

A Case Study on Premium Reconciliation in Surplus Lines

Part 1: Premium Reconciliation Programs in Florida Demonstrate Two Decades of Success

As the excess and surplus lines market continues to expand across the United States, new analysis suggests that many states may be missing significant amounts of premium tax revenue due to unreported or underreported surplus lines activity. This issue remains largely invisible in jurisdictions that lack structured compliance and auditing programs.

Florida, one of the few states that systematically verifies surplus lines reporting, has more than two decades of data that offer insight into this issue. This is made possible by the Florida Surplus Lines Service Office (FSLSO), which administers the state's surplus lines Premium Reconciliation program through the SLIP+ platform. As part of its statutory role, FSLSO collects and compares transaction data from surplus lines brokers and independently procured coverage filers to transaction data from insurers. By systematically matching these data sets, FSLSO is able to identify discrepancies, verify reporting accuracy, and ensure that all reportable premium and associated taxes are accounted for.

While Florida's systems are not found in every state, its long-term findings provide a critical benchmark for understanding how reporting gaps develop and how widespread they may be.

Since 2000, Florida's surplus lines market has processed more than **\$154.7 billion** in premium. Because the state actively reconciles data from surplus lines brokers, independently procured coverage filers, and insurers, regulators can see precisely where reporting diverges.

Over that period, Florida's Premium Reconciliation program has identified:

- More than **\$2.7 billion** in premium that was not reported
- Over **\$108 million** in associated premium taxes, fees, and assessments that were ultimately recovered
- A consistent long-term trend showing that approximately **1.5%** of surplus lines premium is not reported unless audits and data matching are performed, reflecting that the vast majority of reporting, roughly **98.5%**, is completed accurately and in accordance with statutory requirements

In 2024 alone, Florida's Premium Reconciliation program identified:

- More than **\$425 million** in unreported premium
- Nearly **\$17.3 million** in associated premium taxes, fees, and assessments

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These findings do not indicate misconduct but instead highlight the complexity of surplus lines reporting and the fact that, in a fast-growing market, discrepancies can accumulate quickly without active oversight.

Premium Reconciliation exists to safeguard the integrity of the surplus lines marketplace by verifying that surplus lines premium tax owed to the state is fully and accurately

remitted in accordance with applicable statutes. Beyond revenue protection, the program ensures the accuracy, completeness, and consistency of surplus lines data reported to the state.

Florida's experience answers a fundamental question: what becomes visible when surplus lines reporting is independently verified?

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This analysis is based on data from the Florida Surplus Lines Service Office (FSLSO) and the SLIP+ platform. FSLSO is Florida's statutory surplus lines service office, responsible for supporting compliance, reporting, and data integrity within the surplus lines marketplace. SLIP+ is a multi-state filing and reporting platform that facilitates surplus lines transactions, tax reporting, and premium reconciliation for participating jurisdictions.

For more information about this analysis or premium reconciliation programs, please contact:
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