

Our Insight, Your Advantage®

June 4, 2025

MGA Premiums Show Double-Digit Growth for a Fourth Consecutive Year

**MGA-sourced
premiums exceed
\$90 billion**

Principal Takeaways

- Year-over-year (YoY) annual premium growth generated through managing general agents (MGAs) and other delegated underwriting authority enterprises (DUAEs) reached double-digits for a fourth consecutive year in 2024.
- MGAs offer specialized expertise and provide access to niche markets, making them attractive to reinsurers.
- P/C market growth is expected to moderate over the near-term, which may limit future MGA growth and place pressure on newly formed MGAs.
- Insurers need to have appropriate understanding of AI and machine-learning models used by MGAs, along with MGAs' cyber security posture.

Best's Performance Assessment for DUAEs

Our Performance Assessment for Delegated Underwriting Authority Enterprises is a forward-looking, independent, and objective non-credit opinion indicative of a DUAЕ'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.

The DUAЕ role is an essential part of the insurance distribution model. In this methodology, DUAЕ 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 DUAЕ 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 DUAЕ.

Over the past decade, DUAEs have increasingly leveraged specialized expertise to address emerging, evolving, and underserved risks, significantly raising their importance and profile in the global insurance market. Strategic partnerships between primary insurers and DUAEs have driven sustained premium growth in specialty commercial and excess and surplus lines markets. DUAEs are essential for delivering micro-specialization throughout the commercial and personal lines markets. DUAEs with a track record of focusing on niche segments and complex risks are crucial partners for insurers seeking tailored solutions. This unique expertise is a primary driver of the DUAЕ market segment's growth and bodes well for its sustainability. Carriers looking for attractive new growth opportunities are seeking specialty distribution partners that possess these qualities and seek to leverage this advantage.

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Reinsurers provide capacity, particularly in unique, sometimes volatile markets, which has led to a healthy interest in MGA-sourced business. MGAs specialize in business that finds coverage solutions in the excess and surplus lines market because of the unique risks and exposures they present. This has made DUAEs with access to this type of business more attractive to reinsurers, surplus lines insurers, and even alternative capital providers. In recent years, fronting companies have also played a role in the growth of MGA-produced business, giving greater access for (re)insurance companies to benefit from the reach of DUAEs as carriers pursue portfolio diversification and additional premium revenue sources.

Private equity/investment firms have also started to enter the market. This has given DUAEs access to capital supporting faster growth and accelerated entrance to the market along with access to other areas of insurance. There is some risk involved as private equity firms generally expect returns quickly, which may pressure DUAEs to take on extra risk.

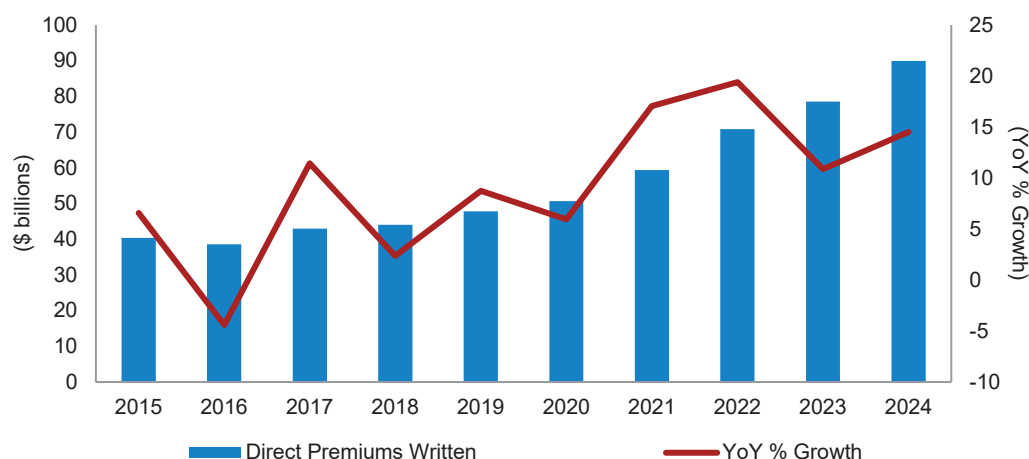
AM Best's [outlook on the global DUAЕ segment](#) remains Positive owing to the resilience of these organizations, as they have effectively used strategic investments in technology and talent to expand premiums in the specialty commercial market. Significant technology investment, combined with leveraging data analytics, has helped insurers make better risk selection decisions, thus enabling DUAEs to become more ingrained as key partners in building new programs and developing creative new products. These products allow insurers to address evolving risk in real-time as exposures grow more complex across different industries and geographies, in a highly interconnected world. The varied capabilities of DUAEs have also allowed them to build different types of programs to meet the needs of both policyholders and insurance company partners while streamlining operations to remain nimble in the competitive specialty commercial marketplace.

MGA-Fueled Premium Continues to Rise

Based on NAIC data, total direct premiums written (DPW) sourced by MGAs in 2024 grew by 14.5% to \$89.9 billion from \$78.6 billion (**Exhibit 1**). This represented the fourth consecutive year that growth exceeded 10%. The premium momentum that is owed to MGAs writing specialty commercial lines of coverage shows no sign of slowing down despite average account pricing moderating or even declining in certain lines such as workers' compensation, professional liability — particularly directors and officers (D&O) liability, employment practices liability (EPL) — and cyber

Exhibit 1

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



Source: **BESTLINK**

liability. Although premium momentum driven by MGAs remains robust, certain market segments are experiencing moderated pricing, potentially impacting future growth rates, especially for newer or less capitalized MGAs. New market entrants with expertise in niche markets continue to be attractive to insurers with capacity and appetite for specialty risks.

In 2023, AM Best's count of US MGAs exceeded 600, and in 2024, the number of unique MGAs that met the threshold for their premium to be reported in Note 19 of company financial statements exceeded 700. This does not represent the entire universe of MGAs since many MGAs generate annual premiums for insurance companies that fall below the minimum threshold — 5% of policyholder's surplus — required for the MGA's premium to be reported via Note 19 in the annual NAIC statement. Market research indicates that the total number of MGAs operating in the US market currently exceeds 1,000.

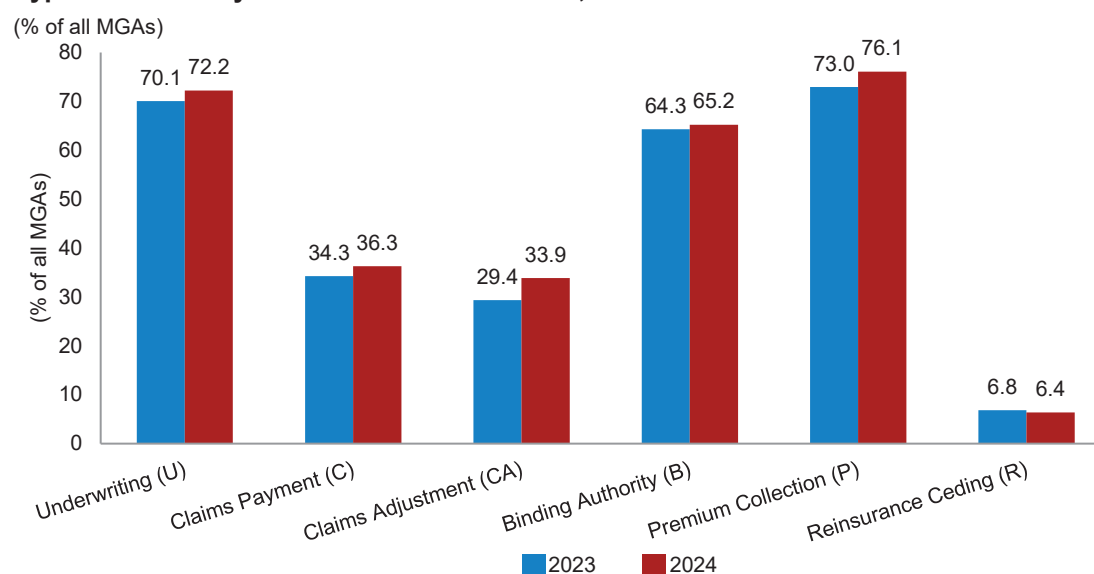
DUAEs: Proficient in Handling Multiple Responsibilities

For successful MGAs, the core competencies that are key to developing lasting relationships with carrier-partners include strong customer relationships (with the ultimate policyholders), specialized expertise, and robust, technologically efficient frameworks for managing account information and performance. The specialized expertise is concentrated on product and line of business knowledge. It allows individual DUAEs to distinguish themselves through unique, in-depth risk class or product knowledge and risk management expertise, which serves as a differentiator for both reinsurers and policyholders.

In accordance with contractual agreements, MGAs manage the insurance business of their insurance carrier partners, providing the services of insurance agents or brokers while also serving as the intermediary between carriers and agents, and between carriers and the insureds. Depending on contract terms, MGA duties, as shown in **Exhibit 2**, can differ from strictly binding coverage, a core feature of the DUAE model, to additionally include underwriting and pricing of individual risks, settling claims, and binding reinsurance on behalf of the company. When the agreement conveys binding authority only to the MGA, the insurer bears the responsibility for account underwriting. As MGAs gained prominence by partnering with insurers to drive organic growth, the percentage of those granted authority increased across all types except reinsurance ceding in 2024 compared

Exhibit 2

Types of Authority Granted To US P/C MGAs, 2023 and 2024



Source: AM Best data and research

to 2023, as shown in the exhibit. More than 70% of insurers granting underwriting (and pricing) authority entrust DUAEs to perform critical functions that affect a carrier's bottom line. Granting DUAEs claims-paying or claims-adjusting responsibilities allows insurers to enhance their customer service and manage claims more efficiently.

DUAE Survey

Through a 2024 market-wide survey of rated carriers globally, AM Best found that carriers are prioritizing deepening their existing DUAE relationships, reflecting a high level of trust in the performance, scalability, and profitability of their current DUAE collaborations. Handling these responsibilities effectively has helped solidify the DUAE segment's role as a critical component of the insurance value chain.

Through their ability to effectively handle these duties, MGAs offer (re)insurers a cost-effective way to enter new desired niche or emerging markets or further expand their reach. The cost of partnering with an MGA with access to an established book of business is a fraction of the cost it would take an insurer to build the same capabilities in-house. More importantly, data analytics and technology are accelerating insurance market cycle changes compared to historical norms. By partnering with MGAs, insurers can respond more swiftly to these changes and capitalize on market opportunities more quickly.

Specialization: A Growing Trend That is Here to Stay

Specialist MGAs invest time and resources to build relationships. In addition, specialist MGAs, due to their longstanding relationships, understand how to price and underwrite profitable business. With no burden of legacy systems, they have the luxury to invest in artificial intelligence (AI) and machine learning models that can predict and price risk in an automated manner. This is evident in our analysis of the MGA premiums. Approximately 55% of premiums are written through MGAs that focus on a specific line of business or risk class. Improvements in standardization of reporting in the NAIC statements regarding the lines of business that MGAs write on behalf of insurers would help better analyze specializations.

Based on the data displayed in **Exhibit 3**, we estimate that MGAs specializing in property represent 11% of the MGA premiums reported in Note 19, followed by private passenger auto (10%), crop (5.4%), general liability (5.3%), and workers' compensation (4%) — other popular lines of business in which MGAs specialize include cyber, flood, pet, surety/fidelity, and earthquake, among other niche specialties. We expect this trend to continue as underwriting becomes more automated and relationships are built through a combination of human and computer networks.

Leading Insurers Achieve Growth through Expanded MGA Relationships

The key role that MGAs play can be seen in **Exhibit 4a**, which displays the top 20 insurers generating DPW via exclusive MGA relationships. In 2023, there were twelve insurers that produced \$500 million or more in DPW through MGAs. That number increased to nineteen in 2024, with six of those carriers surpassing the \$1 billion DPW mark, doubling the total of three from 2023. Eighteen out of the top twenty grew their DPW in 2024, including twelve that produced double-digit premium growth YoY. While increased premium totals point to general market trends, it also reflects that insurers are directing increased resources and placing a heightened level of strategic importance on their exclusive MGA relationships to help achieve business plan goals.

Of the six insurers that surpassed the \$1 billion plateau in exclusive MGA-produced premium, the two leading companies were Chubb's ACE Property & Casualty Insurance Company, which wrote most of its business through affiliated crop insurer MGA Rain and Hall, LLC, and Florida homeowner's

Exhibit 3
US MGA Distribution by Specialization

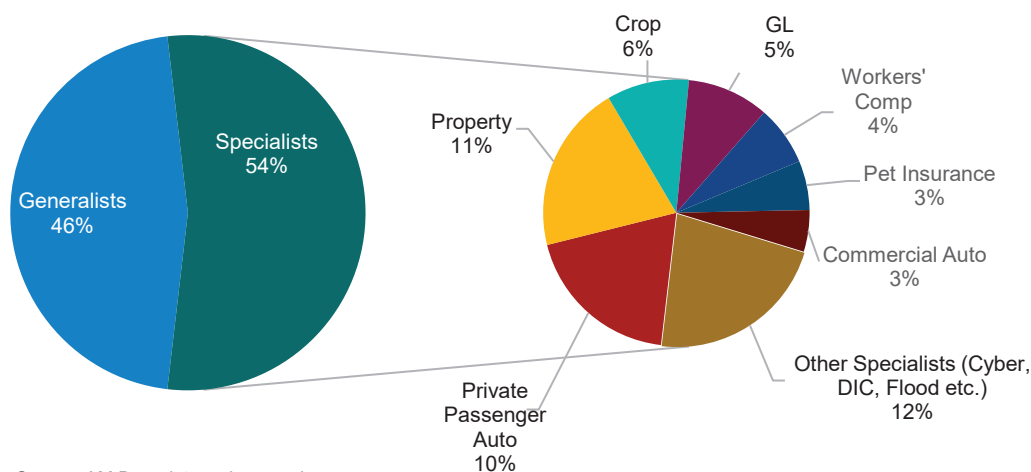
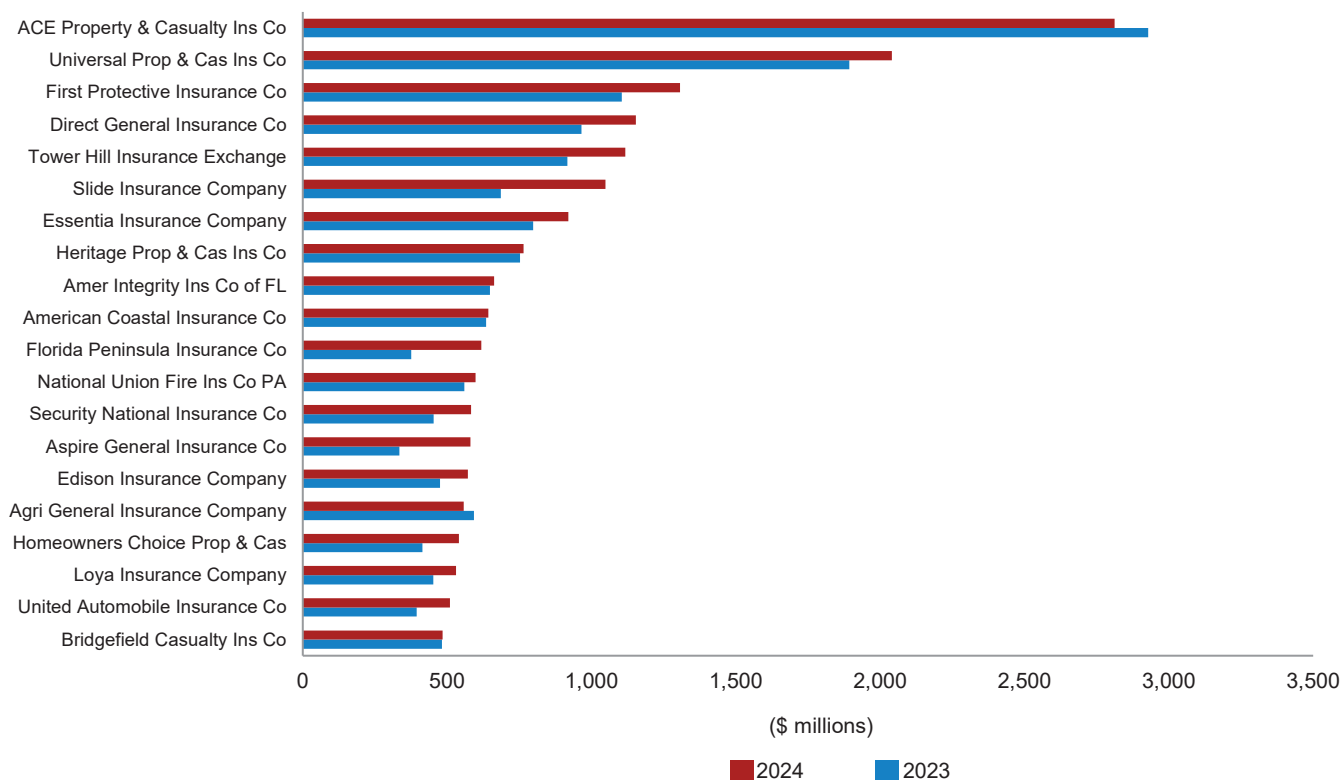


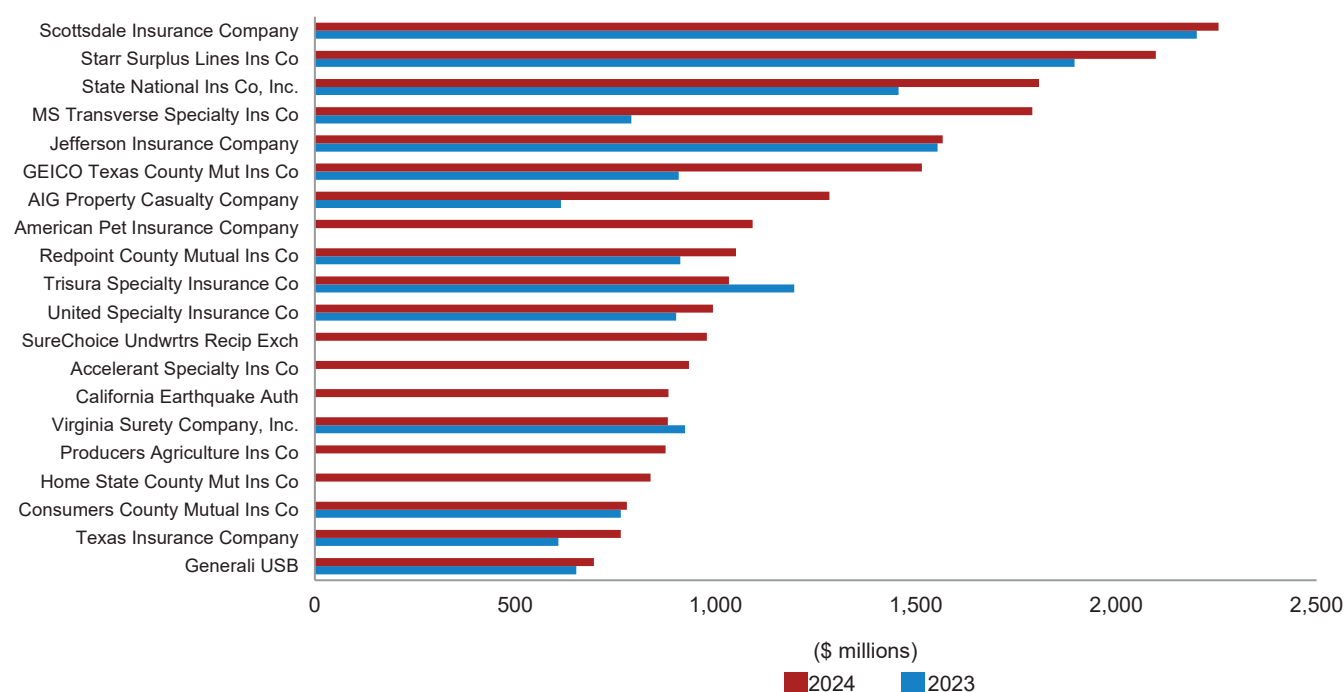
Exhibit 4a
US P/C Industry — Top 20 Insurers Generating DPW Via Exclusive MGAs, 2023 and 2024



insurance company Universal Property & Casualty Insurance Company (Universal P&C). Universal P&C's affiliated MGA recruits and manages the network of MGAs through which the insurer transacts its business. The last of the six companies to eclipse the \$1 billion DPW total in 2024, Slide Insurance Company, is a technology-enabled writer of home, condominium, and commercial residential products through a network of over 5,000 agents in Florida and South Carolina.

Exhibit 4b

US P/C Industry — Top 20 Insurers Generating DPW Via Non-Exclusive MGAs, 2023 and 2024



Source: AM Best data and research

The top 20 insurers generating DPW through non-exclusive MGAs surpassed the premium of the top 20 using exclusive MGAs (\$24.1 billion to \$18.0 billion). There were eleven insurers that generated more than \$1 billion in MGA-produced premium through non-exclusive MGAs in 2023, a noticeable increase from six such insurers in 2023 (**Exhibit 4b**). In total, \$24.1 billion of DPW generated by the top 20 insurers based on non-exclusive MGAs in 2024 accounted for 26.8% of the total MGA-produced premium for the year (\$89.9 billion). That total was notably higher than the percentage of total MGA DPW generated by exclusive MGAs (20.0%). Nevertheless, the growth through both types of relationships supports AM Best's Positive outlook for the segment. The Positive outlook is also underscored by the high level of satisfaction with DUAEs, as evidenced by the industry's growing premium volume for both exclusive and non-exclusive MGAs, in the aggregate.

Largest Individual MGAs Maintain Prominent Industry Position

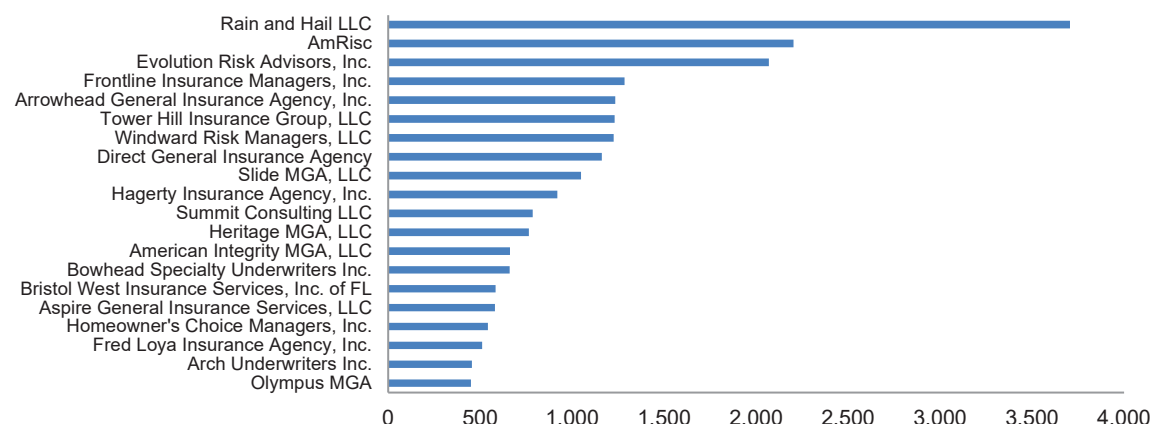
Rain and Hail, LLC, the aforementioned crop insurance MGA that writes exclusively through Chubb Limited's ACE Property & Casualty Insurance Company, generated the highest DPW among exclusive MGAs in 2024 by a substantial margin of more than \$1.5 billion over the #2 exclusive MGA, AmRisc, LLC, a large, catastrophe-focused MGA founded by engineers and risk specialists that generated \$2.2 billion in DPW (**Exhibit 5a**). For the year, nine exclusive MGAs produced more than \$1 billion in DPW. Evolution Risk Advisors, Inc. (ERA) was the only other MGA to produce more than \$2 billion in 2024. ERA is an MGA that specializes in stop-loss insurance for Universal P&C.

The twenty highest ranked non-exclusive MGAs in 2024 generated \$15.9 billion in DPW, representing almost 18% of total MGA-produced premium (**Exhibit 5b**). Four MGAs — Starr Specialty Agency, AGA Service Company, Accelerant Underwriting Managers, Inc., and Private Client Select Insurance

Exhibit 5a

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

(\$ millions)

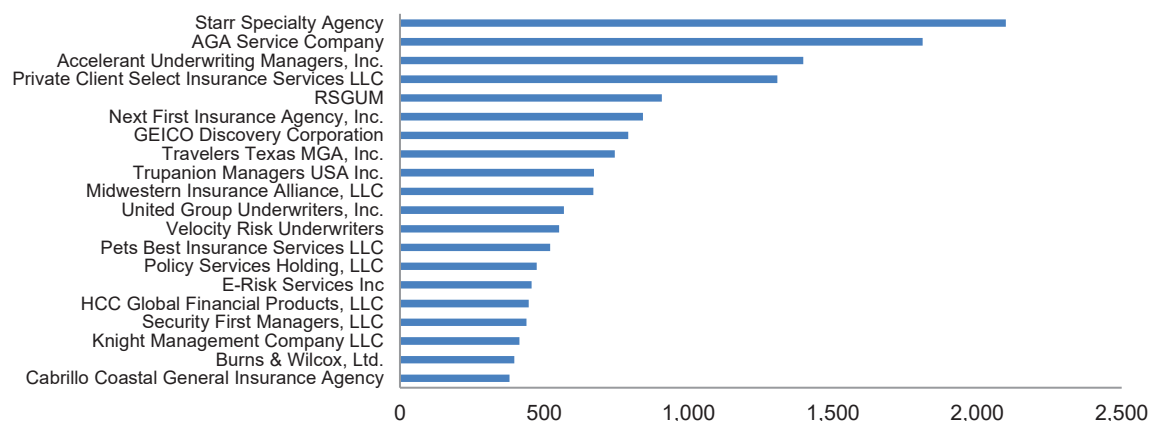


Source: AM Best data and research

Exhibit 5b

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

(\$ millions)



Source: AM Best data and research

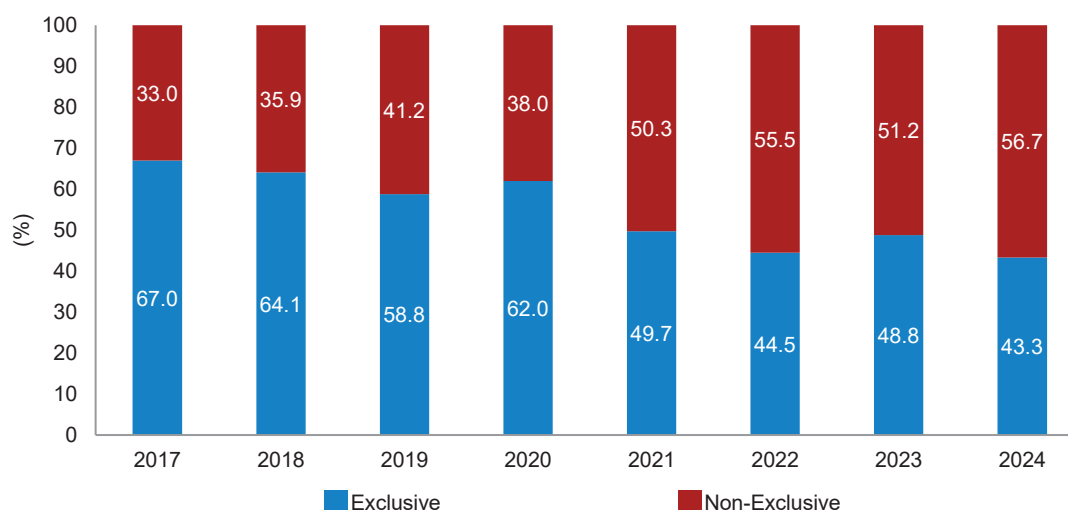
Services, LLC — generated more than \$1 billion in premium in 2024. This group of non-exclusive MGAs includes long-term, well-established entities such as Burns & Wilcox, and newer specialty MGAs, such as Velocity Risk Underwriters.

Non-Exclusive MGA Relationships Surge as Carriers Prioritize Distribution Flexibility and Scale

A many-to-many relationship between MGAs and insurers provides an opportunity for profitable diversification. MGAs sourcing profitable business have an opportunity for their businesses to find insurers' balance sheets while those insurers looking to partner with multiple MGAs handpick risks that fit their risk appetites.

The industry is pivoting toward non-exclusive MGA relationships, growing from 33% of US P/C DPW in 2017 to an estimated 57% in 2024 (**Exhibit 6**). Exhibit 5 shows that between 2020 and

Exhibit 6

US P/C Industry — % of MGA DPW Exclusive vs Non-Exclusive, 2017-2024

Source: AM Best data and research

2021, non-exclusive MGA DPW experienced the largest year-over-year increase during the period, rising by approximately 12 percentage points, the steepest annual growth rate observed across the timeframe. The shift, as well as the growing percentage of non-exclusive MGA premiums, shows that insurers increasingly value diversified distribution and are leaning on broader networks to expand market reach and hedge underwriting risk concentrations.

Market factors underpinning this shift include not only carriers' desire for diversification, but also increased competition for niche access, a shift toward portfolio flexibility, and reinsurance market volatility. With the growth of the specialty and excess and surplus lines segment, carriers are pursuing MGAs with proven niche expertise. Insurers are aligning themselves with MGAs that can curate growth in micro-niche markets like cyber, cannabis, or climate risk. Non-exclusive arrangements give carriers greater flexibility to adjust their portfolios in response to loss trends, pricing cycles, or changes in reinsurance availability, allowing for easier exits by underperforming segments of their portfolio. Given reinsurance market volatility, insurers are demanding greater transparency and tighter terms and conditions. Carriers are spreading premium sources across multiple MGAs to build resilience and better manage quota share or excess-of-loss capacity needs.

MGA Partnerships Driving Growth

Carriers are increasingly partnering with MGAs to create specialized programs. This is particularly true in stable commercial and personal lines of coverage. The growth of the DUA segment is in large part due to access to fronting carriers, which allows DUAs to distribute both non-admitted and admitted paper nationwide without directly assuming regulatory burdens.

Traditionally, state filing requirements and the administrative friction associated with surplus lines – due to the diligent search documentation requirement – makes the admitted market channel operationally more attractive. Recent legislation in Florida may have an offsetting effect on this administrative friction in the excess and surplus lines segment with a pivotal regulatory shift with the passage of House Bill 1549 (effective July 1, 2025). This law will eliminate the diligent search requirement, and is expected to streamline MGAs and other agents' ability to place business directly with surplus lines carriers. Florida now joins a growing list of states — including Virginia, Mississippi,

Louisiana, and Wisconsin — that have already repealed their diligent search requirements, potentially signaling a new trend and a new wave of growth for the excess and surplus lines segment.

While technology has been a friend to MGAs and is a major driver of our Positive outlook for the DUA market segment, we note that regulatory oversight of machine learning and generative AI models requires thoughtful implementation and careful validation to ensure the models are appropriate for their use. In addition, use of Big Data implies MGAs that are custodians of the data need to respect consumer privacy and have strong cyber security measures in place. Regulators may require insurance companies to understand and explain the underwriting and pricing models since the risk is ultimately assumed by the insurers.

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