



AM Best's 2026 DUAЕ Outlook

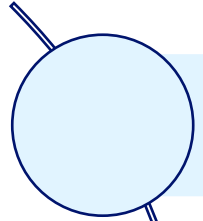
Greg Williams – Managing Director, AM Best
Yizhou Hong – Senior Financial Analyst, AM Best

November 18th, 2025

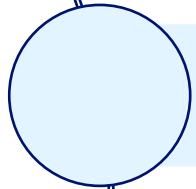
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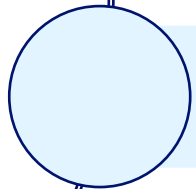
Agenda



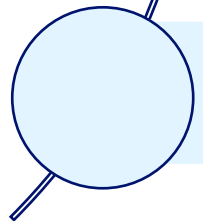
2026 DUAЕ Market Outlook



DUAЕ Survey



AM Best Performance Assessments



Q & A

2026 DUAЕ Market Outlook

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

2026 DUAЕ Market Segment Outlook

AM Best is revising its outlook from Positive to Stable for the global delegated underwriting authority enterprises (DUAЕ) segment, based on the following factors:

- Sustained albeit moderating growth
- Capacity remains strong but becomes more selective
- Added scrutiny and expectations from market participants
- Niche expertise, talent, and technology continue to support versatility
- Optimism among insurers, reinsurers and investors remain

Global DUAE Market – Tailwinds



**Demand for
Specialization**



**Niche
Expertise and
Tailored
Solutions**



**Technology &
Talent will
Remain Key
Differentiators**



**Carriers and
Investors Still
Bullish on
Market**



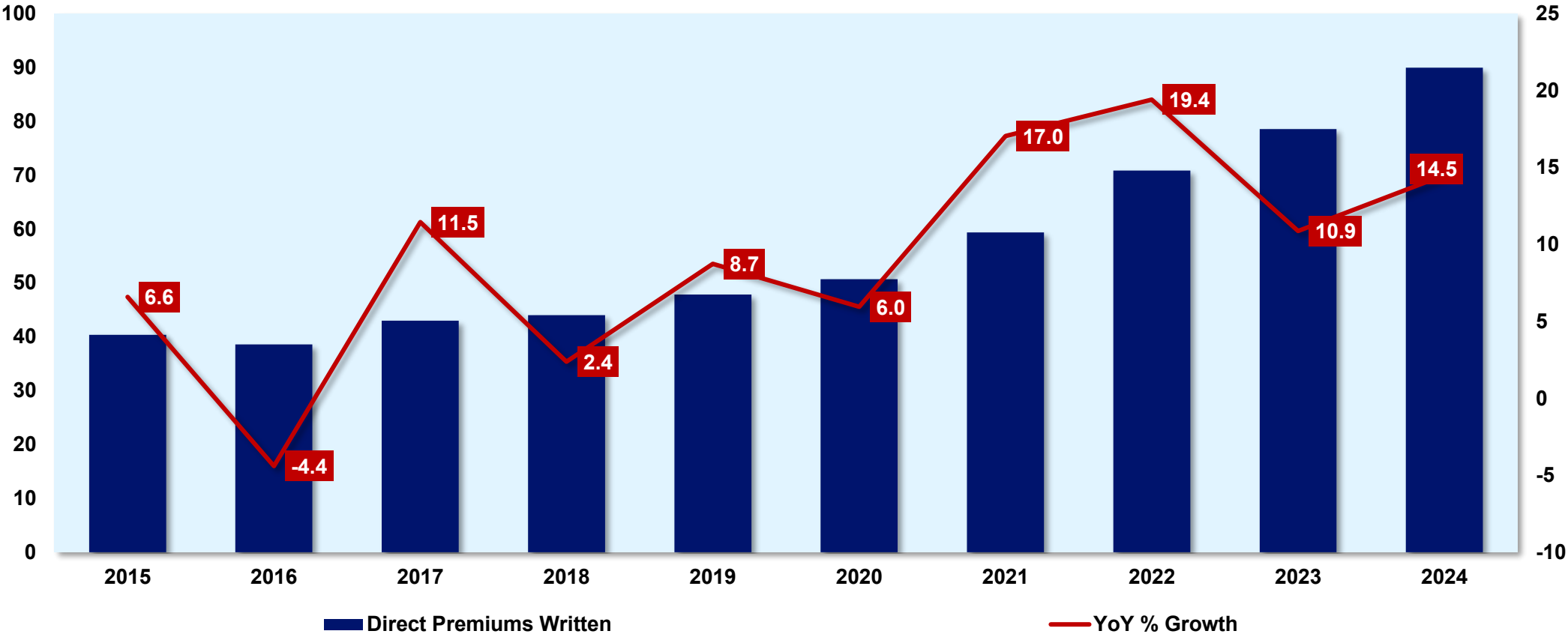
**Capacity
Remains
Robust**



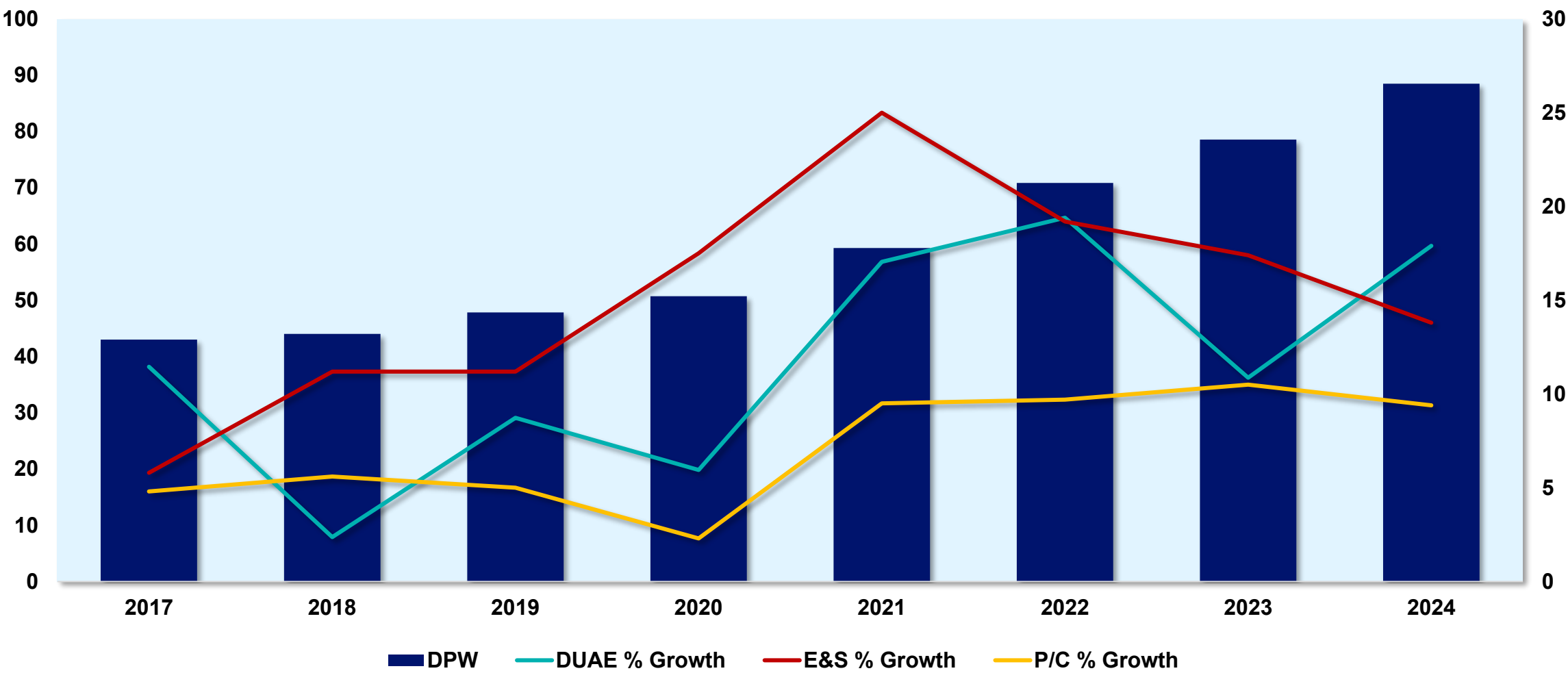
**Continued
Growth in E&S
and Fronting
Sectors**

Growth of DUAEs/MGAs in the Value Chain

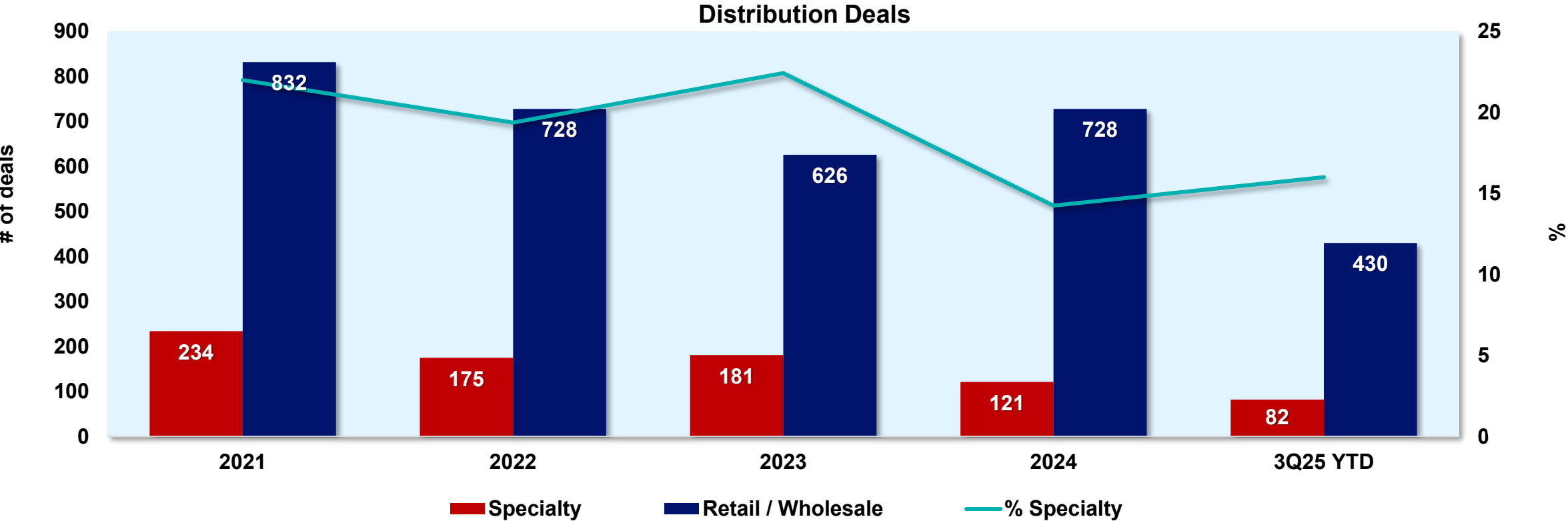
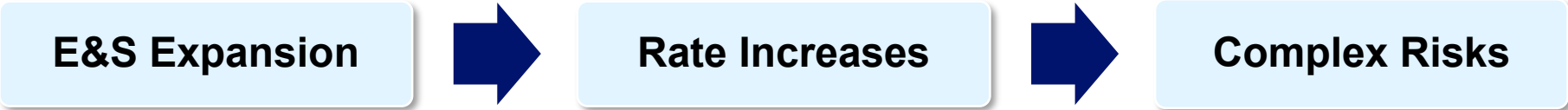
US Property/Casualty
MGA Direct Premiums Written (USD billions)



DUAE Premium Growth Still Robust, Buoyed by E&S; Outpaces P/C



Insurance Brokerage M&A – Specialty Distribution



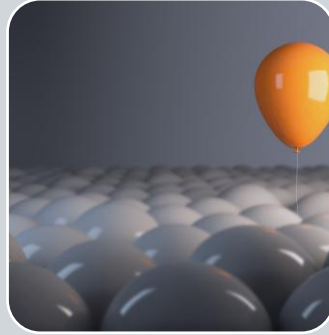
Source: MarshBerry



Global DUAE Market – Headwinds



Rates Likely to Moderate



Increased Competition



Additional Scrutiny by Market Participants



Capacity not Without Challenges



Economic & Political Uncertainty

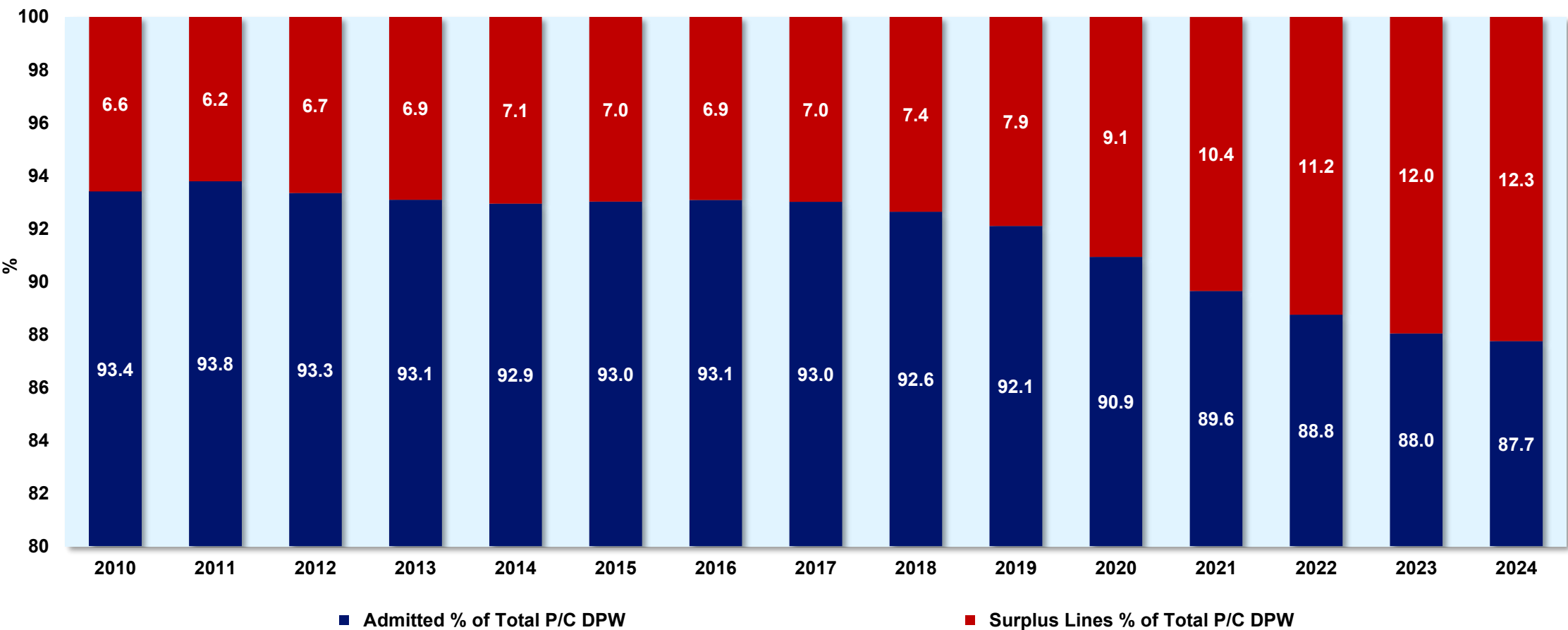


Casualty Pressures

Excess & Surplus Lines

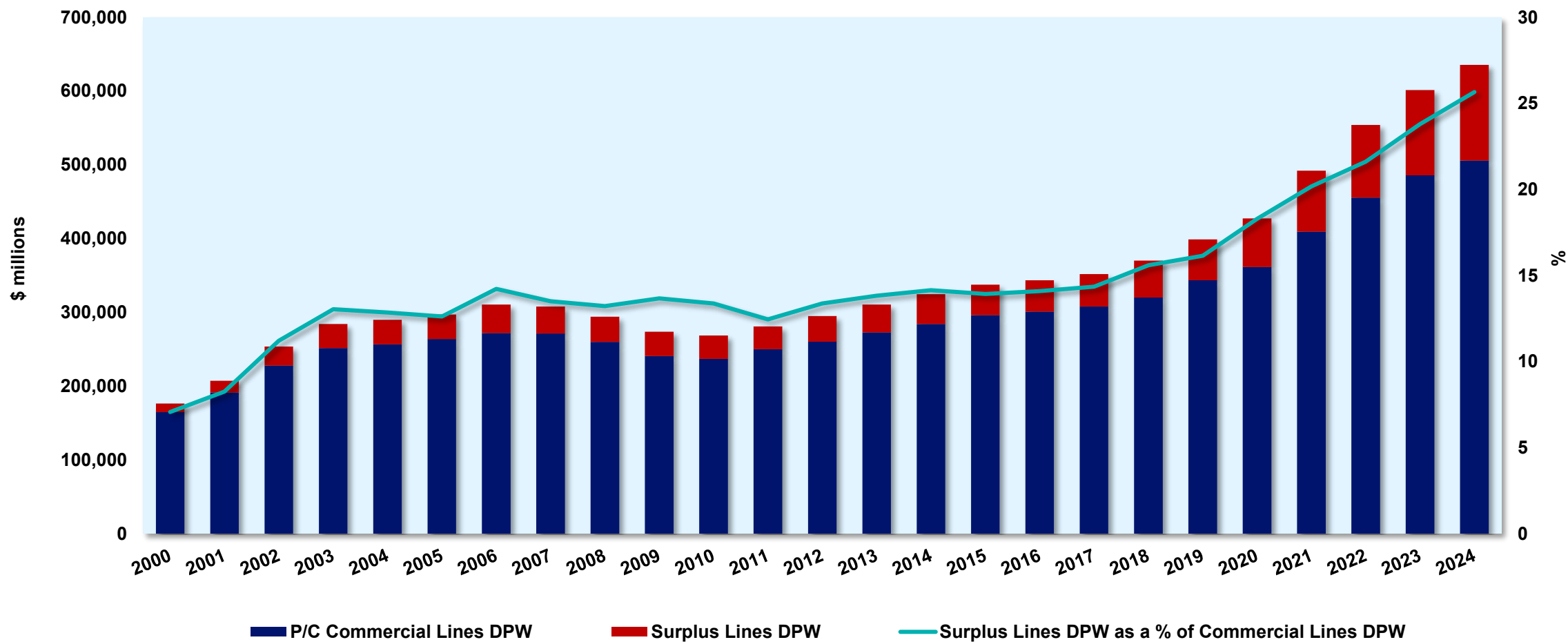
US Surplus Lines

US P/C Industry – Admitted vs. Surplus Lines, Proportion of DPW



US Surplus Lines

US Surplus Lines DPW as a % of P/C Industry Commercial Lines DPW



US Surplus Lines

• Evolving Lines/Risk Classes

- Catastrophe-exposed property
- Evolving cyber liability threats
- Coverage for cannabis-related businesses
- Specialty risks shifting to surplus lines like event cancellation, and active assailant coverage

• Emerging Lines/Risk Classes

- Artificial intelligence-related exposures
- Autonomous transportation
- Electric vehicles / lithium battery risks
- Emerging health, biotech, and life science exposures (gene therapies, clinical trials, etc.)
- Environmental liabilities (PFAS contamination)
- Parametric covers

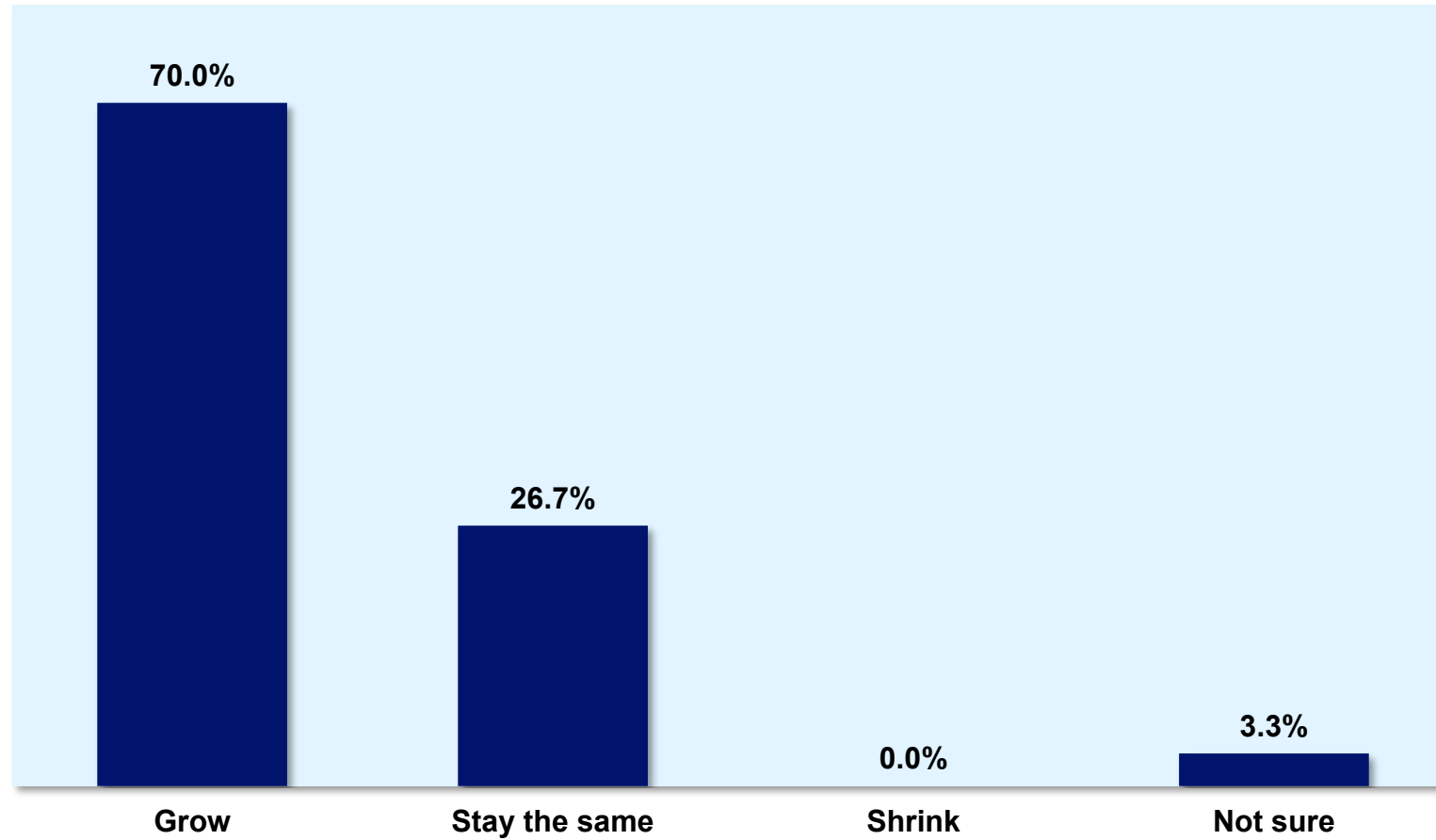
2026 US Excess and Surplus Lines Market Segment Outlook

AM Best is revising its outlook from Positive to Stable for the US Excess and Surplus Lines, based on the following factors:

- Rate momentum is easing in select classes
- Loss cost uncertainty warrants caution
- Capacity becoming more selective on terms and conditions; raising performance thresholds at renewal
- Specifically tailored surplus lines coverage solutions will remain in high demand
- Efficient use of E&S lines capacity as a safety valve will continue

DUAE Survey

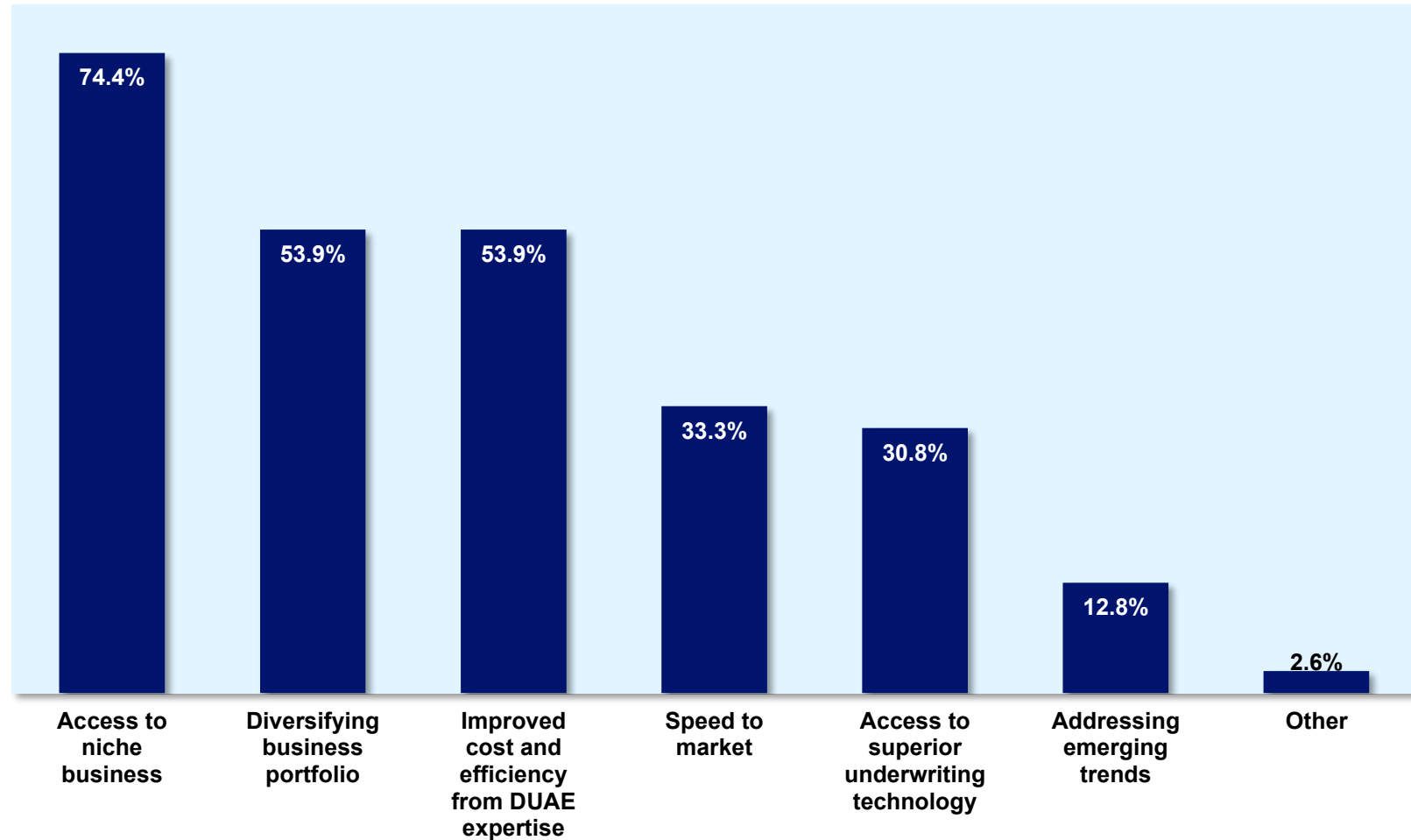
Carriers Expectation of Their DUAE-Sourced Premium



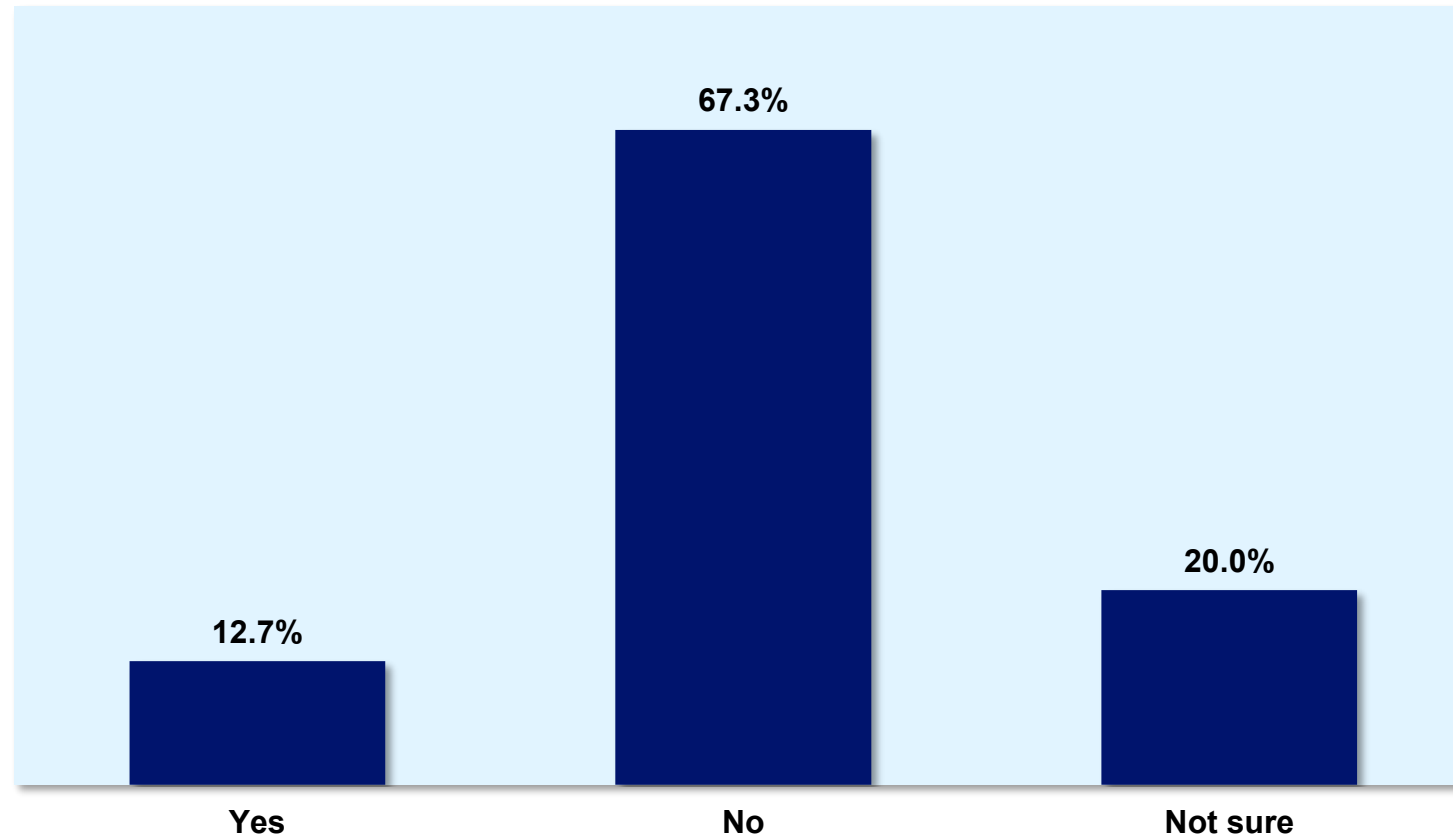
**Sustained Growth,
Stability, &
Confidence in the
DUAE Model**

Top Reasons for using DUAEs

**Ability to offer
niche expertise
and tailored
solutions for
specialty lines
and emerging
risks**



Carriers Expectation to Partner with New DUAEs



**Focus on
Maintaining &
Cultivating Existing
DUA
Relationships**

Carriers View: Top 3 Strengths & Weaknesses of Program Business

Top 3 Strengths

1. Expertise or Specialized Underwriting

75.0%

2. Distribution

69.4%

3. Technology / Data Analytics

52.8%

Top 3 Weaknesses

1. Relationships or objective misalignment

29.0%

2. Consolidation

19.4%

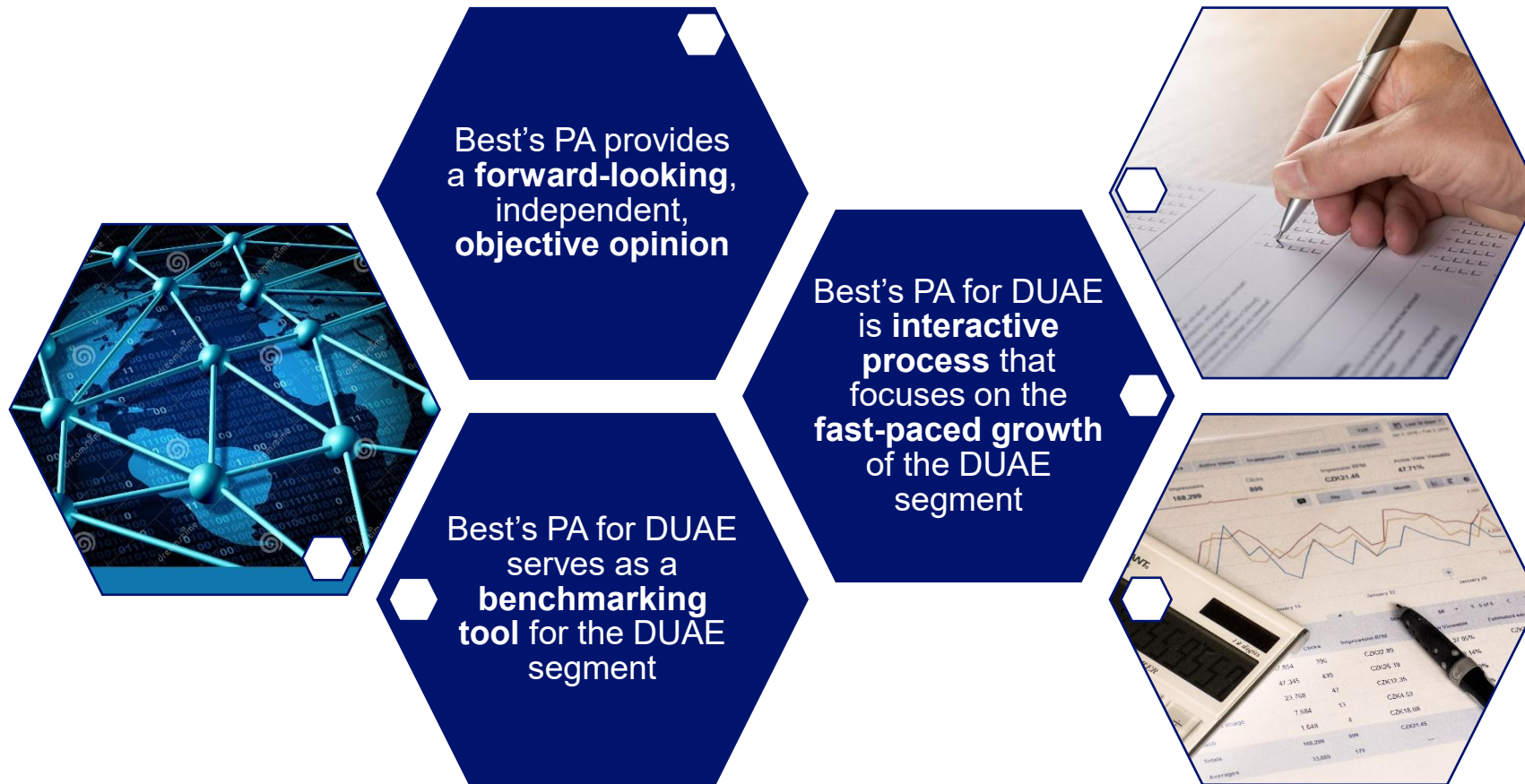
3. Capacity Availability

16.1%

AM Best Performance Assessment and Benchmark

AM Best's PA for DUAEs

AM Best's PA for DUAЕ is a comprehensive assessment of a DUAЕ's relative ability to perform services on behalf of its insurance partners



AM Best's Process for Assessing DUAEs

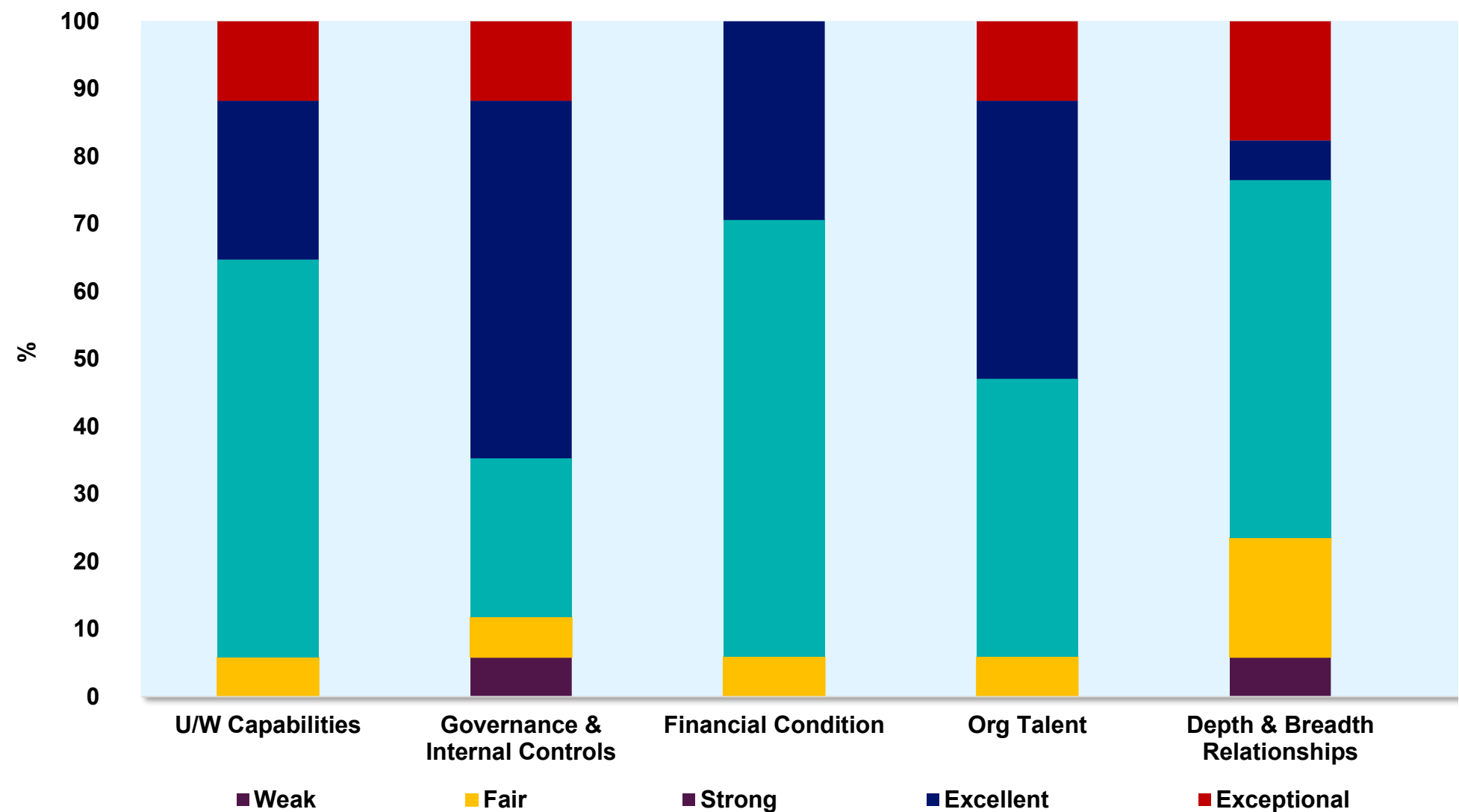
AM Best uses quantitative and qualitative elements to assess the strengths and weaknesses of a DUAE.



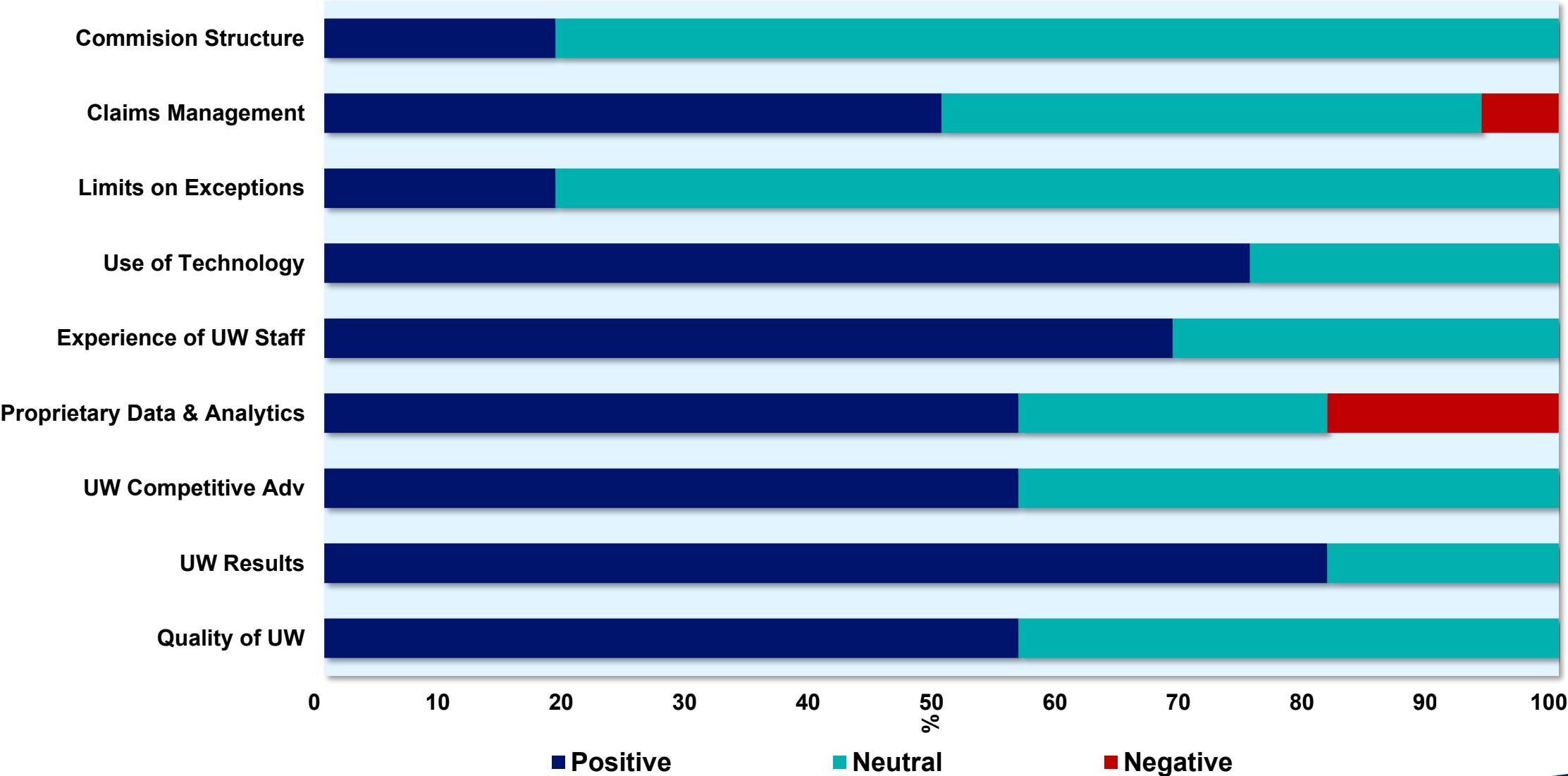
PA Process Flow



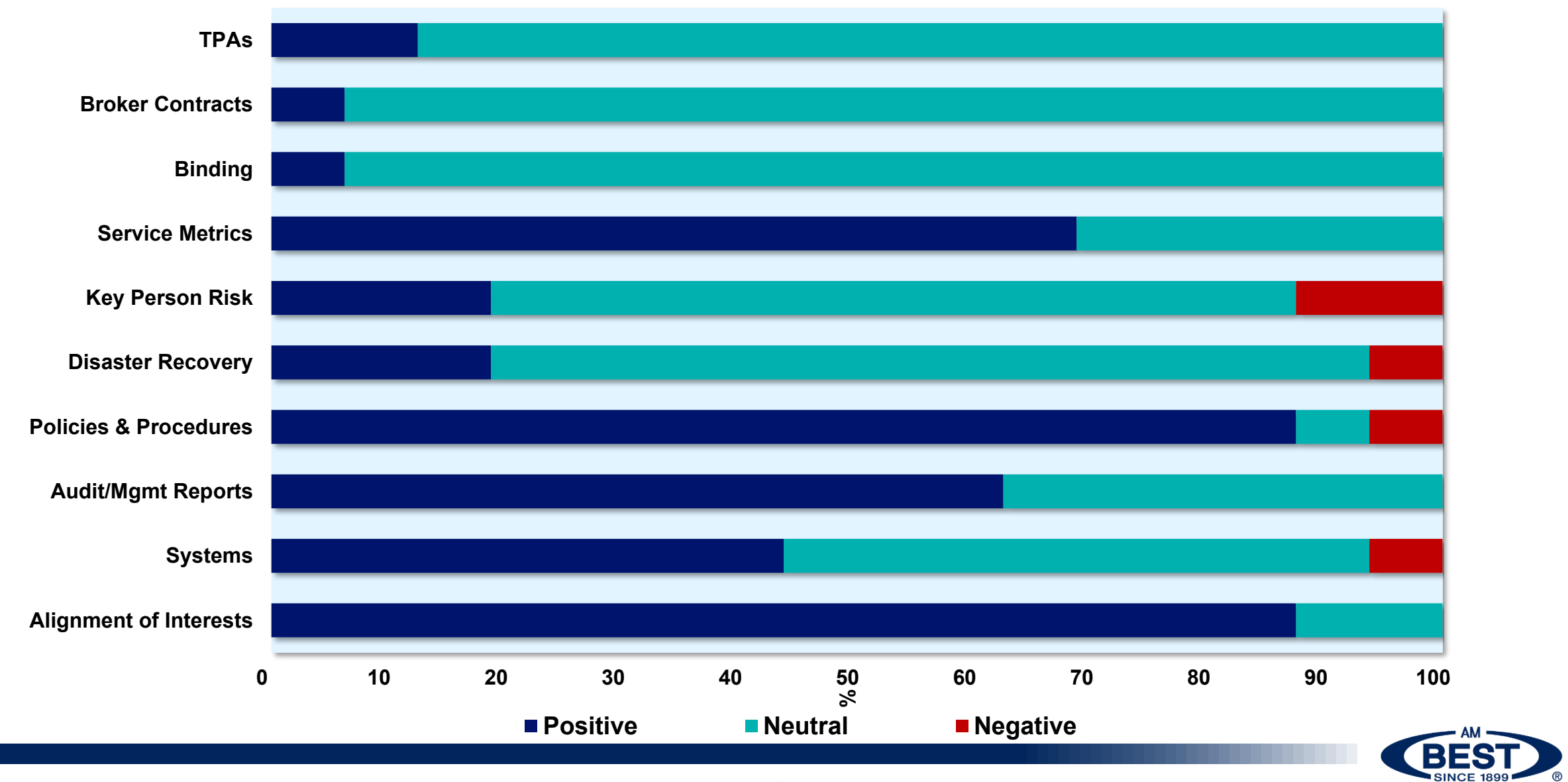
Performance Benchmark – Overview



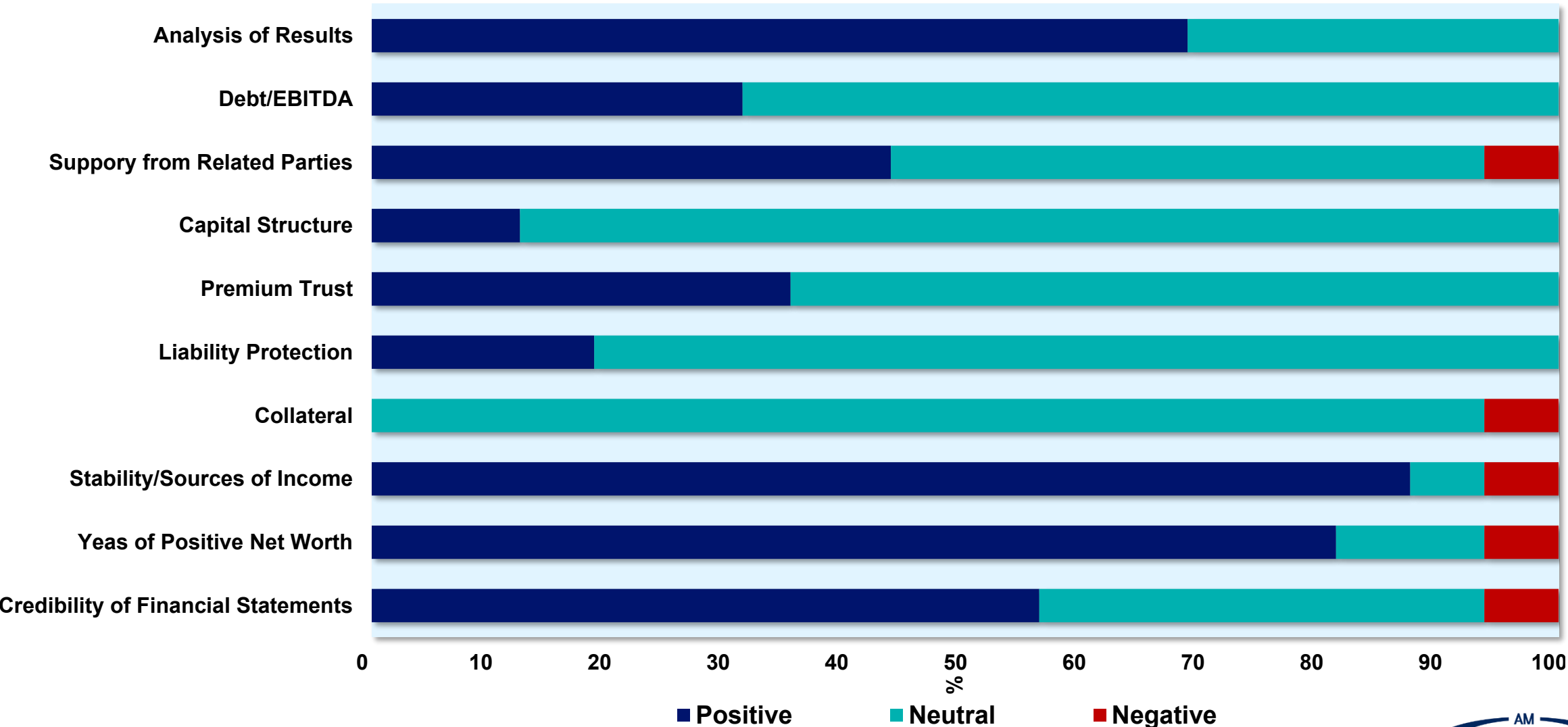
Performance Benchmark – Underwriting Capabilities



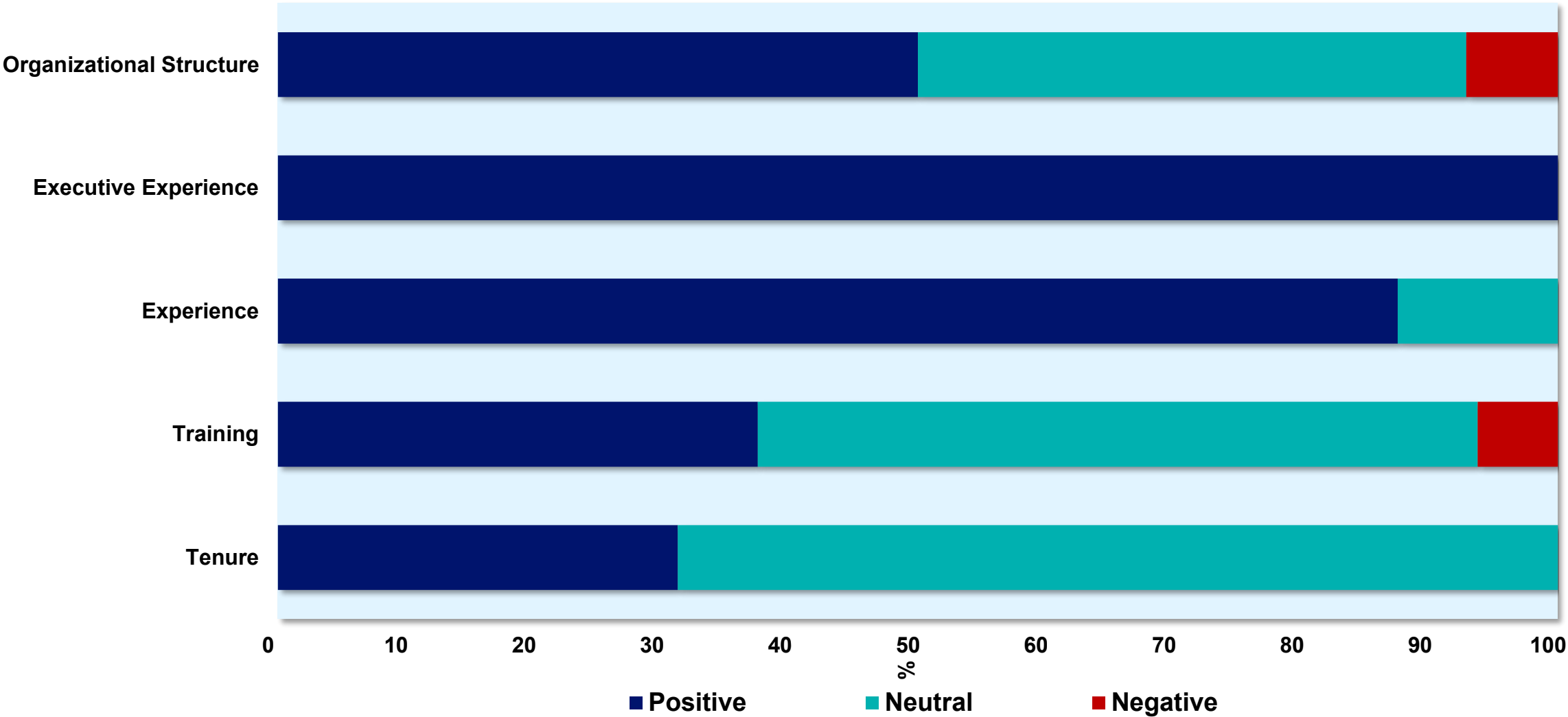
Performance Benchmark – Governance & Internal Controls



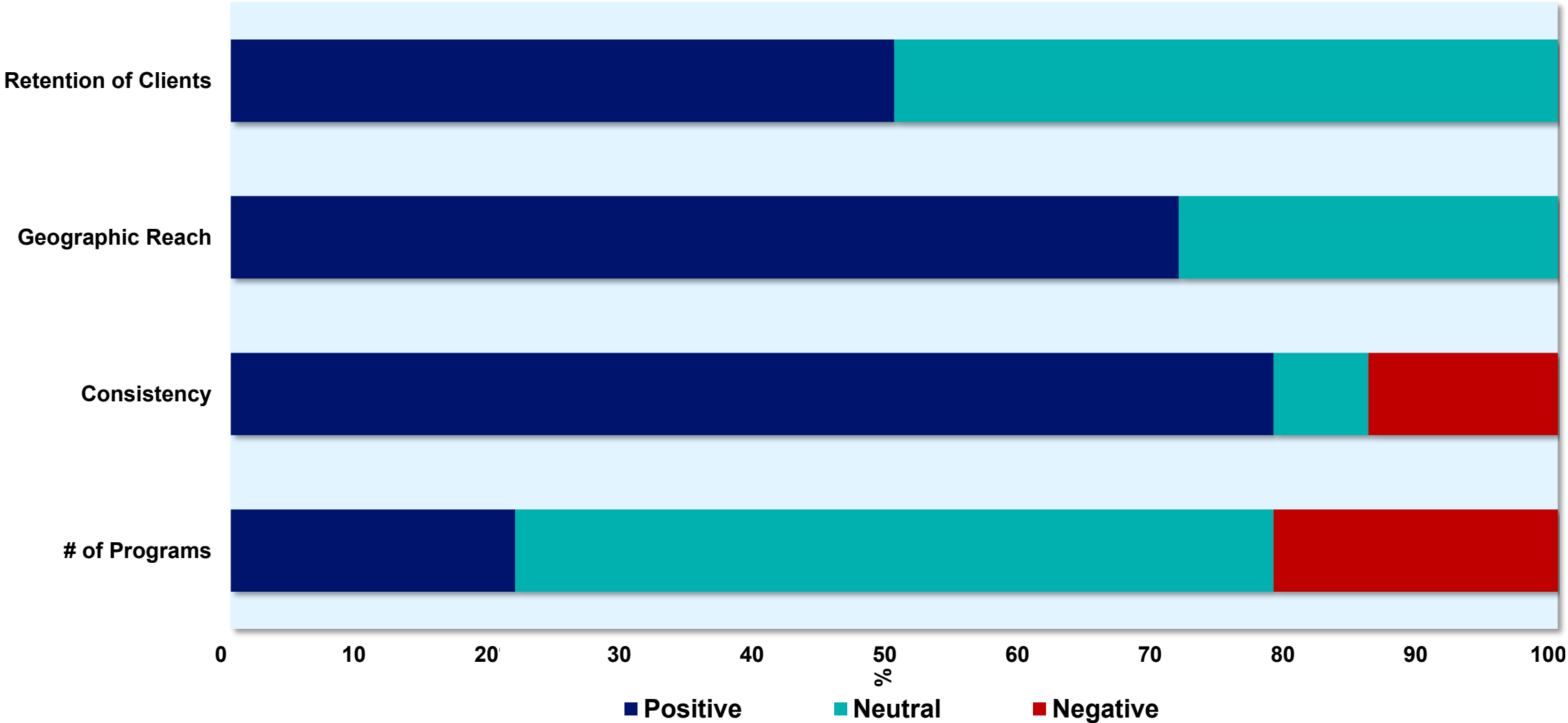
Performance Benchmark – Financial Condition



Performance Benchmark – Organizational Talent



Performance Benchmark – Depth & Breadth of Relationships



Q&A

Thank You

AM BEST

Panel Discussion – Inside the Engine Room: Perspectives on High-Performing DUAE's

Matthew Jones – Senior Vice President, Business Development, MS Transverse

Max McClure – Senior Managing Director & Reinsurance Broker, AON

Steven Nigro – Managing Partner, TAG Financial Institutions Group, LLC

Greg Williams – Managing Director, AM Best

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Risk Management
Back in the Spotlight**

2026



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