Best's Performance Assessment Effective Date

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Company Information

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Information

Best's Performance Assessment for Delegated Underwriting Authority Enterprises

Guide to Best's Performance Assessments

Excess Reinsurance Underwriters Inc.

AMB #: 041025

Best's Performance Assessment (PA)

PA-2
Excellent

Outlook: Stable
Action: Affirmed

Performance Assessment Components

Underwriting Capabilities	**Excellent**
Governance and Internal Controls	**Excellent**
Financial Condition	**Excellent**
Organizational Talent	**Excellent**
Depth and Breadth of Relationships	**Excellent**

Corporate Overview

Excess Reinsurance Underwriters Inc. (Excess Re) is a managing general underwriter, founded in 1988, that specializes in specific and aggregated medical stop-loss Insurance. It offers unique solutions throughout the 50 states. The company is headquartered in Woodbury, New Jersey, and is one of the first companies in the formation, underwriting, and administration of consortium stop-loss products and shared risk agreements. Excess Re has been 100% wholly owned by National Financial Partners (NFP) since 2004 and was a family-owned company prior. NFP provides back-office functions such as HR, 401k benefits, IT cybersecurity, and licensing expertise. Excess Re has had a uniquely positioned partnership with sister company Argo Capital Group, Ltd. (Argo), since 1997. Argo is a Bermuda-based risk-bearing entity that allows Excess Re the resources needed to establish captive programs. Since Argo's founding, Excess Re and Argo have created distinctive programs for employers, brokers, advisers, and underwriters to assist them in managing and sharing in risk.

	Year End - December 31					Year End - December 31				
Key Production Figures:	**2024**	**2023**	**2022**	**2021**	**2020**	**2024**	**2023**	**2022**	**2021**	**2020**
Top Active Programs	**Premiums (000)**					**Annual % Changes**				
Program #1	90,234	96,207	71,034	56,085	46,001	-6.2	35.4	26.7	21.9	67.4
Program #2	71,642	92,065	90,538	92,008	81,044	-22.2	1.7	-1.6	13.5	-19.6
Program #3	44,760	32,450	31,683	25,881	27,975	37.9	2.4	22.4	-7.5	-6.7
Program #4	650	978	1,276	1,140	12,761	-33.5	-23.4	11.9	-91.1	-35.0
Total Premiums - Active Programs	207,286	221,700	194,531	175,114	167,781	-6.5	14.0	11.1	4.4	-5.7
Total Premiums - All Programs	207,286	221,700	194,531	175,114	167,781	-6.5	14.0	11.1	4.4	-5.7

Assessment Rationale

I. Underwriting Capabilities:

8

Excellent

Rationale:

- Multi-year record of consistent underwriting profitability supported by proprietary pricing models and systematic benchmarking against historical and industry performance targets.
- Tight claims governance and authority thresholds reinforce loss discipline from quote through settlement.
- Risk-bearing alignment enhances rate adequacy and execution agility.
- Willingness to prune non-strategic segments reflects strong adherence to risk appetite.

Excess Re provides specialized medical stop loss coverage to a variety of commercial business accounts across the United States.

Excess Re's underwriting performance has been excellent for the current year driven by an organizational focus on risk selection, product offerings, local knowledge and robust operations such as proprietary data, analytics, benchmarking, and modeling. The excellent underwriting performance generated through quality operations suggest underwriting expertise that has proven to be successful for overall results. The enterprise provides coverage across a niche range of specific and aggregated medical stop loss exposures. The company's focus is on protecting their loss ratios which have been excellent over the recent five-year period. Excess Re has leveraged key underwriting partnerships which allows for the company to be transparent, flexible and nimble with the authority of a risk bearing carrier.

Excess Re has maintained profitable underwriting results across all programs. The company puts emphasis on their scientific approach to managing and developing underwriting risk tolerances. Excess Re use of reference based pricing and well-developed proprietary underwriting system allows the company to adapt and mitigate any pressures the industry may experience. Their scalable system further allows for customization and implementation of new or expanded coverage options. Excess Re maintains key partnerships with various entities that allow for retention of assumed risk for each account written by Excess Re.

The company benefits from its localized market knowledge and internal analytical and modeling abilities. The company holds claim payment and settlement authority for each program in its portfolio and values the relationship with TPAs in the timely and efficient management of claims. Excess Re prides itself on the ability to provide measured and disciplined underwriting.

II. Governance and Internal Controls:

8

Excellent

Rationale:

- Excess Re maintains alignment of interests with carrier partners and, consistent with its mission, develops mutually beneficial partnerships.
- Established financial controls, data protection practices, and formal cybersecurity policies underpin operational resilience.
- Succession planning, cross training, and documented procedures support operational continuity and mitigate key person risk.
- Limited automatic integration between managing general agents (MGAs) and third-party administrators (TPAs) is a constraint; however, carrier-facing underwriting tool integration enhances alignment of interests and execution.

Excess Re focuses on developing innovative solutions while remaining true to their core principles. A consistent mission and established controls, policies and procedures align stakeholders across the organization, enhancing operational efficiency. The company has a defined vision to utilize exceptional underwriting, actuarial, administrative, and technological talent to develop creative solutions in a dynamic health insurance marketplace. Excess Re is committed to their mission enabling them to develop deep mutually beneficial partnerships with clients, insurance producers, administrators, and insurance companies. The alignment of interest developed through strong partnerships enables Excess Re to be a flexible DUAE with the authority of a risk bearing entity.

Excess Re's data capture and reporting is configured by their proprietary system that they use to fluently create, process and implement new product offerings. Excess Re does not share access with their carriers which limits integration but are taking steps to improve automated integration. A detailed data security program which outlines their network security plan focuses on four main areas including information and data security, network security, physical and environmental security, and operations. Adherence to broad policies and procedures supports product creation and subsequent success in the market. This success can also be traced to an elevated level of compliance with highly detailed programs for liability, data and network security, business continuation, and service measures. The entity receives support from the holding company NFP for scale and administration support along with management of key person risk and succession planning.

III. Financial Condition:

8

Excellent

Rationale:

- Record of profitable operations from the inception of the organization supported by stable income sources and positive cash flow.
- Excellent reconciliation of financials including premium trust accounts, premium collection, and claims payments.
- Maintains positive retained earnings and paid-in capital along with strong leverage and coverage ratios; the company has the full support of the parent, NFP, if there is a need to access capital.

The company has shown a trend of consistent profitable earnings with a positive net worth. Excess Re has had sustained growth in top and bottom-line results over a long term trend. The company's primary earnings driver is commissions and profit contingency.

Management measures its financial success based on performance of the strategy of efficiency in underwriting and favorable ultimate loss ratios. The company is a capital efficient organization which is viewed as a favorable attribute and is expected to continue. Management is committed to organic growth within the market and has no leverage or coverage concerns.

As a function of its delegated underwriting responsibilities the organization handles the security and collection of premiums by separate trust accounts, claims reserves, and commission remittance to capacity providers. Excess Re collects all premiums and remits payments on a monthly and quarterly basis. The organization has protection tools in place in order to leverage strategic partnerships and retain risk on each program.

Excess Re's capital structure is excellent for an organization of its market size. Excess Re is considered a seasoned organization reporting profitability since its inception. The company accumulates retained earnings and increases net worth while sufficiently covering liabilities and expenses. Financial results will be monitored for variance caused by external market volatility that could impact future results, notably claims costs and specific underwriting expenses.

IV. Organizational Talent:

4

Excellent

Rationale:

- Founded and led by a long-tenured management team with deep industry experience.
- Leadership's strategic vision is grounded in a decade of organic growth and deliberate internal talent development.
- Operates a nimble, flexible, and lean structure, supported by a culture of accountability and collaboration that adapts effectively to changing market conditions.

Excess Re's executive team has extensive experience in the industry and the majority of the executive team has been with the company for over 20 years. The executive team employs a vision to differentiate Excess Re from its competitors and to successfully compete in today's marketplace. The team is committed to organic growth which has proven to be accomplished successfully in the past. The company focuses on promoting internally while building out their sales, underwriting, and claims team.

Excess Re is focused on perpetuating cohesive and responsible underwriting practices. A process is in place for promoting from within and developing trainees by paring them with experienced members of staff and executives for a year or more. Excess Re operates a nimble, flexible, and lean structure that has proven to adapt to varying conditions in the market. Excess Re's organizational structure is appropriate for its scale of operations. There are clear lines of reporting up the organizational structure.

AM Best expects the quality and quantity of its staff to continue to develop as appropriate for an organization of its size and scope.

V. Depth and Breadth of Relationships:

Excellent

Rationale:

- Long-tenured capacity partners with contractual protections. Recent carrier transition executed without disruption.
- Relationship count is intentionally focused with contingency plans with risk mitigation strategies offsetting concentration risk.
- Consistent results across regions reinforce partner confidence, supporting deeper, longer-tenured carrier relationships.

Excess Re has a generous spread of coverage in states across the country and supported by a good mix of carriers that have partnered with the organization. The company maintains a geographical market reach and market cap, while, long-tenured capacity providers with contractual protections, support durable, mutually beneficial relationships.

While carrier providers were selected based on financial strength, market reputation, and commitment to long term relationships, alignment of interest is a major factor influencing depth and breadth of relationships for Excess Re. The company's partnership with its sister company, Argo, allows for assumption of risk on each program written by Excess Re and serves as a strength of the longstanding relationship. The company's ability to leverage authority as a risk bearing MGU helps meet the needs of all stakeholders. Excess Re has shown a focus for commitment and consistency with carrier partners.

Excess Re is content on maintaining the current base of capacity providers but does remain open to new opportunities that may arise to expand its relationships. Based on the nature of this sector Excess Re may be able to take advantage of any consolidations of the market. Excess Re's applied use of data guides its geographic reach, where data is used to identify areas where competition's penetration is weak and where there is an opportunity for growth. The company has effective risk mitigation strategies in place with an ability to execute carrier transitions without business disruption.

Outlook: Stable

Rationale:

- The stable outlook reflects AM Best's expectation that Excess Re will continue its consistent underwriting performance for its capacity partners using its proprietary data and analytics, while leveraging its risk-bearing authority as a competitive advantage. AM Best also expects Excess Re to maintain its design and administration of innovative insurance products for its niche market under the oversight of its seasoned executive team.

The Performance Assessment (PA) is not a credit rating, and it is not indicative of, nor related to, any credit rating or future credit rating of an entity and therefore is not subject to section 3 of SEC 1934 Act. The PA is a forward-looking, independent, and objective non-credit opinion, not a statement of fact, of the key assessment factors that through a prescribed framework, provide a relative ranking for a PA. The PA is expressed on a 5-point descriptive scale that ranges from PA-1 (Exceptional) to PA-5 (Weak) based on the application of AM Best's published methodology. A PA is not a recommendation to buy, sell or hold any securities, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser.

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