AM Best's 2026 DUAE Outlook

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Download Today’s Presentation

Agenda

- 2026 DUAE Market Outlook
- DUAE Survey
- AM Best Performance Assessments
- Q & A

2026 DUAE 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 DUAE Market Segment Outlook

AM Best is revising its outlook from Positive to Stable for the global delegated underwriting authority enterprises (DUAE) 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

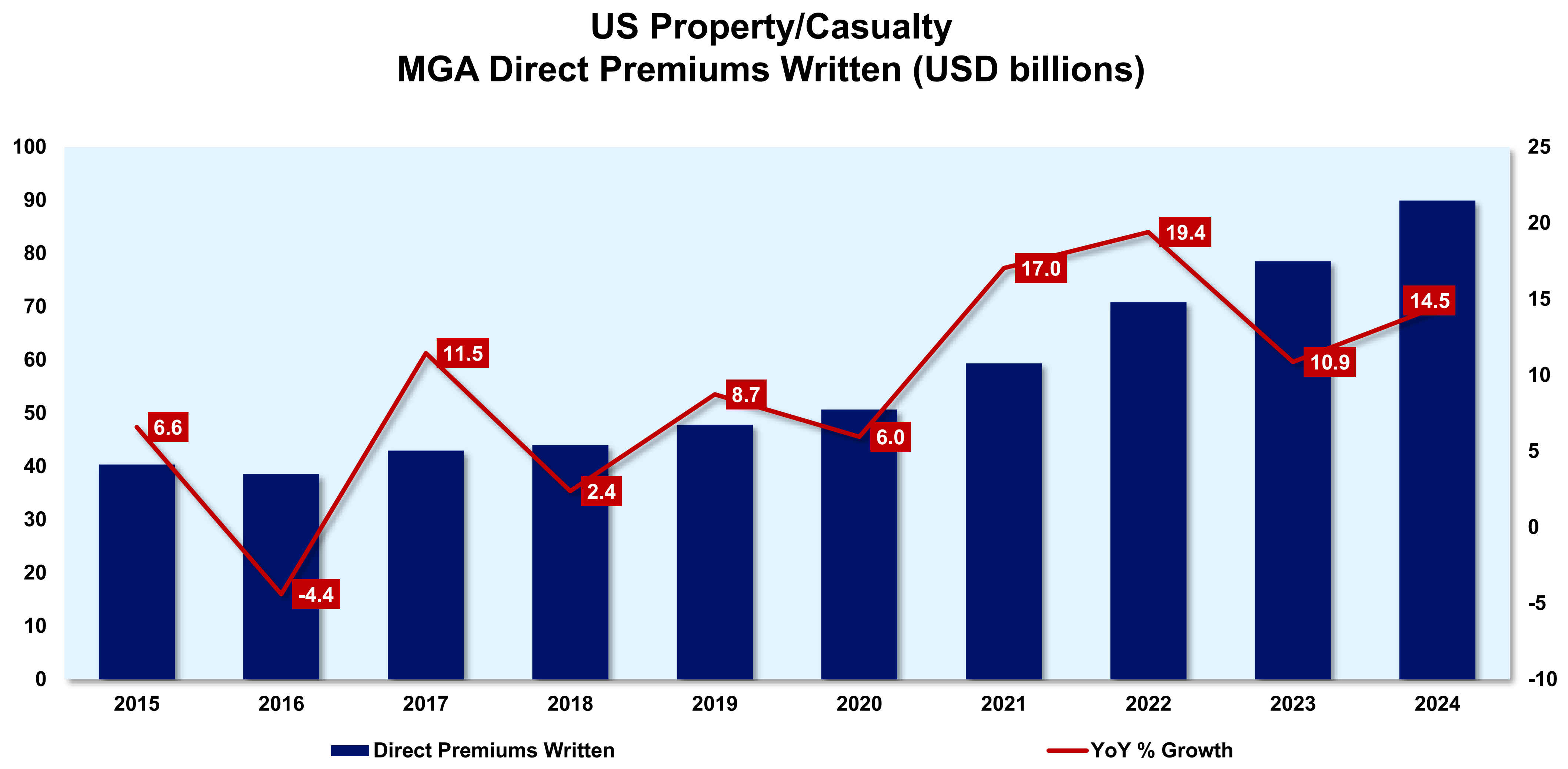
Technology & Talent will Remain Key Differentiators

Carriers and Investors Still Bullish on Market

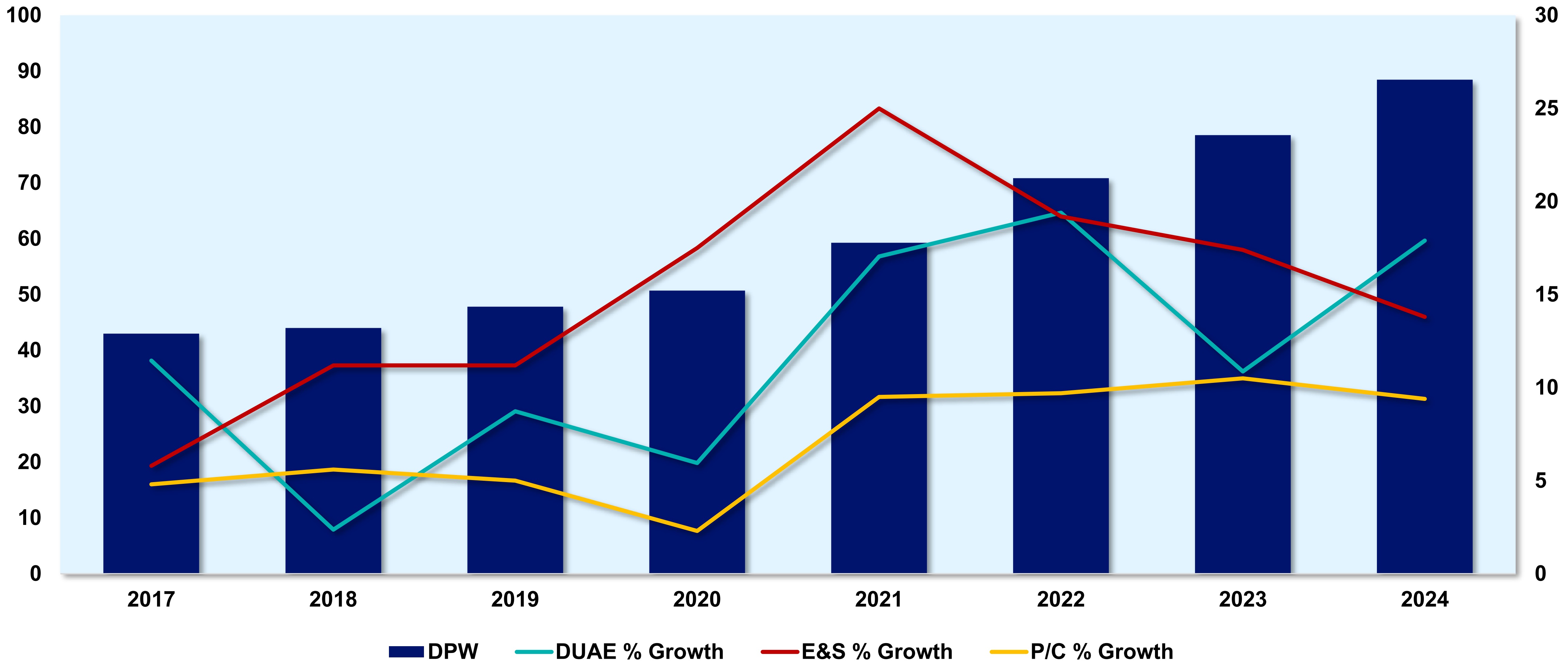
Capacity Remains Robust

Continued Growth in E&S and Fronting Sectors

Growth of DUAEs/MGAs in the Value Chain

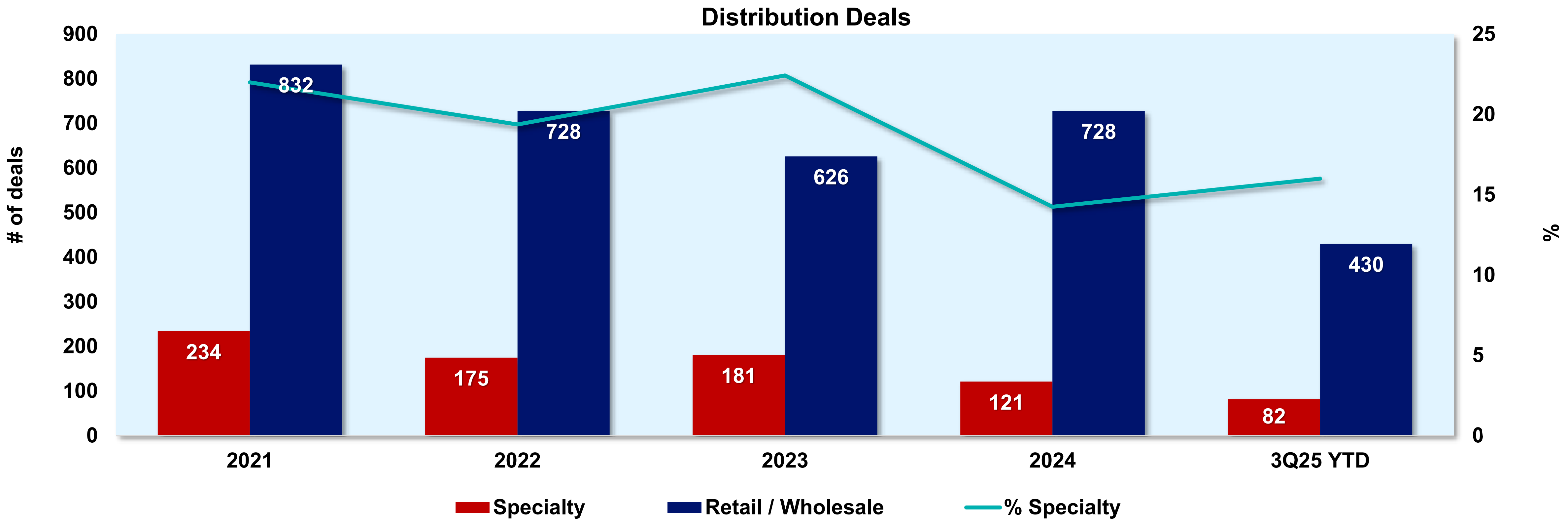


DUAE Premium Growth Still Robust, Buoyed by E&S; Outpaces P/C



Insurance Brokerage M&A – Specialty Distribution

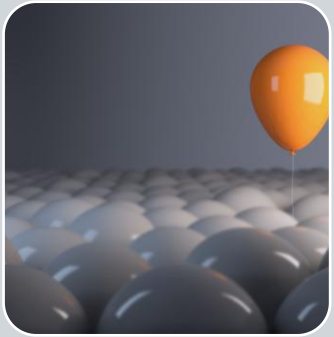
E&S Expansion → Rate Increases → Complex Risks



Source: MarshBerry

Global DUAE Market – Headwinds

Rates Likely to Moderate

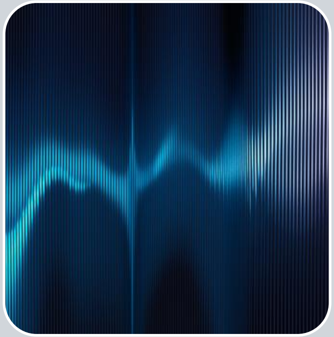


Increased Competition

Additional Scrutiny by Market Participants

Capacity not Without Challenges

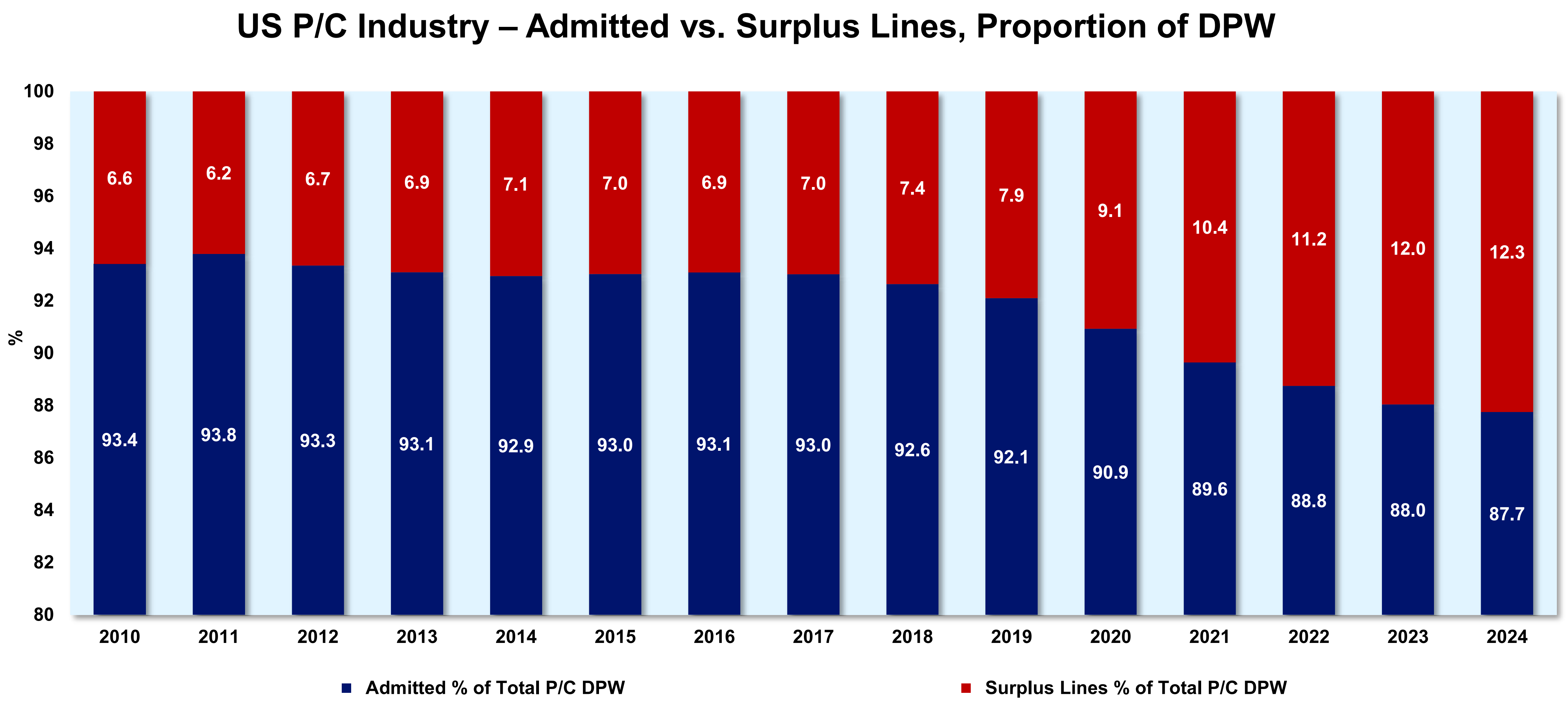
Economic & Political Uncertainty



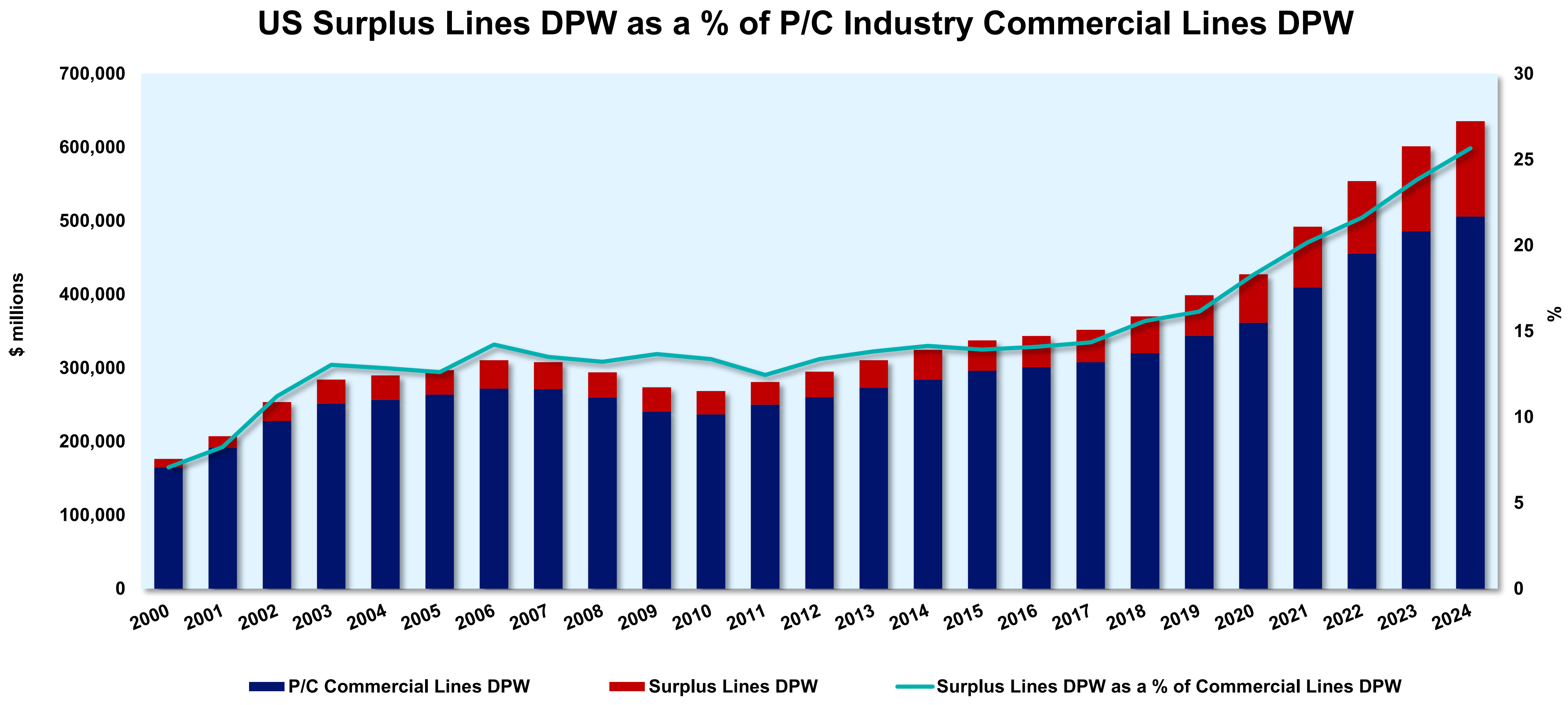
Casualty Pressures

Excess & Surplus Lines

US Surplus Lines



US Surplus Lines



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

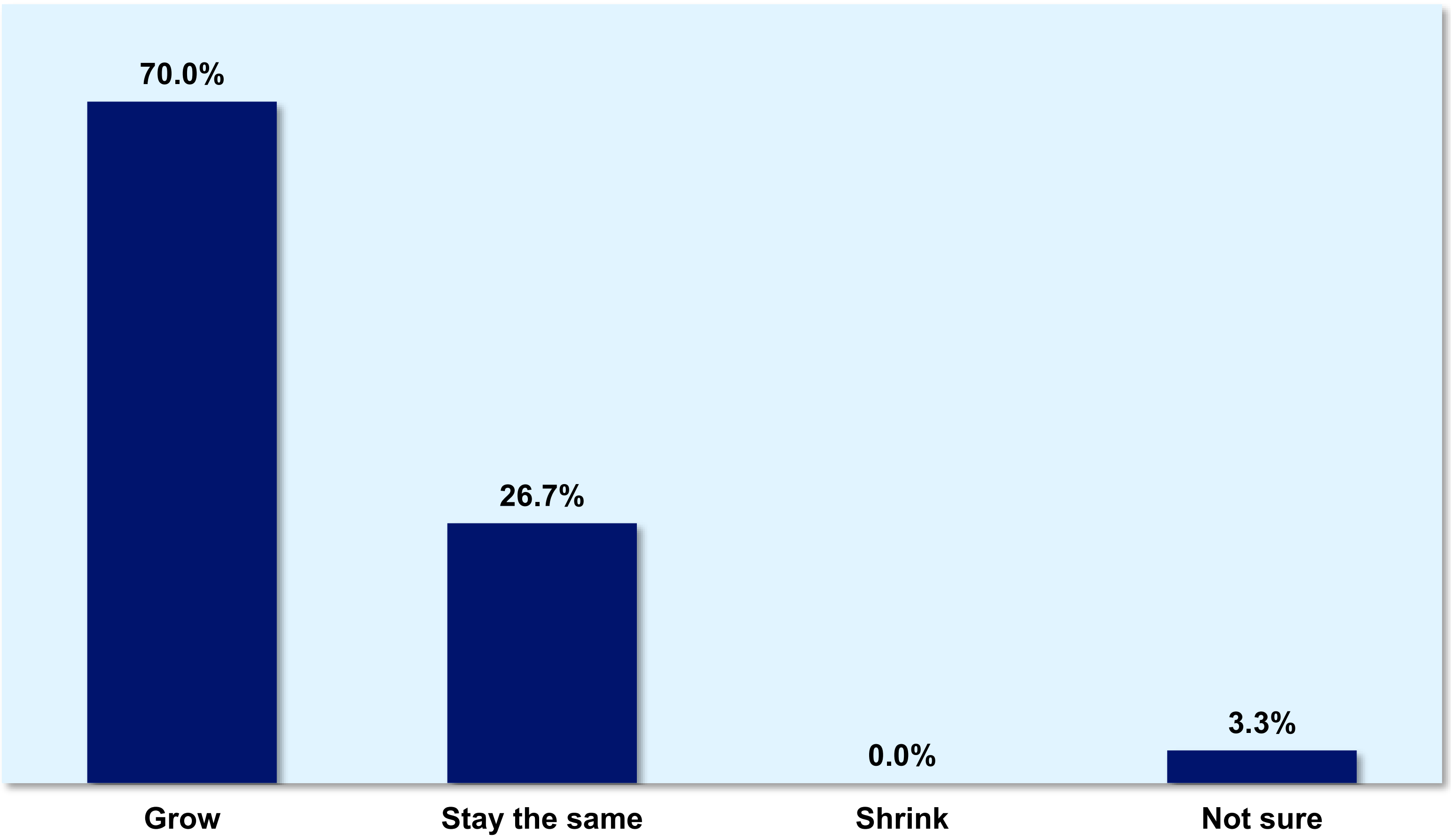
2026 US Excess and Surplus Lines Market Segment Outlook

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

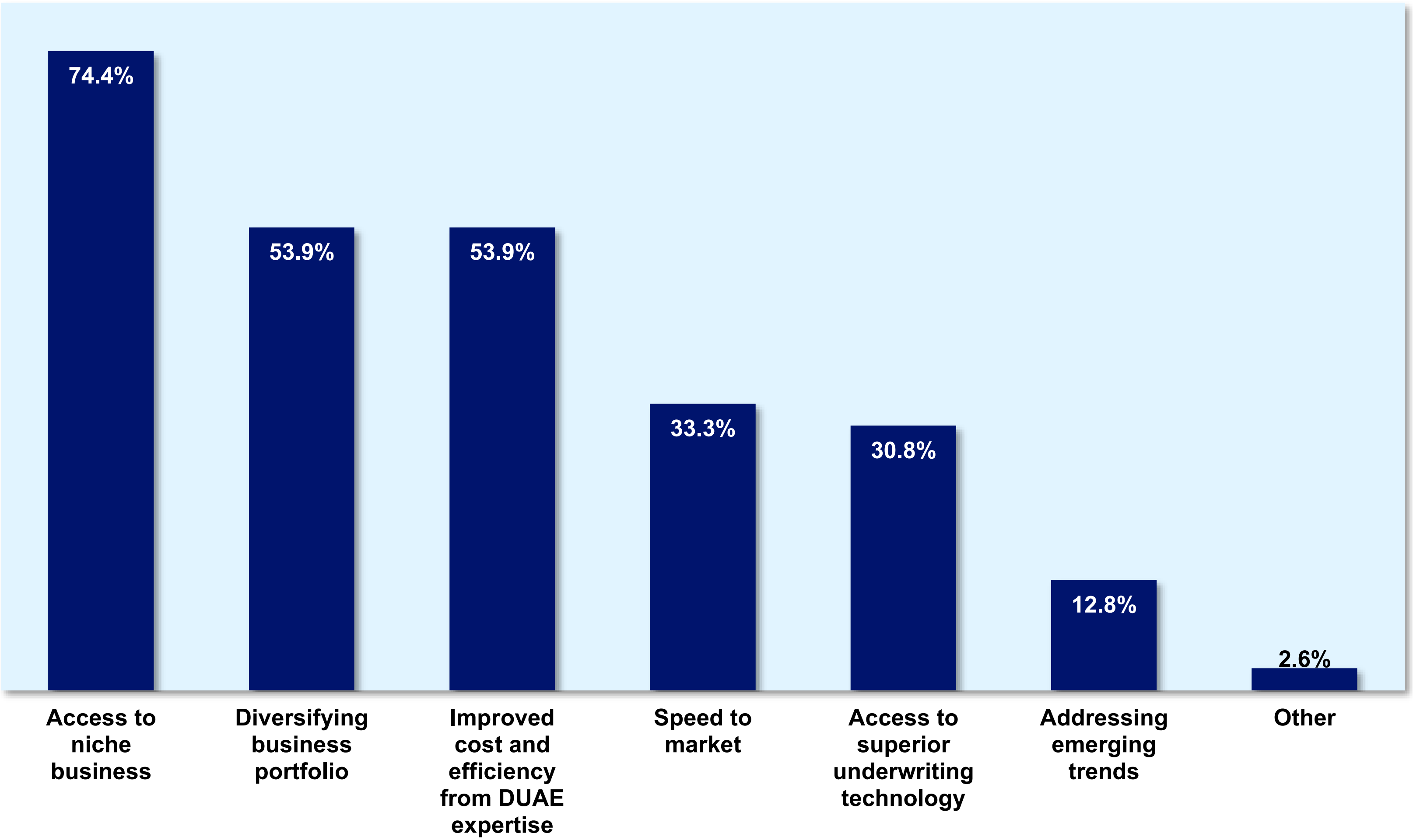
Carriers Expectation of Their DUAE-Sourced Premium



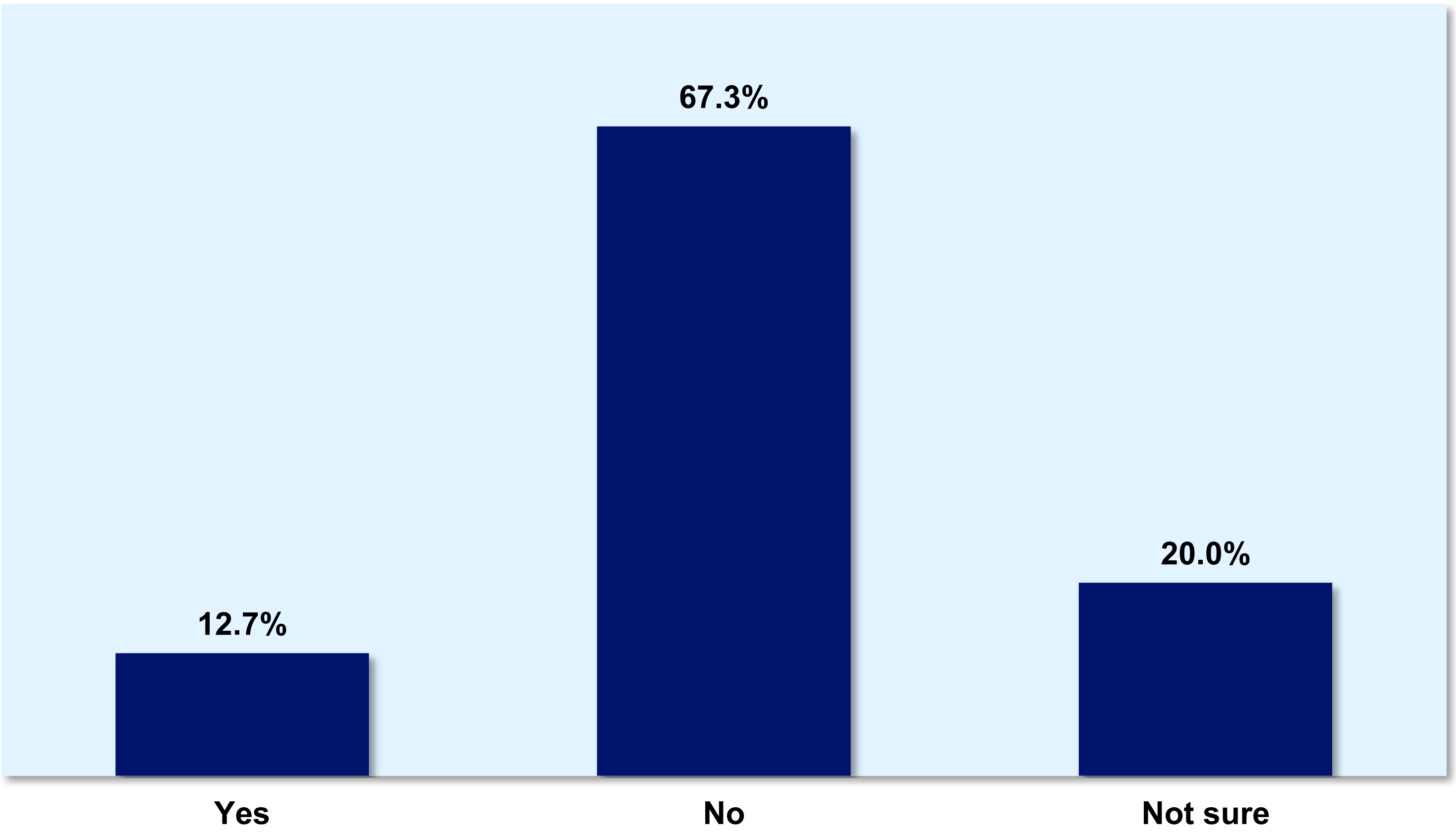
Sustained Growth, Stability, & Confidence in the DUAE Model

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 DUAE Relationships

Carriers View: Top 3 Strengths & Weaknesses of Program Business

Top 3 Strengths		Top 3 Weaknesses	
1. Expertise or Specialized Underwriting	75.0%	1. Relationships or objective misalignment	29.0%
2. Distribution	69.4%	2. Consolidation	19.4%
3. Technology / Data Analytics	52.8%	3. Capacity Availability	16.1%

AM Best Performance Assessment and Benchmark

AM Best’s PA for DUAEs

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

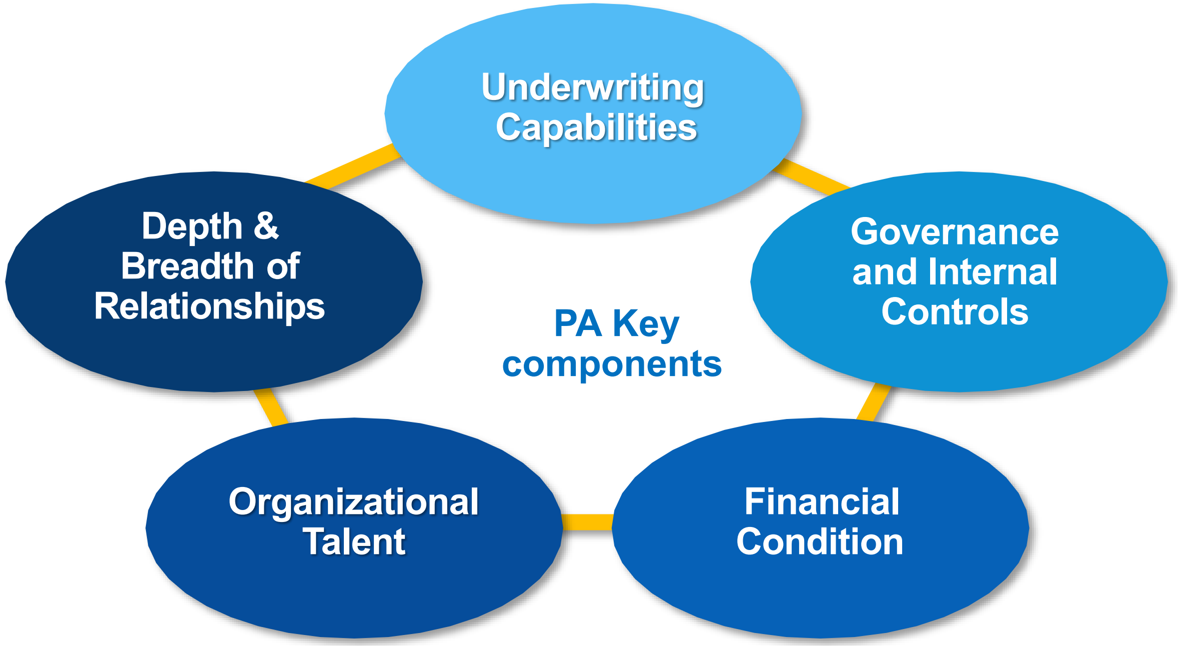
Best’s PA provides a **forward-looking**, independent, **objective opinion**

Best’s PA for DUAE serves as a **benchmarking tool** for the DUAE segment

Best’s PA for DUAE is **interactive process** that focuses on the **fast-paced growth** of the DUAE segment

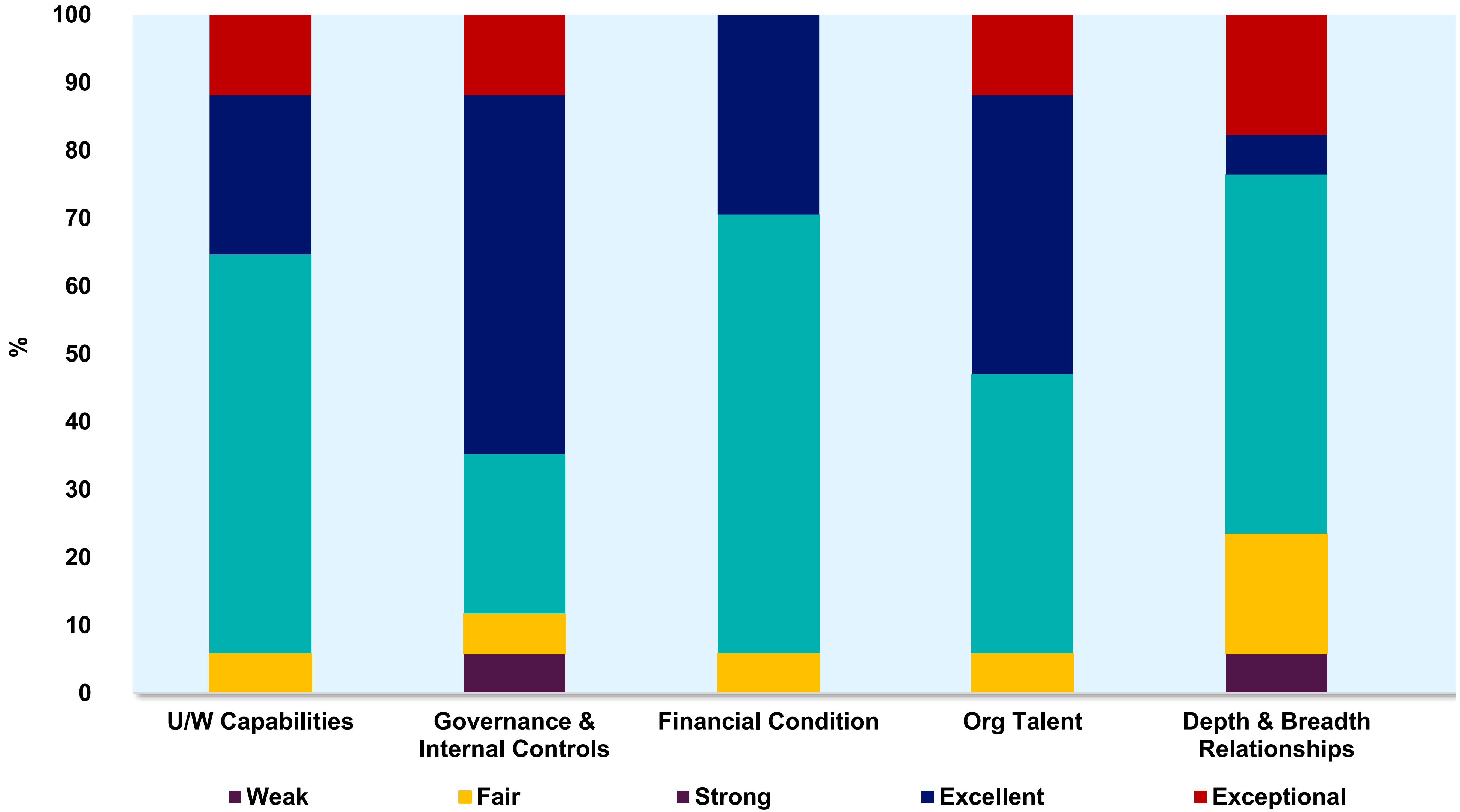
AM Best’s Process for Assessing DUAEs

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

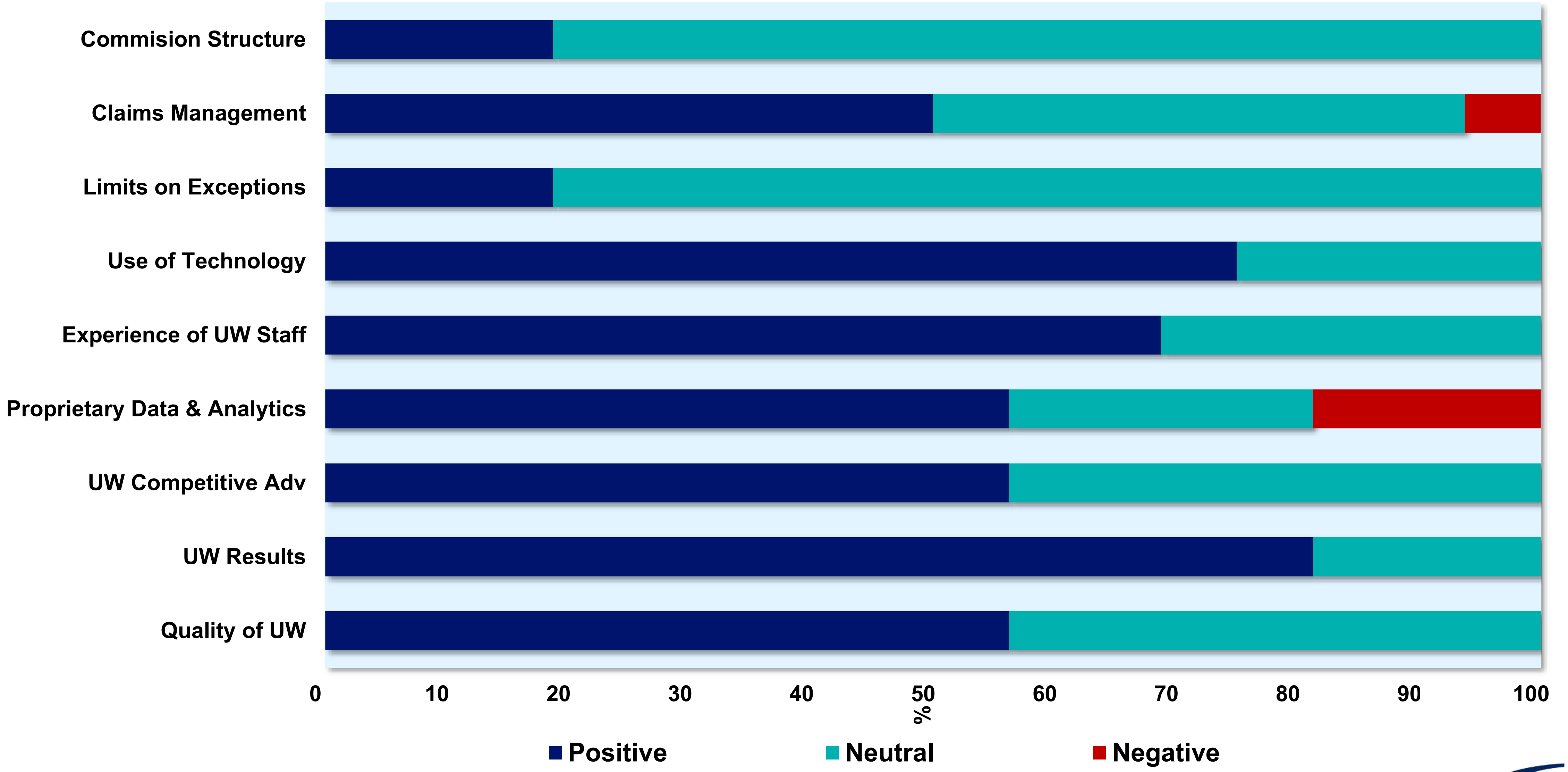


PA Process Flow

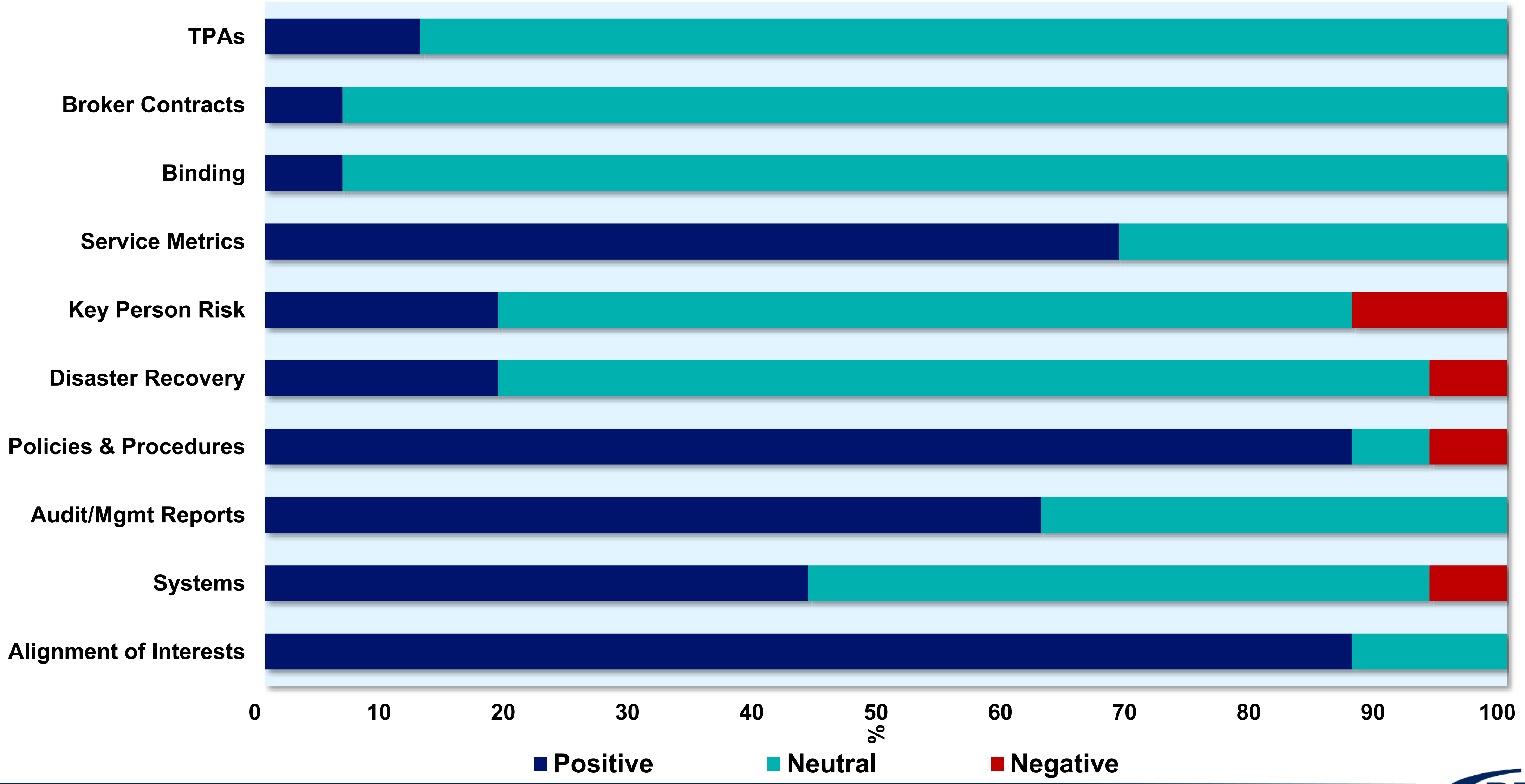
Performance Benchmark – Overview



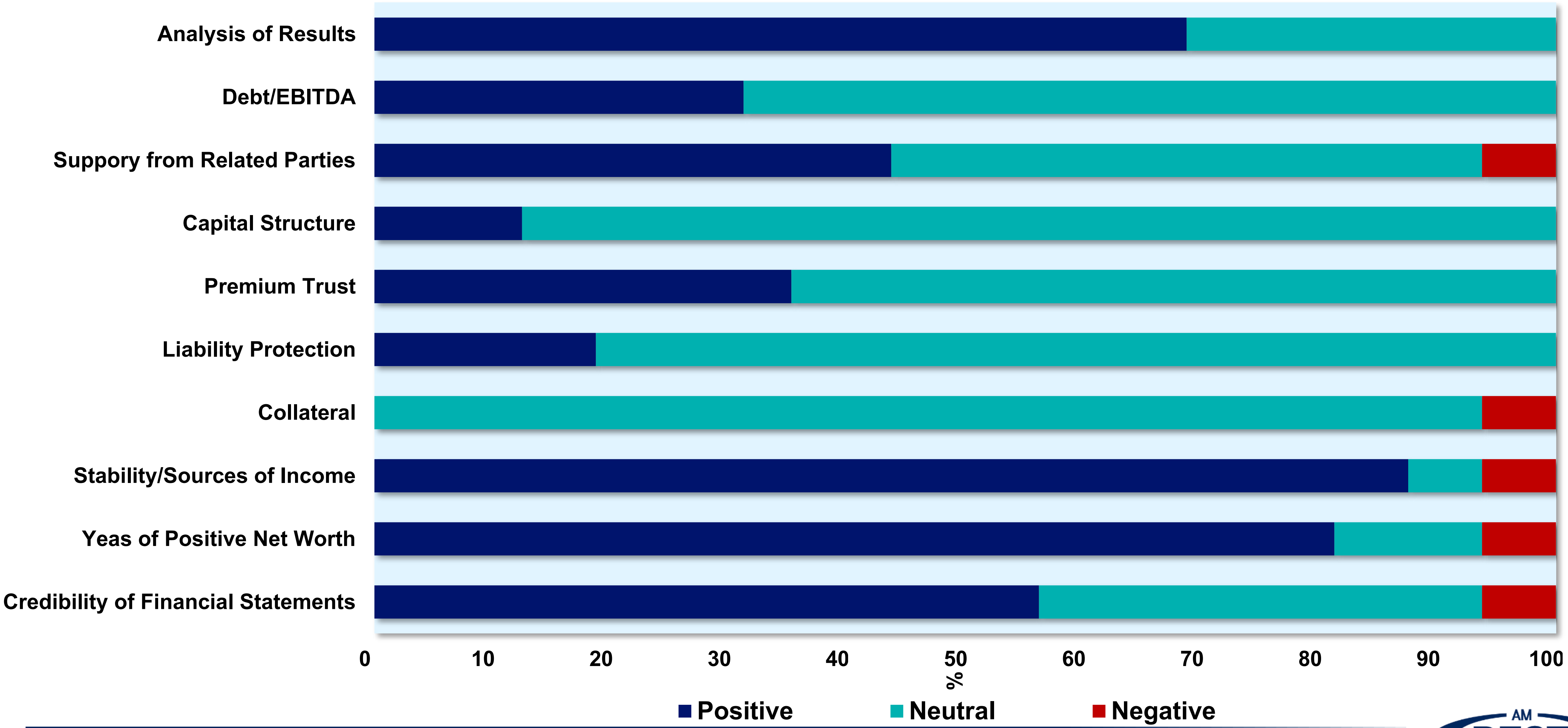
Performance Benchmark – Underwriting Capabilities



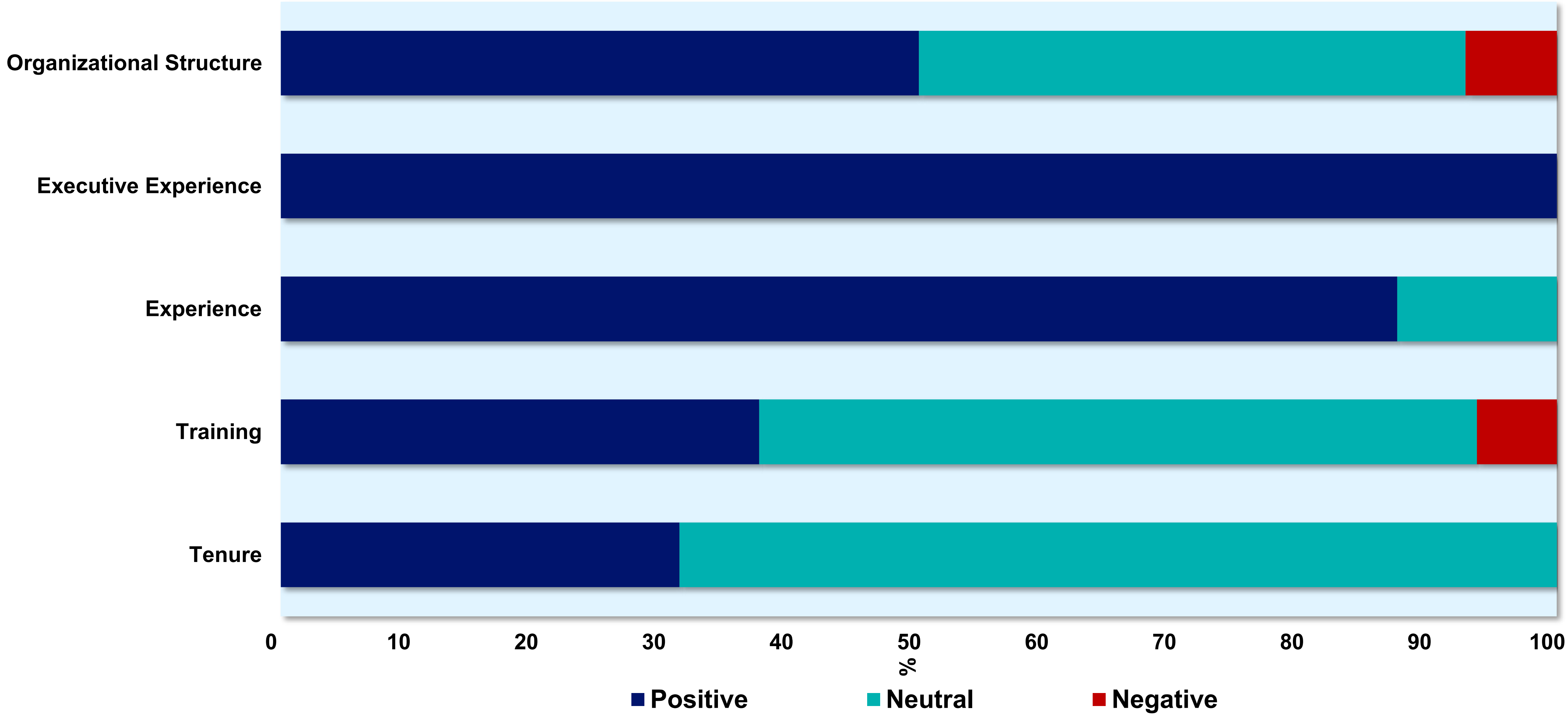
Performance Benchmark – Governance & Internal Controls



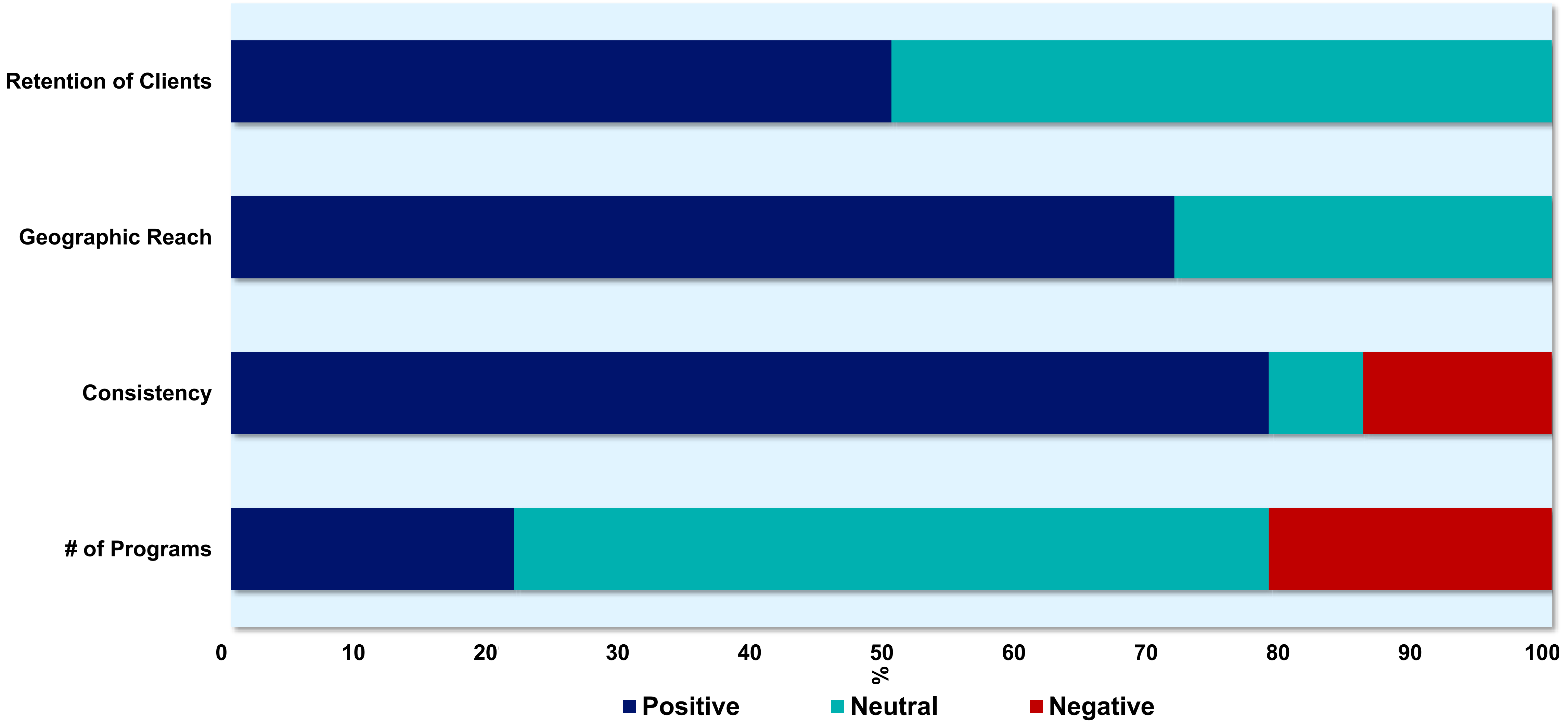
Performance Benchmark – Financial Condition



Performance Benchmark – Organizational Talent



Performance Benchmark – Depth & Breadth of Relationships



Q&A

Thank You

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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

AM Best's Latest Report

BEST'S MARKET SEGMENT REPORT

Our Insight, Your Advantage®

November 17, 2025

Market Segment Outlook: Delegated Underwriting Authority Enterprises

The outlook for DUAE is revised from Positive to Stable, reflecting emerging headwinds, including capacity challenges and pricing pressure at renewals

AM Best is revising its outlook from Positive to Stable for the global delegated underwriting authority enterprises (DUAE) segment, reflecting moderating growth and emerging headwinds, including more selective capacity and greater performance pressure from carrier and reinsurance partners. The DUAE segment remains well positioned as a go-to market for (re)insurers.

Key factors supporting the Stable outlook:

- The global DUAE distribution channel exhibits sustained growth and resilience.
- Niche expertise and tailored solutions for specialty lines and emerging risks are prevalent.
- Investment in talent and technology supports a nimble, scalable, and adaptable business model.

Countering factors include the following:

- Capacity challenges, including selective deployment and pricing/cession pressure at renewals, are present.
- Market participants place added scrutiny on DUAEs as it relates to data quality, governance, and collateral requirements.

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

AM Best will host its annual New York reception on Thursday, December 4, 2025 where colleagues will discuss our 2026 outlooks and current industry trends

Register via the QR Code Below

Don’t Miss AM Best’s Upcoming Briefing

Tuesday, December 9, 2025 | 2:00 PM ET

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