

SLTX

SURPLUS LINESSM

STAMPING OFFICE OF TEXAS



2019 ANNUAL REPORT



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805 Las Cimas Parkway
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Austin, Texas 78746



www.sltx.org



Lorrie Cheshier
Chairwoman



Charles Gillenwater
Vice Chair



Rosemarie Marshall
Secretary



Kyle Streetman



Peter Harrison



Penni Nelson



Randall Myers



Teri Brinson



Leslie Milvo

CORE PRINCIPLES

- *Integrity. Ethical and Accountable*
- *Communication. Clear, Consistent, and Collaborative*
- *Compliance. Responsive and Results Oriented*
- *Culture of Excellence. Specialty Focused and Value Driven*

MISSION

To provide our business partners with meaningful data, analysis, and educational resources to empower their decisions

VISION

Lead with innovative solutions that enrich the Texas insurance and specialty marketplace

Executive Summary

Don Meyer, Interim Executive Director (10/2019 - 03/2020)

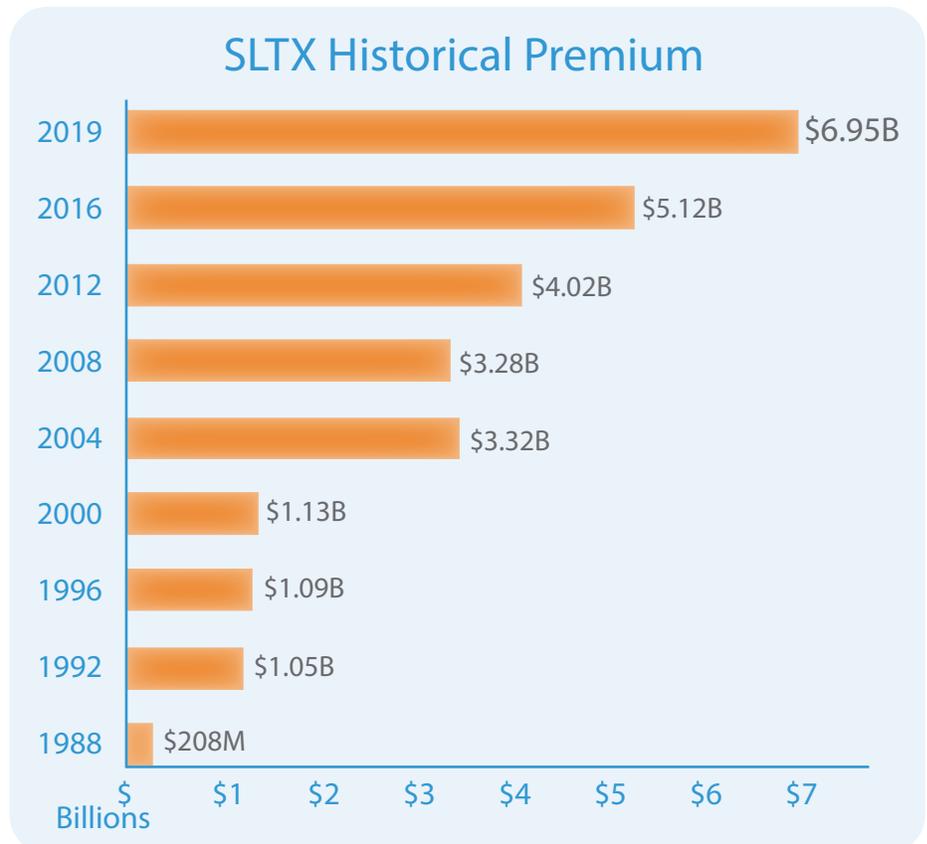
This year saw historic growth in the Texas excess and surplus lines (E&S) market, with more than \$6.95 billion in E&S premium reported in the state. This total set a new annual record and was the highest total recorded in SLTX history. Premium in 2019 marked a 14.36% increase over total premium in 2018, and a 27.40% growth over 2017. Additionally, premium for each month this year was the highest on record in that particular month in Texas.

This list of milestones demonstrates that the specialty insurance market in Texas is thriving. Increased premium across many lines of business, such as cyber liability (41.64%), excess liability (23.33%), and fire and allied lines (21.77%), continues to grow. The number of filings submitted to SLTX has also increased to 1.09 million in 2019, a 4.43% increase over 2018.

Locally and nationally, flood insurance has continued to be a topic of major discussion among the industry and policymakers. During this year's legislative session, the Texas Legislature made it clear that flood response and mitigation are a priority with the implementation of House Bill 1306, which creates a diligent effort exemption for flood insurance coverage in the Texas surplus lines market, and the creation of the Flood Infrastructure Fund to cover the cost of risk mitigation efforts in the state. The enactment of these bills marks a step toward greater availability and popularity of private flood insurance in Texas, along with increased awareness of the risks of flood. Surplus lines flood premium grew to \$46.46 million in 2019, a 28.52% rise over 2018's total of \$36.15 million.

Over the course of the year, SLTX has focused on modernization efforts, and work on SMART, our new online filing system, is expected to be completed in the coming year. The system will replace our current external Electronic Filing System (EFS) and internal Management Information System (MIS). The new platform will give surplus lines agents and brokers greater access to their own data in a more user-friendly interface.

This year has been one of impressive growth for the E&S industry and we are fortunate to have been able to keep you informed of premium trends in Texas. As we enter the next decade, we remain committed to serving the industry and look forward to watching it evolve and meet market demand.



Chairwoman's Report

Lorrie Cheshier

Looking back at 2019, I am impressed with the heights the Texas surplus lines market reached during the year. I'm delighted to report that the market is healthy, and this year was another of remarkable performance, with nearly \$7 billion in premium recorded in Texas.

Since its creation by the Texas Legislature in 1987, the Surplus Lines Stamping Office of Texas has facilitated a strong specialty market in the state, with significant growth over the past three decades. Since its first full year of operation in 1989, premium recorded by SLTX has increased a staggering 1,133%. In the last ten years alone, it has increased 110%, making it one of the largest surplus lines markets in the United States and in the world.

The SLTX Board of Directors was active this year in ensuring the efficiency of the organization and taking steps to build relationships with the industry. This includes creating a working group to review the SLTX Plan of Operation and an advisory board of SLTX staff and Texas Surplus Lines Association (TSLA) members to discuss system modifications.

I would like to thank the SLTX Board of Directors and staff for their work in 2019 and for their continuing service moving forward. Amid a year of mergers and acquisitions, emerging technology, and record-high premium, the team has faced every new challenge head-on.

It has been a privilege to oversee the Board during the past year alongside industry experts and risk management leaders. During my time as Chair, we have progressed with a renewed focus on partnership and collaboration with the industry, and I anticipate continued success moving forward.

By the Numbers

2019 Premium

\$7.0B

Policy Filings

1.09M

Liability Premium

\$3.6B

Property Premium

\$2.7B

Texas Tax Revenue

\$337M

Unlicensed Insurers
Evaluated

105

Published News
Articles

110

Audited Policies

152

Published Legislative
Updates

32

Lines of Business

2019 Premium, Aggregated by Coverage

Liability



\$3.6B

Property



\$2.7B

Commercial
Multi-Peril



\$330M

Homeowners



\$230M

Accident &
Health



\$99M

Auto



\$425M

Aviation



\$6M

Credit



\$98M

Crime



\$5M

Inland Marine



\$99M

Medical
Malpractice



\$114M

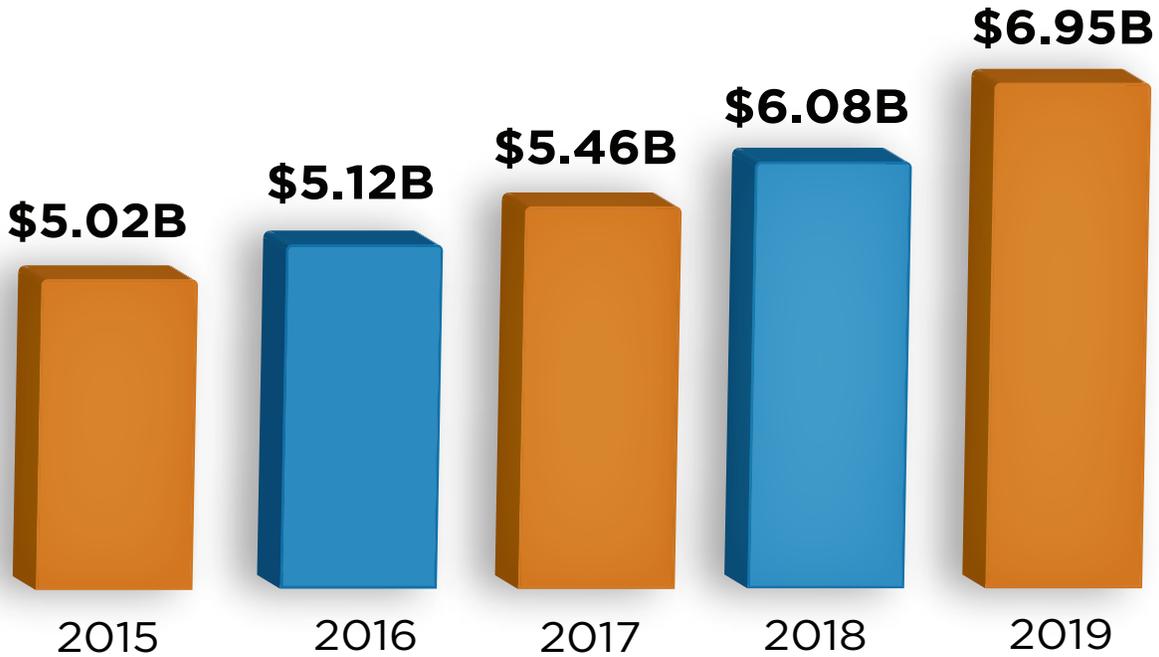
Ocean Marine



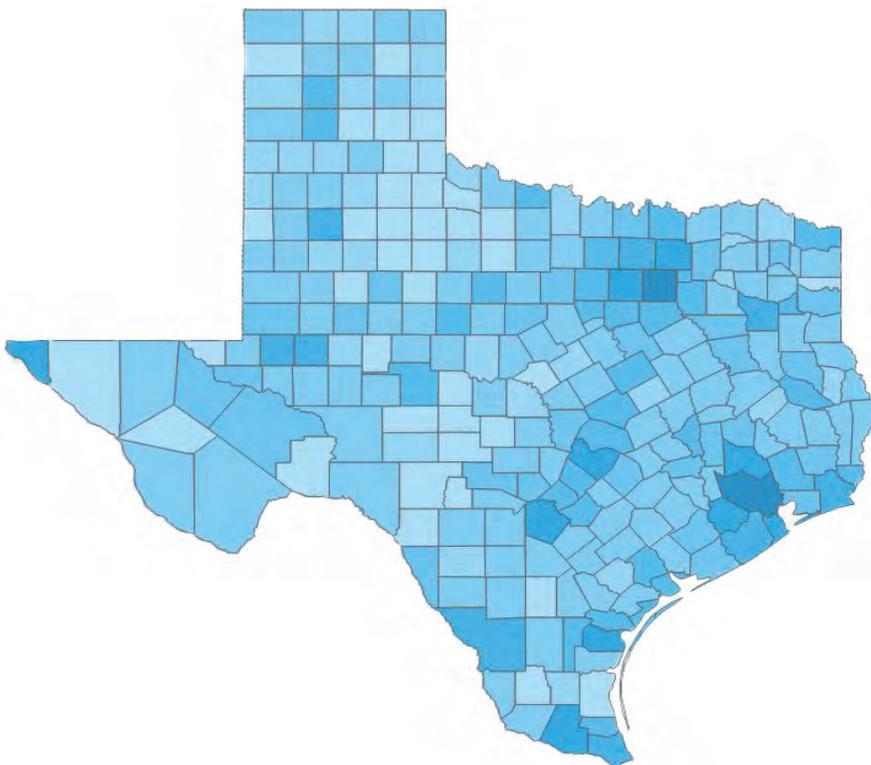
\$39M

Premium History

5 Year Growth



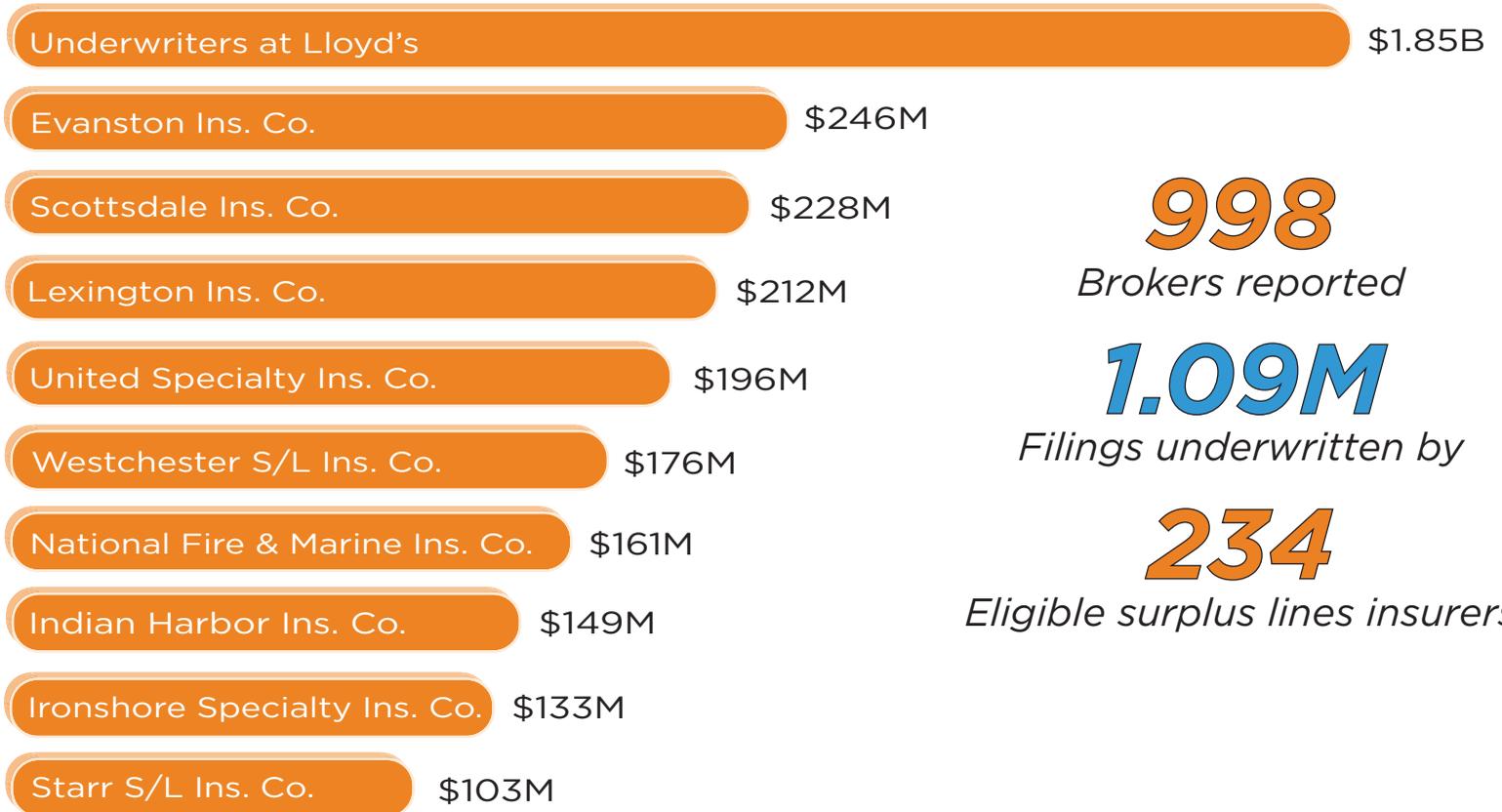
Premium by County



- Harris - \$2.0B
- Dallas - \$1.1B
- Tarrant - \$376M
- Travis - \$333M
- Bexar - \$331M

<\$500K
\$500K - \$1M
\$1M - \$5M
\$5M - \$10M
\$10M - \$50M
\$50M - \$100M
\$100M - \$500M
\$500M - \$1B
>\$1B

Top 10 Insurers



998
Brokers reported

1.09M
Filings underwritten by

234
Eligible surplus lines insurers

Property

Total premium written for each property line of business and the percentage of premium written by a surplus lines insurer with an admitted affiliate, as required by the SLTX Plan of Operation, Section (e)(10)(E)(vi).

*Property includes all risk locations in the state and contains some packaged policies, as reported by brokers, in which liability cannot be split.

LINE OF BUSINESS	PREMIUM	%
Allied Lines	\$41.8M	53%
Boiler & Machinery	\$623	100%
Difference in Condition	\$13.0M	61%
Earthquake	\$1.5M	62%
Farmowners/Ranchowners	\$1.2M	55%
Fire	-\$9.8K	96%
Fire & Allied Lines	\$1.47B	69%
Flood	\$22.1M	48%
Glass	\$4.5K	100%
Homeowners	\$134.6M	59%
Oil & Gas Property	\$13.6M	39%
Oil & Gas Package*	\$11.2M	14%
Property Package*	\$186.4M	75%
Special Events	\$647.6K	99%
Terrorism	\$4.4M	28%

Note: All percentages rounded to the nearest whole number.



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SLTX Current Leadership

**Greg Brandon
Executive Director**

**Cheyenne Herrera
Director of Operations**

**Sholonda Stone
Director of ITS**

**Donna Aug
Director of Finance**

**Denisse Orellana
Director of Human Resources**

SLTX Current Staff

**Toby Pick
Operations Manager**

**Cathy Hull
Lead Policy Analyst**

**Shantell Jackson
Lead Policy Analyst**

**Nathan Onks
Senior Policy Analyst**

**Tyler Prideaux
Policy Analyst I**

**Lourdes Wong
Policy Analyst I**

**Devin Helle
Policy Analyst I**

**Marcelina Gutierrez
Policy Analyst I**

**Christian Robinson
Data Analyst**

**Sharmila Subedi
Business Analyst**

**Ming Zhou
Accountant**

**Rodolfo Camarena
IT Support Specialist**

**Seror Jasim
Developer**

**Dalton Moore
Developer**

**Sandra Mawki
Education and Training Coordinator**

**Maegan DiLoreto
Communications Coordinator**

**Ashley Corpus
Administrative Receptionist**