

AM Best's Delegated Underwriting Authority Enterprises Briefing – New York

November 16, 2026

Download Today's Presentation



AM BEST

Welcome Remarks

Andrea Keenan – Executive Vice President & Chief Strategy Officer, AM Best

November 16, 2026

AM Best's Delegated Underwriting Authority Enterprises Briefing – New York

Agenda

- Welcome Remarks
- AM Best's 2027 DUAE Outlook
- Industry Panel Discussion: Differentiation Factors in a Crowded Field
- Closing Remarks
- Network Reception

AM BEST

2027 DUAE Outlook: Increasing Selectivity and Moderation

Jacqalene Lentz – Senior Director, Commercial & Specialty Analytics, AM Best

Michael Vallario – Financial Analyst, Commercial & Specialty Analytics, AM Best

November 16, 2026

AM Best's Delegated Underwriting Authority Enterprises Briefing – New York

Agenda

- The Changing Value Chain
- DUAE Developments
- Fronting Developments
- Segment outlook
- Q&A

Traditional Integrated P/C Insurance Model

Historically, insurers controlled most components of the value chain

PHASE 01

PRODUCT & MARKET

1. **Product development & pricing**
2. Distribution (agents, brokers, direct)

PHASE 02

RISK & POLICY

3. Underwriting & risk selection
4. Policy administration
5. Risk prevention & loss control

PHASE 03

CLAIMS & SERVICE

6. Claims management
7. Repair / replacement networks

PHASE 04

CAPITAL

8. Reinsurance
9. **Capital support**

P/C Insurance Value Chain has Become Increasingly Fragmented

TECHNOLOGY & NEW MODELS

1. Digital platforms and APIs
2. AI and advanced analytics
3. InsurTech innovation
4. Embedded insurance models



MARKET, POLICY & CAPITAL

5. Regulatory changes
6. Lower technology costs
7. Demand for specialized capabilities
8. Private equity and venture capital investment

Core Functions of an MGA

The MGA has become responsible for many of the activities traditionally performed by an insurance company, while the carrier (which has become increasingly a fronted carrier) provides the licensed paper.

01
Product Design

- Develop specialized products
- Often spot underserved market opportunities faster than legacy insurers

02
Distribution & Customer Acquisition

- Access to niche customers
- Strong producer relationships
- Brand recognition within a specialty market

03
Underwriting Authority

Most receive delegated authority from carriers to:

- Quote business
- Bind coverage
- Set pricing within approved guidelines
- Issue policies

04
Data & Analytics

Increasingly differentiate through:

- Proprietary data
- AI underwriting models
- Industry-specific datasets
- Risk scoring algorithms

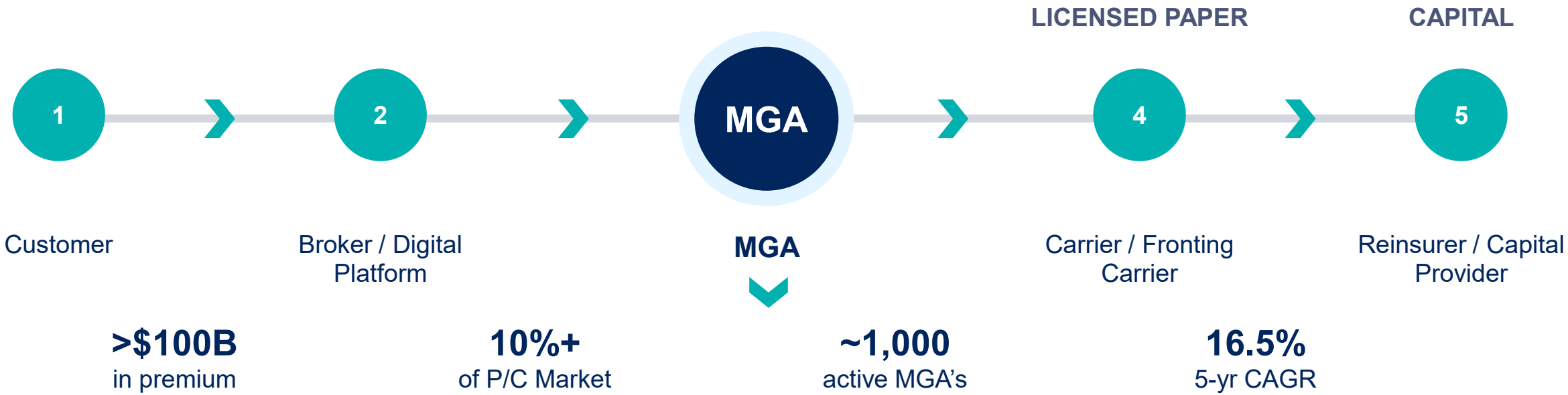
05
Portfolio Management

Manage underwriting results on behalf of capital providers.

MGAs monitor:

- Loss ratios
- Pricing adequacy
- Exposure accumulation
- Reinsurance performance

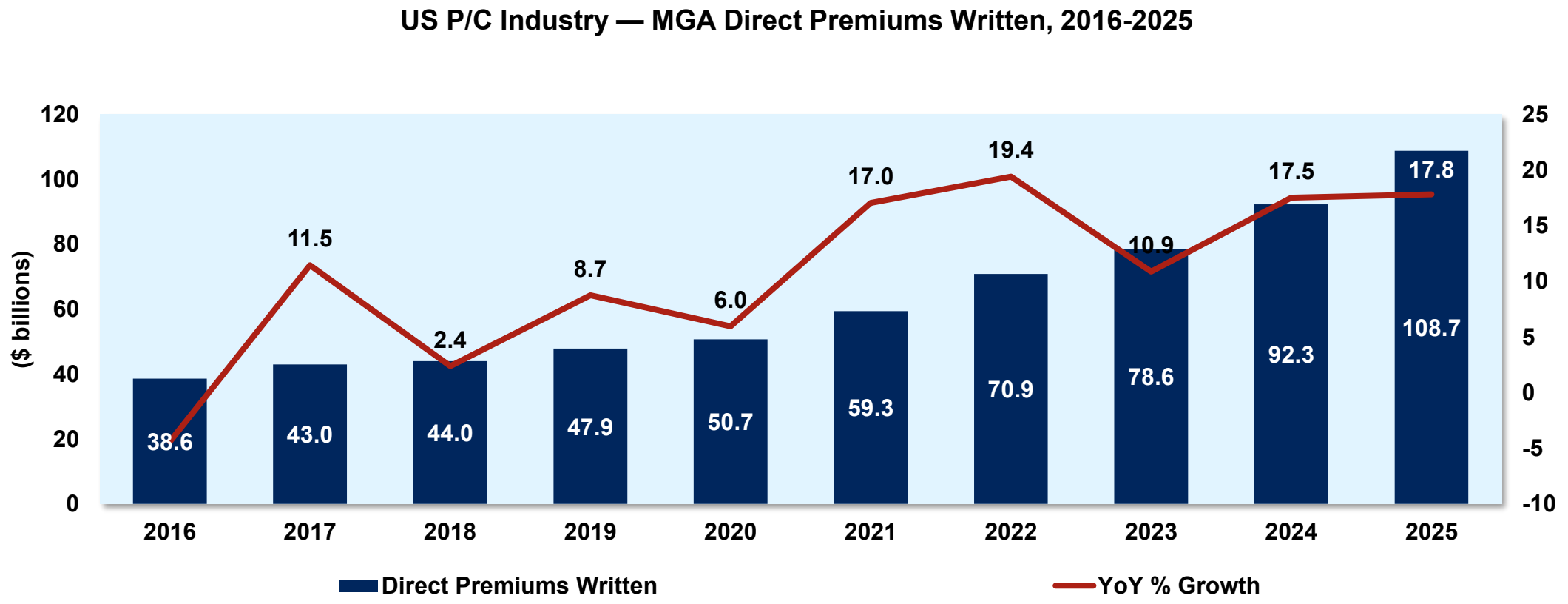
MGAs have Cemented their Place in P/C Insurance Value Chain



DUAE Market Developments

DUAE Growth

DWP generated by MGAs eclipsed $108B in 2025 per Note 19 in statutory statements, marking the 6th consecutive year of double-digit growth rates.



MGA Dealmaking is Shifting from Scale to Strategic Fit

Activity accelerated through 2025 and into 2026 as buyers pursued specialty distribution, stronger underwriting, and technology-enabled scale.

WHAT BUYERS VALUE

01 Scaled specialty platforms

Established MGAs add premium, talent, and niche distribution.

02 Institutional capital

Private equity and strategic capital remain active in specialty P&C and E&S.

03 Technology infrastructure

AI and API-enabled workflows have become operating requirements.

04 Underwriting discipline

Governance and stable loss ratios outweigh top-line growth.

Criticism Of MGA Market Becoming Louder

01 CHUBB

Chubb CEO warns that backing managing general agents (MGAs) is a **"bad bet in the majority of cases“.**

02 BERKLEY

W. Robert Berkley Jr., CEO of W.R. Berkley Corporation, has sharply criticized the Managing General Agent (MGA) and Managing General Underwriter (MGU) model, calling it a **"big thorn in the side of the marketplace"** and warning that it will **"end in tears"** for poorly controlled operations.

03 KINSALE

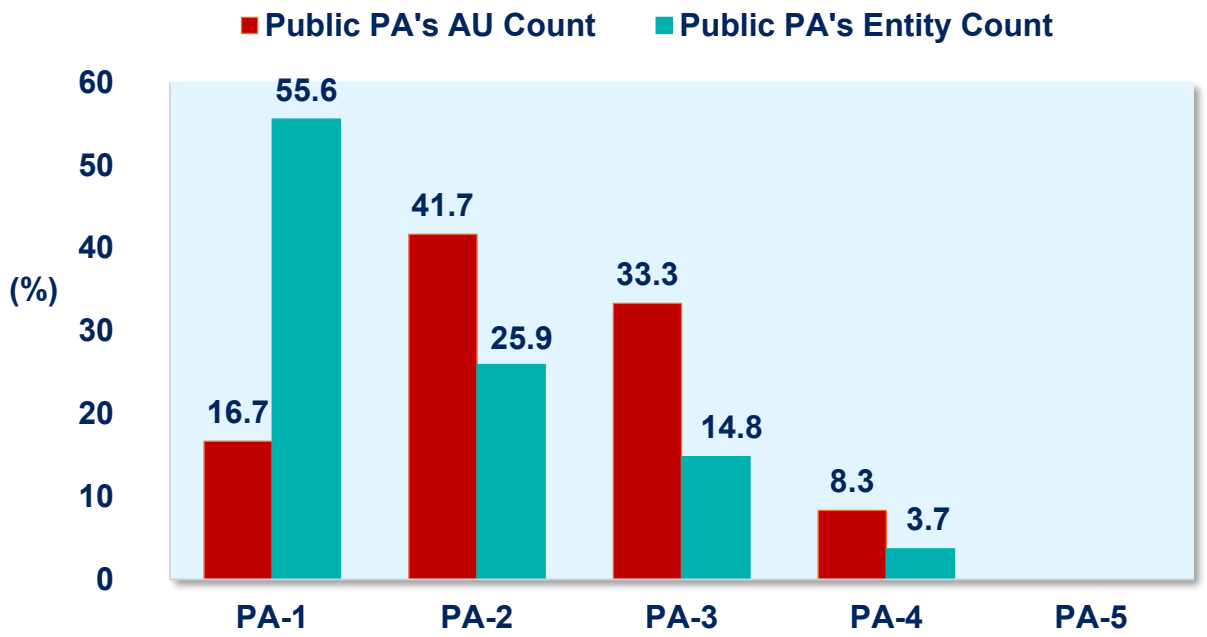
Kehoe highlights that delegating authority to third-party MGAs creates an **inherent conflict of interest**. Third parties often seek volume and commission, whereas Kinsale prioritizes maintaining strict control over its own pricing and risk selection.

Concerns:

Economics unsustainable
Inherent misalignment of interests
Artificially suppressing market rates
Private equity distortion
Cyclical unreliabilty

AM Best Public Performance Assessments

PUBLIC PERFORMANCE ASSESSMENTS



FACTOR STRENGTH

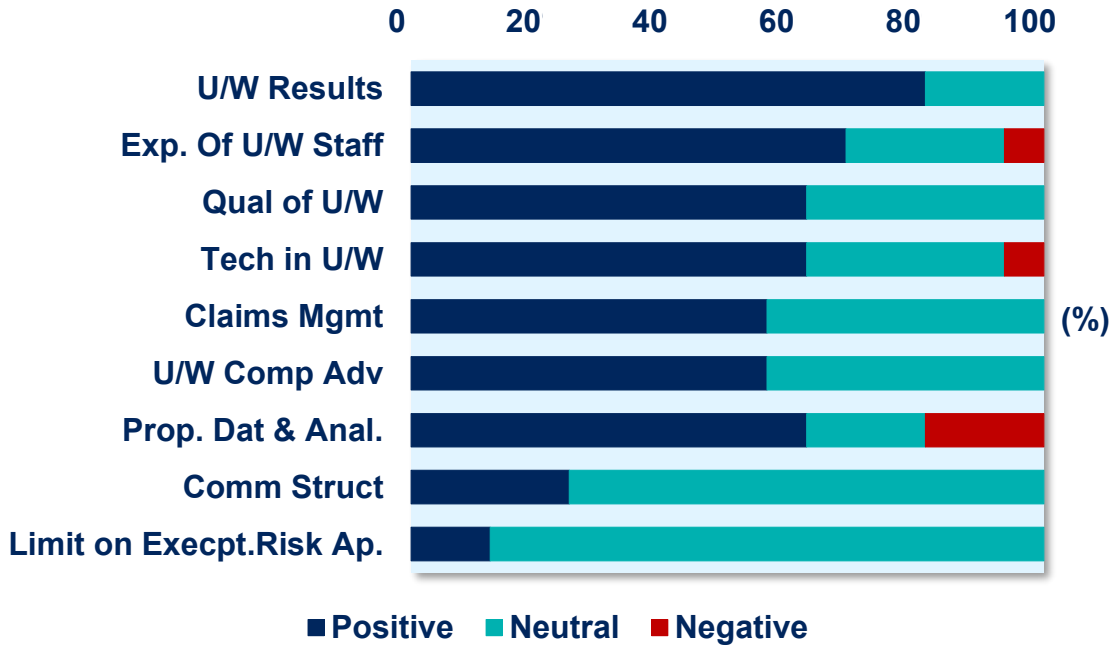
Factor	Avg score	Maximum	% of maximum
Underwriting Capabilities	7.25	10	72.5
Governance & Internal Controls	7.00	10	70.0
Financial Condition	6.13	10	61.3
Organizational Talent	3.56	5	71.3
Depth & Breadth of Relationships	3.31	5	66.3

Takeaways:

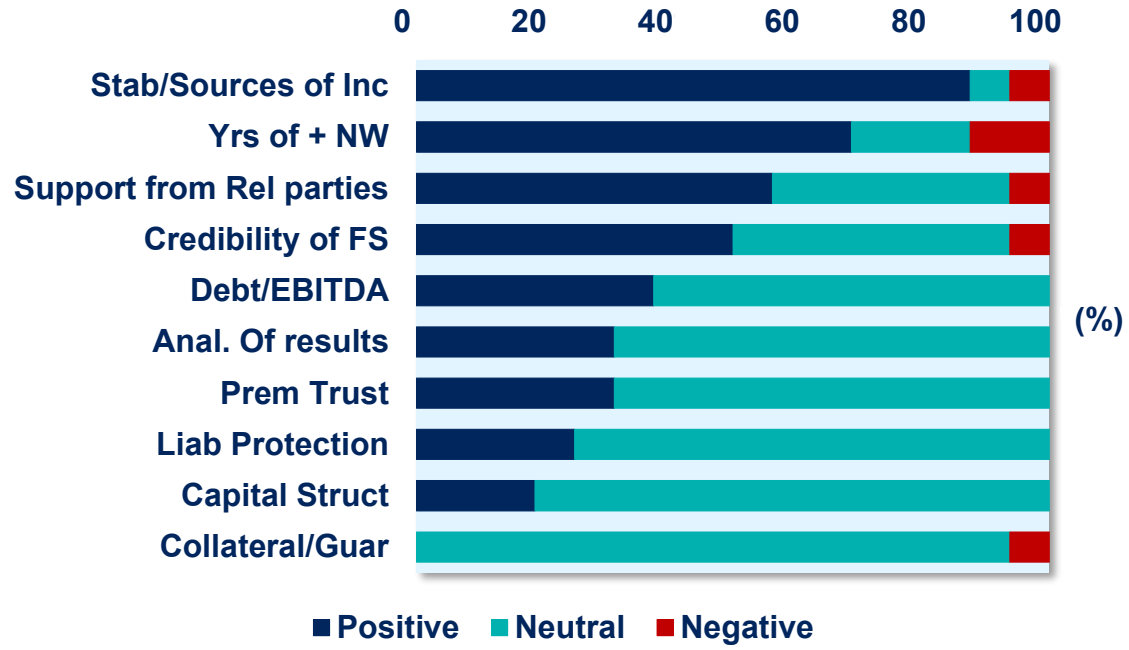
- **81.5% of entity assessments** are PA-1 or PA-2; AU counts cluster in PA-2 and PA-3 (75.0%).
- **Underwriting (72.5%)** is the strongest factor; **financial condition (61.3%)** is the clearest gap.

Analysis of Key Assessment Factors

UNDERWRITING CAPABILITIES



FINANCIAL CONDITION



Commentary:

- **Underwriting:** Results and experience lead at 81% and 69% positive; communication structure and exceptions-risk appetite are the clearest development areas at 25% and 13% positive.
- **Financial condition:** Stability and income sources lead at 88% positive, while capital structure and collateral/guarantees remain predominantly neutral, indicating limited demonstrated strength.

Capacity is Abundant — but Increasingly Selective

Capital is concentrating behind MGAs that combine underwriting performance, real-time transparency, and aligned operating models.

$108B–$128B

2025 MGA direct premiums written

DISCIPLINED MATURITY

Capital is not scarce; tolerance for weak controls and volatile results is.

WHAT EARNS CAPACITY

01 **Performance before volume**
Stable loss ratios, margins, and multi-year quality.

02 **Transparency is table stakes**
Live claims, exposure, and automated reporting.

03 **Alignment protects autonomy**
Retention, governance, and controls support authority.

WHERE CAPITAL IS FLOWING

Scaled platforms

Broker-owned distribution, API-first data, and embedded AI.

Property

Ample and competitive; favors niche expertise.

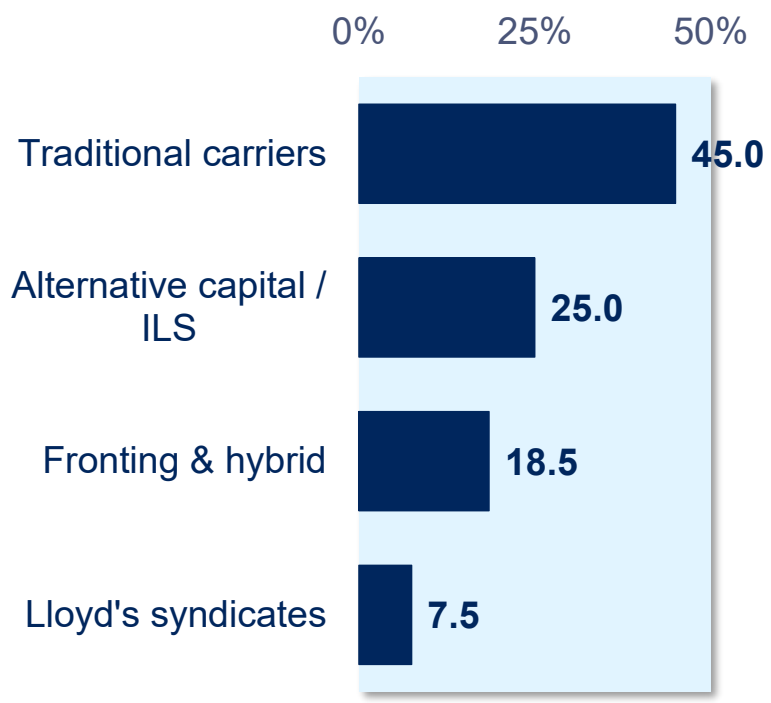
Casualty & excess

Firm and selective; rewards retention and aligned quota share.

Traditional Carriers Anchor Capacity; Alternatives Gain Ground

Estimated participation by capacity source; categories overlap and are directional rather than additive.

ESTIMATED SHARE



Bars use range midpoints; 25% reflects reported direct ILS support.

ROLE IN THE MARKET

Capacity source	Est. share (%)	Role and context
Traditional admitted & E&S	**~40–50**	Foundational balance-sheet capacity with the broadest, most established provider base.
Alternative capital / ILS	**~25 direct**	Institutional investors, sidecars, and cat bonds increasingly supplement traditional reinsurance.
Fronting & hybrid carriers	**~17–20**	Fastest-growing channel; supports >$19B in premiums.
Lloyd’s syndicates	**~7–8 U.S.**	Largest external binder source; roughly $7.5B–$8.5B in U.S. MGA premium.

Note: Definitions differ across sources, so estimates should not be summed.

Sources: AM Best; Lloyd’s market data; Conning; Artemis. Estimates compiled Sep. 2026.

ILS is Moving from Supplemental to Foundational Capacity

Alternative capital is widening the MGA funding base—but only for portfolios that meet investor-grade data and reporting standards.

ADOPTION IS BROADENING

25% of MGAs report direct ILS investor support.

up from 18% in prior cycles

51%+ recognize ILS funds as an active capacity source.

ILS is increasingly embedded in program-capacity planning—not treated as episodic funding.

WHAT IT CHANGES FOR MGAs

01 Diversifies the capacity stack

ILS investors and sidecars supplement insurers, reinsurers, and fronting partners.

02 Fills selective reinsurance gaps

Alternative capital can support risk tiers where traditional markets retrench or tighten.

03 Raises the operating standard

Transparent, consistent, algorithm-friendly portfolio data becomes a condition for access.

Winning MGAs convert clean portfolio data into durable access to institutional risk capital.

Sources: Artemis/Conning: Risk & Insurance

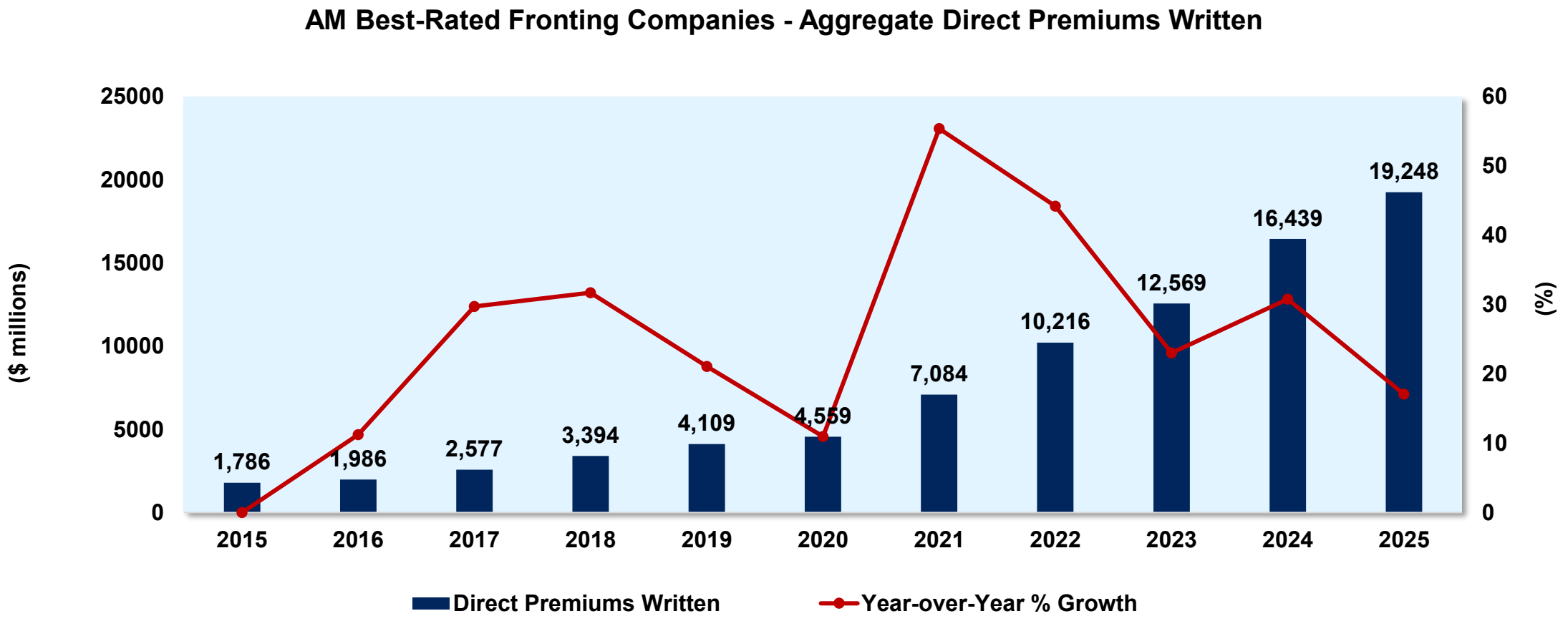
Fronting Market Developments

Fronting Market Developments

Fronting carriers act as the operational and legal backbone for the fragmented insurance value chain.

20% of all MGA premiums

~40% of unaffiliated MGA premiums



Fronting Market Developments

AM Best-Rated Fronting Companies
(Ranked by 2025 Direct Premiums Written) ($millions)

	Direct Premiums Written				
Group/Company	2021	2022	2023	2024	2025
State National Group	2,848	2,970	2,927	3,643	3,552
MS Transverse Insurance Group	222	483	904	2,011	2,819
Clear Blue Insurance Group	1,084	1,471	1,778	1,671	1,879
Accelerant US Holdings Group	99	478	710	1,295	1,697
Trisura US Insurance Group	799	1,310	1,485	1,491	1,537
Sutton National Group	71	230	583	1,180	1,435
Spinnaker Insurance Group	474	629	835	882	1,105
Obsidian Insurance Group	119	259	397	597	956
Accredited America Insurance Group	501	1,048	1,035	1,057	952
Benchmark Insurance Group	625	642	859	921	814
Incline Insurance Group	182	288	410	556	704
Hadron Specialty Insurance Company	0	0	0	181	438
Southlake Insurance Group	0	162	259	365	419
Concert Insurance Group	46	100	154	215	347
Everspan Group	13	146	234	334	329
Emerald Bay Insurance Group	0	0	0	40	263
Fronting Company Aggregate Totals	7,084	10,216	12,569	16,439	19,248
Year-over-Year Change		44.2%	23.0%	30.8%	17.1%

Ownership Changes

Ownership is consolidating around strategic insurers and institutional sponsors. Private Equity remains active and holds ownership stakes in majority of fronts and 30% of MGAs.

01

Transverse

MS&AD acquired 100% ownership

Closed Jan. 2023

02

Sutton

Independent trusts now control the insurers

Restructure approved Nov. 2024

03

Obsidian

Protective / Dai-ichi acquired in November 2026

04

Accelerant

Thoma Bravo to take Accelerant private

>$4B deal announced Aug. 2026

05

Concert

Freedom to buy WT and Century stakes

Agreement announced Dec. 2025; Terminated in August 2026

Premium Volume is Concentrated in Four Core Lines

Other Liability leads at ≈$6.3B; the four largest lines represent roughly 70% of displayed gross written premium.

VOLUME LEADER

≈$6.3B

Other Liability gross premiums written

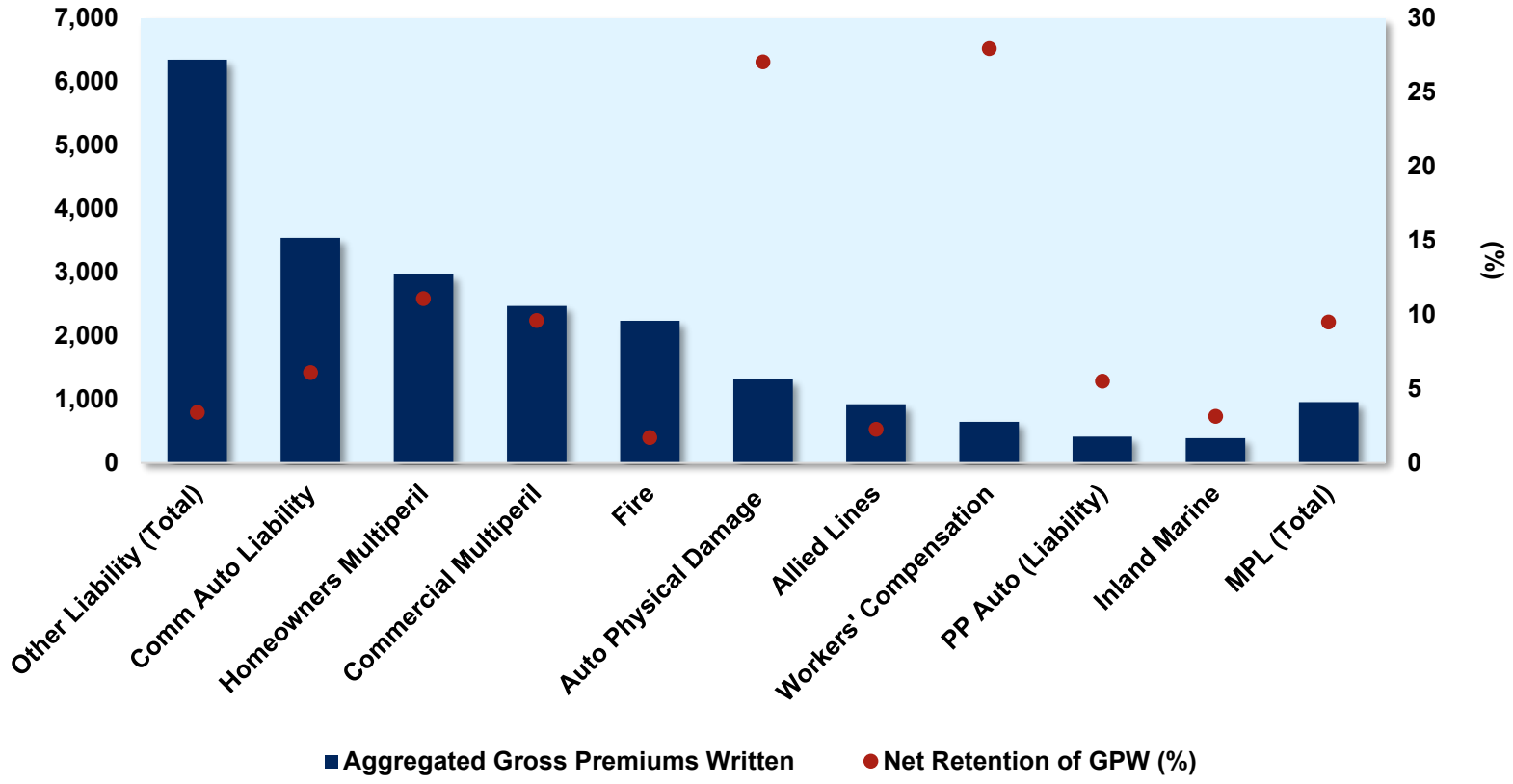
CORE FOUR

≈$15.1B

Other Liability + Commercial Auto + Homeowners MP + Commercial MP.

≈70% of displayed GPW

NET RETENTION BY LINE OF BUSINESS



Calendar Year Returns Strengthen, but Reserve Volatility Persists

2025 profitability reached new highs, while prior accident years still show uneven loss development.

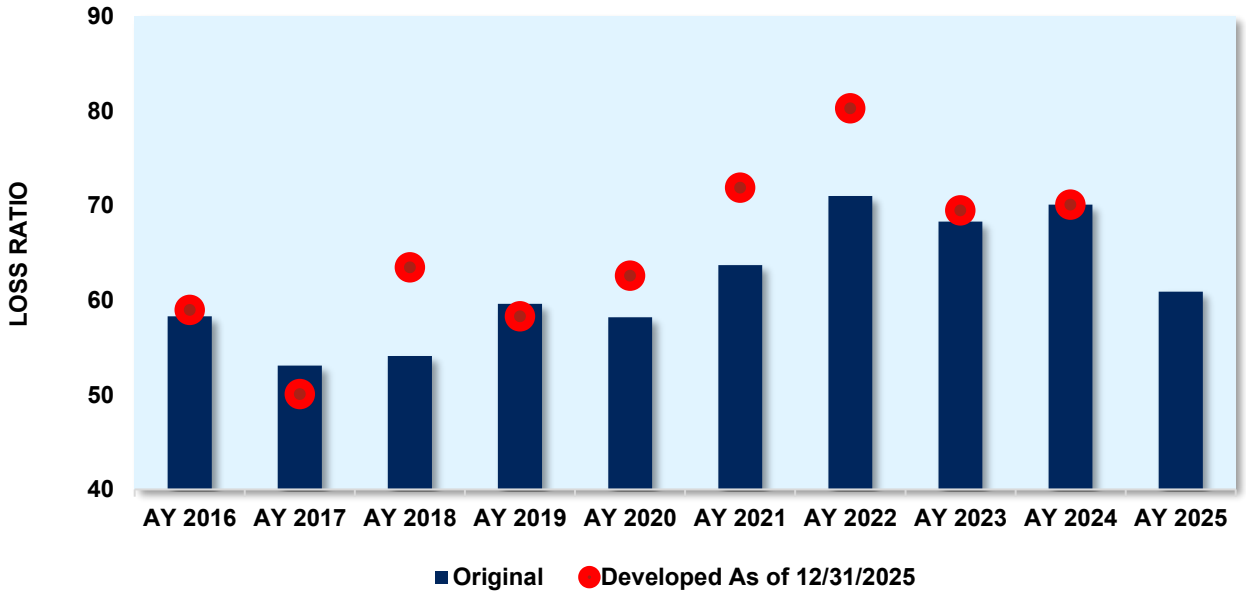
CY RETURN MEASURES (%)

Year	Pretax ROR	Total ROR	Pretax ROS	Total ROS
2021	9.2	8.0	2.5	2.2
2022	2.9	-1.9	1.1	-0.7
2023	17.6	12.7	8.9	6.5
2024	23.7	11.6	13.2	6.5
2025	26.5	20.4	13.4	10.3

2025 total return on revenue rose to 20.4%; total return on surplus reached 10.3%.

ROR = return on net premiums earned; ROS = return on policyholders' surplus.

AY LOSS RESERVE DEVELOPMENT



AY 2022 developed to ~80%, underscoring the need for continued reserve discipline.

Source: BestLink. Reserve development shown as of Dec. 31, 2025.

Risk Management Under the Microscope

Given the rapid growth and the increased utilization of unrated reinsurers, credit and operational risk has blossomed as illustrated by five high profile events.

01
Trisura
2022

- $60 million reinsurance recoverable write-off.
- Post-Ian spike in commercial property losses and higher reinsurance costs

02
James Allen
2023

- Allegedly misrepresented Lloyd's capacity

03
Vesttoo
2023

- Use of $4B of fraudulent letters of credit

04
State National
2026

- $205 million provision for reinsurance recoverables
- Revised loss estimates exceeded collateral held at a now-bankrupt reinsurer

05
Drystone Capital
2026

- Filed for bankruptcy in October 2026
- As of YE25, net reinsurance recoverables of $223 million with collateral listed of $221 million with Drystone Re

AM Best Process for Rating Fronts

The rating process for fronts and hybrid fronts follows BCRM. Given that credit risk is the overwhelming number one risk, below are specific areas that garner additional scrutiny.

ADDITIONAL ANALYTICAL FOCUS

BALANCE SHEET STRENGTH

- Reinsurance quality & fit
- Reinsurance dependency
- Caps and corridors
- AY loss-reserve development

OPERATING PERFORMANCE

- Growth trends
- History of profitable results

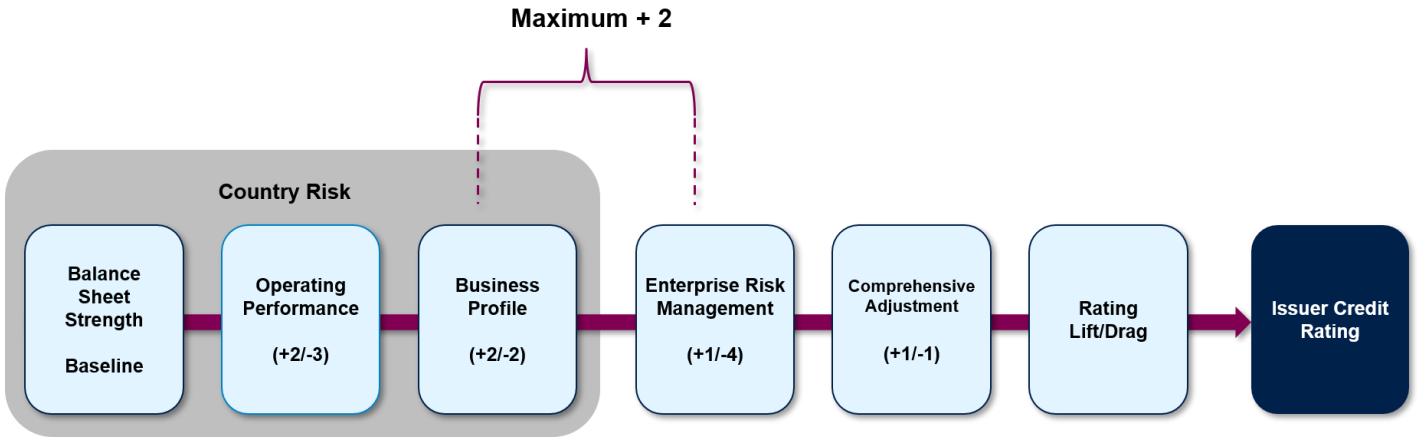
BUSINESS PROFILE

Concentrations of:

- MGA / program / LOB
- Geography
- Reinsurer

ERM

- Reinsurance dispute history
- Collateral quality
- Collateral setting & verification
- MGA selection
- MGA performance monitoring



Ratings of Fronting Organizations

AMB#	Rating Unit	ICR	Outlook	FSR	Outlook	B/S	O/P	B/P	ERM
45356	Accelerant Holdings	a-*	Developing*	A-*	Developing*	Very Strong	Adequate	Limited	Appropriate
13924	Accredited Insurance Holdings, Inc. Ins.	a-	Stable	A-	Stable	Very Strong	Adequate	Limited	Appropriate
18922	Benchmark Insurance Group	a	Stable	A	Stable	Very Strong	Adequate	Neutral	Appropriate
18868	Clear Blue Insurance Group	a-	Stable	A-	Stable	Very Strong	Adequate	Limited	Appropriate
18973	Concert Insurance Group	a-	Stable	A-	Stable	Very Strong	Adequate	Limited	Appropriate
26003	Emerald Bay Insurance Group	a-	Stable	A-	Stable	Very Strong	Adequate	Limited	Appropriate
18958	Everspan Group	a-	Stable	A-	Stable	Very Strong	Adequate	Limited	Appropriate
45662	Hadron Holdings I, LLC Ins.	a-	Stable	A-	Stable	Very Strong	Adequate	Limited	Appropriate
20781	Incline Insurance Group	a-	Stable	A-	Stable	Very Strong	Adequate	Limited	Appropriate
26032	Ledgebrook Insurance Group	a-	Stable	A-	Stable	Very Strong	Adequate	Limited	Appropriate
52662	MS&AD Insurance Group Holdings, Inc.	aa	Stable	A+	Stable	Strongest	Strong	Favorable	Appropriate
18956	Obsidian Insurance Group	a-*	Positive*	A-*	Positive*	Very Strong	Adequate	Limited	Appropriate
18967	Southlake Insurance Group	a-	Stable	A-	Stable	Very Strong	Adequate	Limited	Appropriate
18968	Spinnaker Insurance Group	a-	Stable	A-	Stable	Very Strong	Adequate	Limited	Appropriate
18604	State National Group	a+	Stable	A	Stable	Strongest	Strong	Neutral	Appropriate
18947	Sutton National Group Insurance	a-	Stable	A-	Stable	Very Strong	Adequate	Limited	Appropriate
46599	Trisura Group, Ltd.	a-	Stable	A-	Stable	Very Strong	Adequate	Neutral	Appropriate

Looking Ahead

Market Segment Outlooks

Outlooks consider:

- Current and forecast economic conditions
- Regulatory and legislative environment and potential changes
- Line of business developments: rates, terms & conditions, loss development
- Competitive issues

Outlooks can be Positive, Negative or Stable

Updated annually, but may be revisited at any time during the year

Market segment outlooks are not directly correlated to rating outlooks

DUAE Market Segment Outlook

AM Best is maintaining its Stable outlook for the global delegated underwriting authority enterprises (DUAE) segment, based on the following factors:

- Sustained albeit moderating growth reflecting disciplined premium expansion
- Capacity remains strong but becomes more selective
- Added scrutiny and expectations from market participants to be strategic partners
- Niche expertise, talent, and technology continue to support versatility
- Demand focuses on emerging risks, tech-based platforms

Tailwinds Support a Stable DUAE Outlook



01 **NICHE VERSATILITY**

Expertise, talent and technology continue to support adaptable underwriting.

02 **TALENT + TECHNOLOGY**

Specialist talent and enabling technology remain key differentiators.

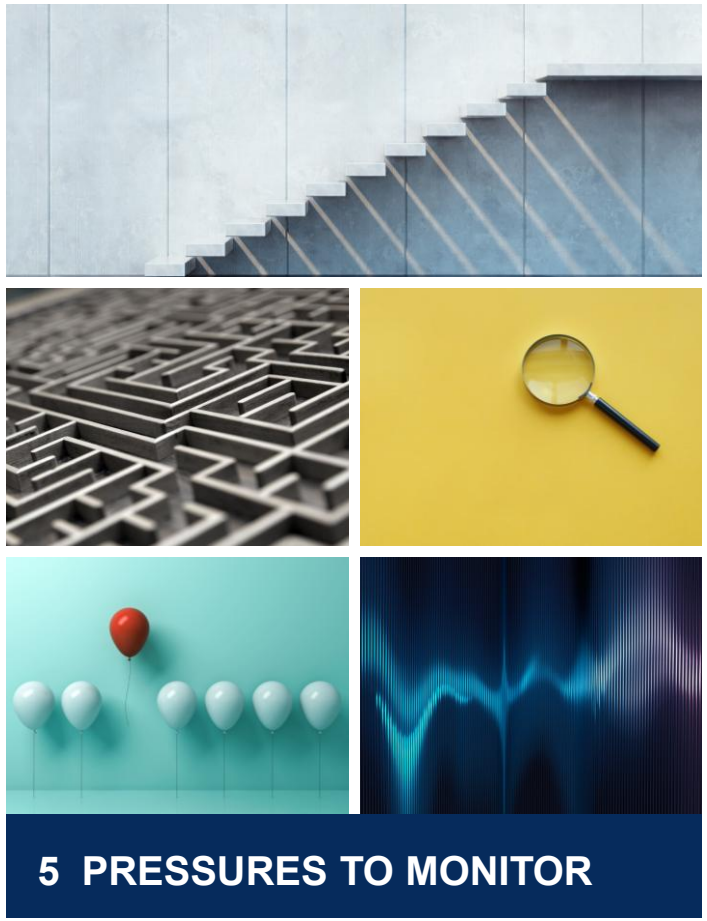
03 **STAKEHOLDER CONFIDENCE**

Optimism remains among insurers, reinsurers and investors.

04 **E&S MOMENTUM**

Growth continues, with capacity available for well-run DUAEs.

Headwinds Temper an Otherwise Stable DUAE Outlook



01 **GROWTH NORMALIZES**
Growth continues, but the pace is moderating.

02 **CAPACITY GETS SELECTIVE**
Capacity remains strong, while fronting-market dynamics add pressure.

03 **SCRUTINY RISES**
Market participants are raising expectations and oversight.

04 **COMPETITION INTENSIFIES**
More competition increases the need to differentiate and execute.

05 **INFLATIONARY/CASUALTY PRESSURES PERSIST**
Ongoing inflation and casualty dynamics remain a material constraint.

Q&A

AM BEST

Industry Panel Discussion: Differentiation Factors in a Crowded Field

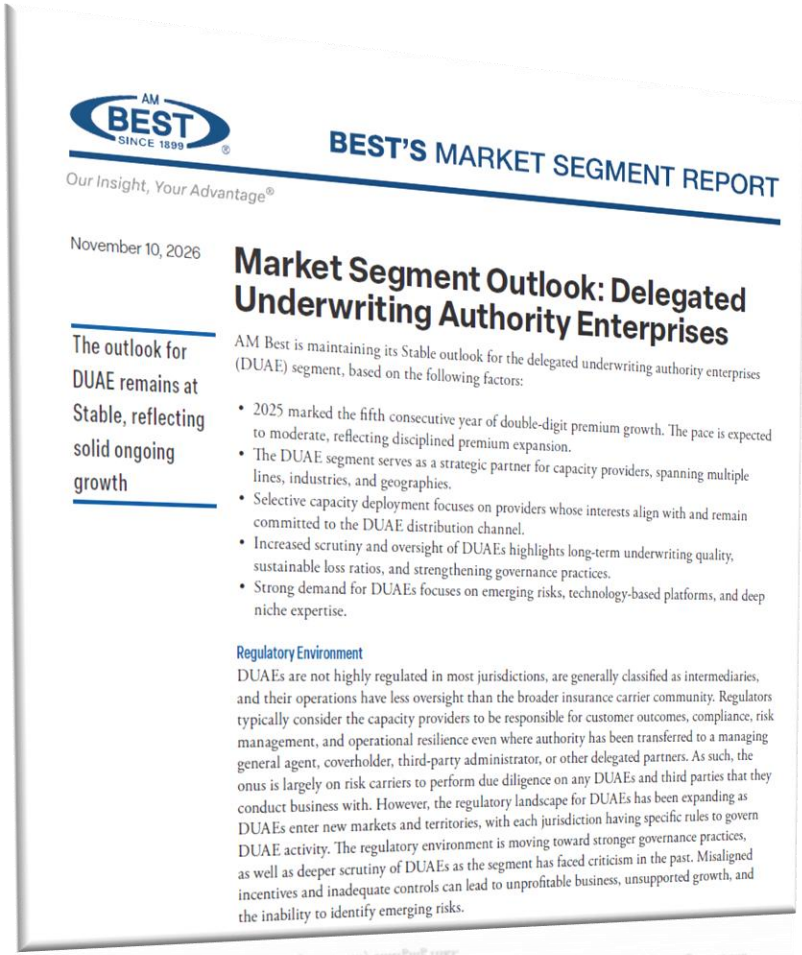
Desmond Bohan – Managing Director, Marsh Re Access Head of Strategy & Capacity
Jesse Willmott – President, Reinsurance & Portfolio Management, Hippo
John Willemsen – CEO/Founder, Willemsen Advisors
Greg Williams – Managing Director, AM Best

November 16, 2026

AM Best's Delegated Underwriting Authority Enterprises Briefing – New York

AM BEST SINCE 1899 ®

AM Best's Latest Report



AM BEST SINCE 1899

BEST'S MARKET SEGMENT REPORT

Our Insight, Your Advantage®

November 10, 2026

Market Segment Outlook: Delegated Underwriting Authority Enterprises

The outlook for DUAE remains at Stable, reflecting solid ongoing growth

AM Best is maintaining its Stable outlook for the delegated underwriting authority enterprises (DUAE) segment, based on the following factors:

- 2025 marked the fifth consecutive year of double-digit premium growth. The pace is expected to moderate, reflecting disciplined premium expansion.
- The DUAE segment serves as a strategic partner for capacity providers, spanning multiple lines, industries, and geographies.
- Selective capacity deployment focuses on providers whose interests align with and remain committed to the DUAE distribution channel.
- Increased scrutiny and oversight of DUAEs highlights long-term underwriting quality, sustainable loss ratios, and strengthening governance practices.
- Strong demand for DUAEs focuses on emerging risks, technology-based platforms, and deep niche expertise.

Regulatory Environment

DUAEs are not highly regulated in most jurisdictions, are generally classified as intermediaries, and their operations have less oversight than the broader insurance carrier community. Regulators typically consider the capacity providers to be responsible for customer outcomes, compliance, risk management, and operational resilience even where authority has been transferred to a managing general agent, coverholder, third-party administrator, or other delegated partners. As such, the onus is largely on risk carriers to perform due diligence on any DUAEs and third parties that they conduct business with. However, the regulatory landscape for DUAEs has been expanding as DUAEs enter new markets and territories, with each jurisdiction having specific rules to govern DUAE activity. The regulatory environment is moving toward stronger governance practices, as well as deeper scrutiny of DUAEs as the segment has faced criticism in the past. Misaligned incentives and inadequate controls can lead to unprofitable business, unsupported growth, and the inability to identify emerging risks.

Printed Copies of AM Best's Latest Report are Available Today for Distribution

OR

Download the Report via the QR Code Below

Don’t Miss AM Best’s Upcoming Briefing



Thursday, December 3, 2026 | 11:00 AM ET

Register via the QR Code Below

AM Best's Networking Reception – New York



AM Best will host its annual New York Reception on Thursday, December 3, 2026, where colleagues will discuss our 2027 outlooks and current industry trends

Register via the QR Code Below

Midtown Terrace, 267 5th Ave, New York, NY, | 5:00 - 7:00 PM ET

Disclaimer

Copyright © 2026 by A.M. Best Company, Inc. and/or its affiliates (collectively, "AM Best"). All rights reserved. No part of this report or document may be distributed in any written, electronic, or other form or media, or stored in a database or retrieval system, without the prior written permission of AM BEST. For additional details, refer to our *Terms of Use* available at AM BEST's website: www.ambest.com/terms. All information contained herein was obtained by AM BEST from sources believed by it to be accurate and reliable. Notwithstanding the foregoing, AM BEST does not make any representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained herein, and all such information is provided on an "as is" and "as available" basis, without any warranties of any kind, either express or implied. Under no circumstances shall AM BEST have any liability to any person or entity for (a) any loss or damage of any kind, in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of AM BEST or any of its directors, officers, employees, or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory, punitive or incidental damages whatsoever (including without limitation, personal injury, pain and suffering, emotional distress, loss of revenue, loss of present or prospective profits, loss of business or anticipated savings, or loss of goodwill) resulting from the use of, or inability to use, any such information, in each case, regardless of (i) whether AM BEST was advised in advance of the possibility of such damages, (ii) whether such damages were foreseeable, and (iii) the legal or equitable theory (contract, tort or otherwise) upon which the claim is based. The credit ratings, performance assessments, financial reporting analysis, projections, and any other observation, position or conclusion constituting part of the information contained herein are, and shall be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor do they individually or collectively address the suitability of any particular financial obligation for a specific purpose or purchaser. Credit risk is the risk that an entity may not meet its contractual, financial obligations as they come due. Service performance risk is the risk that an entity may not meet its contractual service performance obligations on behalf of its insurance partners. Consequently, neither credit ratings nor performance assessments address any other risk, including but not limited to, liquidity risk, market value risk or price volatility of rated securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR ASSESSMENT OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY AM BEST IN ANY FORM OR MANNER WHATSOEVER. Each credit rating, performance assessment or other opinion must be weighed solely as one factor in any investment or purchasing decision made by or on behalf of any user of the information contained herein. Each such user will, with due care, make its own study and evaluation of each security or other financial obligation, and of each issuer and guarantor of, and each provider of credit support, and an independent view of service provider performance for, each security or other financial obligation that it may consider purchasing, holding, or selling or for each service contract that it may consider entering into. For additional detail on credit ratings or performance assessments, and their respective scales, usage, and limitations, refer to the Guide to Best's Credit Ratings (http://www.ambest.com/ratings/index.html) or the Guide to Best's Performance Assessments (https://www.ambest.com/ratings/assessmentMethodology.html).

Disclaimer

US Securities Laws explicitly prohibit the issuance or maintenance of a credit rating where a person involved in the sales or marketing of a product or service of the CRA also participates in determining or monitoring the credit rating, or developing or approving procedures or methodologies used for determining the credit rating.

No part of this presentation amounts to sales / marketing activity and AM Best's Rating Division employees are prohibited from participating in commercial discussions.

Any queries of a commercial nature should be directed to AM Best's Market Development function.