

Surplus Line
ASSOCIATION OF WASHINGTON



EXCESS & SURPLUS
LINES INSURANCE ...
VITAL TO THE
STATE OF WASHINGTON

PROTECTING THE WASHINGTON ECONOMY

"WITHOUT SURPLUS LINES INSURANCE, WE COULD NOT HAVE REBUILT
THE LEGACY OF STARBUCKS CENTER AFTER THE NISQUALLY EARTHQUAKE."

- Kevin Daniels, President
Nitze-Stagen & Co., Inc.

WHY IT'S SO VITAL

The Excess and Surplus Lines Insurance Market (Non-Admitted Market) provides coverage when the Standard Insurance Market (Admitted Market) is unable or unwilling to provide insurance for hard-to-place risks that would otherwise go unprotected, out of business or never launch. Response to product needs are rapid in the Surplus Lines Market, which is crucial to consumers for immediate developments in their lives and businesses.

SURPLUS LINE ASSOCIATION OF WASHINGTON

The Surplus Line Association of Washington is a non-profit corporation created in 1941. Membership is comprised of Surplus Lines Brokers licensed in the State of Washington. The Association promotes a stable E&S Insurance Market and offers viable options to the insurance buying public. Legal compliance, policy examination, assistance with state filings and taxes, educational support and communication with the Legislature and Office of the Insurance Commissioner are among our primary objectives.

EXAMPLES OF THE ECONOMIC IMPACT OF EXCESS & SURPLUS LINES INSURANCE

Mixed Use Residential Construction Projects



WHO BENEFITS FROM THE EXCESS & SURPLUS LINES INSURANCE INDUSTRY?

- Property Owners & Business Owners
- General Public
- Start-up Companies
- Companies Expanding New Product Lines or Services
- High Risk Manufacturers
- Large Exposures Requiring Unusually High or "Excess" Limits

Adult Family Homes and Other Elderly Care Operations

Protecting adult family homes licensed to care for over 17,000 Washington State elderly

Earthquake and Flood

Provides catastrophe insurance for most consumers' largest personal & commercial assets

Protecting the Future of Washington (Infrastructure / Transportation)

Improves Safety by Replacing Aging Bridges

Transit & Roadway Improvements Keep Region Moving



THE ECONOMIC IMPACT IS PROFOUND

Without Excess & Surplus Lines Insurance, consumers are unable to obtain financing, develop new products or provide new services. The economic impact is profound - less jobs, less housing, less business competition, more financial hardship for families. The Surplus Lines Market has been tested and refined to provide an appropriate response to the unique needs of Washington's insurance buyers.

HOW WE RESPOND

The Surplus Lines Insurance Market provides coverage when the Standard Market is unwilling or unable to provide insurance for hard-to-place risks. Surplus Lines Brokers are able to communicate unique needs and unusual exposures to Surplus Lines Insurers. Free from form and rate filings, Surplus Lines Insurers quickly adapt existing insurance products or develop new ones to cover these exposures. As new or amended insurance products appear in the marketplace, loss experience develops from which rates are established. Based on loss experience, Insurers can make rate and form adjustments. These products often become offerings from the Standard Market.

- **Catastrophes** (e.g. Earthquake, Wind and Flood)
- **New Case Law** (e.g. Directors & Officers Liability and Employment Practices Liability)
- **Innovations** (e.g. Cyber Liability Associated with i-Cloud)

After catastrophic events like Earthquake and Flood, the Standard Market often constricts its underwriting guidelines in an effort to return to profitability. The E&S Market acts as a safety release valve providing coverage to consumers that might otherwise be unavailable. This was evident after the Nisqually Earthquake and the following damage to the Howard Hanson Dam.

As changes occur to existing case law, statutes or regulations, consumers find themselves financially vulnerable in new areas. The E&S Market serves as an incubator for developing new insurance products such as Employment Practices, Directors & Officers or Pollution Liability.

As manufacturers and service providers create new products and services, they seek financial protection from unknown exposures.

The E&S Market can quickly adapt forms and rates to meet unique or unusual needs for exposures such as Cyber Privacy and iCloud Liability.



FILLING A VOID
AND
KEEPING WASHINGTON MOVING FORWARD



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