



Welcome Remarks and Signals from the Market

Stefan Holzberger – Executive Vice President & Chief Operating Officer, AM Best

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

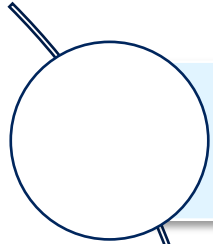
Greg Williams – Managing Director, AM Best

October 2, 2026

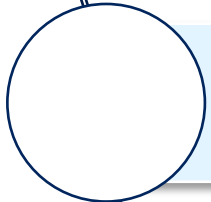
AM Best's Insurance Market Briefing – CIAB



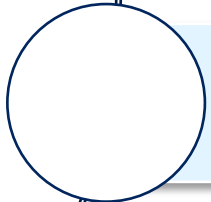
Agenda



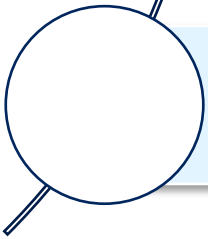
Welcome Remarks and Signals from the Market



MGAs & Fronting in an Increasingly Fragmented P/C Insurance Value Chain



Global Reinsurance Perspectives: Strategies for a Softening Market



Q&A

Emerging Risks

Key Global Risks Identified by AM Best

**Geopolitical
Uncertainty**

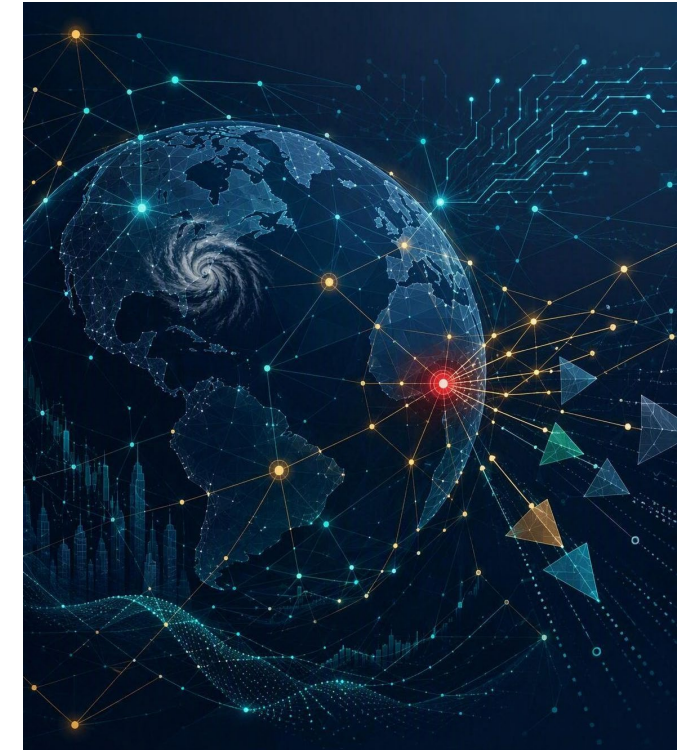
**Macroeconomic
Uncertainty**

**Climate
Risk**

**Broker
Facilities**

**Artificial
Intelligence**

**Emerging
Liability**



Focus Area: AI

Executive Summary



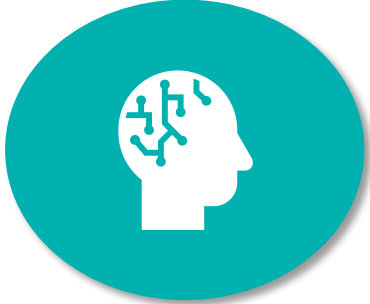
AM Best conducted a market-wide survey of rated carriers and managing general agents (MGAs) to gauge the impact of artificial intelligence (AI) on the insurance industry.

AI has developed from a futuristic concept to a commonplace tool, as highlighted by the 152 participants in this survey.



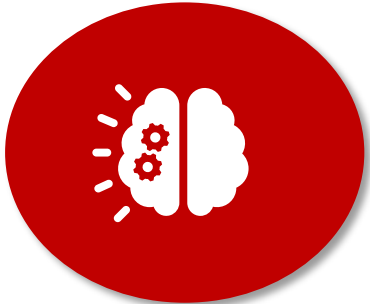
Results show that companies are increasing their investment in AI to boost productivity, streamline processes, and gain competitive advantage amongst their peers.

Terms & Definitions



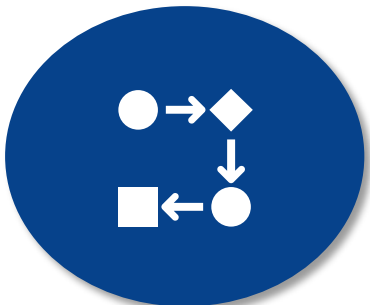
Artificial Intelligence

AI refers to machine learning based systems that learn patterns from data to perform tasks such as prediction, classification, recommendation, and decision support. This includes supervised, unsupervised, and reinforcement learning, as well as common application areas like natural language processing, computer vision, anomaly detection, and predictive analytics.



Generative AI

A subset of AI that uses deep-learning techniques (including large language models and diffusion models) to produce content such as text, code, images, summaries.

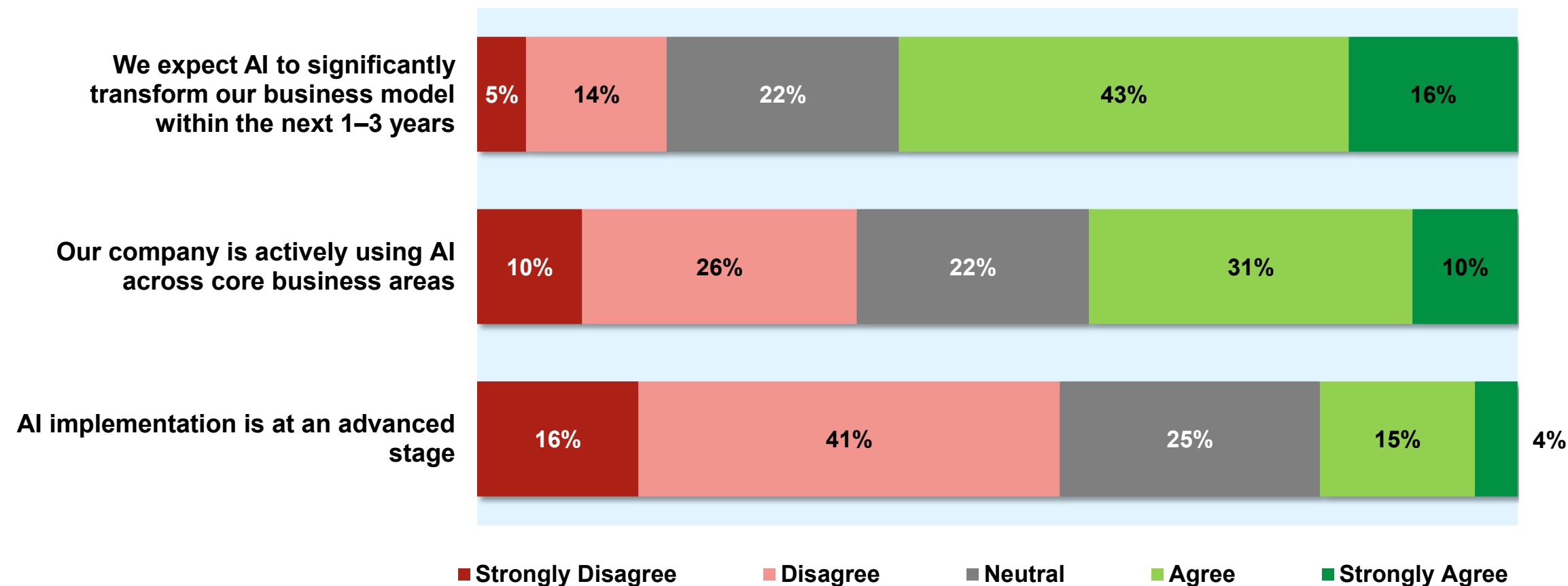


Agentic AI

An emerging application of generative AI where systems plan multi step tasks, use tools/APIs, and take bounded actions toward stated goals with limited oversight. Agentic systems go beyond response generation to orchestrate various workflows in autonomous or semi-autonomous fashion.

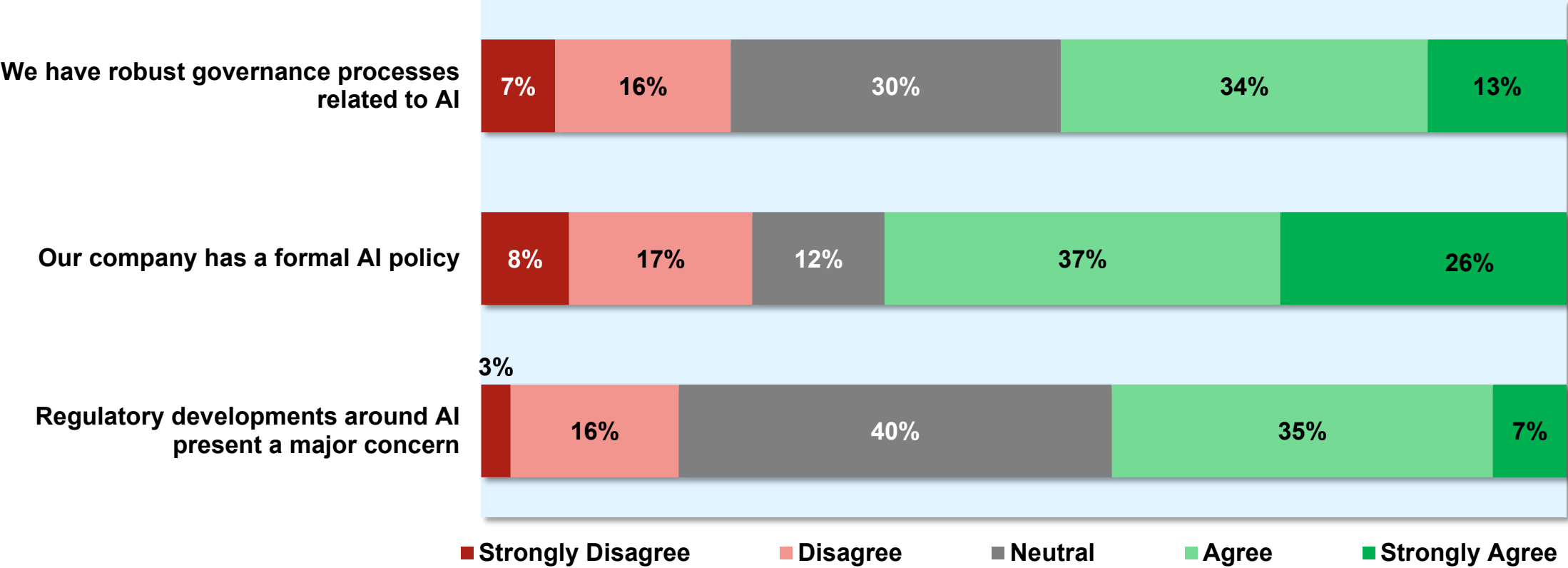
Strategy & Implementation

Stage of Implementation – Rate Each Statement:



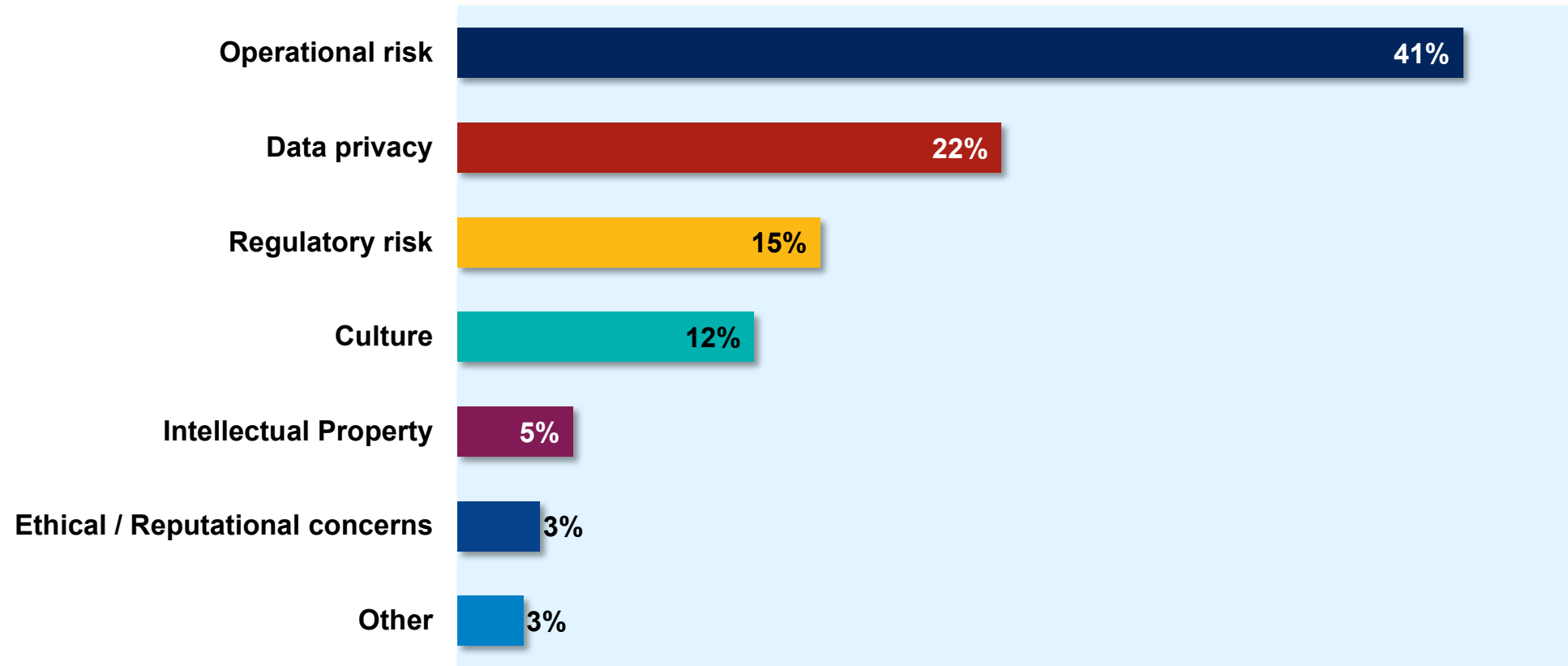
Governance & Risk

Rank each statement with respect to your organization’s current level of governance with respect to AI implementation:



Governance & Risk

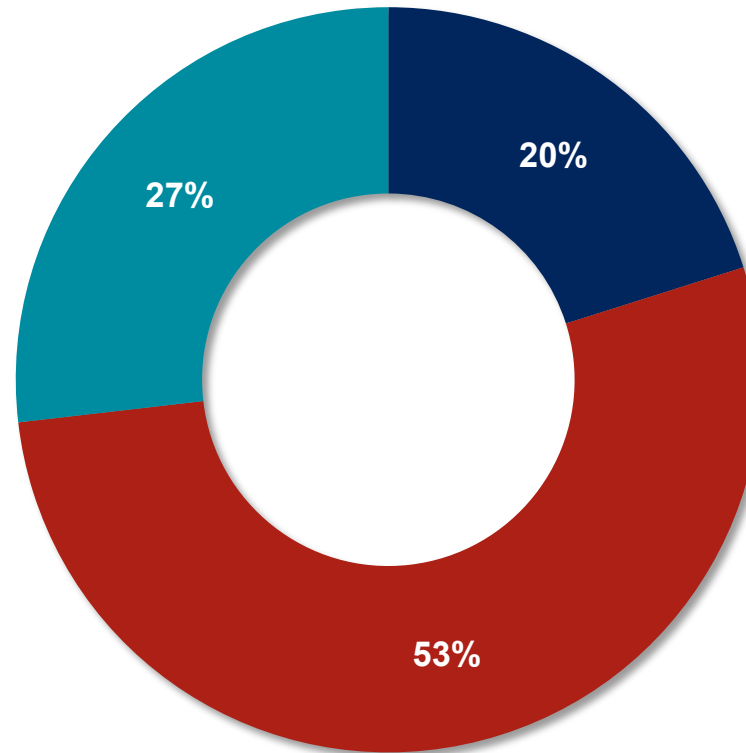
What is the biggest risk in implementing AI? (Select one)



Implementation Goals

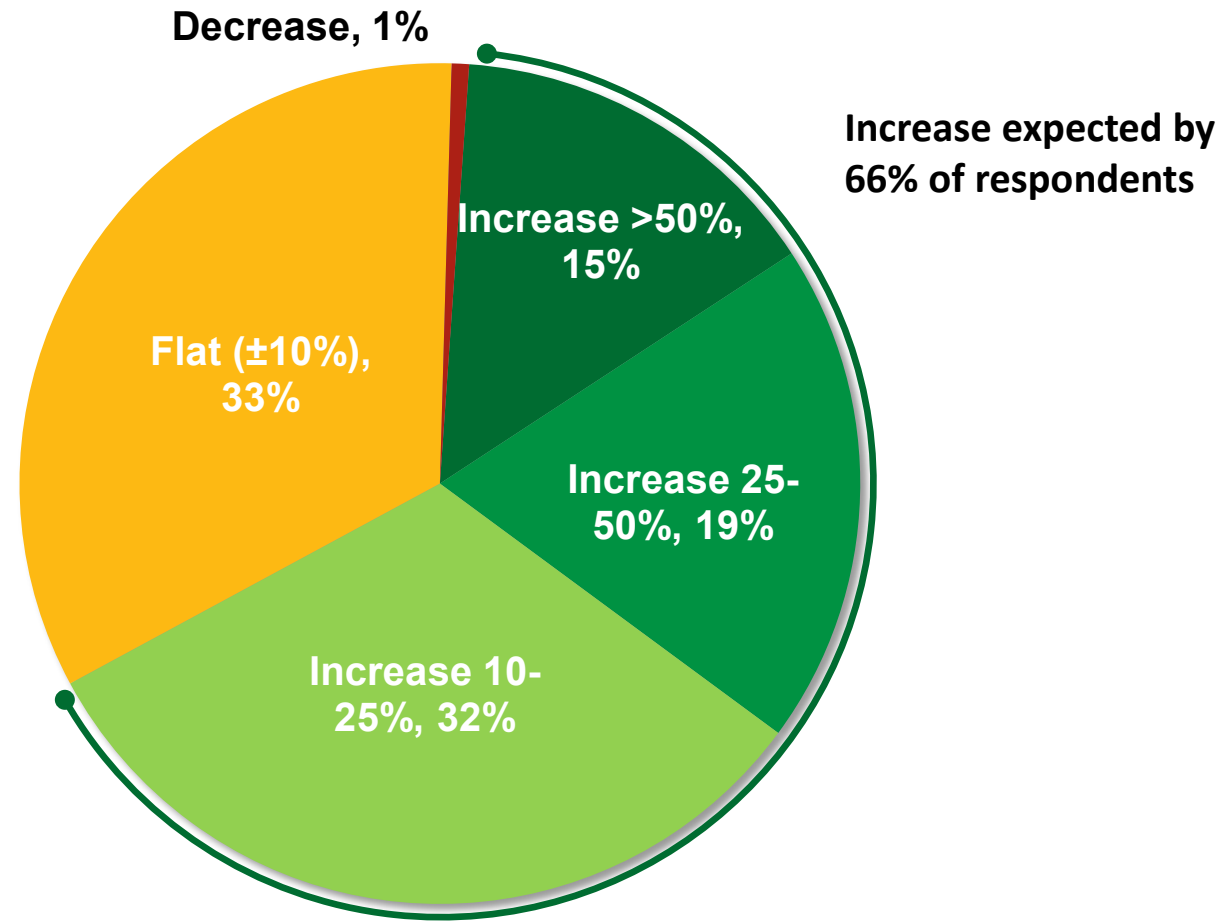
Select one description that best describes your organization's approach toward implementing AI solutions:

- To be first movers and industry innovators in the AI space
- To cautiously keep pace with industry
- To be successful followers learning from other companies and absolutely sure about AI risks



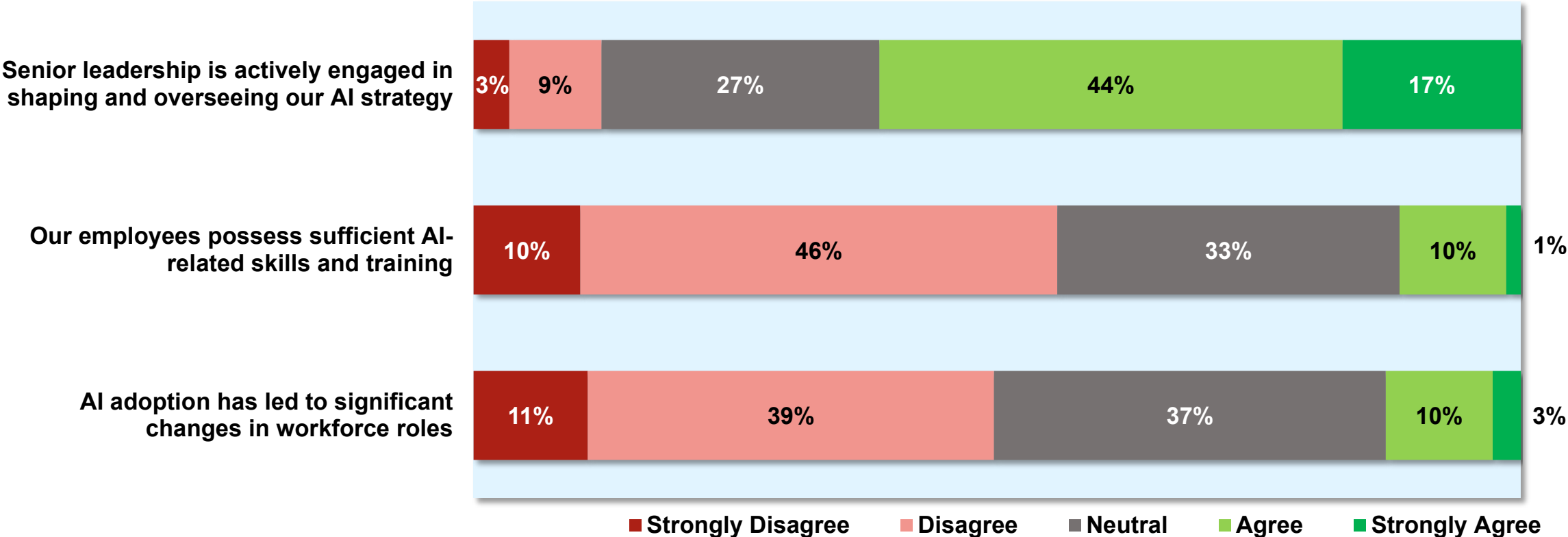
Implementation Goals

How much do you expect to increase your AI investment by in the next 12 to 24 months? (Select one)



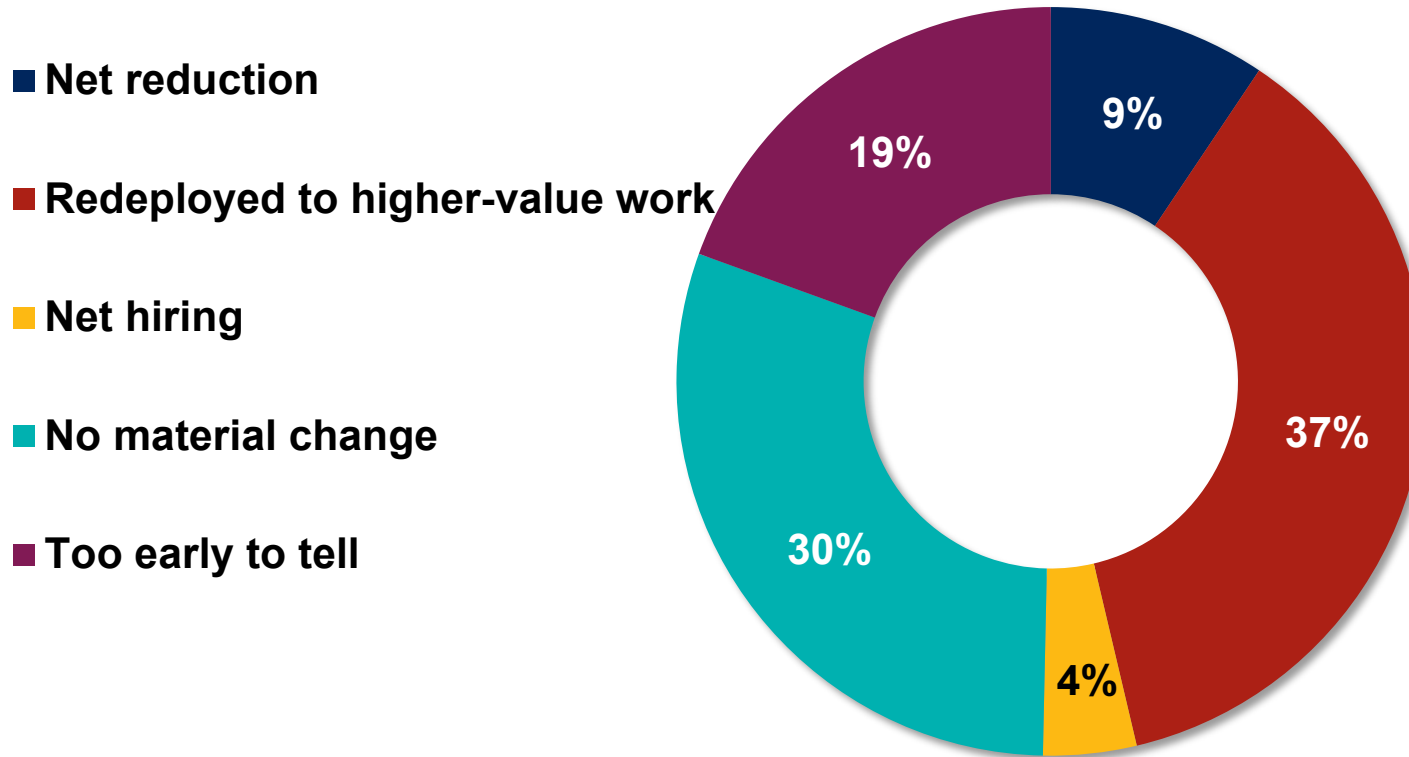
People & Skills

People & Organizational Impact – rate each statement:



People & Skills

What is the anticipated net effect on overall staffing in the next 12 to 24 months? (Select one)

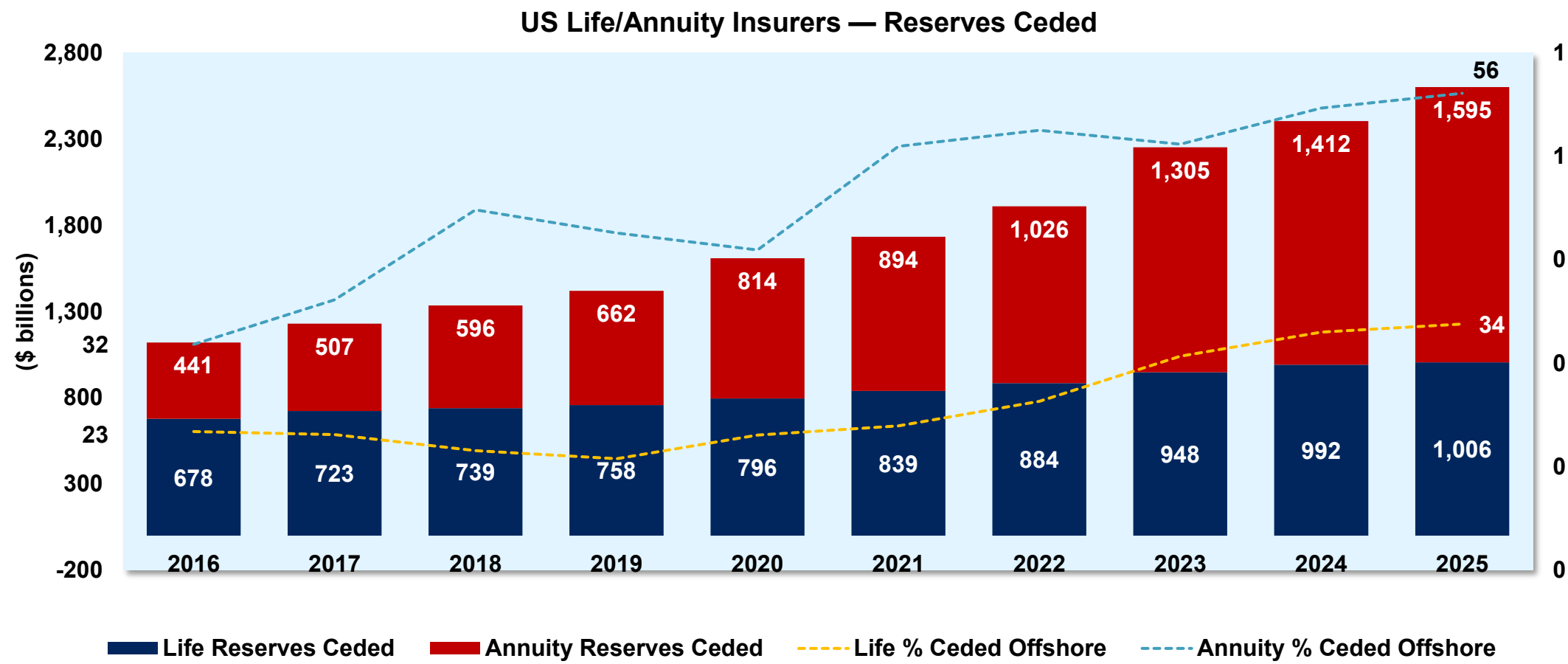


"The trusted advisor is more important today because of AI than it was before AI because everybody is confused."

-Pat Gallagher

Focus Area: Private Credit

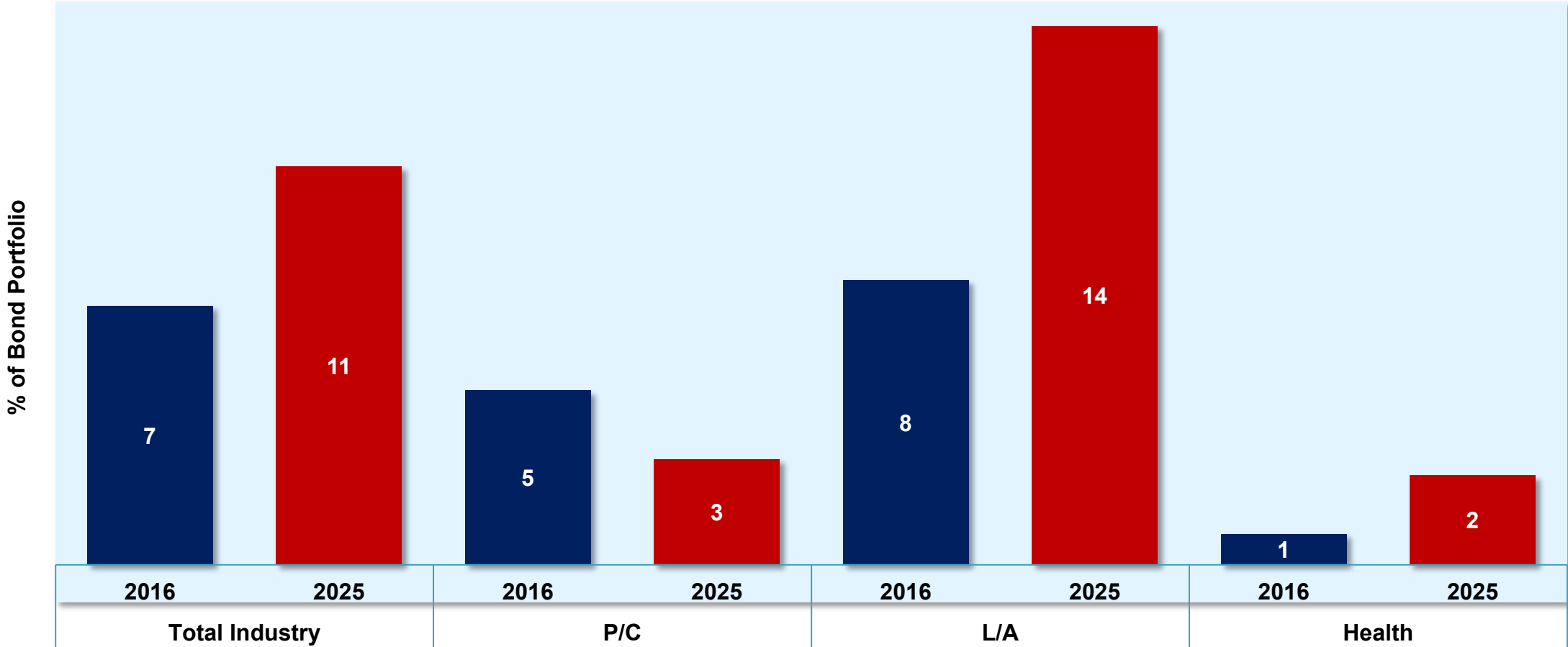
Annuity Reserves Driving Reinsurance Growth, Ceding Offshore



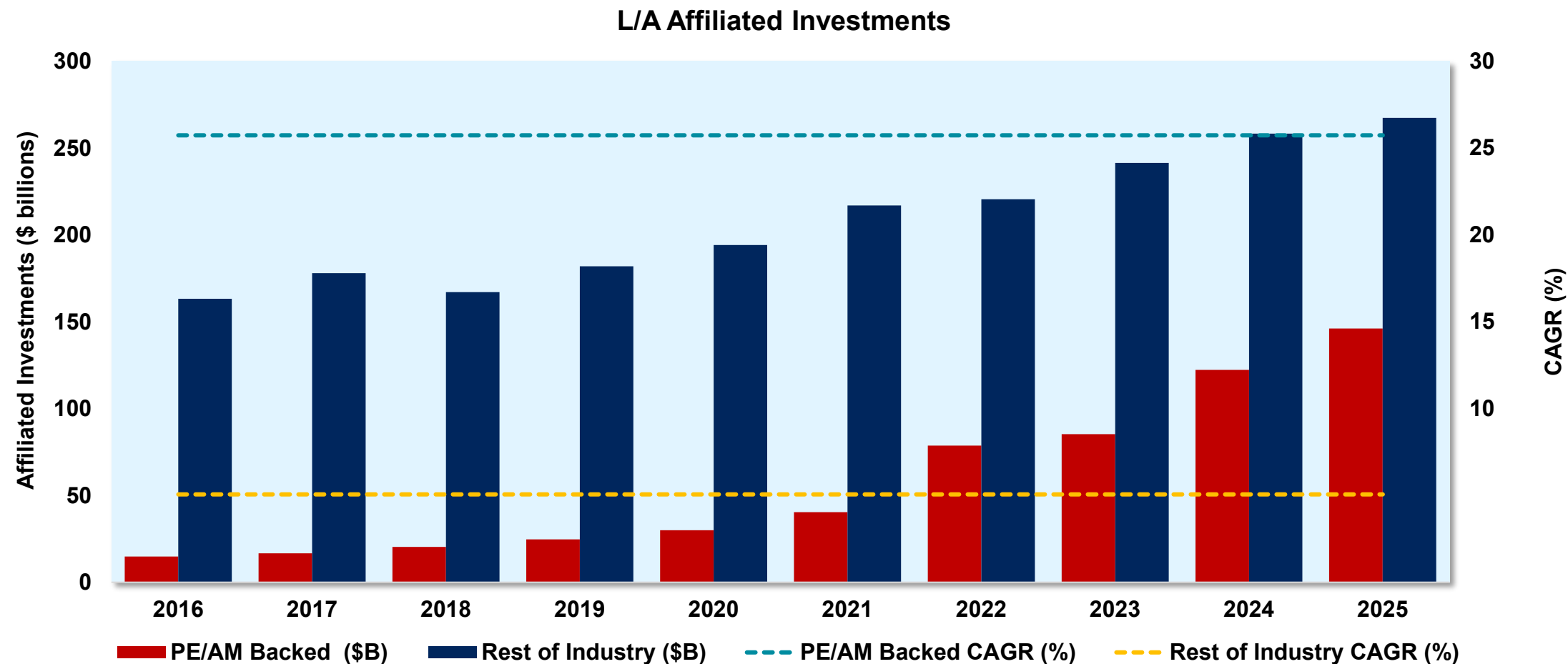
Source: AM Best data and research. Includes general and separate account cessions.



Private Credit Drives Increase in Level 3 Assets



PE/AM-backed Insurers Drive Increase in Affiliated Investments



Regulator Attention

NAIC (National Association of Insurance Commissioners)

IAIS (International Association of Insurance Supervisors)

US Department of the Treasury (FIO, FSOC)

FSOC (Financial Stability Oversight Council)

SEC (Securities and Exchange Commission)

EU Supervisors (EBA, EIOPA, ESMA)

News Coverage

The New York Times

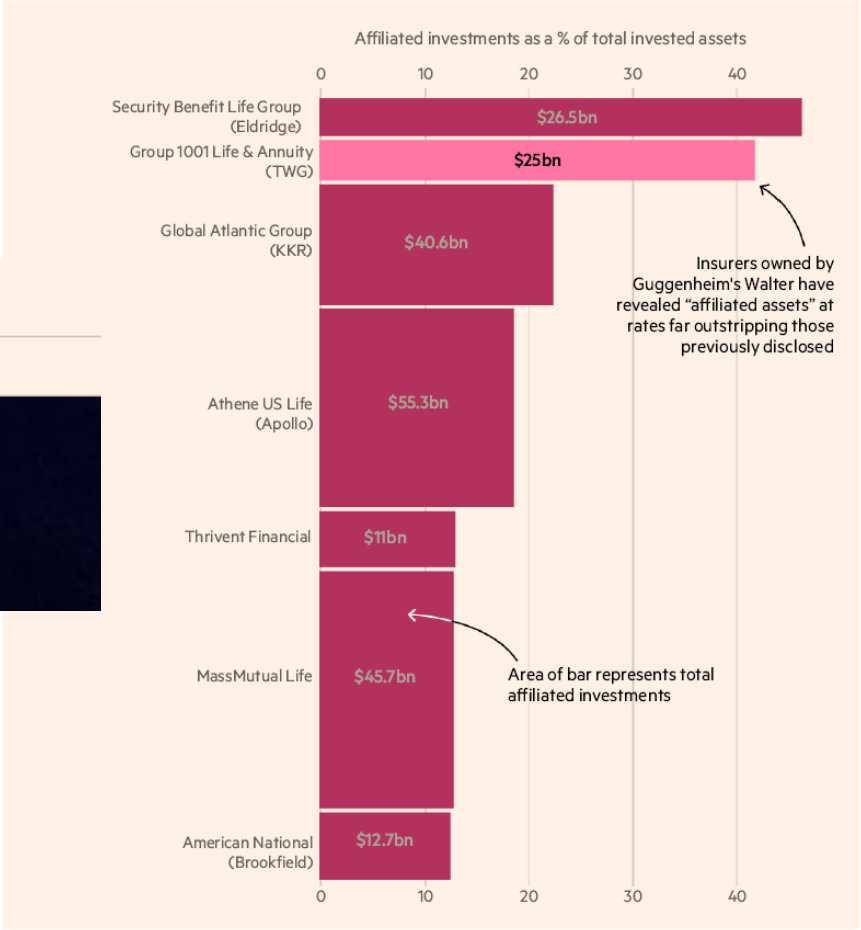
Los Angeles Dodgers Owner's Troubles Roil Insurance World

Federal investigations of Mark Walter's business empire have put a spotlight on private-equity-owned insurers that invest premiums in risky assets.

His situation has raised alarms across the nation's insurance industry, where private-equity giants like Mr. Walter owned about \$1.1 trillion in life insurance assets last year, according to AM Best, a credit rating firm. That was up from nearly none in 2012, the year the firm started tracking such data.



News Coverage



Source: AM Best



News Coverage

THE WALL STREET JOURNAL.

Mark Walter's Financial Empire Was Fueled By Retirement Savers

Insurers in Dodgers billionaire's conglomerate are among the country's major annuity sellers

Phillips is one of hundreds of thousands of Americans whose savings have fueled Walter's vast business empire, which includes the Los Angeles Dodgers. Walter's biggest insurer, Delaware Life, collected \$10 billion in individual annuity premiums last year. Group 1001, the parent company of Walter's insurers, ranks among the 10 biggest sellers of fixed and fixed-indexed annuities, according to ratings firm AM Best.





MGAs & Fronting in an Increasingly Fragmented P/C Insurance Value Chain

Greg Williams – Managing Director, AM Best

October 2, 2026

AM Best's Insurance Market Briefing – CIAB



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

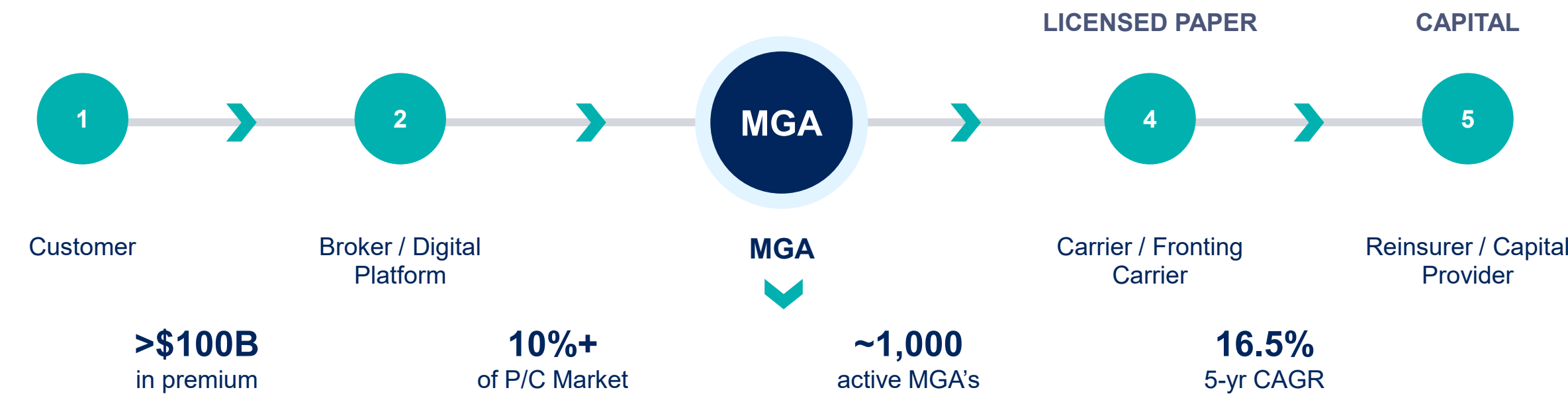
- 5 Regulatory changes
- 6 Lower technology costs
- 7 Demand for specialized capabilities
- 8 Private equity and venture capital investment

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	02 Distribution & Customer Acq	03 Underwriting Authority	04 Data & Analytics	05 Portfolio Management
• Develop specialized products • Often spot underserved market opportunities faster than legacy insurers	• Access to niche customers • Strong producer relationships • Brand recognition within a specialty market	Most receive delegated authority from carriers to: • Quote business • Bind coverage • Set pricing within approved guidelines • Issue policies	Increasingly differentiate through: • Proprietary data • AI underwriting models • Industry-specific datasets • Risk scoring algorithms	Manage underwriting results on behalf of capital providers. MGA's monitor: • Loss ratios • Pricing adequacy • Exposure accumulation • Reinsurance performance

MGAs Have Cemented Their Place in P/C Insurance Value Chain

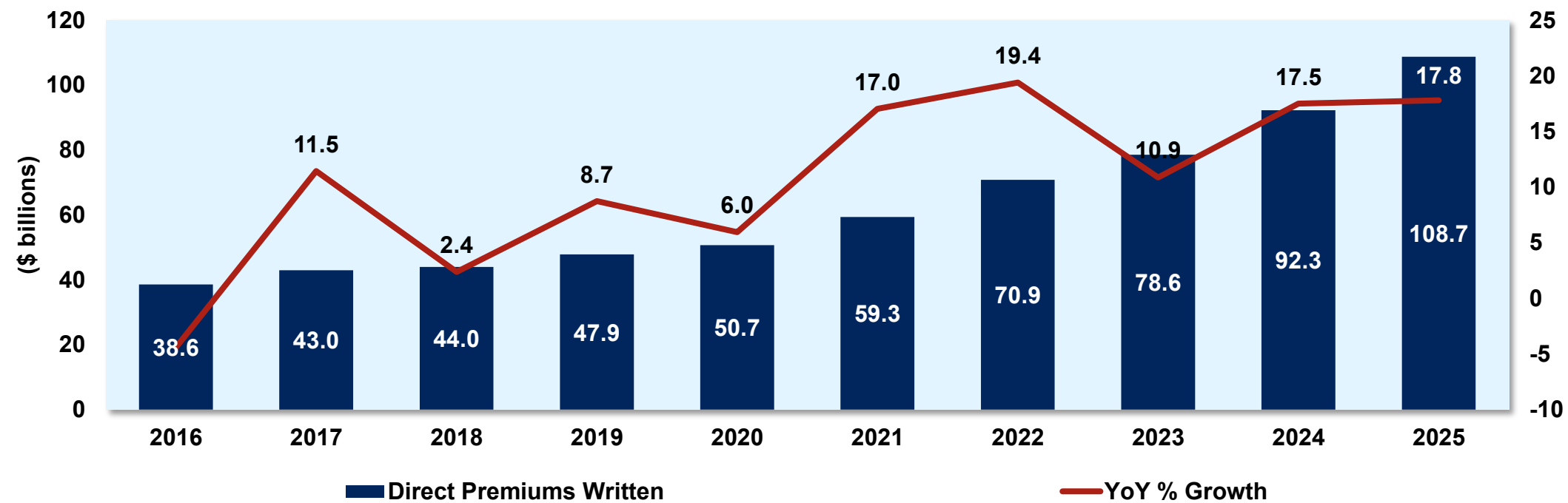


DUAE Market Developments

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.

US P/C Industry — MGA Direct Premiums Written, 2016-2025



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.

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

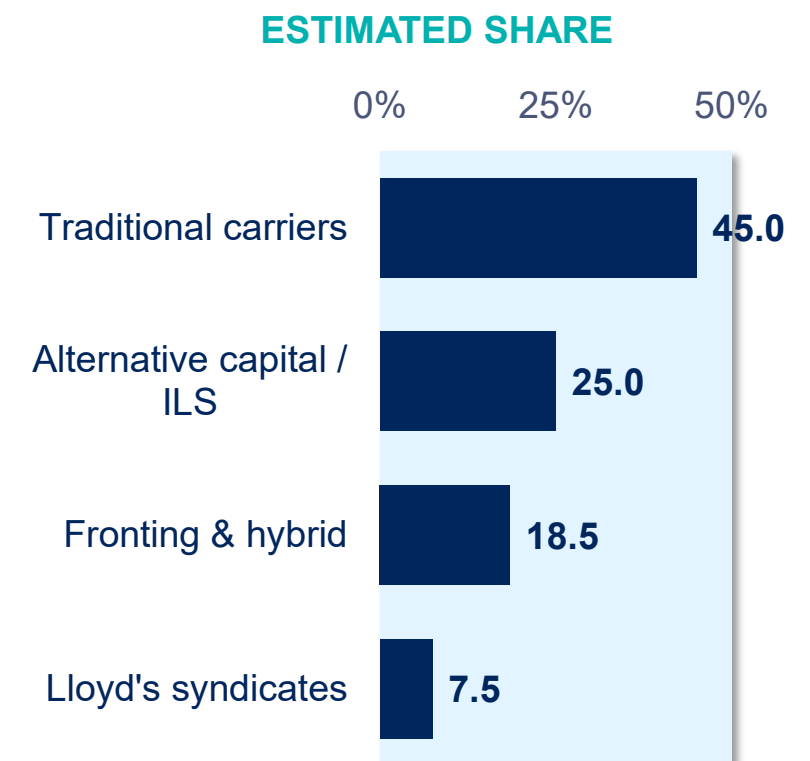
Ample and competitive;
favors niche expertise.

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.



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 premium/.
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.

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.
-

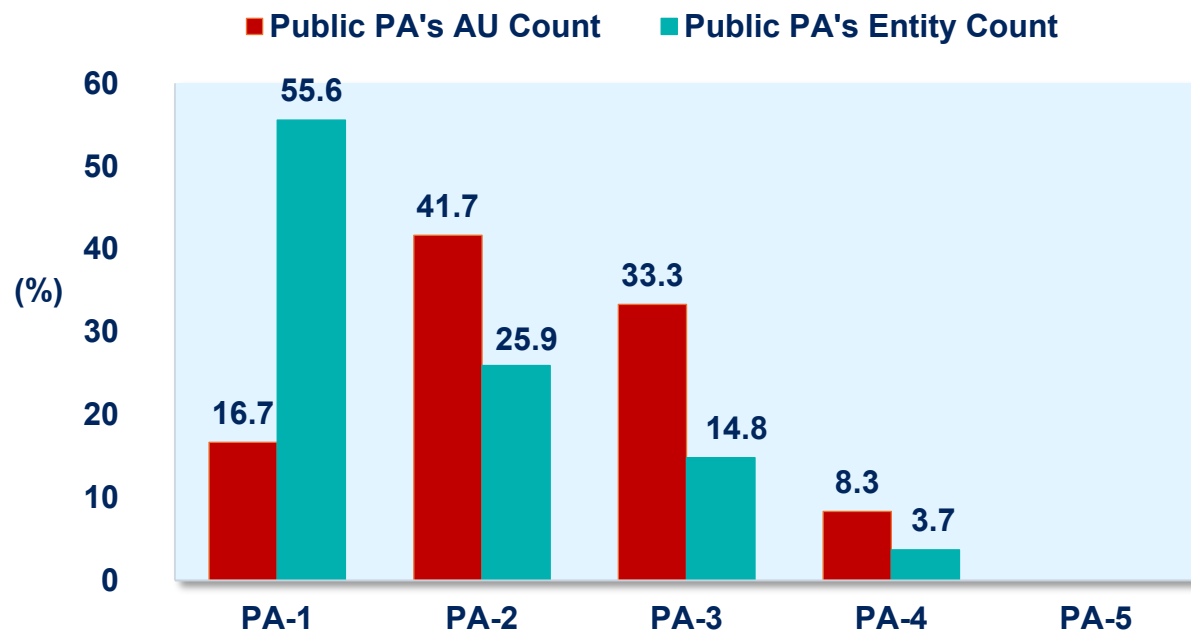
Concerns:

Economics unsustainable
Inherent misalignment of interests
Artificially suppressing market rates

Private equity distortion
Cyclical unreliability

AM Best Public Performance Assessments

PUBLIC PERFORMANCE ASSESSMENTS



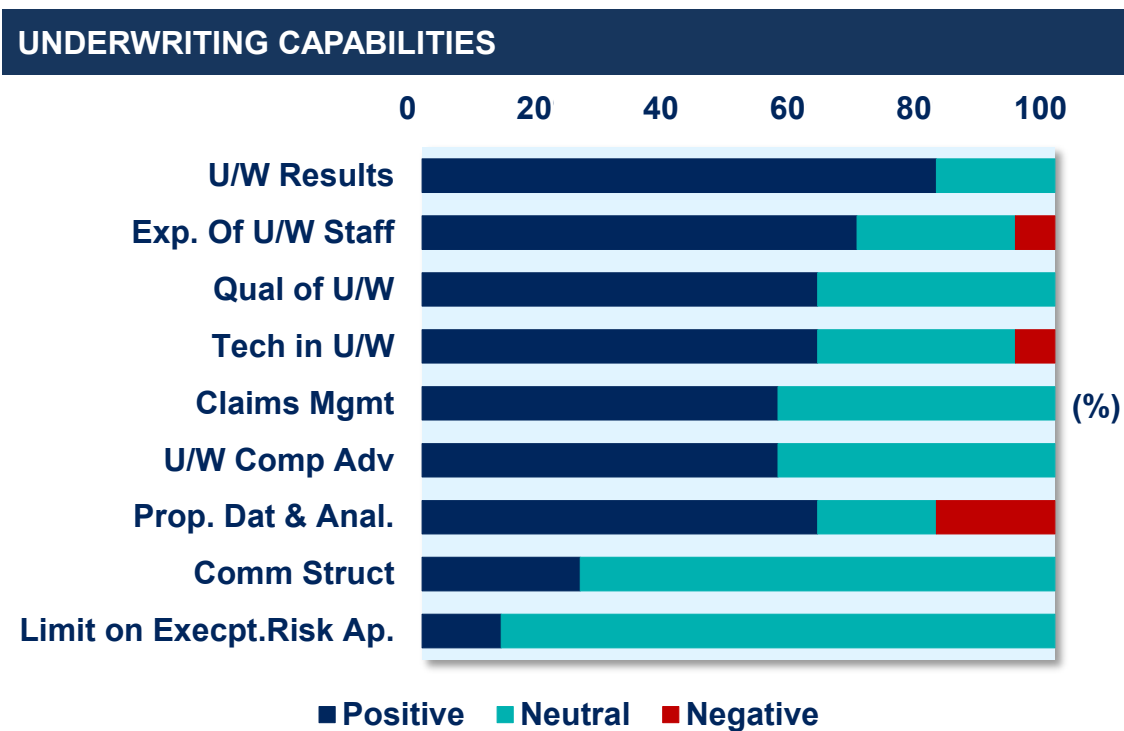
FACTOR STRENGTH

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

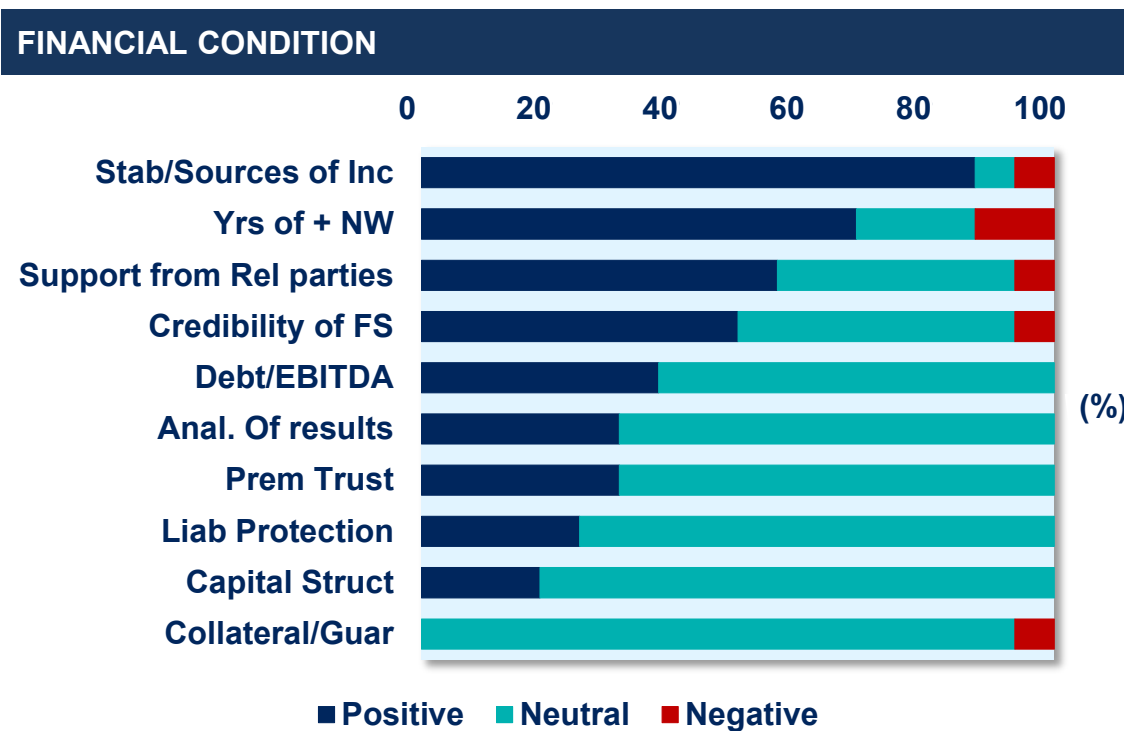
Takeaways: • **81.5% of entity assessments** are PA-1 or PA-2; AU counts cluster in PA-2 and PA-3 (75.0%).

• **Underwriting (72.5%)** is the strongest factor; **financial condition (61.3%)** is the clearest gap.

Analysis of Key Assessment Factors



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.

Fronting Market Developments

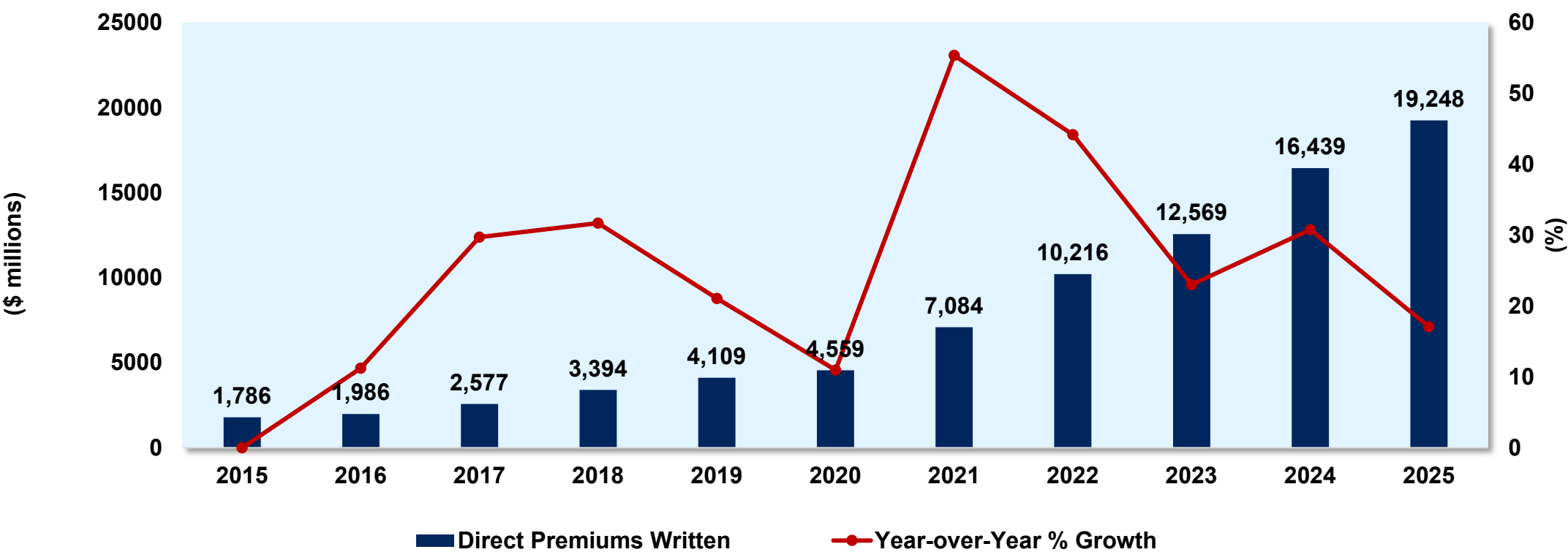
Fronting Market Developments

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

AM Best-Rated Fronting Companies - Aggregate Direct Premiums Written



Fronting Market Developments

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

Group/Company	<u>Direct Premiums Written</u>				
	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 to
acquire from Genstar**

Announced Apr. 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

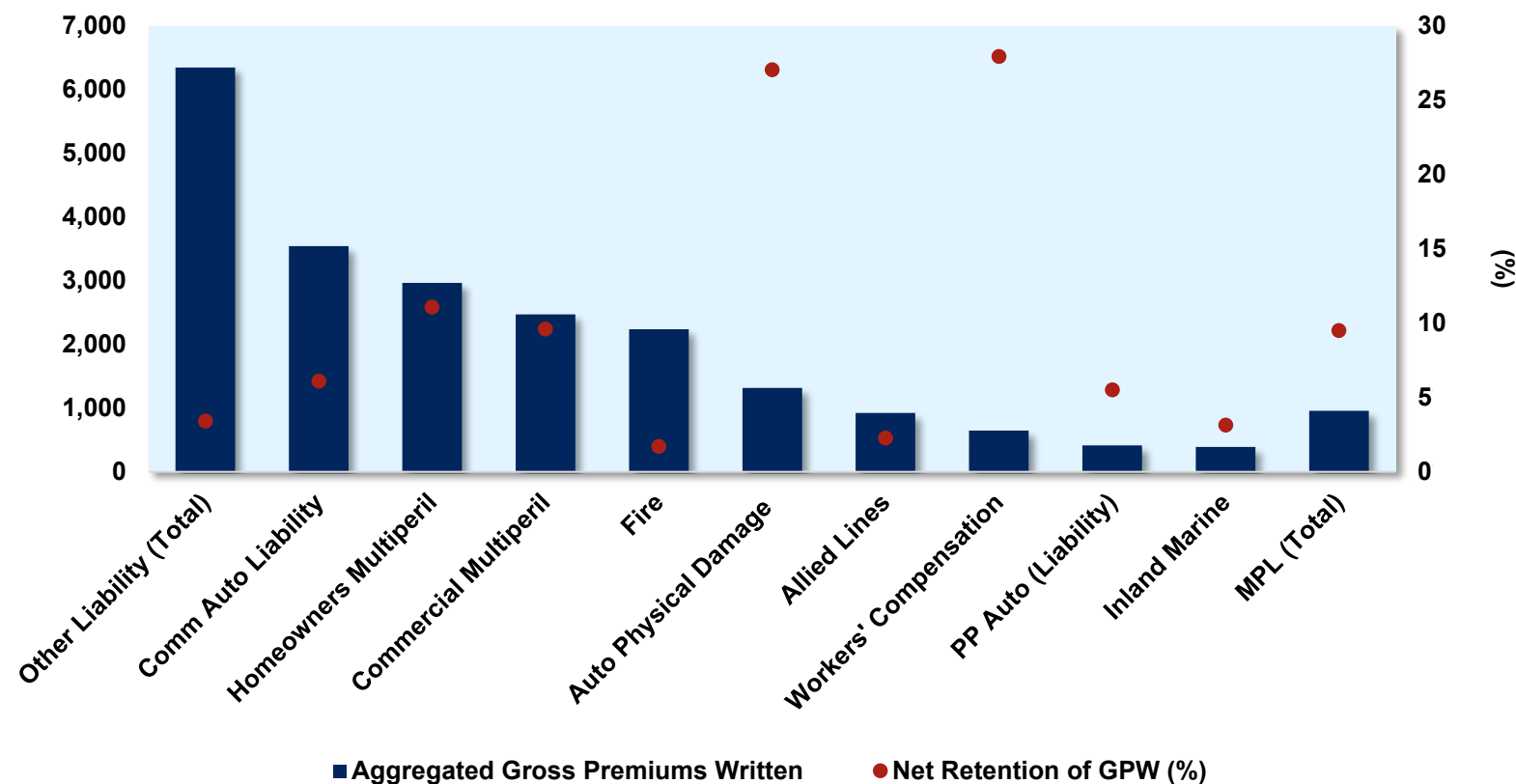
CORE FOUR

≈\$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 (%)

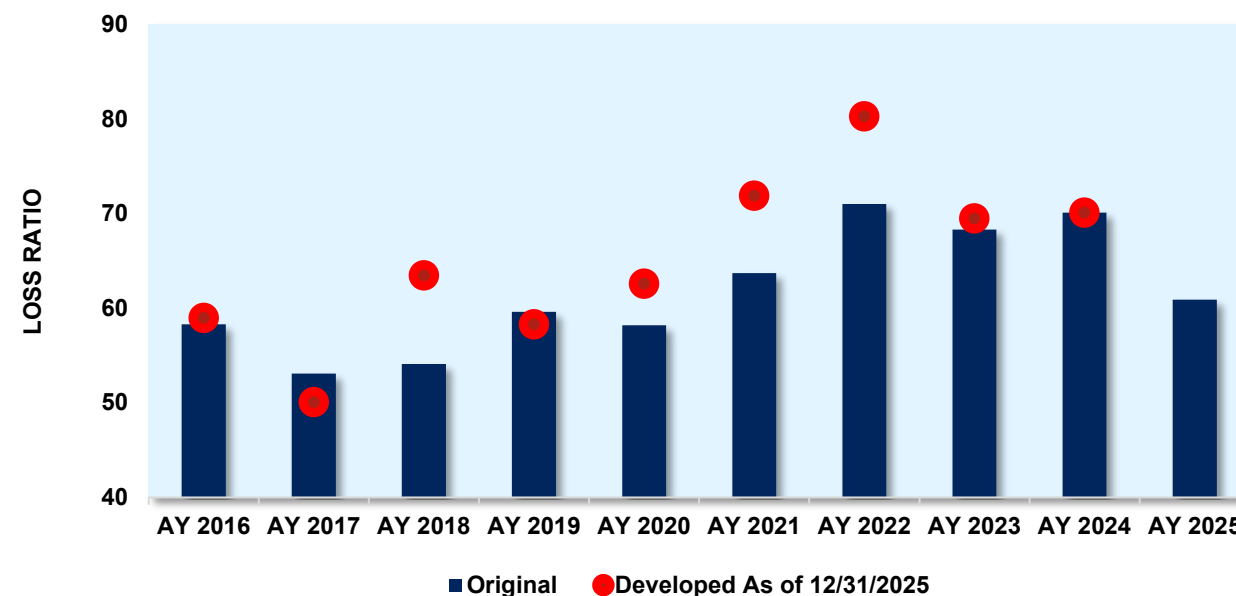
Year	Pretax ROR	Total ROR	Pretax ROS	Total ROS
2021	9.2	8.0	2.5	2.2
2022	2.9	-1.9	1.1	-0.7
2023	17.6	12.7	8.9	6.5
2024	23.7	11.6	13.2	6.5
2025	26.5	20.4	13.4	10.3

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.

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

AY LOSS RESERVE DEVELOPMENT



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

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 four 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

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

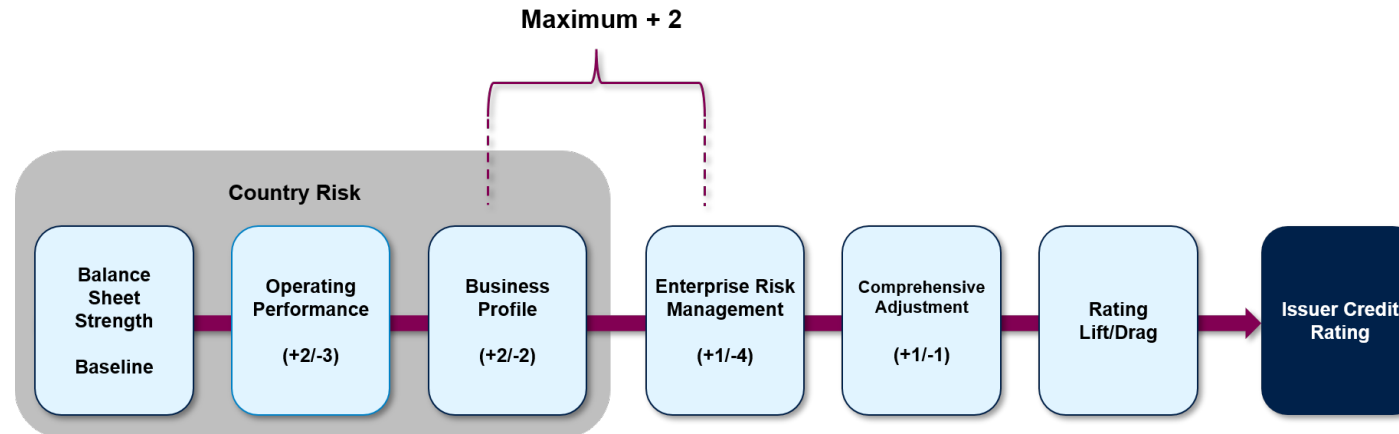
- Growth trends
- History of profitable results

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

Tailwinds Support a Stable DUAЕ 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

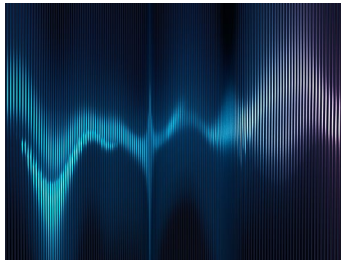
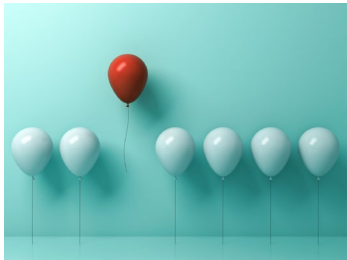
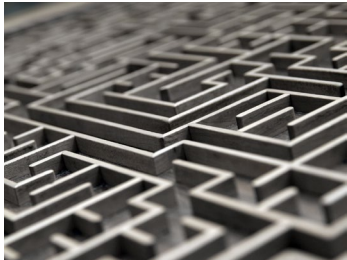
Optimism remains among insurers, reinsurers and investors.

04

E&S MOMENTUM

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

Headwinds Temper an Otherwise Stable DUAEE Outlook



5 PRESSURES TO MONITOR

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



Global Reinsurance Perspectives: Strategies for a Softening Market

Stefan Holzberger – Executive Vice President & Chief Operating Officer, AM Best

October 2, 2026

AM Best's Insurance Market Briefing – CIAB



Outlook – Stable Past Peak, Fundamentally Strong

Global Non-Life Re Outlook Remains Stable – Tailwinds



Despite softening property pricing, operating results remain solid



Property-catastrophe underwriting aided by favorable terms and higher attachment points



Robust absolute and risk-adjusted capital, prudent capital management plans



Elevated interest rates enhancing investment income and earnings

Global Non-Life Re Outlook Remains Stable – Headwinds



Accelerated softening in property reinsurance pricing, with modest loosening of terms and structures



Social inflation driving reserve and pricing concerns in certain US casualty lines



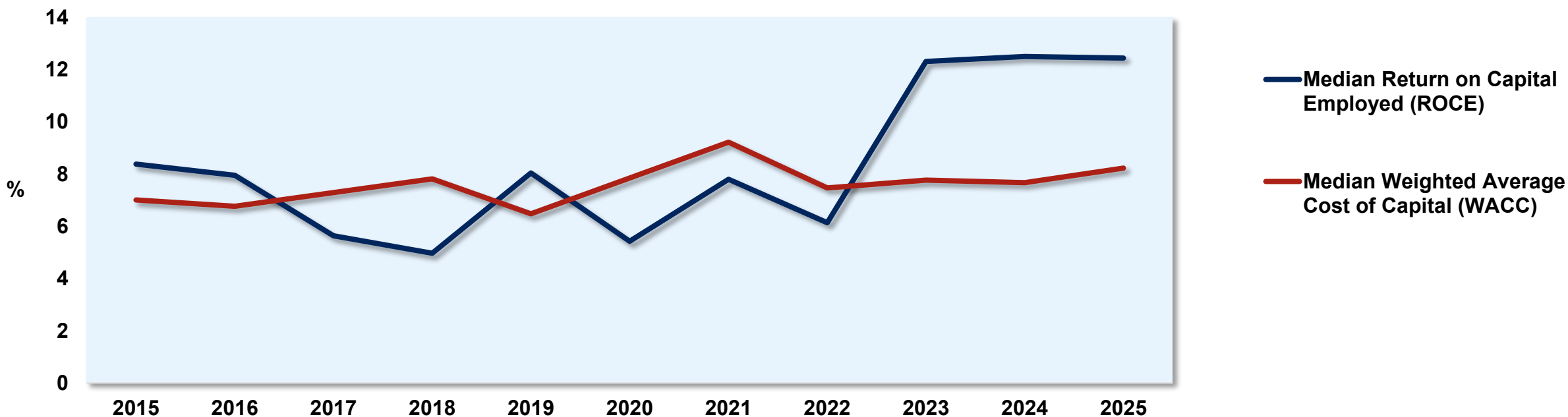
Elevated frequency and severity of weather-related events



Geopolitical and macroeconomic uncertainty – inflation, policy shifts, market volatility

Robust Operating Results

Returns Still Exceeding Cost Of Capital



Reinsurers Meeting Cost of Capital

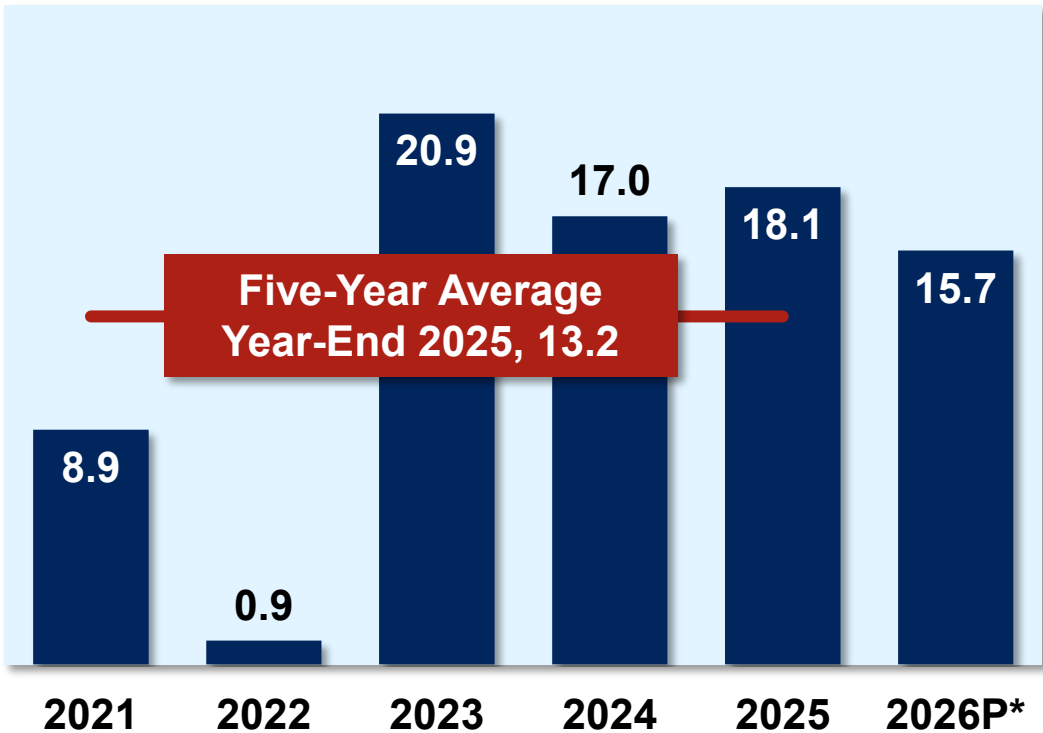


Source: Bloomberg

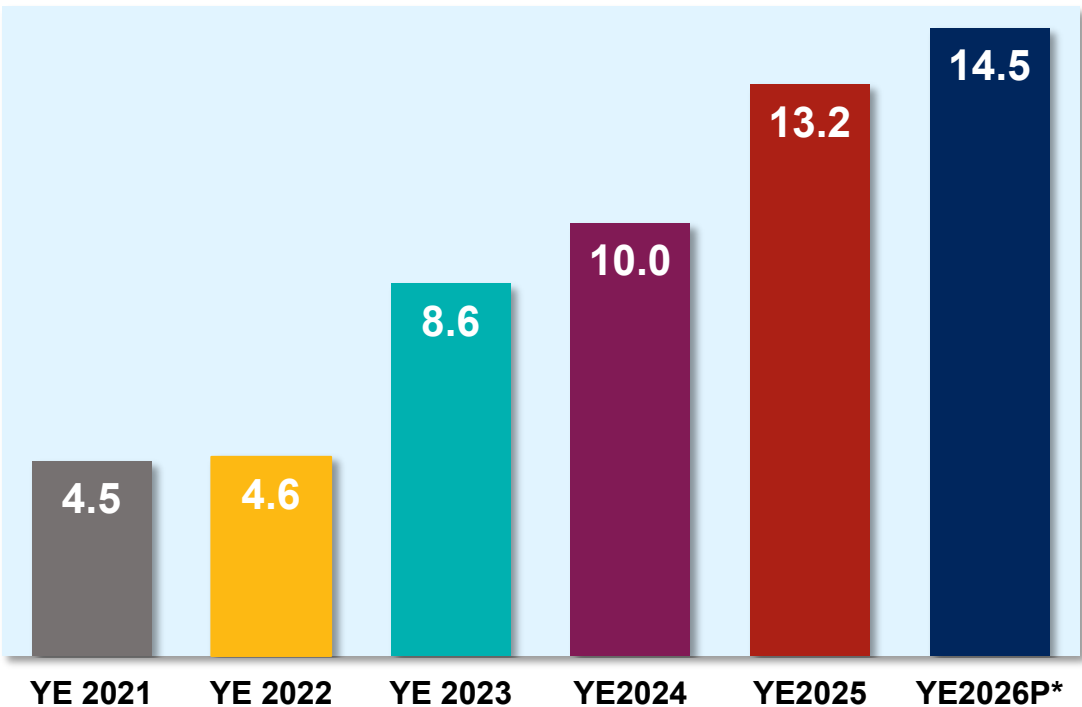


Dramatically Improved Performance Since Market Turned

Return on Equity (%)



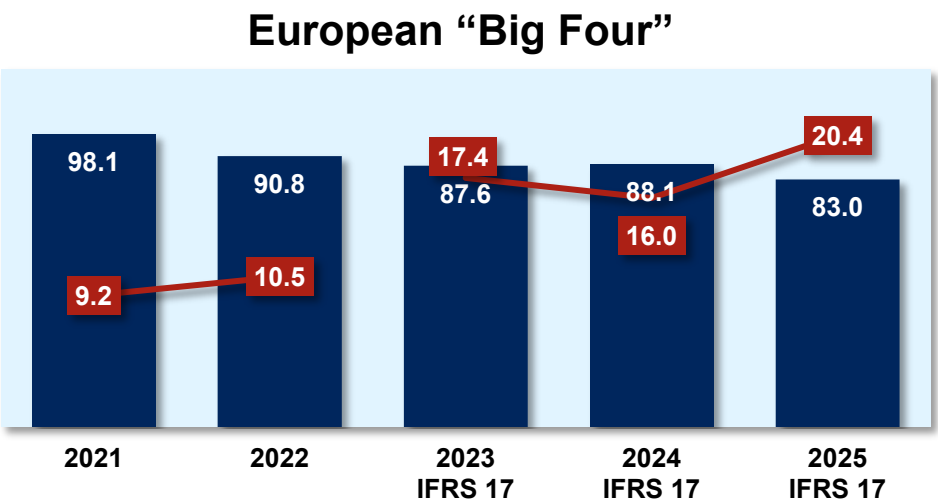
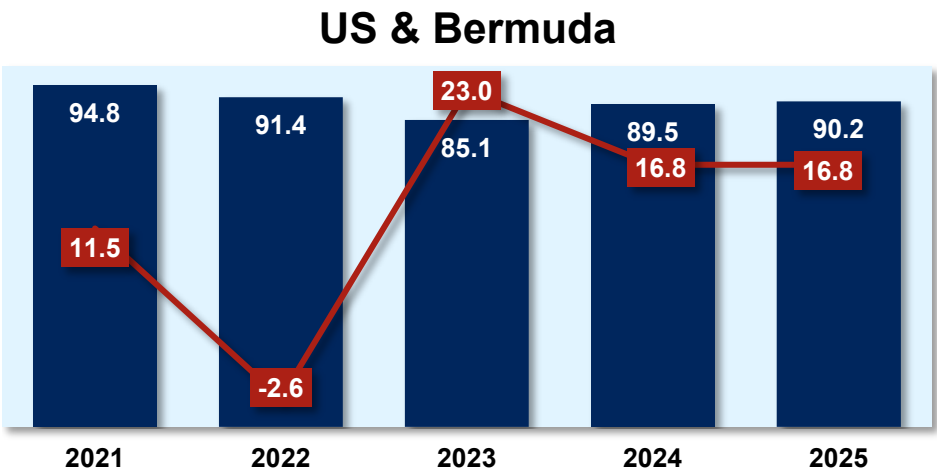
Global Reinsurance Market –
Rolling Five-Year Average Return on Equity (%)



*Projection
Source: AM Best data and research

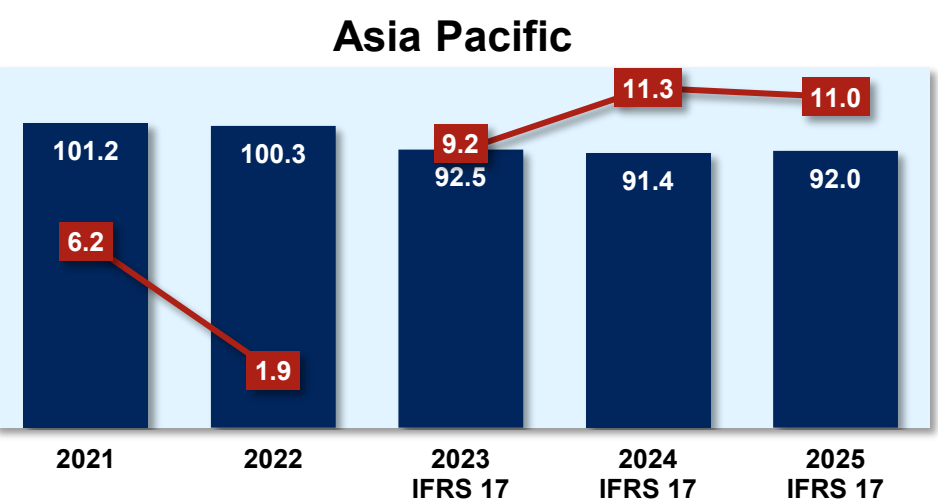
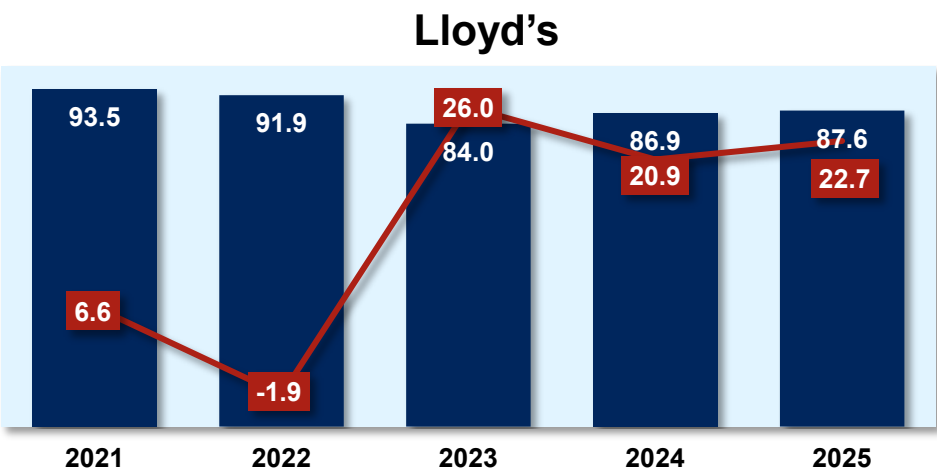


Robust Operating Performance Across Reinsurance Market Segments



Combined Ratio

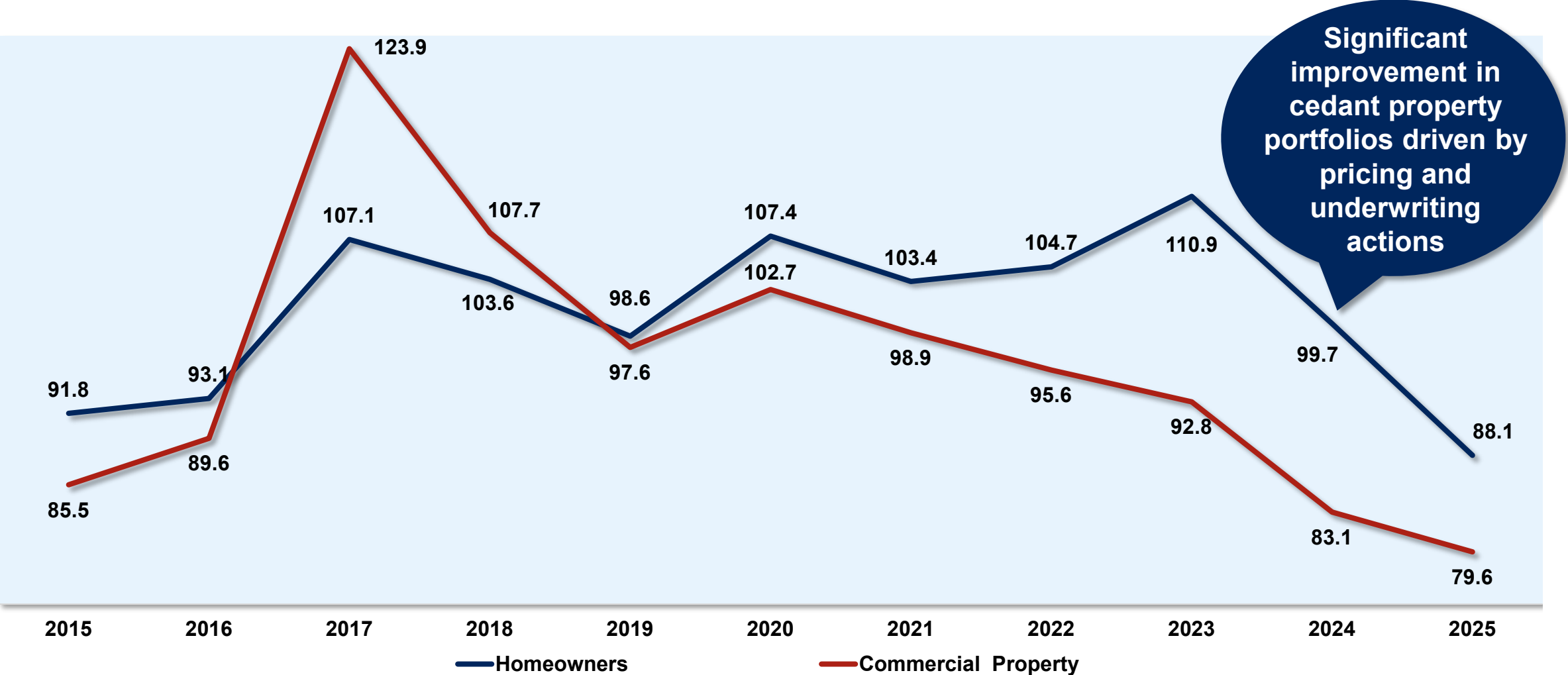
Return on Equity



Source: AM Best data and research



US Property Lines Improving (Net Calendar Year Combined Ratios)

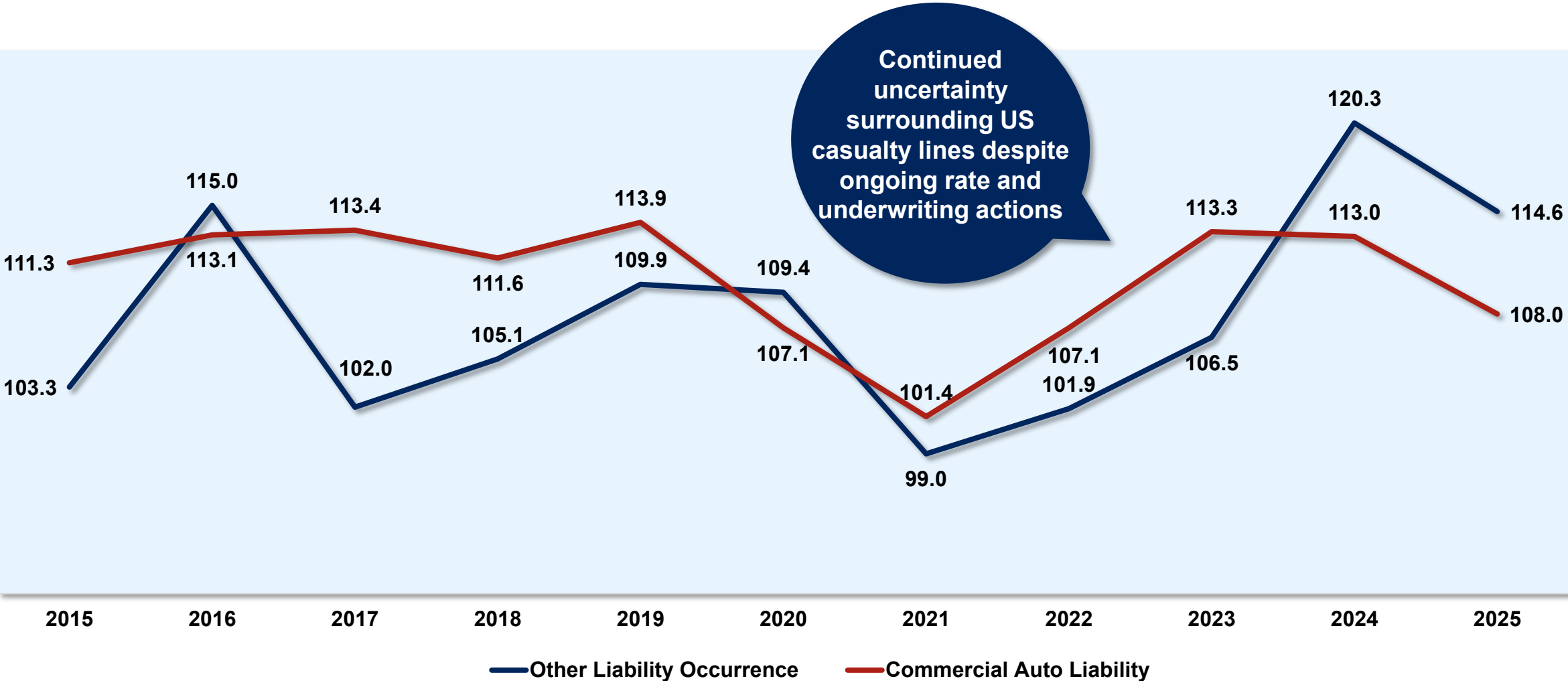


Source: AM Best data and research



US Casualty Lines Still Remain a Concern

(Net Calendar Year Combined Ratios)



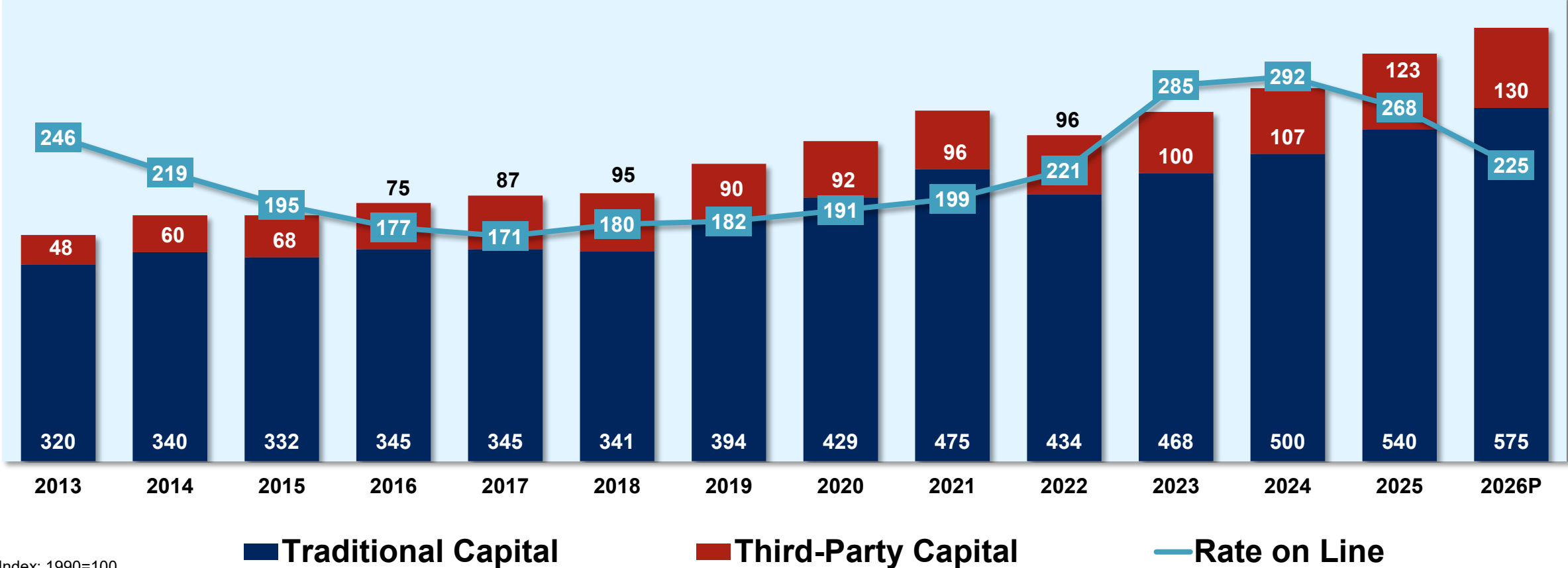
Source: AM Best data and research



**Available Capital –
Internal Capital Generation,
ILS Growth Continues**

Dedicated Reinsurance Capital at Record Highs

Estimated Dedicated Reinsurance Capital (USD billions)

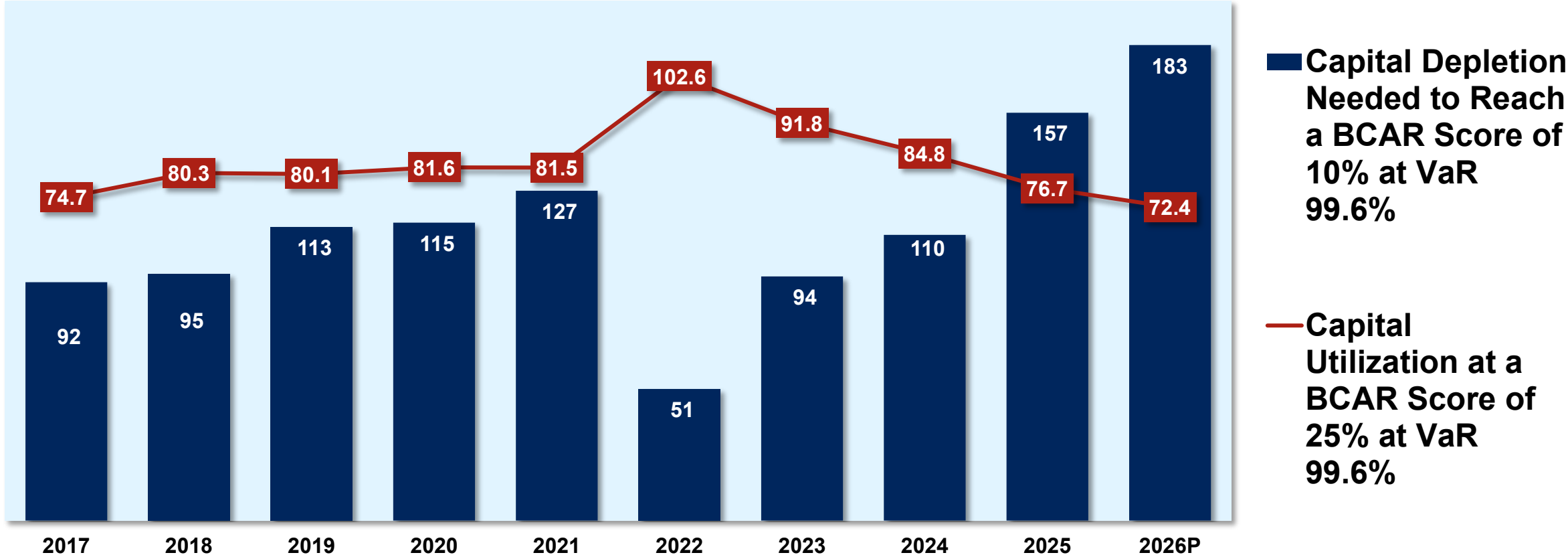


Index: 1990=100.
P: Projected.
Sources: AM Best data and research, Guy Carpenter Global Property Catastrophe Rate-On-Line Index



Risk-Adjusted Capitalization Remains Strong

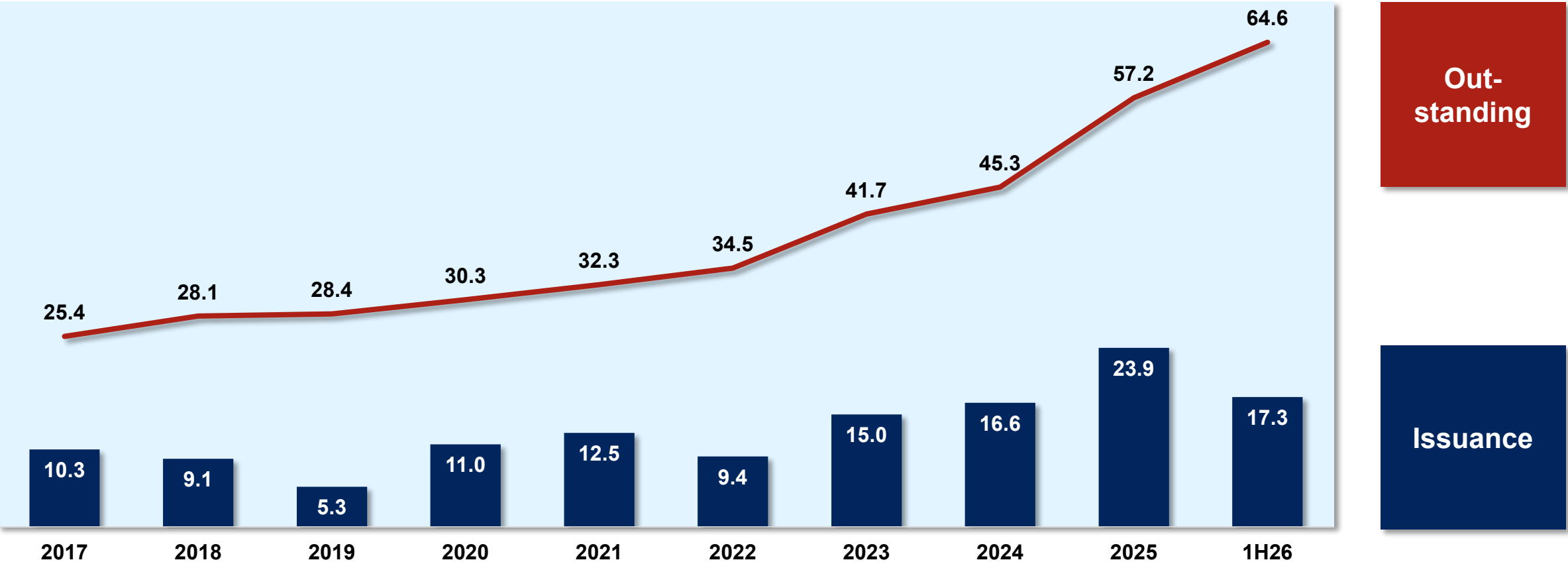
Global Reinsurance – Capital Utilization (USD billions)



*Projection
Source: AM Best data and research



144A Property Catastrophe Bond Issuance and Outstanding (USD billion)



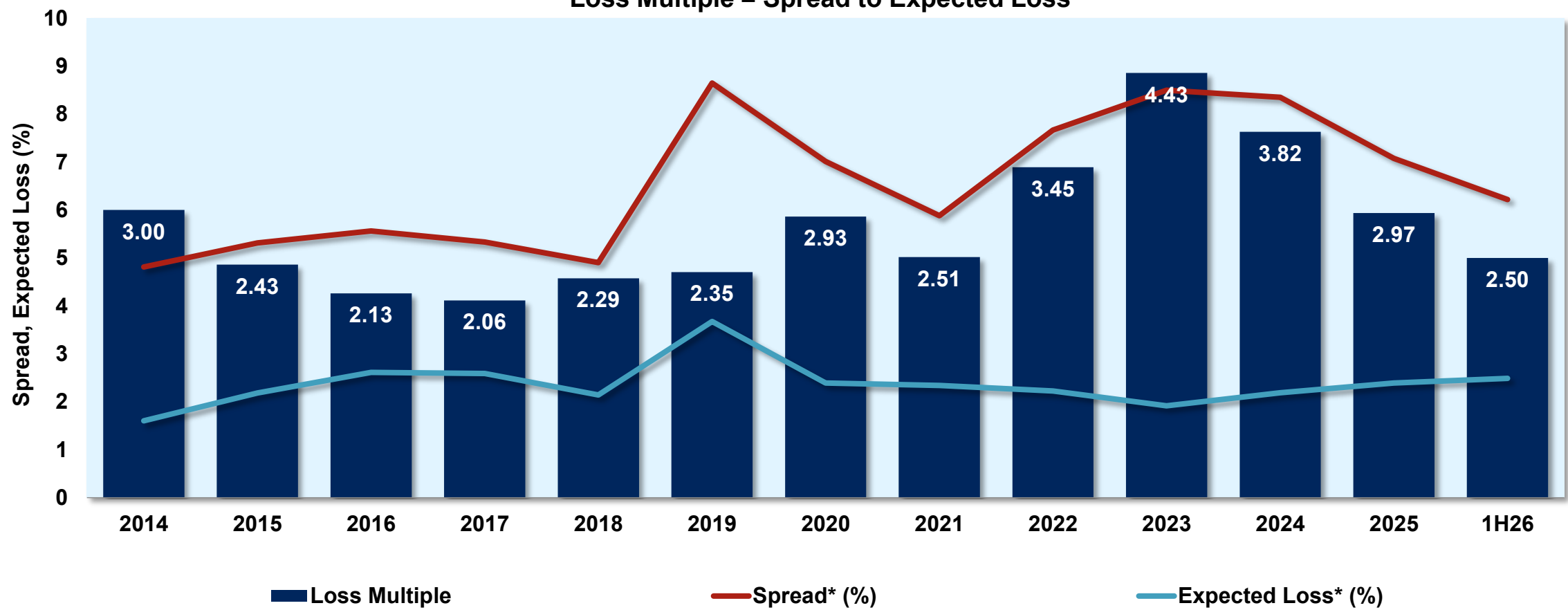
Sources: Artemis, AM Best data and research



ILS Trends

Catastrophe Bond Loss Multiples – 2014-1H2026

Loss Multiple = Spread to Expected Loss

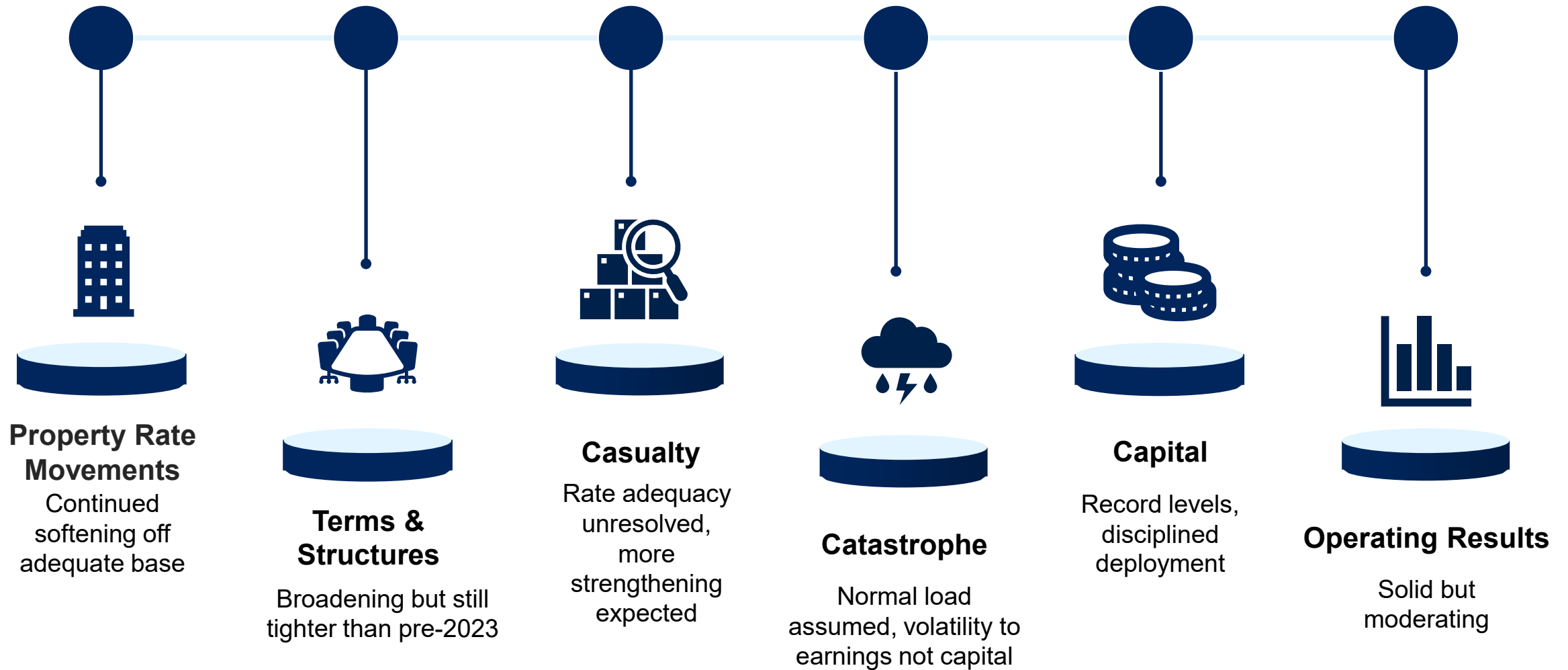


*Note: Spread and expected loss are dollar-weighted
Sources: Artemis, AM Best data and research



Expectations

AM Best's Expectations – The Next 12 Months



Q&A

AM Best's Upcoming Events – Autumn 2026



October 28

**AM Best's
Analytical Briefing – ILS
Market Outlook**

Virtual



November 2

**AM Best's
Insurance Market Briefing –
APCIA**

Boston Marriott Copley Place



November 3

**AM Best's
Insurance Market Briefing –
SIRC**

Marina Bay Sands Expo &
Convention Centre, Singapore



November 5

**AM Best's
Europe Insurance Market &
Methodology Briefings –
London**

Convene 200 Aldersgate



November 11

**AM Best's
Networking Reception - IAIS**

Harbour Grand Kowloon,
Hong Kong



November 16

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

Kimpton Hotel Eventi



November 19

**AM Best's
New Zealand Insurance
Market Briefing – Auckland**

18 Viaduct Harbor Avenue



December 3

**AM Best's
Analytical Briefing – 2027
Insurance Outlook**

Virtual



December 3

**AM Best's
Networking Reception – New
York**

Midtown Terrace

Thank You

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