



SURPLUS LINESSM

STAMPING OFFICE OF TEXAS

2018 ANNUAL REPORT



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www.sltx.org

2018 Board of Directors



Greg Rubel
Chairman



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Charles Gillenwater



Andrew Fieker



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Rosemarie Marshall



Peter Harrison



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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*

CORE PRINCIPLES

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

Executive Summary

Norma Carabajal Essary, CPCU, ARM

In its 30th Anniversary Year, SLTX broke new records for Texas surplus lines premium growth, accounting for \$6.08 billion. This was an all-time high and an increase of 11.4% over 2017.

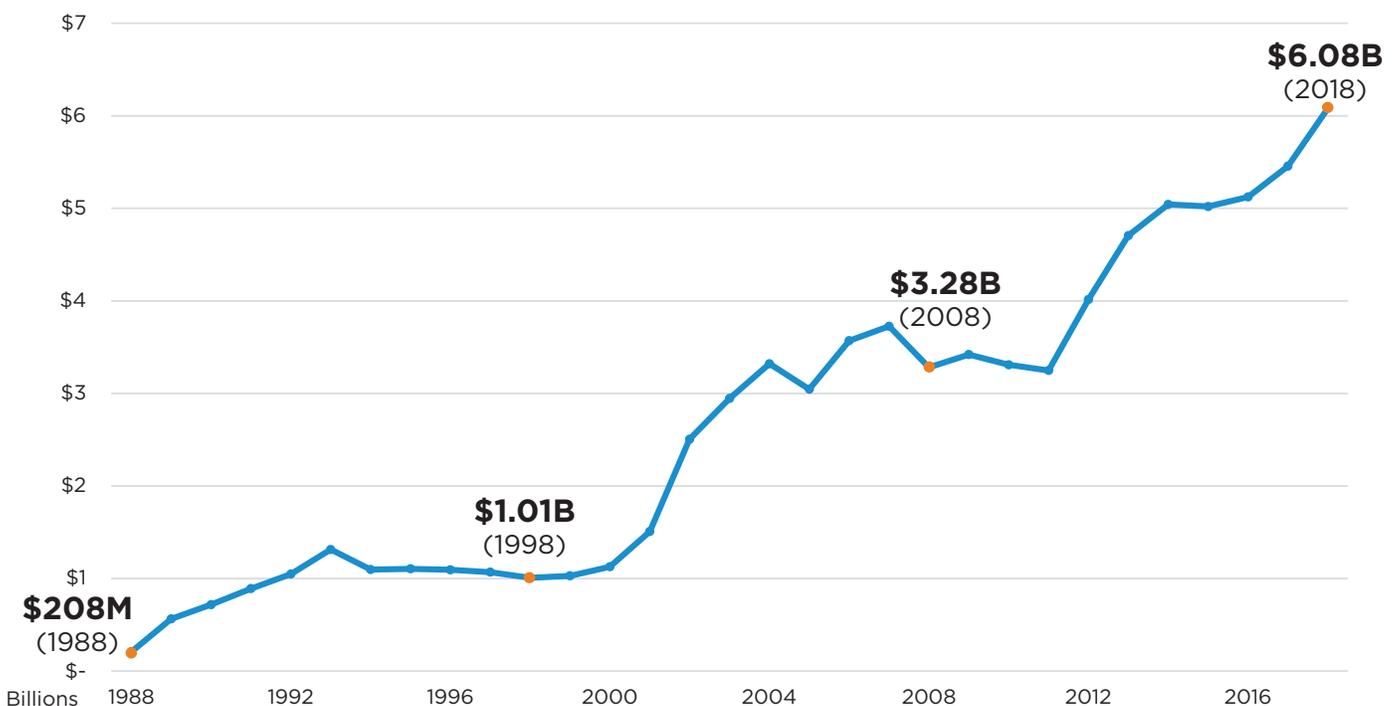
The industry has benefitted from a favorable economy, and certain coverages have continued to trend upward. Fire and allied lines increased by 15.5% over the previous year, up to \$1.74 billion. Cyber liability rose 15.8% to \$89.7 million, and pollution increased by 9.1% to \$167 million. While premium rose significantly over the year, SLTX saw only a marginal increase in total filings. In 2018, 1.05 million filings were recorded, compared to 1.03 million in 2017, a 1.24% increase.



As we focus on modernization, we have taken tremendous strides, in terms of technology, operations, and talent acquisition. This year, we announced “SMART,” our new online filing system, which is scheduled to be released in the coming months. This new system will replace our current internal and external filing systems. Online filers will have access to a more user-friendly dashboard with enhanced reporting capabilities. From an accounting standpoint, we introduced an online payment system where agencies can remit payments electronically. Internally, we transitioned to a new office location that promotes collaboration and communication.

In the last 30 years, SLTX has been learning and growing to meet the unique needs of the specialty market. Over the next 30 years, we will continue to serve and provide resources to industry stakeholders. As the surplus lines market evolves, we will aim high for what the future will bring.

SLTX Historical Premium



Chairman's Report

Greg Rubel

2018 was a remarkable year for the surplus lines insurance industry. Record-breaking premium totals suggest that the market is thriving, even in the midst of significant mergers and acquisitions and changes within our industry.

Flooding has been a central focus in Texas over the year, and cyber security risks remain at the forefront of business concerns. With consumers and organizations searching for the best solutions to protect their homes and businesses, the surplus lines insurance market has experienced substantial growth in these coverage areas.



As Chairman of the SLTX Board of Directors, I have had the privilege to lead an excellent group of board members over the past two years. I am confident that the decisions made by the Board and leadership teams will advance SLTX's goal of serving the industry. While the specialty insurance market continues to evolve and grow, it is important that the organization keeps pace.

As another year has come and gone, SLTX has been a constant in the market, with the mission to educate agents and brokers on policy filings, ensure compliance, and inform regulators, legislators and others about the industry. SLTX is decisively becoming more technology-focused, which can only serve to benefit the market with the growth we continue to experience.

By the Numbers

\$6.08B

2018 Premium

1.05M

Policy Filings

\$3.2B

Liability Premium

\$2.7B

Property Premium

\$294M

Texas Tax Revenue

134

Unlicensed Insurers Evaluated

1,963

Audited Policies

65

Published News Articles

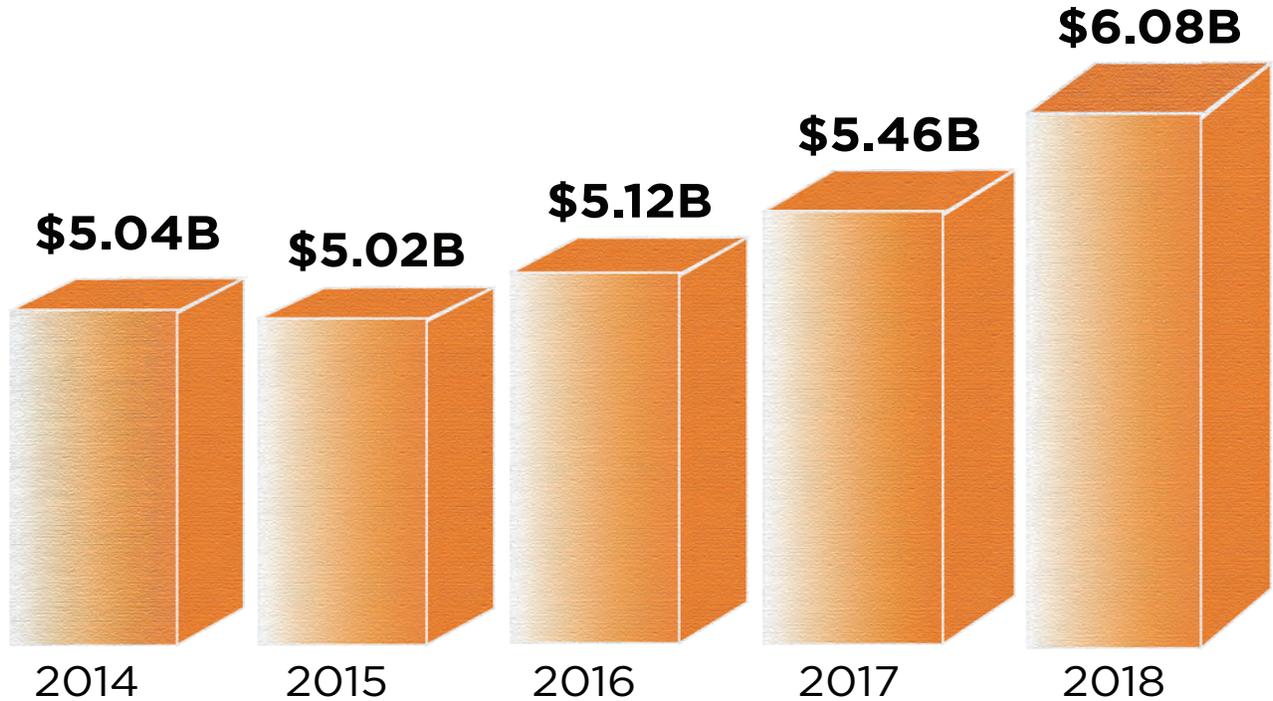
Lines of Business

2018 Premium, Aggregated by Coverage

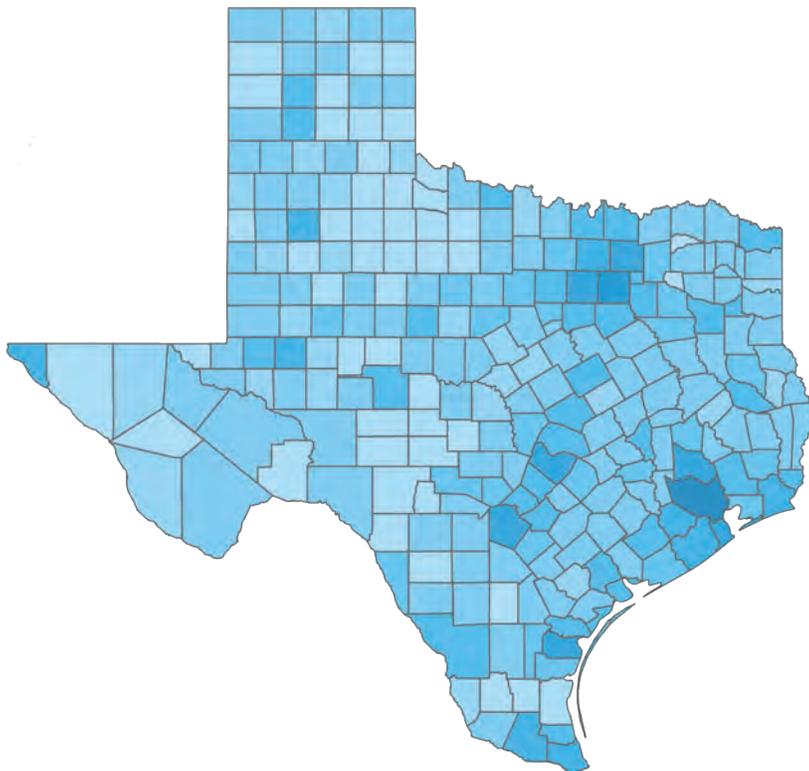


Premium History

5 Year Growth



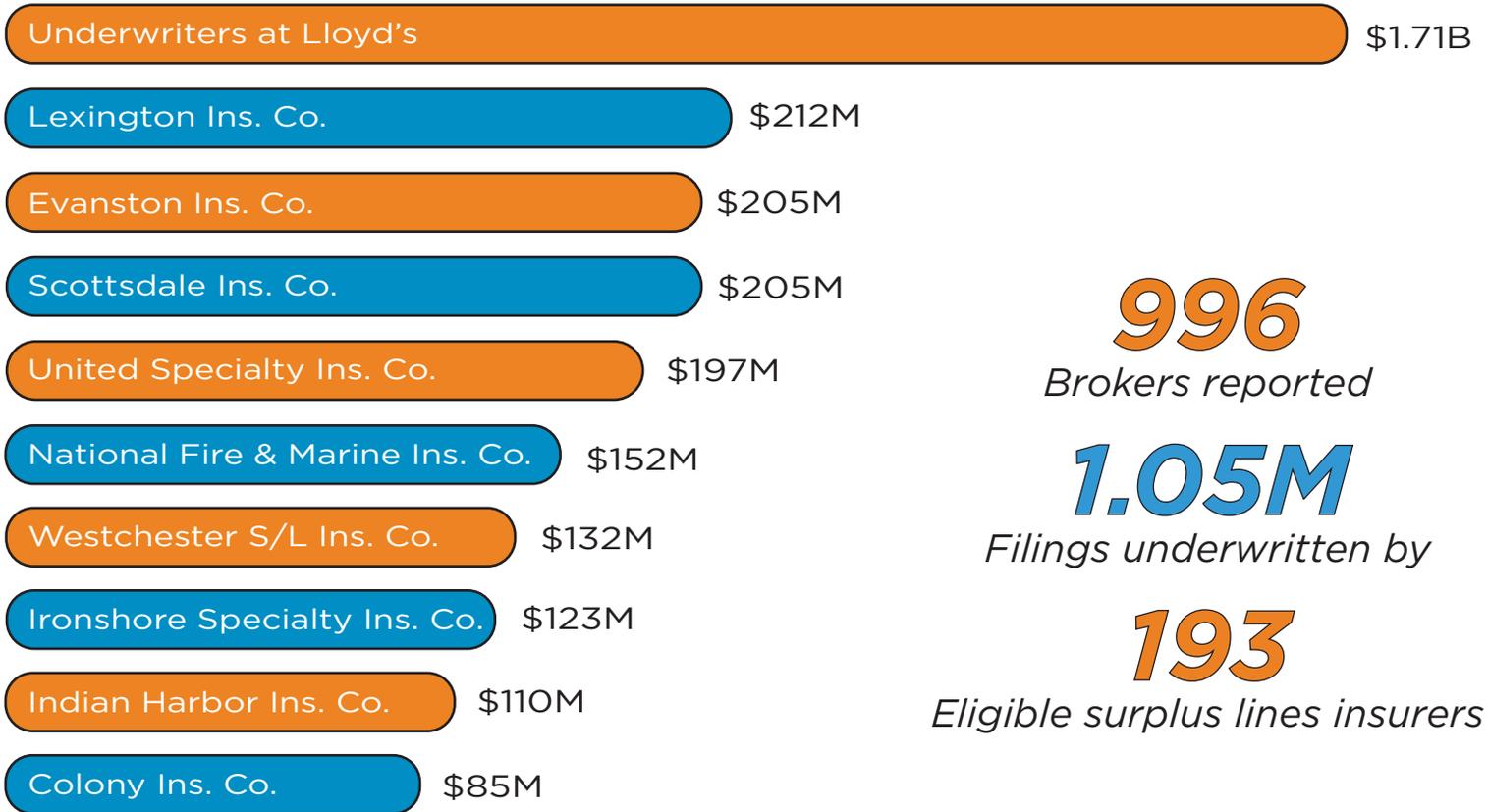
Premium by County



- Harris - \$1.8B
- Dallas - \$971M
- Tarrant - \$325M
- Travis - \$291M
- Bexar - \$250M

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

Top 10 Insurers



996
Brokers reported

1.05M
Filings underwritten by

193
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	\$52.3M	58%
Boiler & Machinery	-\$15.4K	100%
Difference in Condition	\$11.6M	86%
Earthquake	-\$160.1K	-56%
Farmowners/Ranchowners	\$1.12M	33%
Fire	\$12.4K	19%
Fire & Allied Lines	\$1.13B	65%
Flood	\$14.9M	41%
Glass	\$89.8K	100%
Homeowners	\$120.6M	58%
Oil & Gas Property	\$9.3M	27%
Oil & Gas Package*	\$8.1M	11%
Property Package*	\$188.4M	67%
Special Events	\$42.7K	95%
Terrorism	\$5.4M	29%

Note: All percentages rounded to the nearest whole number.



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