March 2026 and was signed into law on April 7, 2026.

Louisiana

SB 489 does not make substantive changes to Louisiana's regulation of surplus lines automobile insurers but updates the administration of the state's motor vehicle insurance verification system. The bill transfers oversight responsibilities from the Secretary of the Department of Public Safety to the Insurance Commissioner and authorizes approved third-party vendors to conduct insurance

verification inquiries for law enforcement, while maintaining existing reporting requirements for surplus lines insurers. The bill was signed by the Governor on May 29, and took effect August 1, 2026.

On May 5, Louisiana's Department of Insurance issued revised Directive 204 requiring admitted insurers, surplus lines insurers, and surplus lines brokers to report residential property and private passenger automobile market data through the Periodic Online Insurance Data Reporting System (POIDRS) portal. Beginning with the 2026 data year, reporting shifts from a quarterly to an annual requirement, with the first submission due February 28, 2027. Required data includes policies written, canceled, and nonrenewed, premiums written, and coverage in force, reported at the ZIP code level. While surplus lines brokers may submit the data on behalf of surplus lines insurers, the insurer remains ultimately responsible for compliance.

Regulation 138 requires admitted insurers writing commercial motor vehicle insurance in Louisiana to provide an actuarially justified liability premium discount for vehicles equipped with qualifying dashboard cameras and telematics systems, along with related verification and annual reporting obligations, while expressly excluding surplus lines insurers from these requirements. Subsequent to a public hearing, the Department took final action and published the final regulation on July 10.

The Louisiana Department of Insurance issued Advisory Letter 2026-01 on March 11, 2026, which establishes notice requirements for the cancellation or nonrenewal of surplus lines property and casualty policies. 2025 HB 345 extended cancellation and nonrenewal requirements, applicable to surplus lines policies pursuant to Advisory Letter 2019-01, from 30 to 60 days. In January, the Department of Insurance rescinded Advisory Letter 2019-01, effectively eliminating the department opinion that state cancellation and nonrenewal law apply to surplus lines. The renewed guidance re-establishes 30 days as the standard requirement for cancellation and nonrenewal of surplus lines policies.

Louisiana adopted Emergency Rule 50 in response to Tropical Storm Arthur, temporarily suspending certain policy cancellations, nonrenewals, and nonreinstatements through July 22, 2026. The rule expressly applies to eligible unauthorized and domestic surplus lines insurers operating in Louisiana, requires insurers to provide premium payment accommodations to affected insureds, and extends the deadline for initiating adjustment of storm-related property claims from 30 to 60 days.

Maryland

SB 395/HB 1186 clarifies that insurance coverage provided through peer-to-peer car sharing programs may be issued by either an authorized insurer or a surplus lines insurer, confirming that surplus lines insurers are eligible to provide the required coverage. The bills are awaiting the Governor's signature and would take effect on October 1, 2026.

Massachusetts

S 719/H 1217 modifies flood insurance provisions in Massachusetts, including a diligent search exemption for surplus lines flood placements and a requirement that consumers be informed about potential NFIP subsidized rates and full-risk rate implications. The bill was reported favorably by the Committee on Financial Services and referred to the Senate Ways and Means Committee.

S 1305 provides that the required automobile coverage for delivery network companies may be obtained from an eligible surplus lines insurer. The bill was reported favorably by the Committee on Labor and Workforce Development and referred to the Senate Ways and Means Committee.

Minnesota

A task force of legislators and interested stakeholders was created during the 2025 legislative session to review availability and affordability issues for Minnesota consumers. The task force met throughout 2025 and in early 2026 issued several recommendations for areas that the legislature can focus on or develop legislative proposals that will ultimately help with affordability and availability issues in Minnesota. Of note, the task force recommended continued examination and consideration of the impact that third-party financing of litigation and legal systems abuse has on these factors.

SF 4010/HF 4112/HF 3513 would establish financial responsibility requirements for autonomous vehicles, including a minimum of \$1,000,000 combined single limit per occurrence for third-party liability when the automated driving system is engaged. The requirement may be satisfied through a policy issued by a licensed insurer or an eligible surplus lines insurer, expressly allowing surplus lines insurers to provide coverage meeting the financial responsibility requirement. The bills remain pending before the legislature.

Mississippi

SB 2409 creates the Strengthen Mississippi Homes Program under the Mississippi Department of Insurance and authorizes funding through an additional \$25 fee that will be charged to each insurance agent licensed in Mississippi, however, the increased fee is not applicable for a surplus lines broker license. The bill was signed by the Governor and took effect on July 1, 2026.

Missouri

SB 1543/HB 3328, sponsored by the Missouri Department of Insurance, would apply the new Missouri Disaster Mediation Act to surplus lines insurers issuing or renewing residential property insurance policies. As a result, surplus lines would be required to participate in the mediation process for any disputed residential property claims over \$1,500 if the director of insurance triggers the process after a declared emergency.

Working with the Missouri Insurance Coalition, WSIA expressed concerns to the Department regarding the mediation processes' applicability to surplus lines policies. Specifically, concerns were raised about the timing of notifications, the threshold for the trigger of mediation, the distinction between disputed and denied claims, and confidentiality. Before passing the Senate Banking Committee, revisions were adopted to address each of these concerns. Additionally, the bill creates a Missouri Stronger Homes Fund, encourages retrofitting of existing homes, and provides certain caps of adjuster compensation. Both bills died without further action in their respective chambers when the legislative session concluded in May.

New Jersey

S 2782 would provide a definitive statutory exemption from New Jersey's independent contractor classification requirements for certain licensed and regulated professions, including insurance producers. Under the bill, insurance producers operating pursuant to a written independent contractor agreement would not be subject to additional state employment classification tests, providing greater certainty for industries that traditionally operate under independent contractor business models. The bill passed the Senate by a vote of 34–2 on June 18.

WSIA supports the bill, which would reverse recent guidance from the New Jersey Department of Labor and Workforce Development's rule codifying the ABC test for worker classification.

On January 16, 2026, the Department of Banking and Insurance issued Order No. A26-01 approving the Hearing Officer's Report following the 2025 annual public hearing regarding the surplus lines exportable list under N.J.A.C. 11:1-34. The commissioner concurred with the recommendation in the report, resulting in no changes to the New Jersey Export List.

New Mexico

The New Mexico Office of Superintendent of Insurance adopted a revised surplus lines regulation, replacing the prior version of 13.19.2 NMAC and updating requirements governing the placement of surplus lines business. The rule maintains New Mexico's existing diligent search framework, including the requirement that producing brokers complete an affidavit certifying either that a diligent search was conducted or that, based on substantial recent experience, coverage is unavailable from authorized insurers. The affidavit must also confirm that the insured was advised that the coverage is being placed with an unauthorized insurer and is not protected by the state's guaranty fund.

The regulation also establishes updated standards for the eligibility of surplus lines insurers, including application requirements for foreign insurers seeking placement on the state's eligible surplus lines insurer list and criteria the superintendent may use to deny or withdraw eligibility. In addition, the rule outlines broker responsibilities for evaluating the financial condition of eligible surplus lines insurers and continues restrictions on exporting business solely to obtain lower rates when coverage is available from an admitted insurer. The rule became effective April 21, 2026.

New York

S 4964 and A 1521 removes the requirement that a declination must be obtained from the Medical Malpractice Insurance Pool prior to placement in the excess lines market. The bill passed the Senate in March and is currently still under consideration in the Assembly.

S 5310 and A 6060 permit a waiver of the diligent effort requirement when a retail-producing insurance broker seeks to procure or place commercial lines insurance through an unaffiliated wholesale excess line insurance broker. The bill passed the full Senate but is awaiting Assembly action. If passed, it would take effect immediately if enacted.

WSIA and the Council of Insurance Agents and Brokers (CIAB) have submitted joint letters in support of all four pieces of legislation.

A 9568/S 9054 requires electric scooter service platforms to maintain primary liability coverage of at least \$25,000 per occurrence during rider use. Coverage may be provided by an authorized insurer or through a duly licensed excess lines broker. The bill is pending before the legislature.

A 1823/S 139 requires all third-party food delivery service operators to provide personal injury liability insurance for bicycle delivery workers using electric-assist bicycles or scooters. This insurance, which may be fulfilled by an excess lines policy, is capped at \$20,000 per incident and covers injuries caused by delivery workers while making prearranged deliveries through a digital network. The insurance must be the primary coverage and cannot include no-fault coverage. Bicycle delivery companies must notify workers about the insurance, display this information prominently on their website, and provide contact details for the relevant department.

Ohio

HB 792 revises Ohio's surplus lines placement requirements by reducing the diligent search standard from five declinations to one and authorizes the superintendent of insurance to establish and maintain an export list of coverages or classes for which no admitted market exists. WSIA worked with the Ohio Insurance Agents Association on the bill's passage. Although there was no opposition to the bill, it failed to advance before the legislature adjourned for summer recess. The legislature will have the authority to consider the bill during a lame duck session after the November election, but it is unclear if they will decide to do so.

Oklahoma

HB 3048 updates Oklahoma surplus lines law by removing outdated statutory references to private flood insurance from the export list and eliminating language tied to a now-obsolete diligent search requirement, which was repealed in 2025. The bill also clarifies provisions related to independently procured insurance taxes, revises the civil penalty structure to allow for penalties of up to \$1,000 (applied after penalties to the surplus lines producer or broker), and requires evidence of insurance to be provided within 30 days. The bill failed to move in the Senate before the legislature adjourned.

Oregon

On January 21, the Oregon Department of Consumer and Business Services (DCBS) issued Bulletin No. DFR 2026-1 implementing SB 829 (2025), which authorizes surplus lines placement of commercial property and general liability coverage for qualifying affordable housing risks without diligent search. The bulletin applies to residential properties meeting Oregon's definition of affordable housing, outlined in ORS 197A.445, including income eligibility requirements and a minimum 30-year enforceable affordability covenant, and reflects the department's determination that these coverages are generally unavailable in the admitted market due to elevated risk profiles. The bulletin was effective January 21, 2026.

Pennsylvania

HB 1718 was expanded to include surplus lines by requiring surplus lines licensees placing surplus lines homeowners policies to provide written disclosure to insureds, indicating whether the policy includes coverage for flood damage. The bill also requires flood insurance availability disclosures for homeowner's insurance purchasers generally and directs the Insurance Department to develop model disclosure language. The bill has passed the House but is stalled in the Senate. If passed, it would take effect 180 days after it is signed by the Governor.

Tennessee

HB 2175 provides for the regulation of delivery network companies (DNCs) and expressly permits automobile liability coverage required of the DNCs to be placed with an eligible surplus lines insurer. The bill was signed by the Governor on May 19 with an effective date of January 1, 2027.

Virginia

HB 1145 requires official motor vehicle inspection stations in Virginia to carry at least \$500,000 in garage liability insurance, and it expressly allows that coverage to be placed with an approved surplus lines carrier. The bill was signed by the Governor and took effect July 1, 2026.

SB 670 covers commercial use of fully autonomous vehicles and expressly permits eligible nonadmitted insurers to satisfy the \$1 million financial responsibility requirement for commercial fully autonomous vehicles. The bill passed the Senate, but the House voted to hold the bill until the next legislative session.

Washington

HB 2487 clarifies that the business and occupation (B&O) tax exemption for insurance businesses applies only to entities that ACTUALLY pay insurance premium tax to the state. For purposes of the exemption, the bill defines "person" to include a surplus lines broker who pays premium taxes under Washington surplus lines law. This clarification reinforces that the exemption may be claimed only by the entity responsible for paying the premium tax, including surplus lines brokers when they remit premium tax on surplus lines placements. The bill was signed by the Governor and took effect on June 11, 2026.

Wyoming

The Department of Insurance released Bulletin No. 1-2026 on January 22, 2026, stating that all past exemptions granted during previously non-competitive insurance markets have been rescinded, thus restoring diligent search requirements for placement of surplus lines policies.

Section IV – Current Distribution Trends

Insurance intermediaries like wholesale brokers, managing general agents (MGAs), program managers, and Lloyd's coverholders remain vital to the growing surplus lines segment of the P/C insurance industry. The period of double-digit premium growth from 2017 through 2025 is owed to the effective partnerships these entities have built with the insurance partners to provide creative solutions for difficult, hard-to-place risks. The nature of the intermediary-insurer partnerships has increasingly involved the delegation of an underwriting authority and other responsibilities to enhance the mutually beneficial and efficient nature of these relationships.

While technology has enhanced the ability of insurers and their agent/broker partners to provide real-time solutions for their clients, it also naturally creates demand from insureds, risk managers, and retail brokers for even better service to be provided more expeditiously. For the best surplus lines intermediaries, enhancing their specialty expertise and client service capabilities as different business, operational, and technological complexities change is a threshold that must be met to differentiate themselves in the current market.

Using independent research and directly engaging insurers and their surplus lines distributors, AM Best focused on a few key issues and trends materially shaping the surplus lines market:

- What are the most prominent drivers and disruptors of peak wholesale distribution and managing general agency performance in 2026 and beyond?
- What qualities and capabilities serve as differentiators for retailers, separating the stronger wholesale distributors from the rest of the competition?
- How is artificial intelligence being utilized operationally to provide value-added services?
- What are some of the exposures and/or lines of coverage that will definitively require surplus lines market expertise regardless of admitted markets expanding their risk appetite?
- The recruitment, cultivation, and retention of new talent have been a specific focus across the entire insurance spectrum. Have efforts made to date to attract and retain talent currently place wholesale distributors and surplus lines insurers ahead of or behind the curve in that regard?

Prominent Drivers and Disruptors for Wholesale Distributors

Complexity of Risk and Specialization

While different aspects of the insurance industry will change, and technology promises continuous market evolution, there are some basic tenets that will remain core to the surplus lines market and that sustain the importance of wholesale distributors and other surplus lines intermediaries. That is the ability to connect standard retail agents with nonadmitted carriers to provide insurance solutions for true, high-risk, unique exposures that the standard market is ill-suited to handle. In the current surplus lines market, wholesalers with specialization across the widest set of classes encompassing complex, high-value risks can clearly separate themselves from their competitors. Specialization involves expert understanding of the complex risks faced by the ultimate client (policyholder), technical expertise (industry/product knowledge), and full-scale solutions offered to large, multi-layered accounts and smaller complex

accounts that present high-hazard exposures. Deep, class-specific expertise that is not easily replicated is a driver of the highest order among specialty commercial and surplus lines companies. MGAs and other delegated underwriting authority enterprises (DUAEs) have gained a more prominent position in the market because many, especially the best of the best, have deep knowledge of specific, intricate risk classes and offer specialized underwriting capabilities that cannot be easily replicated.

Operational Efficiency

Operational efficiency is vital to wholesale distributors because speed-to-market can be a linchpin to gaining and earning trust from retail agents. The surplus lines market is fast-moving, so the ability to ingest and analyze submissions, reduce redundancy and overhead, and accelerate submission-to-quote times can be hugely advantageous. The proficiencies that have helped drive better performance are increasingly-technology driven, including realized benefits from agentic artificial intelligence (agentic AI).

Automation is a key element leading to efficiency and is a differentiator because of decided benefits:

- Early, automated validation of account information that can minimize errors later.
- Faster response times – the automated capture of data expedites the quoting and binding processes.
- Scalable advantages – automation allows leaner organizations to adroitly handle higher submission volume with a manageable headcount.
- Distributors that can consistently deliver clean account submissions that are aligned with carrier guidelines have a great chance at establishing or maintaining strong relationships.

Increased Competition and the Abundance of Capital as Disruptors

Rate softening that propels higher levels of market competition and ultimately drives down pricing and premiums is seen as a key disruptor. For some, midway through 2026, there is trepidation concerning capacity-led softness impacting lines like commercial property extending to affect other casualty lines that have not generated the improved underwriting margins that commercial property has. There is some appetite from standard market carriers returning in other pockets as well, but the focus on generating profitable growth may constrain that pressure somewhat. Additionally, AM Best-rated surplus lines carriers have noted they continue to benefit from a healthy submission flow, which enables them to pick and choose the risks they want to pursue. With more detailed submissions now being the standard, underwriters with demonstrated track records of underwriting profitability feel bullish about their ability to work through this competitive market phase.

In the MGA space, concerns have arisen about the alignment of value between MGAs and (re) insurers centered around the desire for growth and the need to maintain underwriting and pricing discipline. MGAs, at one time primarily known as a highly scrutinized niche within the distribution system, have become a key conduit of surplus lines growth during the past decade, functioning as business originators and, at times, as product developers. With MGAs depending on wholesale distribution channels for submissions, the current competitive environment heightens the importance of maintaining discipline and ensuring the alignment of interests between MGAs and carriers, particularly with the predominantly commission-based nature of MGA compensation.

Continued Merger & Acquisition Activity Among Retail Brokers

Retail insurance broker consolidation yields fewer but larger agency networks that can wield significant buying power. Consolidation among retail brokers can also lead to streamlined wholesale partner panels, intense pricing, and greater service pressure on wholesale distributors. Retailers that funnel high-quality specialized risks through preferred wholesale panels limit the opportunities for

some other wholesalers. Some of the largest retailers look to acquire their own wholesale or MGA entities, which provide one-stop shopping and shifts the nature of submissions to be internal. This is one reason that wholesale distributors see specialization at scale being so important. The platforms that combine class-specific knowledge with streamlined, data-rich platforms allowing risks to be placed efficiently and expertly can insulate themselves from these potential disruptions.

Differentiating Qualities for Wholesale Distributors

To succeed in today's competitive market for surplus lines business, distributors need to possess several key qualities and maintain them with consistency. Such qualities include but are not limited to:

- Specialist expertise – this includes detailed industry or market knowledge across a wide expanse of higher-risk classes.
- Insurance product knowledge and varied strategies for placements.
- Ability to cultivate and maintain deeper, mutually beneficial relationships with carrier partners as technology handles an increasing number of tasks with greater efficiency. This ability fosters greater communication and collaboration among these professionals, facilitating the most ideal solutions for policyholders.
- Exclusive/proprietary products.
- A full spectrum of insurance solution capabilities, encompassing large multi-layered complex risks and smaller accounts with unique exposures or characteristics.
- Access to high-quality markets with which the distributor maintains excellent relationships built on proven, mutually beneficial history.
- Scale has become more important because of consolidation in the insurance distribution arena. Higher premium volume facilitates access to superior carriers, to superior data, and to deeper industry insights.

How AI is Being Used to Provide Valued-Added Service

Agentic Artificial Intelligence and How it is Transforming Carriers, Brokers, and Agencies

Agentic AI refers to autonomous or semi-autonomous systems that can assess their environment, gather and synthesize information, plan and take multi-step actions, execute workflows, and execute tasks across systems. Some of the ways it can augment insurance intermediary operations are:

- Insurance submission triage:
 - AI can streamline submission intake, pre-underwriting evaluation, and prioritization no matter the conduit – email, phone, application programming interfaces (APIs) – amplified by third-party data sources.
 - Augments with quote-to-bind expediency
 - Provides decision-making support for brokers and underwriters
- Free brokers and underwriters from manual, administrative activities while giving them the tools to make decisions at greater speed and on a greater scale, while focusing on customization needed to provide a product that satisfies the client's coverage needs.
- Building bench strength – the learning curve for newer talent can be shortened through effective utilization of agentic AI.
- AI can significantly reduce the manual work of account management – drafting communications, pulling together renewal analysis, preparing client-facing summaries, and coordinating across carrier systems.

The early movers that made effective use of agentic AI shared some characteristics. Many did not wait to have an exact, clear idea of where the market was heading. Instead, based on research and due diligence,

they made choices and started building. The earliest users of AI also recognized that technology adoption in insurance tends to lag the broader market; therefore, early investment could multiply their advantage over time, provided the adoption proves effective. Those with the greatest insight into how AI could be used approached it as a platform capable of being applied across the distribution lifecycle to create compounding efficiency and intelligence gains. According to some that have discussed their AI journeys, it has proven to create better results than treating AI as a solution to automate one specific task in isolation.

Most importantly, the insurance intermediaries that made the earliest use of AI did not have a goal to replace the expertise and relationships that underpin insurance distribution work and make it work best. Rather, the goal was to allow these elements more room to breathe by removing the operational friction.

The competitive pressure to differentiate will only intensify. The technology to meet these forces exists today. Agentic AI is no longer experimental. Rather, it has been deployed and is delivering measurable results in insurance distribution currently. Organizations that were ahead of the curve are already building around it.

Even as AI use becomes more prevalent, the successful pairing of insurance intermediaries and their insurance company partners will remain dependent on the quality and effectiveness of relationships. The effectiveness of AI in improving efficiency will allow more time to be spent on cultivating wholesale broker/insured, and broker/carrier relationships. AI's unpredictable behavior could pose a challenge to customer loyalty and company/brand reputation. Human relationships will remain vital for trusted complex problem-solving, coverage/limit decisions and working through situations involving major claims. As the world grows more complex, and risks are heightened, the more bespoke nature of the coverages needed to cover emerging and evolving risks will require clear communication and deep levels of understanding for intermediaries and insurers to provide the most beneficial solutions for clients/policyholders.

The Critical Importance of Artificial Intelligence Governance

For insurance intermediaries that are utilizing data-driven AI as a tool to boost operational efficiency, it is equally critical that strong, well-defined, and transparent governance frameworks are integrated into how AI models are being used to reduce the risks associated with them. Responsible practices are a necessity to navigate the complexities inherent with algorithmic decision-making. Centralized, robust governance measures aligned with strategic objectives would effectively allow for effective monitoring. The MGAs and MGUs that have these measured controls in place would give themselves an advantage in becoming the destination of choice for (re)insurers.

Intermediaries will make their own determination of the Best Practices require to establish the controls uses to effectively govern AI-use. These practices would include identification of risks, the establishment and continual updating of security processes, and strong oversight measures that evolve as AI capabilities and AI implementation evolve. All of these actions will involve dedicated individuals and teams providing expert level of vetting, oversight, and analysis of AI use to ensure that AI models operate as intended with the potential adverse consequences being monitored and capably controlled.

Exposures Likely to Remain in the Surplus Lines Market even as Admitted Insurers Seek Growth

Fundamentally, the mechanics of the excess and surplus market remain unchanged—it functions as a pressure relief valve within the P/C insurance framework (primarily for commercial risks). Whereas admitted market rules and regulations generally apply rate and form oversight, the nonadmitted or surplus lines market provides a necessary outlet for risk, more complex risks, or risks that present above-average hazards requiring greater pricing and underwriting flexibility. This two-tier structure exists, largely by regulatory design, and how it operates is heavily shaped by supply-side behavior, meaning through the actions of wholesalers, MGAs, program managers, etc.

The surplus lines market has been and will likely always be the appropriate choice for harder-to-place risks with difficult exposures to finding coverage. As the world grows more interconnected and more complex, it also becomes riskier. For example, new technologies that can problem-solve and provide higher-quality service may also present potential downside risks such as operational disruptions, unplanned downtime, project failure, and security breaches.

AM Best researched the question of how the current market cycle change may compare to others in terms of the flow of business between admitted and nonadmitted markets. Based on that research, the risks that will continue needing the flexibility and creativity of surplus lines insurers are the hard-to-model risks that do not fit the risk appetite of admitted companies. A few examples of such risks/exposures are:

- Catastrophe-exposed commercial property risks requiring programs with shared and layered coverage towers.
- Environmental liability risks.
- Large account casualty risks in the healthcare, pharmaceutical, medical device manufacturing, energy, transportation, and life sciences areas.
- Large construction projects like data centers.
- Professional lines (management liability and cyber liability) because of the increasing claim severity involved with some newer exposures for which data gathering has not yet reached a mature stage.
- Smaller, complex risks that present unique exposures that the standard market is unfamiliar with.

Bridging the Talent Gap: Are Surplus Lines Distributors and Carriers Ahead or Behind?

Historically, the specialty insurance market (and the insurance market in general) has lagged in terms of talent outreach. Attracting, cultivating, and preparing the next generation of insurance professionals and industry leaders has proven to be a challenge both on the insurance carrier side and the distribution side. However, while that may be true from the broad perspective, insurers, intermediaries, and industry organizations such as the WSIA have worked very hard with the support of members to put programs in place. These programs focused on attracting new college graduates and individuals from non-traditional backgrounds, offering them exposure to the insurance industry prior to their entry into the work world. Considerable resources have been directed at overcoming this difficulty of bringing in and cultivating new talent.

Overall, the specialty insurance market, intermediaries, and insurers continue to deploy resources to make significant improvements in this area. This includes structured efforts on the part of larger wholesalers and continued talent outreach efforts by industry organizations. There are organizations on the company side and on the distribution side that have made talent procurement more of a priority because they realize the rivalry for new talent is extremely competitive.

Recruiting the next generation is only one hurdle. Training, nurturing and developing, and retaining new employees so they will remain in the insurance industry long term is another challenge entirely. Efforts made by insurance intermediaries and insurance companies have reportedly improved the track record of retaining talent once they have been attracted to enter the industry. Allocating financial resources to internship programs and job rotations to land qualified, talented individuals right out of college is integral to this endeavor. Further, once individuals commenced their insurance careers, advocating and supporting continuing education is another vital component to enhance foundational acumen and build a strong foundation for individuals early in their careers.

Because of the efforts made in the insurance industry, especially in the surplus lines segment, an increasing number of college programs have better awareness and understanding of the surplus lines market and who and what it serves. The WSIA has long had initiatives in place focused on speaking

Production Sources

AM Best sent surveys to insurers writing surplus lines business for information about the production sources generating surplus lines premiums in 2024 and 2025. The survey requested similar information from our supplemental rating questionnaire (SRQ). The difference is the data collected pertains to surplus lines business only. We used our SRQ data for the rated companies writing surplus lines business that did not submit a separate survey.

The aggregated data represents about 41% of US surplus lines premium. Many insurance groups collect data on premiums written by their companies on a group basis—they do not break out their surplus lines premiums from their admitted market premiums.

These companies do not provide specific surplus lines production data.

As Exhibit 25

shows, wholesale brokers without binding authority remains the primary surplus lines distribution channel, accounting

for 45% of surplus lines premium, on par with 46.5% in 2024 (based on revised 2024 data). Wholesale brokers remain the key distribution source of surplus lines business; however, the trend of MGAs and program managers producing an increasing proportion of surplus lines premium continued in 2025. Including wholesale brokers/agents that have been delegated authority by their insurers, these intermediaries generated about 30% of all surplus lines premiums. AM Best believes MGAs and program managers continue to play a more prominent role in the premium growth in the surplus lines market since 2018. These intermediaries have been integral to that growth because of their expertise with unique, moderate- to high-hazard risk classes, which helps policyholders find their best insurance solutions in the surplus lines market. For insurers, these entities provide value through controlled books of business and can be ideal partners to develop specialized coverage.

The percentage of nonadmitted business generated by program managers is a reflection of the influx of hybrid fronting companies into the surplus lines and specialty commercial market, as many use MGAs as their primary distribution source. According to the survey, independent agents, including retail brokers, generated approximately 20% of surplus lines business in 2025, similar to 2024. Surplus lines brokers work with retail insurance producers who do not necessarily need to hold surplus lines broker licenses but bring together the customer and the surplus lines broker. Wholesale brokers with binding authority accounted for 7.7% of aggregated premium in 2025, up slightly from 6.5% in 2024, representing a relatively small, but viable source for surplus lines business.

Exhibit 25

US Surplus Lines – Leading Production Sources by DPW

(%)

Production Source	2024 % of Total	2025 % of Total
Wholesale Agent/Broker without Binding Authority	46.5	45.0
Wholesale Agent/Broker with Binding Authority	6.5	7.7
MGAs / Program Managers – Retail or Wholesale Agent/Broker	23.7	24.7
Retail Agent/Broker	19.9	19.6
Direct Procurement	0.5	0.0
Other	2.8	3.0
Total	100.0	100.0

Note: Company data received in 2025 for both calendar years 2024 and 2025 was used for this exhibit. Some company data for 2024 that was aggregated for this exhibit represented an update of data originally provided and used in this same exhibit in the 2024 Report.

Source: AM Best data and research

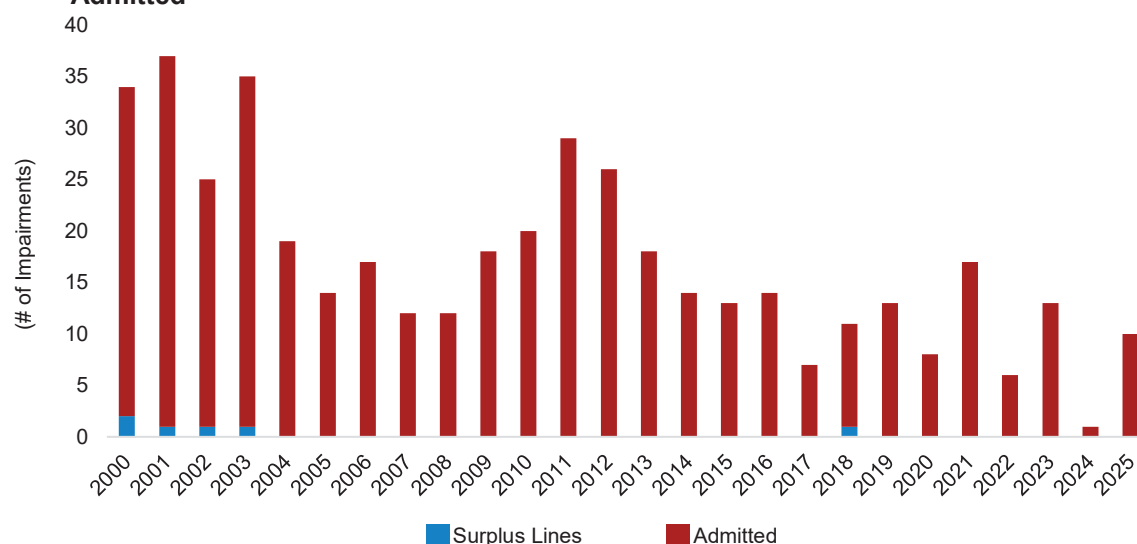
to students at US universities and colleges. They have expanded those efforts to include extensive programs reaching out to students at historically black colleges and universities (HBCUs), and Hispanic-Serving institutions (HSIs), along with universities that do not have Risk management and Insurance (RMI) programs. WSIA has also partnered to establish excess & surplus lines curriculum in some high schools earlier in 2026.

Section V – Impairment Trends

There are numerous reasons why insurance companies may become impaired. A study of historical P/C industry impairment data reveals common reasons include excessive losses stemming from catastrophes, general business failure, weak operational controls and/or internal control failings leading to alleged fraud, as well as underpricing and under-reserving the business written. Annual financial impairments in the P/C industry have declined in the past two decades, from 223 during the 2000 to 2009 period to 165 during the 2010 to 2019 timeframe. The average number of impairments in those two periods dropped to 16.5 per year from 22.3 (**Exhibit 26**). Through midyear 2026, the impairment count from 2021 to 2025 of 47 is indicative of that per-year impairment rate declining further. Based on AM Best data since the end of 2003, only one surplus lines company—a monoline insurer writing surety bonds for private student loans in 2018—has become impaired.

Going further back a few decades when there were some misconceptions about the resilience of the nonadmitted market, many industry observers believed the wide variances in cyclical, hard, and soft markets that were more common at the time made surplus lines susceptible to becoming impaired. However, over the 30+ years that AM Best published this report and analyzed the surplus lines market, the actual data has not supported that position, especially during the first quarter of the 21st century. Surplus lines companies have only accounted for only 1.3% of the impairments from 2000 through the first half of 2026 (**Exhibit 27**). The comparatively low number of impairments among surplus lines companies from 2000 through 2025 is a testament to the companies' overall capital strength in addition

Exhibit 26
US P/C Industry - Annual Impairment Distribution, Surplus Lines vs. Admitted



Source: AM Best data and research

to the quality of their underwriting performance. Investments in advanced technologies, improved data analytics, and enhanced processing systems, along with better management reporting and more vigorous oversight, also contributed to the decline in impairments.

Effective underwriting over the long term for the segment's insurers has led to the balance sheet strength of AM Best-rated surplus lines companies typically being strong, as reflected by Best's Capital Adequacy Ratio (BCAR). The scores for surplus lines rating units are generally between the two highest levels in our scale, Very Strong or Strongest. Surplus lines companies benefit from the freedom of rate and form, which has enabled them to effectively navigate the global capital market vagaries and different insurance market cycles, in addition to macroeconomic stresses and potential financial impact of catastrophes. The segment's underwriting and operating profitability have supported the strong risk-adjusted capitalization of its insurance companies.

Periods of unfavorable net operating results for the industry tend to spark increases in financial impairments for P/C insurance companies. Economic recessions, global financial market declines, global pandemics, and catastrophes generating extraordinary insured losses have typically led to the end of soft market conditions while bringing about notable shifts. These conditions often lead to more commercial businesses finding their best coverage options in the surplus lines market as carriers tighten underwriting standards and increase pricing to offset higher claim costs. Looking back to the beginning of the 2000s, the turmoil P/C insurers faced at the end of prolonged soft market conditions throughout the 1990s were exacerbated by the September 11, 2001 attacks. During that period, workers' compensation and personal lines insurers accounted for about half the recorded impairments.

Over the first quarter of the current century, from a line of business perspective, workers' compensation carriers continue to be most susceptible to becoming impaired. Insurers whose portfolios are weighted towards general liability/commercial multiperil (CMP) or the leading personal lines coverages (homeowners and private passenger auto) were the most susceptible to impairments behind workers' compensation insurers (**Exhibit 28**). What is most notable from a surplus lines perspective is that looking at the total number of impairments attributable to the top five lines of coverage (counting standard and nonstandard private passenger auto as separate lines), four of those lines, all except general liability and CMP, are primarily written in the standard or admitted market.

Exhibit 27
US Property/Casualty, Annual Impairments,
Admitted vs. Surplus Lines Companies, 2000 - 1H 2026

	Surplus Lines	Admitted	Total P/C
2000-2005	5	159	164
2006-2010	0	79	79
2011-2015	0	100	100
2016-2020	1	52	53
2021-2025	0	47	47
1H 2026	0	2	2
Totals	6	439	445

The 2025, and 1H 2026 impairment count data is as of July 30, 2026
Source: AM Best data and research

Exhibit 28
US Property/Casualty - Impairments by Primary Line
of Business, 2000-2025

Primary Line of Business	No. of Companies	% of Total
Workers' Compensation	99	22.8%
Other Liability , CMP	63	14.5%
Homeowners	51	11.7%
Private Passenger Auto - Standard	45	10.3%
Private Passenger Auto - Nonstandard	41	9.4%
Medical Professional Liability	36	8.3%
Commercial Automobile	35	8.0%
Other	17	3.9%
Title	16	3.7%
Surety	14	3.2%
Financial / Mortgage Guaranty	8	1.8%
Warranty	10	2.3%
Total	435	100.0%

AM Best was only able to identify the line of business leading up to impairment for 435 of the 443 impaired companies from 2000-2025.

Source: AM Best data and research

Regulatory Actions Can Mask Impairment Details

The recorded number of impairments is likely obscured by the growing use of confidential actions by state insurance regulators reluctant to disclose impairments until all avenues for rehabilitation (or all efforts to find buyers for troubled insurers) are exhausted. A reporting lag due to confidential actions could lead to a higher number of impairments over time. In generating the data for this report, AM Best not only looks at the most recent full year and the first half of the current year but also reviews the impairments from one year prior to obtain the most updated impairment count. There is generally a lag of about 18 months between a confidential regulatory action and public disclosure of the impairment, usually the time between supervision and liquidation—assuming the confidential action becomes public.

Surplus Lines Impairments Limited Over an Extended Period

Dedicating more financial and strategic resources to enterprise risk management has helped surplus lines writers prevent impairments. The ability to secure ample reinsurance coverage has supported the surplus lines segment's strong risk-adjusted capitalization, insulating companies from periods of market hyper-competitiveness that lead to surplus lines carriers and admitted carriers competing for the same high-quality specialty business. Enhanced modeling, improved technology, and more granular data analytics have contributed to the lack of impairments despite prevailing market challenges that have expanded with changing climate and weather patterns, increasing complexities across many industries owing to the technological improvements being integrated operationally.

As with any market segment, macroeconomic headwinds and external factors such as natural catastrophes, along with competitive market conditions, can result in the underperformance of surplus lines insurers. Favorable results reported by insurers of different lines of coverage and risk classes attract new market participants, including those backed by private equity capital. Nevertheless, AM Best has remained guardedly optimistic about the favorable trend in surplus lines impairments.

Defining Impairments

AM Best's definition of identifying financially impaired insurance companies has evolved over time. Prior versions of the annual Surplus Lines Market Segment Report included data and commentary based on prior ways of tracking insolvencies that over time evolved into the methodology currently being used to identify impairments. This section follows AM Best's current definition and process for identifying impairments, in concert with all other AM Best impairment reports, and is focused on the 2000-2025 period.

AM Best defines impairments as situations in which a company has been placed, via court order, into conservation, rehabilitation, or insolvent liquidation. Supervisory actions taken by state insurance department regulators without a court order are not considered impairments unless there are clear indications that policyholder payments may be delayed or otherwise limited in some manner through the regulatory oversight process.

A number of regulatory oversight actions may be taken with respect to troubled insurers for which court orders are not sought, such as required company action plans, a variety of forms and levels of supervision, or licensure actions. Companies may be subject to insurance department orders or actions on multiple occasions. Particularly in certain jurisdictions. Although regulatory actions may suggest difficulties and impose constraints, they do not necessarily mean that an insurer is unable to meet its ongoing policy and contract obligations until such time as either clear direction is given by the regulator regarding delaying or limiting policy or contract payments or a court order is sought to place the company into conservation, rehabilitation, or insolvent liquidation.

External factors such as any weakening in economic conditions and inflationary pressures that could potentially cause long-term stock market volatility could pressure insurance companies' combined ratios—including the surplus lines companies'—and erode policyholders' surplus.

Section VI: Surplus Lines Fundamentals

This section is a primer for readers who are not familiar with the wholesale, specialty, and surplus lines market. Below, we discuss the market, and the types of risks insured, industry participants, the distribution system, licensing and compliance, and market cycles.

The Surplus Lines Market

The surplus lines market functions as a supplemental market insuring risks that are not acceptable to the standard, or admitted, insurance market. Surplus lines policies are written on a nonadmitted basis. The majority of the surplus lines business consists of commercial lines insurance but can also include personal lines such as homeowners insurance, more commonly in catastrophe-prone areas, where standard markets cannot or will not provide solutions. Beyond surplus lines options, businesses unable to obtain insurance coverage from admitted insurers also have the option of self-insuring or seeking solutions in the alternative risk transfer (ART) market.

The surplus lines market has historically been an innovator of new kinds of insurance designed to meet emerging risks. For example, surplus lines insurers were the first to provide coverages for cyber liability, environmental impairment liability, and employment practices liability. These and other types of policies that originated in the surplus lines market can now be obtained in either the admitted insurance market or the surplus lines market, depending on the characteristics of the particular risk. It is common for the surplus lines market to incubate risks until the standard market is willing and able to insure them, such that the surplus lines market expects new and emerging risks to eventually become part of the standard market.

When capacity in the insurance market becomes restricted or the admitted market's appetite for certain risks tends to diminish, business flows into the surplus lines market. Even in normal market cycles, there will still be many risks that require surplus lines treatment. By fulfilling the role of insuring risks that the admitted market cannot or will not insure, the surplus lines market operates as a safety valve for the insurance marketplace.

Risks insured in the surplus lines market generally fall into four categories:

- **New or emerging risks** that require specialized underwriting and flexibility afforded by the surplus lines market. Examples: ridesharing network platforms, commercial drone operations.
- **Distressed risks** with unfavorable loss history or high catastrophic potential. Examples: vacant buildings in high-crime areas, manufacturers of explosives, or a shopping mall with frequent liability claims.
- **Unique risks** that are too specialized for standard insurers. Example: a medical device manufacturer seeking product liability coverage for a product in clinical trials.
- **High-capacity risks** requiring limits that exceed standard market capacity. Example: a chemical plant with potential liability in excess of the limits of a standard market policy.

Surplus Lines Insurers

Surplus lines insurers are considered nonadmitted insurers because they are not licensed, or “admitted,” in the state of the insured's principal place of business or principal residence (for an

individual). By federal law, the insured's "home state" is responsible for overseeing and regulating surplus lines transactions. Every US jurisdiction has a surplus lines law that permits specially licensed intermediaries (also referred to as surplus lines brokers or licensees) to "export" risks that cannot be placed in the admitted market to eligible surplus lines insurers.

Although not a licensed insurer in the insured's home state, a surplus lines insurer must be licensed in its state or country of domicile and be regulated for solvency by that jurisdiction—the same way that the state-based insurance regulatory system in the US ensures the financial stability of licensed or admitted insurers.

Historically, a surplus lines insurer could not write surplus lines insurance in its state of domicile. However, numerous states have changed their laws to permit a recognized Domestic Surplus Lines Insurers (DSLII) to issue policies on risks located in the insurer's state of domicile.

Unlike admitted carriers, surplus lines insurers are not subject to the rate or form regulations of an insured's home state. Surplus lines insurers have freedom of rate and form, which means they are not subject to the rate or form regulations of the insured's home state – a defining, cornerstone characteristic of surplus lines insurance. This flexibility allows insurers and policyholders to negotiate policy terms, conditions, and pricing to solve the insured's needs that the standard market's regulatory structure would not allow.

A state's minimum capitalization requirement for surplus lines insurers is generally significantly higher than for admitted insurers. The enhanced capital requirement allows for greater protection for policyholders insured by surplus lines companies, given that the state guaranty fund protection provided to policyholders of admitted insurers that become insolvent is generally unavailable to surplus lines insureds. Surplus lines policies must disclose that a nonadmitted insurer is providing coverage and that guaranty fund protection will not be available if the insurer becomes insolvent.

Regulated alien insurers (including Lloyd's) are non-US domiciled insurers that must file financial statements and auditors' reports, the names of their US attorneys or other representatives, as well as information on their US trust accounts, with the International Insurers Department (IID) of the National Association of Insurance Commissioners (NAIC). Regulated alien insurers must also meet IID criteria relating to capital and surplus, as well as underwriting and claims practices, and have a reputation of financial integrity. The NAIC publishes a Quarterly Listing of Alien Insurers naming the alien insurers that meet its criteria.

As a result of the Nonadmitted and Reinsurance Reform Act (NRRA) of 2010, which was enacted as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, a state may not prohibit a surplus lines broker from placing nonadmitted (surplus lines) insurance with or procuring such insurance from a nonadmitted insurer listed on the NAIC Quarterly Listing of Alien Insurers.

The Distribution System

For this report, the entities in the surplus lines distribution system are defined as follows:

- Retail producers, which can be either agents who represent the insurer or brokers who represent the insured
- Surplus lines intermediaries, which can operate as wholesale brokers, managing general agents (MGAs), underwriting managers, or Lloyd's coverholders or open market correspondents (OMCs)
- Program managers, which manage specialty or niche insurance products and market to retailers and wholesalers

These three types of distributors are the primary distributors for surplus lines insurers and play an important role in helping consumers obtain coverage that is unavailable in the admitted market. To place surplus lines policies, there must be a licensed surplus lines producer involved in the transaction. That producer must have a surplus lines license in the home state of the insured, defined as the principle place of business or residence is of the insured. Surplus lines intermediaries act as intermediaries between retail producers and surplus lines insurers. Typically, a surplus lines intermediary provides the retail producer and the insured access to the surplus lines market.

The surplus lines intermediary is typically a wholesale broker, MGA or program administrator. The basic difference between wholesale brokers and MGAs is that MGAs are authorized to underwrite and bind coverage on behalf of the surplus lines insurer through binding authority agreements. Wholesale brokers are authorized only to submit business to surplus lines insurers; the insurers then underwrite, quote, and bind the risk if they deem it acceptable. Some MGAs also have claims-handling responsibilities and may be involved in placing reinsurance.

A Lloyd's coverholder is a firm that has been authorized to bind coverage on behalf of underwriting syndicates at Lloyd's; a Lloyd's open market correspondent is a firm that has been approved to generate business for a Lloyd's broker for placement at Lloyd's on an open market basis.

Before a risk can be exported, surplus lines laws generally require a "diligent search" of the admitted market, the details of which vary by state, to allow the admitted market the first opportunity to insure the risk. Upon demonstration from the retail agent to the surplus lines producer that admitted insurers have declined to underwrite the risk, it can be placed in the surplus lines market. In some states, specific types of risks can be placed in the surplus lines market without the diligent search. Eight states do not require the retail producer to perform diligent effort (Connecticut, Florida, Louisiana, Mississippi, North Dakota, Oklahoma, Virginia, and Wisconsin), before a risk is placed in the surplus lines market. There are other states that have provided statutory or regulatory authority for specific exemptions. For example, Colorado, has an exemption for a retail producer that accesses the surplus lines market through wholesale brokers when they are familiar with the market and know a risk is unavailable in the standard market. Illinois and Minnesota have exempted diligent search in situations where a risk was referred to a surplus lines broker from an unaffiliated retail producer. 17 states have the authority to issue "export lists" of risks for which the insurance commissioner has determined there is little or no coverage available in the state's admitted market; the types of risks listed can be exported to an eligible surplus lines insurer without having to conduct a diligent search. Still, other states may provide certain limited statutory exemptions for specific risks (e.g., private flood insurance) in their insurance codes. There are also laws that allow specific insureds the ability to access the surplus lines market without diligent effort if they meet the qualifications as an Exempt Commercial Purchaser (ECP) or Industrial Insured, as well as potentially accessing markets through independent procurement. Finally, in a few states that have "deregulated" rate and form requirements for admitted commercial lines the states also permit access to the surplus lines market without a diligent search.

In a surplus lines transaction, the surplus lines licensee is generally responsible for the following:

- Compliance with state surplus lines licensing requirements
- Filing an affidavit or report that a diligent search has been conducted, if required
- Maintaining the records relating to the transaction
- Collecting and remitting premium taxes and related reporting to the insured's home state

In addition to the above, the surplus lines licensee must have the following, among other things:

- The technical expertise about the risk being insured
- Extensive insurance product and market knowledge
- The ability to respond quickly to changing market conditions
- Access to eligible surplus lines insurers

Licensing and Compliance

In a surplus lines transaction, the insured's home state has the greatest degree of regulatory oversight, and the onus of compliance is on the surplus lines licensee, the directly regulated entity in the transaction. In addition to being a licensed (resident or nonresident) agent or broker, a surplus lines licensee must:

- In many states, pass a written surplus lines examination to secure a resident license
- Pay an annual licensing fee
- Determine whether the risk meets all the requirements for placement with a surplus lines insurer
- Collect and remit the state's surplus lines premium taxes

Furthermore, the surplus lines licensee is responsible for determining whether the nonadmitted insurer insuring the risk meets the insured's home state eligibility requirements. A surplus lines licensee may be held liable for payment of claims when a risk is placed with a surplus lines insurer not eligible to receive the risk or with one that is financially unsound when the risk is bound. However, depending on state law, there may be no cause of action against a licensee who exercises due diligence or care in selecting the insurer, even if the insurer were to become insolvent sometime after.

Market Cycles

In general, the same market conditions that affect admitted insurance will also affect surplus lines insurance, sometimes significantly. When conditions in the admitted market become more difficult, a sizable amount of business will flow from it to the surplus lines market. In these market cycles, underwriters tend to become more conservative and restrictive, scrutinizing loss exposures more carefully, to determine how they can write a particular risk at a profit. In these circumstances, admitted carriers tend to insure only those risks they are most comfortable assuming and to avoid risks that are more complex or with which they have little or no experience. As the market cycle progresses, competition heats up and market conditions in the admitted market change too with producers and insurers trying to maintain market share by lowering rates, expanding coverage, and offering additional services at the expense of profit margins. During this market phase, consumers' bargaining power increases significantly, causing a drop in rates and relaxation of coverage limitations or exclusions, at which point business begins to return to the admitted market.

Over time, as margins deteriorate to unprofitable levels, competitive pricing pressures erode the admitted market's capacity, which again leads to a hardening of the market, and the cycle continues.

Appendix A

US Surplus Lines - Top 50 Groups and Lloyd's, 2025

Ranked by 2025 nonadmitted direct premiums written; ratings are as of August 14, 2026

(\$ thousands)

			2025					
Company			Surplus	% Change		Best's FSR		
Rank	AMB #	Company Name	Type	Lines DPW	in DPW 2024/2025	FSR	Affiliation Code	Implication/ Outlook
	85202	Lloyd's		24,050,492	15.5	A+		Stable
1	811	Berkshire Hathaway Ins Group		7,411,306	-12.1			
1	20650	AZGUARD Insurance Company	PROF	71,988		A+	p	Stable
1	12334	BHHC Special Risks Ins Co	PROF	1,075		A++	r	Stable
1	1960	Capitol Specialty Ins Corp	PROF	373,104		A+	g	Stable
1	13859	Covington Specialty Ins Co	PROF	455,834		A++	r	Stable
1	308	Cypress Insurance Company	MISC	2,535		A++	g	Stable
1	22013	Fair American Select Ins Co	PROF	102,447		A++	r	Stable
1	3806	General Star Indemnity Co	PROF	1,001,275		A++	g	Stable
1	12619	Landmark American Ins Co	PROF	1,469,040		A++	r	Stable
1	2540	Mount Vernon Fire Ins Co	PROF	314,465		A++	g	Stable
1	18657	Mount Vernon Specialty Ins Co	PROF	699		A++	g	Stable
1	2428	National Fire & Marine Ins Co	PROF	3,530,036		A++	g	Stable
1	1824	National Indem Co of the South	MISC	5,010		A++	g	Stable
1	22320	Radnor Specialty Insurance Co	PROF	620		A++	g	Stable
1	3736	U.S. Underwriters Insurance Co	PROF	58,635		A++	g	Stable
1	2541	United States Liability Ins Co	MISC	24,543		A++		Stable
2	18540	American International Group		5,911,205	5.6			
2	3535	AIG Specialty Insurance Co	PROF	1,779,914		A	r	Positive
2	2350	Lexington Insurance Company	PROF	3,561,510		A	p	Positive
2	2598	Tudor Insurance Company	PROF	1,517		A	g	Positive
2	3132	Western World Insurance Co	PROF	568,265		A	g	Positive
3	3116	Fairfax Financial (USA) Group		4,541,837	3.4			
3	12525	Allied World Asr Co (US) Inc	PROF	695,289		A+	g	Stable
3	12526	Allied World National Assur Co	MISC	307,787		A+	g	Stable
3	11719	Allied World Surplus Lines Ins	PROF	736,405		A+	g	Stable
3	11123	Crum & Forster Specialty Ins	PROF	1,780,200		A+	r	Stable
3	11883	First Mercury Insurance Co	PROF	1,158		A+	r	Stable
3	12631	Hilltop Specialty Insurance Co	PROF	24,757		A+	g	Stable
3	14995	Hudson Excess Insurance Co	PROF	783,682		A+	g	Stable
3	12258	Seneca Specialty Ins Co	PROF	212,559		A+	r	Stable
4	18252	W. R. Berkley Insurance Group		4,451,670	10.0			
4	3026	Admiral Insurance Company	PROF	1,494,133		A+	r	Stable
4	14158	Berkley Assurance Company	PROF	414,707		A+	r	Stable
4	21888	Berkley Luxury Insurance Co	PROF	3,433		A+	g	Stable
4	21577	Berkley Prestige Insurance Co	PROF	20,744		A+	r	Stable
4	11296	Berkley Specialty Insurance Co	PROF	284,880		A+	r	Stable
4	12118	Gemini Insurance Company	PROF	846,757		A+	r	Stable
4	11231	Great Divide Insurance Co	MISC	13,653		A+	r	Stable
4	21258	Intrepid Specialty Ins Co	PROF	61,426		A+	r	Stable
4	1990	Nautilus Insurance Company	PROF	1,311,937		A+	r	Stable
5	18498	Chubb INA Group		4,399,489	15.3			
5	2713	Chubb Custom Insurance Co	PROF	772,266		A++	g	Stable
5	3761	Executive Risk Indemnity Inc.	MISC	2		A++	g	Stable
5	11251	Executive Risk Specialty Ins	PROF	130		A++	g	Stable
5	2084	Federal Insurance Company	MISC	0		A++		Stable
5	3510	Illinois Union Insurance Co	PROF	1,084,935		A++	g	Stable
5	4433	Westchester Surplus Lines Ins	PROF	2,542,156		A++	g	Stable
6	18468	Markel Insurance Group		4,097,655	6.9			
6	3759	Evanston Insurance Company	PROF	2,744,825		A	g	Stable
6	524	Superior Specialty Ins Co	PROF	252,720		A	p	Stable
6	13105	United Specialty Insurance Co	PROF	1,100,109		A	p	Stable

Source: AM Best data and research

(Con't)

Appendix A

US Surplus Lines - Top 50 Groups and Lloyd's, 2025

Ranked by 2025 nonadmitted direct premiums written; ratings are as of August 14, 2026

(\$ thousands)

Rank	Company AMB #	Company Name	Type	2025		FSR	Affiliation Code	Best's FSR Implication/ Outlook
				Surplus Lines DPW	% Change in DPW 2024/2025			
7	5987	Nationwide Prop & Cas Group		3,097,124	4.5			
7	12051	Harleysville Ins Co of NY	PROF	224,397		A	r	Stable
7	1931	Scottsdale Indemnity Company	MISC	50,267		A	r	Stable
7	3292	Scottsdale Insurance Company	PROF	2,768,113		A	r	Stable
7	12121	Scottsdale Surplus Lines Ins	PROF	54,346		A	r	Stable
8	18756	Starr International Group		3,084,188	3.9			
8	13977	Starr Surplus Lines Ins Co	PROF	3,084,188		A	g	Positive
9	18782	MS&AD US Insurance Group		2,782,464	35.0			
9	20633	MS Transverse Specialty Ins Co	PROF	2,450,476		A+	g	Stable
9	3746	MSIG Specialty Ins USA Inc.	PROF	331,988		A+	g	Stable
10	60	Liberty Mutual Insurance Cos		2,519,546	5.7			
10	13866	Ironshore Specialty Ins Co	PROF	1,388,457		A	r	Stable
10	12078	Liberty Surplus Ins Corp	PROF	1,131,089		A	r	Stable
11	18777	AXIS US Operations		2,353,652	7.0			
11	12515	AXIS Surplus Insurance Company	PROF	2,353,652		A	g	Stable
12	18557	XL America Companies		2,245,379	13.0			
12	11340	Indian Harbor Insurance Co	PROF	2,245,360		A+	g	Stable
12	789	T.H.E. Insurance Company	MISC	19		A+	g	Stable
13	18878	Sompo Holdings US Group		2,184,453	6.7			
13	13033	Endurance American Spec Ins Co	PROF	2,184,453		A+	g	Stable
14	14027	Kinsale Insurance Company		1,977,171	5.7			
14	14027	Kinsale Insurance Company	PROF	1,977,171		A		Stable
15	18313	CNA Insurance Companies		1,738,962	8.3			
15	3538	Columbia Casualty Company	PROF	1,738,962		A+	g	Stable
16	48	Hartford Insurance Group		1,624,685	15.0			
16	2611	Hartford Ins Co of Illinois	MISC	3,231		A+	p	Stable
16	12563	Maxum Indemnity Company	PROF	427,887		A+	r	Stable
16	10761	Navigators Specialty Ins Co	PROF	1,011,848		A+	r	Stable
16	2706	Nutmeg Insurance Company	MISC	-1		A+	p	Stable
16	11654	Pacific Insurance Company, Ltd	PROF	181,720		A+	p	Stable
17	18674	Travelers Group		1,563,555	-4.8			
17	4869	Northfield Insurance Co	PROF	443,770		A++	g	Stable
17	4025	Northland Casualty Company	PROF	3,455		A++	g	Stable
17	3592	St. Paul Surplus Lines Ins Co	PROF	24,043		A++	g	Stable
17	241	Travelers Excess & Surp Lines	PROF	1,088,319		A++	g	Stable
17	11763	Travelers Specialty Ins Co	PROF	3,968		A++	g	Stable
18	18484	Arch Insurance Group		1,561,219	-5.0			
18	12523	Arch Specialty Insurance Co	PROF	1,561,219		A+	g	Stable
19	4835	Great American P & C Ins Group		1,536,988	14.5			
19	3735	Great Amer Risk Sol Surplus	PROF	554,155		A+	r	Stable
19	3837	Great American E & S Ins Co	PROF	890,279		A+	r	Stable
19	3293	Great American Fidelity Ins Co	PROF	83,415		A+	r	Stable
19	14150	Mid-Continent E&S Ins Co	PROF	9,139		A+	r	Stable
20	18975	Core Specialty Insurance Group		1,517,106	3.7			
20	11432	StarStone Specialty Ins Co	PROF	1,517,106		A	g	Stable
21	18934	Beazley USA Insurance Group		1,514,596	129.7			
21	21670	Beazley Excess and Surplus Ins	PROF	1,514,596		A	u g	Positive
22	18733	Tokio Marine US PC Group		1,503,292	-6.3			
22	3286	Houston Casualty Company	PROF	1,003,777		A++	g	Stable
22	21159	PURE Specialty Exchange	PROF	92,555		A	g	Stable
22	22607	Safety Specialty Insurance Co	PROF	27,916		A++	g	Stable
22	763	Tokio Marine Specialty Ins Co	PROF	379,044		A++	p	Stable

Source: AM Best data and research

(Con't)

Appendix A

US Surplus Lines - Top 50 Groups and Lloyd's, 2025

Ranked by 2025 nonadmitted direct premiums written; ratings are as of August 14, 2026

(\$ thousands)

Company		Company Name	Type	2025	% Change	FSR	Affiliation Code	Best's FSR Implication/ Outlook
Rank	AMB #			Surplus Lines DPW	in DPW 2024/2025			
23	18549	Zurich Ins US PC Group		1,312,732	-2.9			
23	2148	Empire Indemnity Ins Co	MISC	25		A+	g	Stable
23	3557	Steadfast Insurance Company	PROF	1,312,408		A+	g	Stable
23	3565	Zurich Amer Ins Co of Illinois	MISC	298		A+	g	Stable
24	18753	Munich-American Hldg Corp Cos		1,302,958	-9.2			
24	3763	American Western Home Ins Co	PROF	13,179		NR		
24	20791	Bridgeway Insurance Company	PROF	498,905		A+	g	Stable
24	14838	HSB Specialty Insurance Co	PROF	40,405		A++	r	Stable
24	12170	Princeton E&S Lines Ins Co	PROF	750,469		A+	g	Stable
25	18533	AmTrust Group		1,291,829	13.9			
25	11693	Associated Industries Ins Co	PROF	667,819		A-	r	Stable
25	4070	Republic-Vanguard Ins Co	PROF	438,720		A-	r	Stable
25	2522	Security National Ins Co	MISC	59,445		A-	p	Stable
25	2011	Sierra Specialty Insurance Co	PROF	125,845		A-	r	Stable
26	5696	Everest Re U.S. Group		1,182,915	-10.3			
26	12096	Everest Indemnity Insurance Co	PROF	1,182,915		A+	g	Negative
27	5658	QBE North America Ins Group		1,124,476	6.6			
27	12562	QBE Specialty Insurance Co	PROF	1,124,476		A	p	Stable
28	18965	Accelerant US Holdings Group		1,099,529	14.5			
28	20951	Accelerant Specialty Ins Co	PROF	1,099,529		A-	u g	Developing
29	18944	Trisura US Insurance Group		1,092,379	-3.0			
29	21059	Bricktown Specialty Ins Co	PROF	115,168		A-	g	Stable
29	20575	Trisura Specialty Insurance Co	PROF	977,211		A-	g	Stable
30	18626	James River Group		989,523	-8.6			
30	22509	Falls Lake Fire & Casualty Co	PROF	19,606		A-	g	Negative
30	14313	Falls Lake National Ins Co	MISC	6,882		A-	g	Negative
30	12604	James River Insurance Co	PROF	963,035		A-	g	Negative
31	18943	AU Holding Company Group		982,591	31.6			
31	22281	Texas Insurance Company	PROF	982,591		A-	p	Stable
32	4294	The Cincinnati Insurance Cos		954,281	9.1			
32	13843	Cincinnati Specialty Undrs Ins	PROF	954,281		A+	g	Stable
33	18954	Palomar Holdings US Group		913,576	42.6			
33	20907	Palomar Excess and Surplus Ins	PROF	913,576		A	p	Stable
34	18991	BAMR US PC Group		898,078	-11.4			
34	2803	American Natl General Ins Co	PROF	56,067		A	g	Stable
34	11700	American Natl Lloyds Ins Co	PROF	162,641		A	g	Stable
34	3283	Colony Insurance Company	PROF	675,287		A-	g	Stable
34	2619	Colony Specialty Insurance Co	MISC	4,082		A-	g	Stable
35	18429	Allianz US PC Insurance Cos		877,210	19.9			
35	2618	Allianz Underwriters Ins Co	PROF	15,504		A+	g	Stable
35	1892	Fireman's Fund Indemnity Corp	PROF	710,744		A+	g	Stable
35	2267	Interstate Fire & Casualty Co	PROF	150,961		A+	g	Stable
36	18680	AF Group		832,809	13.5			
36	13044	Accident Fund General Ins Co	MISC	459		A	u r	Developing
36	12011	Ameritrust Insurance Corp	PROF	5,649		A	u r	Developing
36	3780	Century Surety Company	PROF	540,708		A	u r	Developing
36	2180	ProCentury Insurance Company	MISC	3,694		A	u r	Developing
36	11876	Third Coast Insurance Company	PROF	282,298		A	u r	Developing
37	18717	Skyward Specialty Ins Group		803,538	29.4			
37	13825	Houston Specialty Insurance Co	PROF	803,538		A		Stable

Source: AM Best data and research

(Con't)

Appendix A

US Surplus Lines - Top 50 Groups and Lloyd's, 2025

Ranked by 2025 nonadmitted direct premiums written; ratings are as of August 14, 2026

(\$ thousands)

Company		Type	2025	% Change in DPW 2024/2025	FSR	Affiliation Code	Best's FSR Implication/ Outlook
Rank	AMB #		Surplus Lines DPW				
38	18686	Fortegra P&C Group	802,394	N/A			
38	20936	Fortegra Specialty Ins Co	802,394		A	g	Stable
39	3883	RLI Group	783,398	-7.6			
39	2591	Mt. Hawley Insurance Company	783,398		A++	g	Stable
40	18783	Aspen US Insurance Group	772,976	-4.0			
40	12630	Aspen Specialty Insurance Co	772,976		A	u g	Positive
41	18915	Ascot Insurance U.S. Group	761,973	20.9			
41	20561	Ascot Insurance Company	1,340		A	g	Stable
41	11545	Ascot Specialty Insurance Co	760,633		A	g	Stable
42	419	Coaction Specialty Ins Group	744,774	17.1			
42	728	Gotham Insurance Company	607,497		A-	g	Positive
42	13309	Southwest Marine & Gen Ins Co	137,277		A-	g	Positive
43	18969	Vantage US Group	742,171	N/A			
43	23285	Vantage Risk Specialty Ins Co	742,171		A-	g	Positive
44	124	American Family Ins Group	735,527	23.3			
44	22142	Homesite Ins Co of Florida	446,248		A	r	Stable
44	22141	Homesite Insurance Company	289,254		A	r	Stable
44	13037	MSA Insurance Company	25		A	r	Stable
45	18460	CSAA Insurance Group	714,314	-17.2			
45	20790	Mobilias Ins Co of Arizona	490,982		A	r	Stable
45	20628	Mobilias Insurance Company	223,332		A	r	Stable
46	3262	Swiss Reinsurance Group	700,748	1.4			
46	10783	Swiss Re Corp Sol Capacity Ins	700,748		A+	g	Stable
47	730	Westfield Group	698,786	15.2			
47	20985	Westfield Specialty Ins Co	698,786		A	p	Stable
48	18947	Sutton National Group	682,755	13.2			
48	20810	Sutton Specialty Insurance Co	682,755		A-	g	Stable
49	18956	Obsidian Insurance Group	671,758	N/A			
49	20917	Obsidian Specialty Ins Co	671,758		A-	u p	Positive
50	18458	Intact US Insurance Group	669,349	-1.4			
50	14398	Homeland Ins Co of Delaware	55,999		A+	r	Stable
50	10604	Homeland Ins Co of New York	613,350		A+	r	Stable

Notes: FSR = Financial Strength Rating, u = under review

Affiliation codes: g = group; p = pool; r = reinsured.

PROF = domestic professional surplus lines company; MISC = domestic specialty surplus lines company.

Source: AM Best data and research

Appendix B

US DPSL Composite Companies

X denotes professional surplus lines companies (those whose surplus lines direct premium represents greater than 50% of their total premium)

Company	2021	2022	2023	2024	2025	Company	2021	2022	2023	2024	2025
Accelerant Specialty Ins. Co.	X	X	X	X	X	Centerline Ins. Co.		X	X	X	
Acceptance Casualty Ins. Co.	X	X	X	X	X	Centerline Prop and Cas Ins. Co.	X				
Acceptance Indemnity Ins. Co.	X	X	X	X	X	Century Surety Co.	X	X	X	X	X
Accredited Specialty Ins. Co.	X	X	X	X	X	Champlain Specialty Ins. Co.					X
Admiral Ins. Co.	X	X	X	X	X	Chubb Custom Ins. Co.	X	X	X	X	X
Adriatic Ins. Co.	X	X	X	X	X	Cincinnati Specialty Undrs. Ins.	X	X	X	X	X
Agent Alliance Ins. Co.	X	X	X	X	X	Clear Blue Specialty Ins. Co.	X	X	X	X	X
AIG Specialty Ins. Co.	X	X	X	X	X	CM Vantage Specialty Ins. Co.	X	X	X	X	X
AIX Specialty Ins. Co.	X	X	X	X	X	Colony Ins. Co.	X	X	X	X	X
Allianz Underwriters Ins. Co.	X	X	X	X	X	Columbia Casualty Co.	X	X	X	X	X
Allied World Asr Co. (US) Inc.	X	X	X	X	X	Commercial Alliance Ins. Co.		X	X		X
Allied World Surplus Lines Ins.	X	X	X	X	X	Concert Specialty Ins. Co.		X	X	X	X
AM Specialty Insurance Co.					X	Concord Specialty Ins. Co.	X	X	X	X	X
American Empire Surplus Lines	X	X				Conifer Ins. Co.	X			X	
American Federation Ins. Co.		X	X	X	X	Cooperative of American Physicians Ins. Co.					X
American Modern Select Ins. Co.		X	X	X		Coverys Specialty Ins. Co.	X	X	X	X	X
American Mutual Share Ins. Corp.	X	X	X	X	X	Covington Specialty Ins. Co.	X	X	X	X	X
American National General Ins. Co.					X	Crum & Forster Specialty Ins.	X	X	X	X	X
American Natl Lloyds Ins. Co.	X	X	X	X	X	CUMIS Specialty Ins. Co. Inc.	X	X	X	X	X
American Safety Ins. Co.	X	X	X	X	X	Dellwood Specialty Ins Co				X	X
American Western Home Ins Co				X	X	Dorchester Ins. Co., Ltd	X	X			
Ameritrust Insurance Corp				X	X	Dover Bay Specialty Ins. Co.	X	X	X	X	X
Amherst Specialty Ins. Co.					X	Emerald Bay Specialty Ins Co				X	X
Arch Specialty Ins. Co.		X	X	X	X	Endurance American Spec Ins. Co.	X	X	X	X	X
Ascot Specialty Ins. Co.	X	X	X	X	X	Evanston Ins. Co.	X	X	X	X	X
Aspen Specialty Ins. Co.	X	X	X	X	X	Everest Indemnity Ins. Co.	X	X	X	X	X
Associated Industries Ins. Co.	X	X	X	X	X	Everspan Indemnity Ins. Co.	X	X	X	X	X
Atain Specialty Ins. Co.	X	X	X	X	X	Executive Risk Specialty Ins.	X	X	X	X	X
At-Bay Specialty Insurance Co				X	X	Fair American Select Ins. Co.	X	X		X	X
Ategrity Specialty Ins. Co.	X	X	X	X	X	Falls Lake Fire & Casualty Co					X
Atlantic Casualty Ins. Co.	X	X	X	X	X	FCCI Specialty Ins. Co.					X
AXIS Surplus Ins. Co.	X	X	X	X	X	Federated Specialty Ins Co					X
AZGUARD Ins. Co.	X	X	X	X	X	Firemen's Fund Indemnity Corp.		X	X	X	X
Bankers Specialty Insurance Co				X	X	First Mercury Ins. Co.	X	X	X	X	X
Beazley Excess and Surplus Ins				X	X	First Specialty Ins. Corp.	X				
Benchmark Soecialty Ins. Co.					X	Fortegra Specialty Ins. Co.		X	X	X	X
Berkley Assurance Co.	X	X	X	X	X	Frontline Ins. Unlimited Co.	X	X	X	X	X
Berkley Prestige Insurance Co				X	X	Gemini Ins. Co.	X	X	X	X	X
Berkley Specialty Ins. Co.	X	X	X	X	X	General Security Indem Co. AZ	X	X	X	X	X
BHHC Special Risks Ins Co					X	General Star Indemnity Co.	X	X	X	X	X
Blue Hill Specialty Ins. Co.	X	X	X	X	X	GeoVera Specialty Ins. Co.	X	X	X	X	X
Bricktown Specialty Ins. Co.					X	GNV Custom Ins. Co.	X	X	X	X	X
Bridgeway Ins. Co.	X	X		X	X	Gotham Ins. Co.	X	X	X	X	X
Burlington Ins. Co.	X	X	X	X	X	Gray Surplus Lines Ins. Co.	X	X	X	X	X
Canopus US Ins., Inc.	X	X	X	X	X	Great American E&S Ins. Co.	X	X	X	X	X
Capitol Specialty Ins. Corp.	X	X	X	X	X	Great American Fidelity Ins. Co.	X	X	X	X	X
Centennial Casualty Co.		X	X	X	X	Great Amer. Risk Sol. Surplus Lines Ins. Co.					X

Source: AM Best data and research

(Con't)

Appendix B

US DPSL Composite Companies

X denotes professional surplus lines companies (those whose surplus lines direct premium represents greater than 50% of their total premium)

Company	2021	2022	2023	2024	2025	Company	2021	2022	2023	2024	2025
GuideOne National Ins. Co.	X	X	X	X	X	National Fire & Marine Ins. Co.	X	X	X	X	X
Hallmark National Ins. Co.	X	X				National General Premier Ins. Co.					X
Hallmark Specialty Ins. Co.	X	X	X	X	X	National Guaranty Ins. Co. of Vermont	X	X	X	X	X
Hamilton Select Ins. Inc.		X	X	X	X	Nautilus Ins. Co.	X	X	X	X	X
Harleysville Ins Co of NY				X	X	Navigators Specialty Ins. Co.	X	X	X	X	X
HDI Specialty Ins. Co.		X	X	X	X	NORCAL Specialty Ins. Co.	X	X	X	X	X
Highlander Specialty Ins. Co.		X	X	X	X	North American Capacity Ins. Co.	X	X	X		
Hilltop Specialty Ins. Co.		X	X	X	X	North Light Specialty Ins. Co.	X	X	X	X	X
Homeland Ins. Co. of DE	X	X	X	X	X	Northfield Ins. Co.	X	X	X	X	X
Homeland Ins. Co. NY	X	X	X	X	X	Northland Casualty Company				X	X
Homesite Ins. Co. of Florida			X	X	X	Obsidian Specialty Ins. Co.	X	X	X	X	X
Housing Specialty Ins. Co. Inc.	X	X	X	X	X	Oklahoma Specialty Ins. Co.	X	X	X		
Houston Casualty Co.	X	X	X	X	X	Old Republic Union Ins. Co.	X	X	X	X	X
Houston Specialty Ins. Co.	X	X	X	X	X	Orion 180 Ins. Co.		X	X	X	X
HSB Specialty Ins. Co.	X	X	X	X	X	Pacific Ins. Co., Ltd	X	X	X	X	X
Hudson Excess Ins. Co.	X	X	X	X	X	Palms Specialty Ins Co, Inc.				X	X
Illinois Union Ins. Co.	X	X	X	X	X	Palomar Excess and Surplus Ins.	X	X	X	X	X
Incline Americas Insurance Co.					X	Peleus Ins. Co.	X	X	X	X	
Independent Specialty Ins. Co.	X	X				Penn-America Ins. Co.	X	X	X	X	X
Indian Harbor Ins. Co.	X	X	X	X	X	Penn-Patriot Ins. Co.	X	X	X	X	X
Insurors Indemnity Select Ins.	X	X	X	X	X	Penn-Star Ins. Co.	X	X	X	X	X
Interstate Fire & Casualty Co.	X	X	X	X	X	Point Excess & Surplus Ins Co					X
Ironshore Specialty Ins. Co.	X	X	X	X	X	Prime Ins. Co.	X	X	X	X	X
ISMIE Indemnity Co.	X	X	X	X	X	Princeton Excess & Surplus Lines	X	X	X	X	X
James River Casualty Co.	X	X				ProAssurance Specialty Ins. Co.	X	X	X	X	X
James River Ins. Co.	X	X	X	X	X	Professional Security Ins. Co.	X	X	X	X	X
Kinsale Ins. Co.	X	X	X	X	X	Protective Specialty Ins. Co.	X	X	X	X	X
Knight Specialty Ins. Co.	X	X	X	X	X	PURE Specialty Exchange		X	X	X	X
KW Specialty Ins. Co.	X	X	X	X	X	QBE Specialty Ins. Co.	X	X	X	X	X
Landmark American Ins. Co.	X	X	X	X	X	Radnor Specialty Ins. Co.	X	X	X	X	X
Lexington Ins. Co.	X	X	X	X	X	Rainier Ins. Co.	X	X	X	X	X
Liberty Surplus Ins. Corp.	X	X	X	X	X	Republic-Vanguard Ins. Co.	X	X	X	X	X
LIO Specialty Ins. Co.		X	X		X	Richmond National Ins. Co.		X	X	X	X
Maxum Indemnity Co.	X	X	X	X	X	Rockingham Specialty, Inc.		X	X	X	X
Medical Security Ins. Co.	X	X	X	X	X	Safety Specialty Ins. Co.	X	X	X	X	X
Mercer Ins. Co.	X	X	X	X	X	Scottsdale Ins. Co.	X	X	X	X	X
Merchants National Ins. Co.	X	X	X	X	X	Scottsdale Surplus Lines Ins.	X	X	X	X	X
Mesa Underwriters Spec Ins. Co.	X	X	X	X	X	Securian Specialty Lines, Inc.					X
MGT Specialty Insurance Co.					X	Seneca Specialty Ins. Co.	X	X	X	X	X
Mid-Continent Excess & Surplus	X	X	X	X	X	Sirius Point Specialty In Corp.		X	X	X	X
Mobilitas Ins. Co. of Arizona	X	X	X	X	X	Southlake Specialty Ins Co				X	X
Mobilitas Ins. Co.	X	X	X	X	X	Southwest Marine & General	X	X	X	X	X
MSA Ins. Co.	X	X	X	X	X	Specialty Builders Ins Co				X	X
MSIG Specialty Ins. USA Inc.	X	X	X	X	X	Spinnaker Specialty Ins Co				X	X
Mt Hawley Ins. Co.	X	X	X	X	X	St. Paul Surplus Lines Ins. Co.	X	X	X	X	X
Mt Vernon Fire Ins. Co.	X	X	X	X	X	Star Vantage Recip Ins Exch				X	X
Mt. Vernon Specialty Ins. Co.	X	X	X	X	X	Starr Surplus Lines Ins. Co.	X	X	X	X	X
MS Transverse Specialty Ins Co				X	X	StarStone Specialty Ins. Co.	X	X	X	X	X
NAMIC Ins. Co., Inc.	X	X	X	X	X	Steadfast Ins. Co.	X	X	X	X	X

Source: AM Best data and research

(Con't)

Appendix B

US DPSL Composite Companies

X denotes professional surplus lines companies (those whose surplus lines direct premium represents greater than 50% of their total premium)

Company	2021	2022	2023	2024	2025
Summit Specialty Ins. Co.		X	X	X	X
Superior Specialty Ins. Co.		X	X	X	X
Sutton Specialty Ins. Co.		X	X	X	X
Swiss Re Corp. Sol Capacity Ins.		X	X	X	X
TDC National Assurance Co.		X			
TDC Specialty Ins. Co.	X	X	X	X	X
Texas Insurance Company					X
Third Coast Insurance Co.					X
Tokio Marine Specialty Ins. Co.	X	X	X	X	X
Topa Insurance Company				X	X
Transverse Specialty Ins. Co.		X			
Travelers Excess & Surplus Lines	X	X	X	X	X
Travelers Specialty Ins Co				X	X
Trisura Specialty Ins. Co.	X	X	X	X	X
Tudor Ins. Co.	X	X	X	X	X
United National Ins. Co.	X	X	X	X	X
United Specialty Ins. Co.	X	X	X	X	X
Upland Specialty Ins. Co.			X	X	X
US Underwriters Ins. Co.	X	X	X	X	X
Vantage Risk Specialty Ins. Co.		X	X	X	X
Vault E&S Ins. Co.		X	X	X	X
Velocity Specialty Ins Co				X	X
Victor Insurance Exchange				X	X
Voyager Indemnity Ins. Co.	X	X	X	X	X
Watford Specialty Ins. Co.	X	X	X	X	
Westchester Surplus Lines Ins.	X	X	X	X	X
Western World Ins. Co.	X	X	X	X	X
Westfield Specialty Ins Co					X
Wilshire Ins. Co.	X	X	X	X	X

Source: AM Best data and research

Appendix C

US Surplus Lines – State Survey Capital & Surplus Requirements for Surplus Lines Companies

	Domestic Company Minimum Surplus	Alien Company Minimum Surplus	Alien Companies Required to Maintain a Trust Fund	Pending Revisions
Alabama	\$15,000,000	(1)	No	No
Alaska	15,000,000	(1)	Yes: \$2,500,000	No
Arizona	15,000,000	(1)	Yes: \$2,500,000	No
Arkansas	15,000,000	(1)	No	No
California	45,000,000	(1)	No	No
Colorado	15,000,000	(1)	No	No
Connecticut	15,000,000	(1)	No	No
Delaware	15,000,000	(1)	No	No
Dist of Columbia	15,000,000	(1)	No	No
Florida	15,000,000	\$15,000,000	Yes: \$5,400,000	No
Georgia	15,000,000	(1)	No	No
Hawaii	15,000,000	(1), (2)	Yes: \$5,400,000	No
Idaho	15,000,000	(1)	No	No
Illinois	15,000,000	(1)	No	No
Indiana	(3)	(1)	No	No
Iowa	15,000,000	(1)	No	No
Kansas	4,500,000	(1)	No	No
Kentucky	15,000,000	(1)	No	No
Louisiana	15,000,000	(1), (2)	Yes: \$5,400,000	No
Maine	15,000,000	(1)	No	No
Maryland	15,000,000	(1)	No	No
Massachusetts	20,000,000	(1)	No	No
Michigan	15,000,000	(1)	No	No
Minnesota	15,000,000	(1)	(4)	No
Mississippi	15,000,000	(1)	Yes: \$5,400,000; (2)	No
Missouri	15,000,000	(1)	No	No
Montana	15,000,000	(1)	Yes: \$5,400,000; (2)	No
Nebraska	15,000,000	(1)	No	No
Nevada	15,000,000	(5)	No	No
New Hampshire	15,000,000	(1)	No	No
New Jersey	15,000,000	(1)	No	No
New Mexico	15,000,000	(1)	No	No
New York	49,000,000	(1)	No	No
North Carolina	15,000,000	(1)	No	No
North Dakota	15,000,000	(1)	No	No
Ohio	15,000,000	(1)	No	No
Oklahoma	15,000,000	(1)	No	No
Oregon	15,000,000	(1)	Yes: \$5,400,000; (2)	No
Pennsylvania	15,000,000	(1), (6)	No	No
Puerto Rico	15,000,000	(7)	No	No
Rhode Island	15,000,000	(1)	No	No
South Carolina	15,000,000	(1)	No	No
South Dakota	15,000,000; (8)	(1)	No	No
Tennessee	15,000,000	(1)	No	No
Texas	15,000,000	(1)	No	No
Utah	15,000,000 (9)	(1)	No	No
Vermont	15,000,000	(1)	No	No
US Virgin Islands	15,000,000	(1)	No	No
Virginia	15,000,000	(1)	No	No
Washington	15,000,000	(1)	No	No
West Virginia	15,000,000	(1)	No	No
Wisconsin	15,000,000	(1)	No	No
Wyoming	15,000,000	(1)	No	No

Notes on following page.

Notes:

- (1) Surplus lines brokers may do business with nonadmitted insurers that are domiciled outside the US (including Lloyd's syndicates) that appear on the Quarterly Listing of Alien Insurers maintained by the International Insurers Department (IID) of the NAIC and that comply with minimum capital requirements in the state (generally \$15,000,000; \$45,000,000 in California).
- (2) Approved alien insurers are required to maintain a trust fund in the US designed to reasonably protect all policyholders, with a minimum amount set by state law. In Florida, Hawaii, Louisiana, Mississippi, Montana and Oregon, the stipulated minimum is \$5.4 million.
- (3) Indiana does not impose formal eligibility requirements other than requiring a sponsoring broker for foreign surplus lines insurers. A licensed surplus lines producer must request by letter or email that a foreign (US) surplus lines insurer be added to the state's eligibility list.
- (4) Trust of a minimum \$1,500,000 must be maintained under Minnesota 60A. 206, Subd. 5.
- (5) The Nevada Division of Insurance no longer has the authority to maintain a list of eligible insurers, and there are no requirements that a foreign or alien insurer must meet other than the objective eligibility criteria specified in the Nonadmitted and Reinsurance Reform Act of 2010 (NRRA) and reaffirmed in Chapter 685A of NRS, as amended by Senate Bill 289.
- (6) If the company is listed on the Quarterly List of Alien Insurers maintained by the IID, a written request for surplus lines eligibility must include documentation evidencing its listing by the NAIC.
- (7) Puerto Rico no longer imposes a fee or financial premium; nor does it require other information from a foreign or alien insurer for surplus lines eligibility purposes, aside from the eligibility requirements set forth in the NRRA.
- (8) South Dakota requirements for a surplus lines insurer remain the same as before, aside from the requirements under the NRRA. Surplus lines insurers will be required to file the Unauthorized Insurer Business Written & Premium Tax Report, along with the Schedule T & State Page for foreign Cos. Alien surplus lines Cos will be required to file the Unauthorized Insurer Business Written & Premium Tax Report.
- (9) As of July 21, 2011, Utah cannot prohibit placement of surplus lines insurance with a nonadmitted insurer domiciled outside the US if the insurer is listed on the Quarterly Listing of Alien insurers maintained by the IID of the NAIC.

Source: AM Best data and research

Appendix D

US Surplus Lines – State Survey Stamping Offices and Premium Taxes

State	Stamping Office	Premium Tax (%)	Stamping Fee (%)	State	Stamping Office	Premium Tax (%)	Stamping Fee (%)
Alabama	No	6.00	No	Nebraska	No	3.00	No
Alaska	No	2.70	1.00	Nevada	Yes	3.50	0.40
Arizona	Yes	3.00	0.20	New Hampshire	No	3.00	No
Arkansas	No	4.00	No	New Jersey	No	5.00	No
California	Yes	3.00	0.18	New Mexico	No	3.00 ³	No
Colorado	No	3.00 ¹	No	New York	Yes	3.60 ⁷	0.15
Connecticut	No	4.00	No	North Carolina	Yes	5.00	0.30
Delaware	No	3.00	No	North Dakota	No	1.75	No
Dist of Columbia	No	2.00	No	Ohio	No	5.00	No
Florida	Yes	4.94	0.06	Oklahoma	No	6.00 ⁸	No
Georgia	No	4.00	No	Oregon	Yes	2.30 ⁹	\$10
Hawaii	No	4.68	No	Pennsylvania	Yes	3.00 ¹⁰	\$20
Idaho	Yes	1.50	0.50	Puerto Rico	No	9.00	No
Illinois	Yes	3.50	0.04	Rhode Island	No	4.00	No
Indiana	No	2.50	No	South Carolina	No	6.00	No
Iowa	No	0.925 ²	No	South Dakota	No	2.5-3.0 ¹¹	No
Kansas	No	3.00 ³	No	Tennessee	No	5.00 ¹²	No
Kentucky	No	3.00 ⁴	No	Texas	Yes	4.85	0.04
Louisiana	No	4.85	No	Utah	Yes	4.25	0.18
Maine	No	3.00	No	Vermont	No	3.00	No
Maryland	No	3.00	No	US Virgin Islands	No	5.00	No
Massachusetts	No	4.00	No	Virginia	No	2.25	No
Michigan ⁵	No	2.00	No	Washington	Yes	2.00 ¹³	0.30
Minnesota	Yes	3.00	0.04	West Virginia	No	4.55	No
Mississippi	Yes	4.00	0.25	Wisconsin	No	3.00	No
Missouri	No	5.00	No	Wyoming	No	3.00 ¹⁴	No
Montana	No	2.75 ⁶	0.25				

¹ Surplus lines tax is 3.0% plus, 0.175% SLAS Clearinghouse transaction fee.

² Surplus lines tax is 0.925% (or the 2026 calendar year) and will be 0.9% (for 2027 and subsequent calendar years).

³ Effective January 1, 2024, the surplus lines tax was reduced to 3% from 6%.

⁴ Surplus lines tax is 3%, plus 1.8% surcharge payable by the broker.

⁵ In Michigan, a 0.5% regulatory fee applies in addition to the premium tax.

⁶ 0% stamping fee if policy is filed electronically by agent; 0.25% stamping fee if policy is mailed to the Office of the Commissioner of Securities and Insurance. An additional 2.5% tax is applied to fire portions of surplus lines payments (annually), payable by the agent.

⁷ Plus 0.15% stamping fee payable to Excess Line Association of New York (ELANY). An additional fee of \$25 applies for late/erroneous filing.

⁸ Surplus lines tax is 6%, payable by broker, plus 0.175% SLAS Clearinghouse transaction fee.

⁹ This amount includes a 0.3% Fire Marshall tax applied to every policy, payable by the broker.

¹⁰ The stamping fee is per filing. Beginning with the 2024 reports, PA now reports all premium bearing items; previous reports only included new and renewal policies.

¹¹ 3% for fire insurance, plus a 0.175% SLAS Clearinghouse transaction fee.

¹² Surplus lines tax is 5%, plus 0.175% SLAS Clearinghouse transaction fee.

¹³ Stamping fee increased to 0.3% from 0.1% for all policies effective January 1, 2025.

¹⁴ Surplus lines tax is 3% plus 0.175% SLAS Clearinghouse transaction fee.

Source: AM Best data and research

Appendix E

US Surplus Lines – Direct Premiums Written by Segment, 1988-2025

(\$ millions)

	Total P/C			Total Surplus			Domestic Professionals				Lloyd's			Regulated Aliens				Domestic Specialty			
	YoY %			YoY %			YoY %		SL Mkt	# of	YoY %		SL Mkt	YoY %		SL Mkt	# of	YoY %		SL Mkt	# of
Year	DPW	Chg.	DPW	Chg.	DPW	Chg.	Share	Cos			DPW	Chg.	Share	DPW	Chg.	Share	Cos	DPW	Chg.	Share	Cos
1988	211,270	4.2	6,281	-4.3	3,704	-10.4	59.0	86			1,237	-7.5	19.7	1,012	31.3	16.1	104	328	2.2	5.2	128
1989	220,620	4.4	6,123	-2.5	3,530	-4.7	57.7	88			1,182	-4.4	19.3	1,050	3.8	17.1	101	361	10.1	5.9	123
1990	230,757	4.6	6,532	6.7	3,882	10.0	59.4	117			1,241	5.0	19.0	1,013	-3.5	15.5	85	396	9.7	6.1	149
1991	235,627	2.1	6,924	6.0	4,081	5.1	58.9	117			1,322	6.5	19.1	1,111	9.7	16.0	85	410	3.5	5.9	151
1992	240,410	2.0	7,549	9.0	4,491	10.0	59.5	120			1,388	5.0	18.4	1,220	9.8	16.2	74	450	9.8	6.0	151
1993	253,847	5.6	8,540	13.1	5,270	17.3	61.7	123			1,631	17.5	19.1	1,183	-3.0	13.9	70	456	1.3	5.3	138
1994	263,653	3.9	8,786	2.9	6,089	15.5	69.3	115			1,196	-26.7	13.6	992	-16.1	11.3	64	509	11.6	5.8	141
1995	273,929	3.9	9,245	5.2	6,511	6.9	70.4	112			1,300	8.7	14.1	1,022	3.0	11.1	57	412	-19.1	4.5	144
1996	279,990	2.2	9,205	-0.4	6,668	2.4	72.4	108			1,354	4.2	14.7	818	-20.0	8.9	57	365	-11.4	4.0	125
1997	287,196	2.6	9,419	2.3	6,569	-1.5	69.7	106			1,609	18.8	17.1	802	-2.0	8.5	59	439	20.2	4.7	114
1998	300,309	4.6	9,861	4.7	6,763	3.0	68.6	107			1,574	-2.2	16.0	1,196	49.1	12.1	58	328	-25.3	3.3	113
1999	308,671	2.8	10,615	7.6	7,265	7.4	68.4	105			1,912	21.5	18.0	1,140	-4.7	10.7	55	298	-9.1	2.8	116
2000	327,286	6.0	11,656	9.8	7,884	8.5	67.6	98			2,499	30.7	21.4	941	-17.5	8.1	46	332	11.4	2.8	106
2001	367,798	12.4	15,813	35.7	10,773	36.6	68.1	104			3,368	34.8	21.3	1,362	44.7	8.6	44	310	-6.6	2.0	91
2002	422,703	14.9	25,565	61.7	19,572	81.7	76.6	108			4,082	21.2	16.0	1,600	17.5	6.3	46	311	0.3	1.2	76
2003	463,033	9.5	32,799	28.3	25,662	31.1	78.2	115			4,492	10.0	13.7	2,400	50.0	7.3	45	245	-21.2	0.7	63
2004	481,588	4.0	33,012	0.6	25,744	0.3	78.0	115			4,596	2.3	13.9	2,400	0.0	7.3	53	272	11.0	0.8	59
2005	491,429	2.0	33,301	0.8	25,968	0.9	78.0	111			4,675	1.7	14.0	2,400	0.0	7.2	50	238	-12.5	0.7	57
2006	503,894	2.5	38,698	16.3	29,410	13.3	76.0	117			5,989	28.1	15.5	3,100	29.2	8.0	55	199	-16.4	0.5	54
2007	506,180	0.5	36,637	-3.5	27,675	-5.9	74.1	120			6,360	6.2	17.0	3,100	0.0	8.3	55	202	1.5	0.5	56
2008	492,881	-2.6	34,365	-6.2	24,612	-11.1	71.6	130			6,062	-4.7	17.6	3,403	9.8	9.9	53	288	42.6	0.8	70
2009	481,410	-2.3	32,952	-4.1	22,830	-7.2	69.3	139			6,090	0.5	18.5	3,735	9.8	11.3	55	297	3.1	0.9	69
2010	481,120	-0.1	31,716	-3.8	21,882	-4.2	69.0	143			5,789	-4.9	18.3	3,758	0.6	11.8	56	287	-3.4	0.9	66
2011	501,555	4.2	31,140	-1.8	22,582	3.2	72.5	146			5,790	0.0	18.6	2,537	-32.5	8.1	53	231	-19.5	0.7	60
2012	523,360	4.3	34,808	11.8	25,490	12.9	73.2	142			6,270	8.3	18.0	2,747	8.3	7.9	61	301	30.3	0.9	53
2013	545,760	4.3	37,719	8.4	26,818	5.2	71.1	140			7,099	13.2	18.8	3,362	22.4	8.9	59	440	46.2	1.2	49
2014	570,187	4.5	40,243	6.7	28,274	5.4	70.3	135			8,157	14.9	20.3	3,311	-1.5	8.2	60	501	13.9	1.2	58
2015	591,186	3.7	41,259	2.5	29,333	3.7	71.1	139			8,645	6.0	21.0	2,974	-10.2	7.2	58	307	-38.7	0.7	53
2016	612,906	3.7	42,425	2.8	29,112	-0.8	68.6	139			9,607	11.1	22.6	3,057	2.8	7.2	61	649	111.4	1.5	59
2017	642,127	4.8	44,879	5.8	30,594	5.1	68.2	138			10,325	7.5	23.0	3,289	7.6	7.3	59	671	3.4	1.5	58
2018	678,029	5.6	49,890	11.2	34,054	11.3	68.7	148			11,755	13.8	23.2	3,543	7.7	7.0	62	537	-20.0	1.1	61
2019	712,194	5.0	56,279	11.2	39,060	14.7	70.4	154			12,477	6.1	22.5	4,337	22.4	6.3	62	405	-24.6	0.7	60
2020	728,866	2.3	66,102	17.5	46,948	20.2	71.0	161			12,821	2.8	19.4	5,847	34.8	8.8	74	486	20.0	0.7	65
2021	798,393	9.5	82,653	25.0	61,200	30.4	74.0	169			13,872	8.2	16.8	6,864	17.4	8.3	75	717	47.5	0.9	69
2022	875,458	9.7	98,488	19.2	73,369	19.9	74.5	185			15,483	11.6	15.7	8,735	27.3	8.9	79	901	25.6	0.9	65
2023	966,817	10.5	115,050	16.8	83,234	14.8	72.3	192			19,947	28.8	17.3	10,667	22.1	9.3	80	1,202	33.3	1.0	60
2024	1,059,735	9.5	129,820	12.3	96,012	14.5	74.0	202			20,821	4.4	16.0	11,717	9.9	9.0	82	1,269	5.6	1.0	61
2025	1,113,950	5.1	143,287	10.4	104,585	8.9	73.0	214			24,050	15.5	16.8	13,331	13.8	9.3	85	1,320	4.0	0.9	54

Domestic professional surplus lines and domestic specialty surplus lines 2024 DPW totals are aggregated as of June 23, 2025. Lloyd's and Regulated Alien Company data is as of July 29, 2025.

Source: AM Best data and research

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