

# A Case Study on Premium Reconciliation in Surplus Lines

## *Part 3: Audit and Reconciliation Programs Promote Market Fairness*

Premium Reconciliation serves an essential regulatory function by verifying that surplus lines premium taxes, fees, and assessments owed to the state are properly reported and paid, while ensuring that filings comply with statutory requirements.

But its impact extends beyond tax recovery.

Reconciliation programs help ensure compliant brokers are not disadvantaged by competitors whose filings are incomplete or inaccurate, creating a more level playing field across the market.

Because reconciliation systems proactively identify discrepancies, agencies are able to correct reporting gaps before penalties accumulate. In some jurisdictions, penalties can reach **\$25 per day** per policy. Over time, missed filings can result in substantial financial exposure. By identifying these issues early, reconciliation programs help agencies maintain compliance and avoid unnecessary financial risk.

Despite these benefits, questions often arise about how reconciliation impacts agencies and reporting processes in practice.

A common misconception is that reconciliation increases administrative burden for agencies. Operational data shows the opposite. More than **60%** of transactions submitted in SLIP+ reconcile automatically without human interaction. Of the **2.3 million** transactions submitted in 2025, just over **55,000** required manual reconciliation, representing roughly **2%** of all transactions, with only a fraction requiring engagement from brokers or insurers.

Another concern is that differences in policy numbering formats may lead to mismatches or additional review. This assumption reflects systems that rely on exact policy number matching. In practice, SLIP+ matches policies using multiple data elements, including effective date, policy number, premium amount, and insurer name. Differences in policy numbering do not prevent successful reconciliation.

Similarly, complex placements, including layered structures, quota share arrangements, and master policies, reconcile successfully when reported accurately. Brokers report the full policy and allocate premiums to each insurer, while insurers report their respective shares, allowing reconciliation to occur at the carrier level.

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The most common reconciliation findings include unreported premium, incorrect home state designation, and insurer reporting discrepancies. These findings reflect the operational complexity of surplus lines reporting, not intentional misconduct.

Compliance carries a cost, but the financial impact of non-compliance can be significantly greater. Taken together, these insights highlight the role Premium Reconciliation plays in strengthening data integrity, promoting fairness, and ensuring transparency across the marketplace.

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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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