BEST'S MARKET SEGMENT REPORT

Our Insight, Your Advantage®

June 30, 2026

Managing General Agents Adapt to Changing Demands and Added Scrutiny

The maturing MGA market will need greater discipline in building portfolios and adept adoption of newer technologies to produce coverage solutions for emerging risks

Principal Takeaways

- Managing general agents and other delegated underwriting authority enterprises continue to drive premium growth, particularly in the US property/casualty commercial lines segment, as evidenced by a fifth consecutive year of double-digit year-over-year direct premium growth in 2025.
- With growth in the excess and surplus lines market moderating due to more competitive market conditions affecting various coverage lines, insurers may become more selective offering capacity to DUAEs to help preserve profitability.
- Insurers remain optimistic about the strategic importance of partnerships with DUAEs, but in the current market, that optimism is a bit more guarded, with partnerships being reassessed to ensure mutually beneficial alignment of goals.

Best's Performance Assessment for DUAEs

AM Best's Performance Assessment for Delegated Underwriting Authority Enterprises is a forward-looking, independent, and objective non-credit opinion indicative of a DUAE's ability to perform services on behalf of its insurance partners. The PA is a comprehensive analysis consisting of a quantitative and qualitative assessment of underwriting capabilities, governance and internal controls, financial condition, organizational talent, and depth and breadth of relationships.

DUAEs Defined

The DUAE role is an essential part of the insurance distribution model. In this methodology, DUAE is used as a blanket term to capture MGAs, MGUs, coverholders, program administrators, program underwriters, underwriting agencies, direct authorizations, and appointed representatives. AM Best recognizes that each DUAE has unique characteristics but believes that the application of this methodology is sufficiently comprehensive in capturing the key factors necessary to assign a PA to any of these entities. Best's PA for DUAEs provides insight to market participants, such as carriers and agents, that are contemplating a partnership with a DUAE.

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The delegated underwriting authority enterprise (DUAE) segment remains established as a rapidly evolving, strategically important, and growing distribution channel within the insurance industry. The demonstrated ability to uniquely combine underwriting expertise, technological innovation, and customer focus has enabled DUAEs to bring new propositions to the market at a rapid pace. Effective implementation of new technologies has been a cornerstone to building on the strategic collaborations these entities have established with (re)insurers. These relationships

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have led DUAEs to become increasingly integral components of the core strategies of (re)insurers and capacity providers.

Despite the critical role DUAEs have played in the development of coverage solutions to meet the demand for specialty products to cover evolving and emerging risks, there are emerging headwinds that DUAEs are facing. Capacity is becoming more selective, with a focus more dialed-in on long-term underwriting quality rather than growth as carriers demand greater loss ratio stability. Heightened oversight is also becoming a more intentional focus of (re)insurers seeking long-term success over short-term market share expansion. Additionally, tighter economics in renewal negotiations are presenting difficult challenges. Optimism among insurers and reinsurers remains, however it is a bit more guarded, with some strategic partnerships being reassessed to ensure mutually beneficial alignment.

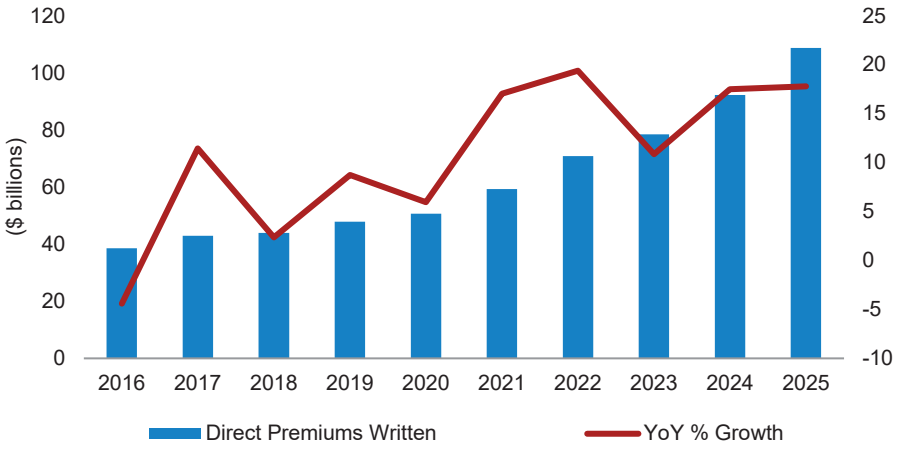
AM Best's current market segment outlook on the global DUAE segment is Stable reflecting its importance as a go-to market for (re)insurers that continues to exhibit growth and resilience. The segment's niche expertise and creativity in developing tailored solutions for policyholders in need of specialized insurance products for emerging risks is in great demand. The considerable investments that MGAs have made in talent and technology, including artificial intelligence, make them ideal partners for (re)insurers to meet the various challenges faced in the current market environment.

The Stable outlook recognizes challenges related to the added scrutiny on DUAEs relative to the prospective long-term profitability of the expanding portfolios being built with their carrier partners. Insurance carriers' focus on improving profitability is leading to more selective deployment of capacity for DUAEs. Capacity for the DUAE segment has been buoyed by growth in the excess and surplus (E&S) lines market business, however, E&S premium growth has been moderating over the past twelve to eighteen months. The expectation is surplus lines insurers will offer more tempered growth opportunities as heightened competition calls for the execution of more measured, opportunistic growth and/or diversification strategies.

AM Best expects growth drivers for the DUAE segment, such as diverse capital sources and the continued investment in talent and technology, to remain prevalent. The positive impact of these drivers is being partially offset by emerging headwinds like more partner-specific selective capacity, tighter economics for renewals, and increased scrutiny. The maturing MGA market will need greater discipline in building portfolios along with successfully adopting newer technologies to enhance workflow efficiency and improve responsiveness to emerging risks.

Exhibit 1

US P/C Industry — MGA Direct Premiums Written, 2015-2024



Source: BESTLINK

Performance Assessments Consistent with AM Best's Market Observations

AM Best's performance assessment (PA) for DUAEs is a forward-looking, independent, and objective opinion indicative of a DUAE's relative ability to perform services on behalf of its insurance partners. The PA is a comprehensive analysis consisting of quantitative and qualitative assessment of underwriting capabilities, governance and internal controls, financial condition, organizational talent, and depth and breadth of relationships. Please see: **Best's Performance Assessment for Delegated Underwriting Authority Enterprises.** The insights gained from our performance assessments are consistent with AM Best's outlook on the DUAE segment and the overall tailwinds in terms of on-going demand and the headwinds from a slowing growth in the surplus lines market and reinsurance market conditions.

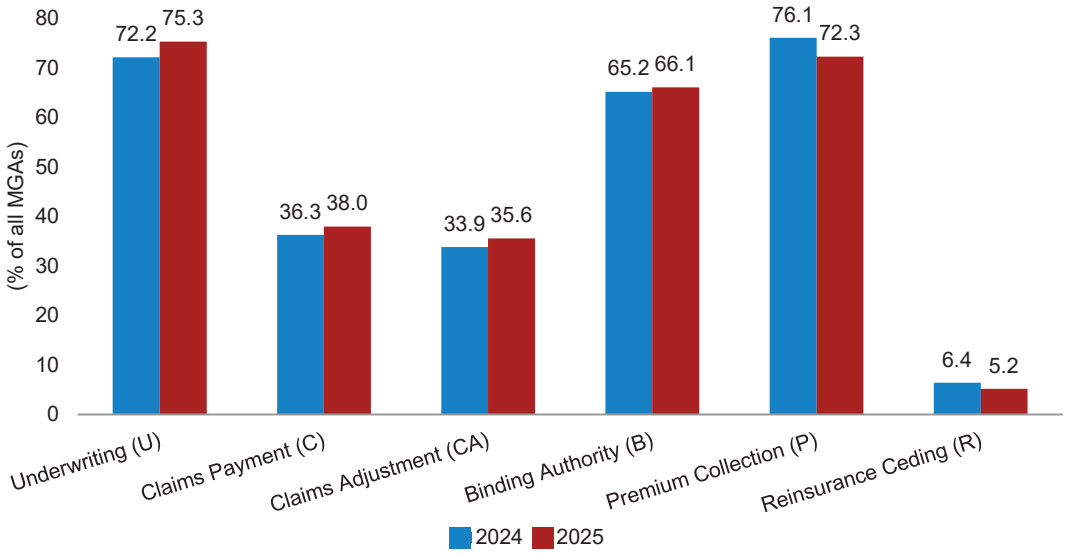
DUAE Channel's Premium Expansion Continues

Growth has been the primary focus of the DUAEs, especially the newer ones, during the past several years, and the segment experienced another year of strong direct premiums written (DPW) growth in 2025 (**Exhibit 1**). Based on the annual 2025 National Association of Insurance Commissioners (NAIC) financial statement data, total direct premiums written sourced from MGAs reached $108.7 billion in 2025, up from $92.3 billion in 2024. This premium total, however, is somewhat understated because it does not capture the premium written by MGAs whose total direct premiums written with a given carrier falls below 5% of that carrier's total policyholders' surplus. The 17.8% year-over-year increase in DPW far outpaced the total property/casualty industry DPW increase of 5% for the year.

Calendar year 2025 marked the fifth consecutive year of double-digit DPW growth for MGAs. With the prospect that capacity may be allocated more judiciously by insurers over the near term, experienced MGAs with demonstrated expertise will become valuable partners for insurers seeking to profitably add to their portfolios. Newer MGAs or ones that are less capitalized may struggle to navigate more difficult market conditions, potentially impacting the ability to meet near-term growth targets. In 2025, nearly 800 unique MGAs met the threshold for their premiums to be reported in Note 19 of company annual financial statements, approximately 50 more than in 2024. With only those MGAs that meet the minimum premium threshold required to be reported in the annual NAIC

Exhibit 2

Types of Authority Granted To US P/C MGAs, 2024 and 2025



Source: AM Best data and research

statement, many more MGAs and their DPW are not captured.

Successful MGAs develop lasting relationships with carrier partners through building strong customer relationships (with the ultimate policyholder), demonstrating specialized expertise, and robust, technologically efficient frameworks for managing account information and performance. Specialized expertise in a particular product or line of business is a significant differentiator that allows individual DUAEs to distinguish themselves.

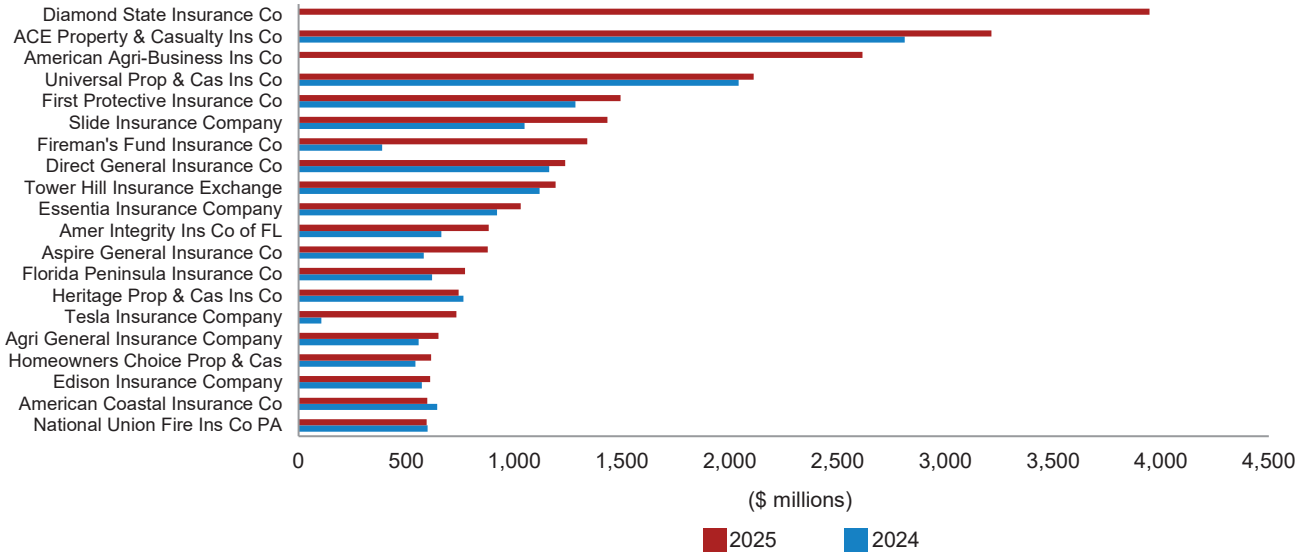
Despite the acknowledgment of some headwinds, insurers and reinsurers remain guardedly optimistic about their ongoing partnerships with DUAEs. In general, the benefit of the strongest partnerships is their long-term nature, which enables capacity to be supportive across different lines of business, geographies, and territories instead of being restricted by programs. Creative, integrated structures of profit commissions and loss corridors are key for carriers and DUAEs committed to long-term relationships and mutually beneficial alignments.

DUAE Roles and Responsibilities

As their roles have expanded during the past decade of robust premium growth, DUAEs have contractually taken on different duties and responsibilities that best utilize product and line of business knowledge. These duties can range from binding authority, a core feature of the DUAE model, to additionally include underwriting and pricing risks, settling claims, and ceding reinsurance on behalf of the insurer. The niche underwriting expertise offered by DUAEs, bolstered by proprietary technology and databases, allows them to develop tailored solutions for hard-to-place risks. **Exhibit 2** shows the proportion of MGAs that are endowed with each kind of authority. DUAEs that have exhibited the capability of handling multiple grants of authority offer their partners cost-effective ways to enter and exit new markets and to take on new types of risks with which the carrier may be less familiar.

Based on the information gleaned from Note 19 filings, compared to 2024, a slightly higher percentage of MGAs in 2025 were empowered to handle claims and underwrite risks for their carrier partners, including being granted underwriting authority in more than 75% of the contracts.

Exhibit 3a
US P/C Industry — Top 20 Insurers Generating DPW Via Exclusive MGAs, 2024 and 2025

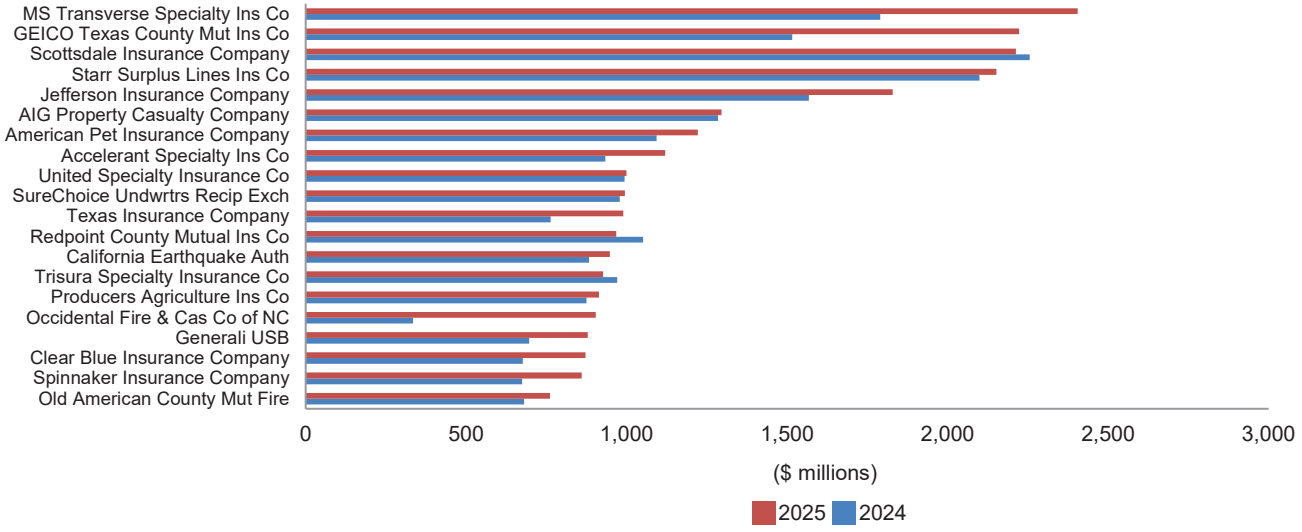


Source: AM Best data and research

Proprietary databases and technology allow MGAs and other DUAEs to cultivate their specialty expertise and develop tailored solutions. These capabilities have been integral in the growth of the DUAE-produced business that has been written in the surplus lines market. DUAEs have increasingly found partnerships in non-traditional spaces, such as developing partnerships with fronting and hybrid fronting companies, in addition to start-up specialty commercial carriers. Carriers are increasingly looking for closer partnerships with MGAs that are heavily invested in the success of the overall portfolio. The more a DUAE is granted the authority to handle critical functions most often handled by an insurer, the more vital it is that the insurer conducts effective due diligence to select partners that have the necessary expertise to competently discharge those duties on its behalf.

Exhibit 3b

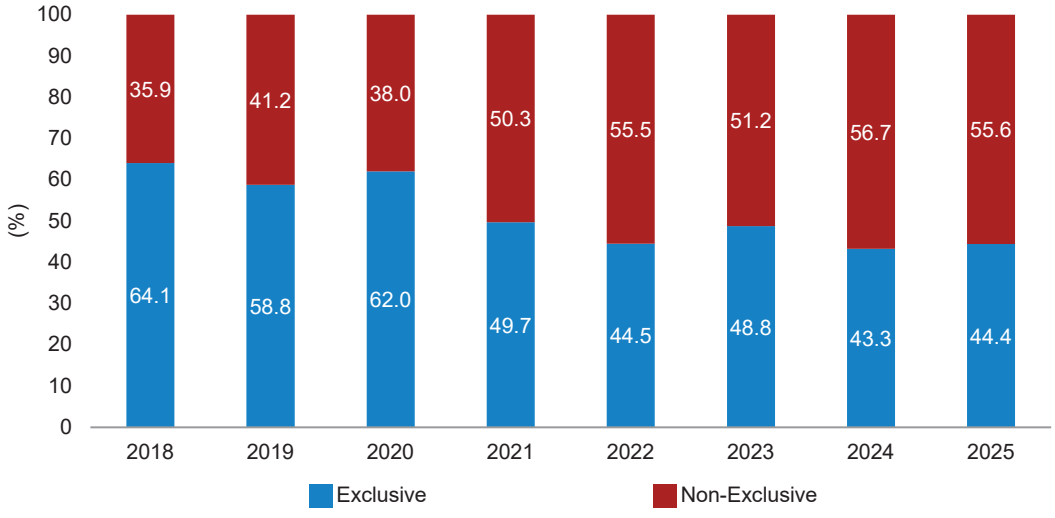
US P/C Industry — Top 20 Insurers Generating DPW Via Non-Exclusive MGAs, 2024 and 2025



Source: AM Best data and research

Exhibit 4

US P/C Industry — % of MGA DPW Exclusive vs Non-Exclusive, 2018-2025



Source: AM Best data and research

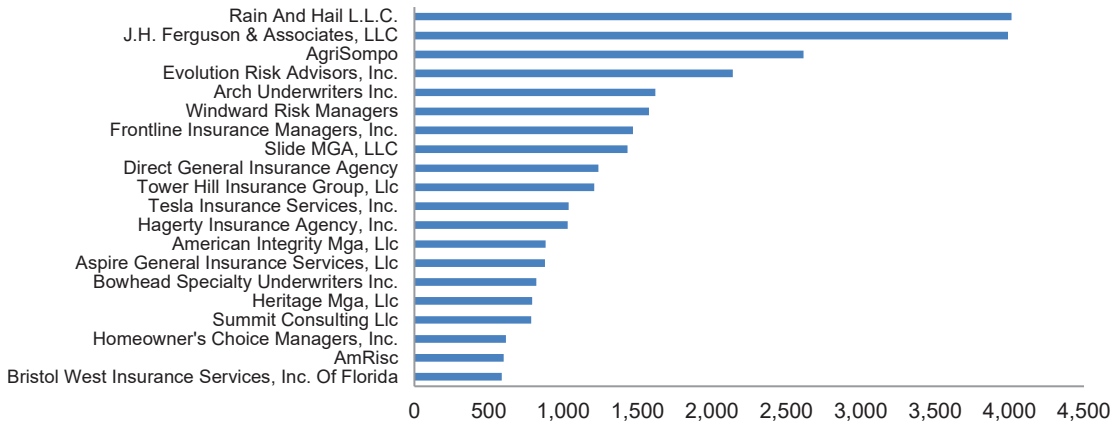
MGAs Spearhead Carrier Growth

Specialty products and market and industry knowledge of DUAEs can make them extremely valuable to their strategic partners. The productive nature of such close relationships is displayed in **Exhibit 3a**, which shows the top 20 insurers generating DPW via exclusive MGA contracts. All twenty produced $500 million or more in DPW through MGAs, and ten produced over $1 billion, up from six in 2024 and three in 2023 consistent with rising overall MGA premiums. Seventeen of the top twenty MGAs by 2025 DPW increased the annual premium totals in 2025, with the remaining three only showing marginal declines. It is noteworthy that the individual insurer with the largest DPW total generated through an exclusive agreement was Diamond State Insurance Company, an insurer that did not generate MGA-produced premium the prior year. Diamond State is a subsidiary of Global Indemnity Group, a publicly traded insurer that went through a significant internal reorganization that established distinct intermediary platforms. Part of that reorganization resulted in Diamond State writing a substantial amount of business through an affiliated MGA for one of the organization's key programs.

Exhibit 5a

US P/C Industry — Top 20 Exclusive MGAs by Premium

($ millions)

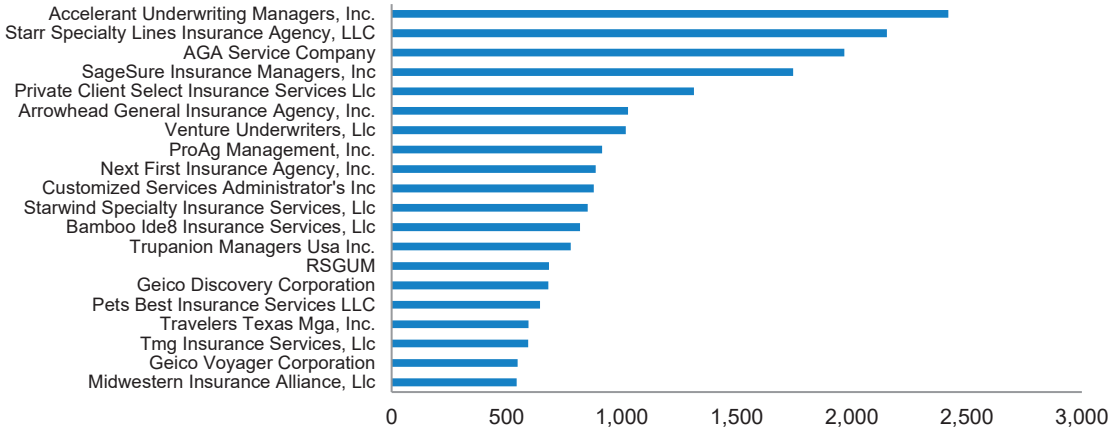


Source: AM Best data and research

Exhibit 5b

US P/C Industry — Top 20 Non-Exclusive MGAs by Premium

($ millions)



Source: AM Best data and research

It is a slightly different story for insurers that do not have exclusive contracts with their DUAE partners, as **Exhibit 3b** shows. These MGAs contributed to the overall premium growth for the segment but to a more tempered degree. Eight insurers produced more than $1 billion in DPW through non-exclusive MGAs in 2025, down from eleven in 2024. Most insurers generating premium via non-exclusive MGA agreements still increased their premiums in 2025.

Since 2020, most of the premium generated by MGAs has been through non-exclusive contracts (**Exhibit 4**). While many large insurers prefer to utilize MGAs on an exclusive basis, the market has become characterized by independent DUAEs with their own specialized niche and particular expertise that engage the market on behalf of multiple insurers. At times when the market hardens and both opportunity and capacity are less prevalent, this expertise can allow insurers to take advantage of pockets of growth.

Non-exclusive contracts also allow carriers greater portfolio flexibility, enabling easier exits for underperforming segments and offering the ability to adjust portfolios in response to, for example, deteriorating loss trends and market conditions. Carriers can diversify premium sources across multiple MGAs to be more resilient and better manage quota share or excess-of-loss capacity needs.

Leading Individual MGAs

The top two MGAs wrote the most premium by a significant margin. Rain and Hail LLC, which writes crop insurance exclusively through Chubb, primarily with ACE Property & Casualty Insurance Company, wrote $4 billion in direct premiums in 2025 (**Exhibit 5a**). J.H. Ferguson & Associates LLC is the intermediary through which Global Indemnity's Diamond State Insurance Company now writes vacant property business and wrote $3.9 billion in direct premiums. There is a gap of more than $1 billion between the top two and the third, AgriSompo, a crop writer writing for Sompo Holding's US-based subsidiary American Agri-Business Insurance Company. In 2025, twelve MGAs writing on an exclusive basis wrote more than $1 billion in direct premiums, and four wrote over $2 billion. The fourth was Evolution Risk Advisors, Inc., an MGA that specializes in stop-loss insurance for Universal P&C.

Premiums are less concentrated among MGAs that write on a non-exclusive basis (**Exhibit 5b**). Accelerant Underwriting Mangers, Inc. produced the most premiums, at $2.4 billion, and only one other, Starr Specialty Lines Insurance Agency, wrote over $2 billion. Seven of the top twenty wrote more than $1 billion, up from four in 2025.

Investment Trends Highlight Structural Change in Carrier-DUAE Relationships

The DUAE market continues to attract investment, but the composition of that investment activity has changed in recent years. Full acquisitions make up a minority of transactions, with more of an emphasis on strategic partnerships. Investors and carriers are increasingly prioritizing structures that add distribution, technology, or niche capabilities without requiring full control. Higher due diligence standards and tighter capacity environments favor arrangements such as partnerships and structured alliances that allow participants to add capacity, diversify distribution, or deploy capital with more precision.

Despite the pressures above, AM Best's current market segment outlook on the global DUAE segment is Stable due to its importance as a go-to market for niche underwriting technology, underwriting talent and relationships. DUAEs are also changing how they engage in capacity arrangements. Many DUAEs are reducing reliance on single fronts or reinsurers, creating more complex but resilient panel structures. The tightening of reinsurer appetite since 2023, shorter contract duration, higher

attachment points, and more data requirements have led many DUAEs to diversify their capacity panels. Diversification reduces the risk of a single point of failure, as programs that rely on only one or two carriers are exposed to renewal disruption if a key partner adjusts its strategy, but it also introduces complexity. The considerable investments that MGAs have made in talent and technology, including artificial intelligence, make credible MGAs ideal partners for (re)insurers to meet the challenges faced in the current market environment.

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