Best's Performance Assessment Effective Date

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Analytical Contacts

Marving Lopez
Financial Analyst
Marving.Lopez@ambest.com
+44 207 397 4389

Kanika Thukral
Associate Director-Analytics
Kanika.Thukral@ambest.com
+44 207 397 0327

Company Information

Kay International AMEA Limited

Address

Unit N2104, Level 2,
Emirates Financial Towers,
Dubai Financial Centre,
Dubai,
United Arab Emirates

Information

Best's Performance Assessment for Delegated Underwriting Authority Enterprises

Guide to Best's Performance Assessments

Kay International AMEA Limited

AMB #: 041033

Best's Performance Assessment (PA)

PA-3
Strong

Outlook: Stable
Action: Assigned

Performance Assessment Components

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

Corporate Overview

Kay International AMEA Limited (Kay International AMEA) is regulated by Dubai Financial Services Authority (DFSA) and is incorporated in Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. The company is ultimately owned by its board members. Kay International AMEA was founded in 2016 as a reinsurance broker and established its Managing General Agent (MGA) division in 2019. Supporting its global underwriting hub in Dubai, Kay International AMEA has regional marketing subsidiaries based in Miami and Singapore to facilitate underwriting and binding operations. The MGA predominantly underwrites facultative reinsurance covers for its clients through six active programs covering property, construction, energy, marine, aviation, and professional indemnity. Additionally, in 2025, the MGA introduced Treaty reinsurance as a new program. Leveraging its global network of capacity partners, Kay International AMEA underwrites risks across Asia, Middle East, West Africa, Latin America and Caribbean.

	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**				
Fac Property	30,265	9,851	565	189	29	207.2	1,643.5	198.9	551.7	...
Fac Construction	4,140	910	76	15	...	354.9	1,097.4	406.7	...	...
Fac Energy	1,689	661	118	...	...	155.5	460.2	...	...	...
Fac Aviation	699	...	...	...	...	...	...	...	...	...
Fac Marine	400	...	...	...	...	...	...	...	...	...
Fac PI	399	...	...	...	...	...	...	...	...	...
Total Premiums - Active Programs	37,592	11,422	759	204	29	229.1	1,404.9	272.1	603.4	...
Discontinued Programs	205	425	266	376	462	-51.8	59.8	-29.3	-18.6	...
Total Premiums - All Programs	37,797	11,847	1,025	580	491	219.0	1,055.8	76.7	18.1	...

Assessment Rationale

I. Underwriting Capabilities:

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Strong

Rationale:

- Kay International AMEA has demonstrated profitable underwriting results; however, it has a limited track record with over half of its programs commencing within the last three years.
- Underwriting capabilities benefit from strong in-house knowledge and expertise in the regional commercial reinsurance markets that the MGA targets.
- Kay International AMEA's global network of emerging market reinsurers relies on its underwriting expertise to access new risks, allowing geographic diversification for them.
- Kay International AMEA's clear underwriting guidelines, including targeted loss ratios and writing higher layers on each risk, limit the volatility of underwriting results of its capacity providers.
- Given the MGA's strategy of deploying capacity as a follower on reinsurance placements, an offsetting factor to the assessment is its reliance on the lead reinsurer for pricing and loss history of risks.

Kay International AMEA's underwriting capabilities are assessed as strong. The MGA has demonstrated profitable underwriting results on facultative reinsurance covers placed by it in emerging markets globally, supported by experienced underwriters and a network of twelve rated capacity providers. While the MGA has shown robust growth (see key production figures table), particularly in 2023 and 2024, its limited track record with over half of its programs commencing within the last three years is viewed to be an offsetting factor to the assessment. In addition, for pricing and loss history of risks, the MGA is reliant on the lead reinsurer.

Kay International AMEA has demonstrated solid underwriting performance, with a focus on maintaining loss ratios within its target loss ratio of 40%. The MGA does not renew risks with loss ratios exceeding a threshold of 50%. The results of business written by the MGA is predominantly driven by its facultative property program, a short-tail line of business. Programs from underwriting years 2020 to 2022 have fully developed with loss ratios in each of these years remaining below 10%. Although not fully developed yet, performance for underwriting years 2023 and 2024 has been favourable with loss ratios of 10.9% and 10.4%, respectively, as of 31 December 2024. The robust technical performance since inception is underpinned by the MGA's strong underwriting discipline and geographical diversification.

Kay International AMEA's underwriting team has grown since inception with a sizable portion of the team hired in the past three years. Although relatively new at Kay International AMEA, the underwriting team members are highly experienced in the regional commercial reinsurance markets that the MGA targets. The team's depth of expertise is supported by a recent addition of a Senior Underwriting Manager, further strengthening its capabilities and positioning the MGA well to support its growth plans. Claims management processes are deemed appropriate, with authority limits set at USD 50 thousand per claim. The MGA maintains separate claims reserve pools for each capacity partner and ensures transparency in claims handling. The MGA also has a strong premium collection process, ensuring premiums are paid promptly to its capacity providers.

The MGA's key advantage lies in its ability to underwrite risks in global emerging markets for its capacity providers, enabling them to access new international markets and diversify their underwriting portfolios by geography. By focusing on higher layers of reinsurance placements, Kay International AMEA reduces volatility in underwriting results for its partners by limiting exposure to more frequent, lower-severity losses. Given the MGA's strategy of deploying capacity as a follower on reinsurance placements, pricing is determined by the lead reinsurer. Instead, Kay International AMEA focuses on ensuring that risks align with its internal underwriting guidelines and that historical loss ratios remain within its risk appetite.

In 2024, the MGA processed over USD 37 million in facultative reinsurance premium (2023: over USD 11 million) and is expected to continue to grow and diversify with the introduction of the treaty reinsurance programme in 2025. Since its start-up phase, the MGA has experienced consistent growth with strong results. As it continues to mature, this track record of performance could lead to a stronger offering to be business partners over the medium term.

II. Governance and Internal Controls:

6

Strong

Rationale:

- Kay International AMEA aligns interest with its capacity providers through a profit commission structure; however, the profit commission collection will commence in the second half of 2025.
- Kay International AMEA has a structured governance framework, reinforced by policies, procedures and recovery plans, which support the company's scale of operations.
- Key person risk is partially mitigated through the MGA's organisational structure and established authority levels.

Kay International AMEA's MGA division's governance and internal controls are assessed as strong. The MGA has a well-structured governance framework, reinforced by formal policies, procedures, and recovery plans in place. Key committees oversee operations and the organisational structure, with established authority levels, partially mitigates key person risk. The MGA also benefits from being regulated by Dubai Financial Services Authority and compliance requirements of having been incorporated in the Dubai International Financial Centre.

The governance framework is commensurate with the scale of the MGA's operations, with a clear value proposition to build a sustainable portfolio of facultative and treaty reinsurance programs. The MGA focuses on geographical diversity, multi-line portfolios and maintaining loss ratios below 40%. The MGA further aligns interest with its capacity partners through a profit commission structure; however, profit commission collection will commence in the second half of 2025.

The MGA has comprehensive policies covering underwriting, document retention, data security and business continuity. Strong anti-money laundering practices are enforced, with employees receiving mandatory training on regulatory updates. These procedures support regulatory compliance and governance consistency. Kay International AMEA maintains a disaster recovery plan to ensure minimal disruption during operational crises, with pre-disaster backups and clear recovery steps.

In terms of key person risk, the Chief Executive Officer's (CEO) responsibilities can be divided between the Chief Underwriting Officer (CUO) and Chief Financial Officer/Head of Operations (CFO), ensuring continuity in case of his absence. The CEO does not sit on certain key committees, further promoting independent oversight.

III. Financial Condition:

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Excellent

Rationale:

- Consistently profitable operations since inception, with growing revenue and net income, as well as robust cash flows in recent years.
- Kay International AMEA's practice of retaining at least 25% of prior year profits has supported growth of retained earnings.
- The Kay International AMEA benefits from diversification of income streams, which is comprised of brokerage commissions in addition to the MGA's commissions.
- Financial condition benefits from no debt obligations within the capital structure.

Kay International AMEA's financial condition is assessed as excellent. The company has demonstrated consistently profitable operations since inception, with growing revenue and cashflows in recent years. Robust net income in recent years, coupled with the practice of retaining at least 25% of prior year profits, has driven the growth of retained earnings. Kay International AMEA's financial condition is further supported by diversified income streams, including both brokerage and MGA commissions. Additionally, the company benefits from a straightforward capital structure with no debt obligations.

Kay International AMEA's MGA division has demonstrated robust financial growth, with a cumulative average cash flow growth rate of 20% from 2020 to 2024, increasing from USD 0.6 million in cash resources to USD 1.4 million. The MGA's net worth grew from USD 0.6 million to USD 1.5 million during the same period, primarily driven by increasing revenues from processed premium. The company's cash outflows were mainly attributed to dividends and performance incentives to retain talent, with 40% of net profits paid out as dividends between 2019 and 2023.

While the MGA division's cashflows have been constrained over the past five years due to significant investments made in talent and increased trade creditors driven by higher business volumes, the company's overall cash flows have been healthy supported by cashflows of its broking division. Cashflow generation for the MGA division is expected to improve prospectively as growth in income outpaces further investments.

The MGA division's financial condition is bolstered by growing income from fixed commissions, which have averaged approximately 9% of processed premiums over the last five years (2020-2024). While profit commissions could provide an additional revenue stream, they are only recognised when earned, with Kay International AMEA expecting to receive its first profit commission in June 2025.

In 2024, the MGA division reported a turnover of USD 3 million, a significant increase from USD 0.9 million in 2023, driven by a 219% growth in processed premium and a 180% increase in profit before tax to USD 1 million. This growth highlights Kay International AMEA's excellent trajectory and its ability to expand business volumes.

The company's audited financial statements reported a total turnover of USD 7 million for the year ended 31 December 2023. As at year-end 2023, the company's shareholders' equity consisted of USD 1.4 million in paid-up capital and USD 2.4 million in retained earnings, with no external debt or shareholder loans. Intangible assets make up only 2.4% of total assets.

IV. Organizational Talent:

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Strong

Rationale:

- Experienced leadership with extensive experience in the commercial insurance and reinsurance industry.
- Kay International AMEA's organisational structure is compact and efficient with clear roles and responsibilities.
- Limited training programs available with the focus predominantly on regulatory and compliance training.

Organisational talent is considered strong with the MGA having built a solid foundation for growth, with an experienced executive management team in the commercial insurance and reinsurance industry. In addition, the MGA benefits from a clear organisational structure and appropriate staffing levels. However, there are limited training programs available to develop talent with the focus predominantly on regulatory and compliance training.

The Board of Directors at Kay International AMEA brings an abundance of industry experience, consisting of four members, two executive directors (the CEO and the CFO) and two non-executive directors, all of whom are shareholders in Kay International AMEA.

The MGA's organisational structure is considered appropriate for the nature and scale of its operations. The MGA operates with a streamlined structure, divided into two departments, the Underwriting department and the Operations/Finance & Accounting department. These departments are led by the CUO and the CFO, both of whom report directly to the CEO. The structure is designed to maintain clear reporting lines, which are effectively communicated to employees. The current staffing levels and organisational setup are well-suited to support the MGA's strategic goals over the medium term.

While Kay International AMEA's MGA division is largely comprised of seasoned professionals holding industry-recognised designations and strong expertise, the training programs available to employees are limited. There is no structured programme in place for developing employees' soft skills or enhancing other skill sets. Ongoing training is primarily focused on compliance and regulatory updates to ensure industry standards are met.

V. Depth and Breadth of Relationships:

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Fair

Rationale:

- Kay International AMEA currently offers a range of reinsurance programs; however, it is heavily concentrated to the facultative property program. Nonetheless, the associated concentration risk is managed by the MGA with the participation of over 10 rated capacity providers in this program.
- Kay International AMEA has a broad presence in emerging markets globally.
- The majority of the MGA's program and carrier relationships began within the last three years. As such, the relatively short tenure of relationships with the carriers is considered to be an offsetting factor to the assessment.

Kay International AMEA's depth and breadth of relationships is assessed as fair. The MGA has demonstrated significant growth since its inception, expanding its range of reinsurance programs across emerging markets globally. While Kay International AMEA benefits from a diverse panel of capacity providers, there is a high concentration in a single programme and a limited track record for the majority of its programs and carrier relationships. As such, the relatively short tenure of carrier relationships is considered to be an offsetting factor to the assessment.

Kay International AMEA currently operates seven reinsurance programs. Its portfolio is heavily concentrated in its longest-standing programme, facultative property, which accounted for approximately 80.1% of the 2024 binder year gross written premium (GWP). The addition of new programs has been a response to market demand, with facultative property remaining the largest programme, followed by facultative construction and facultative energy. Despite this growth, the majority of the MGA's programs are relatively new, with limited historical data to assess their long-term sustainability.

The MGA's geographical footprint spans over 30 countries in emerging markets across Asia, Middle East, West Africa, Latin America and the Caribbean. With marketing subsidiaries in Miami and Singapore, and a Dubai underwriting hub, Kay International AMEA has successfully expanded its reach and built a global network of capacity partners, facilitating mutual business opportunities and enabling regional reinsurance partners to diversify their portfolios. In 2024, the MGA's GWP was well-diversified, with significant contributions from Mexico, UAE, South Korea, Qatar, Vietnam and Kuwait.

The majority of Kay International AMEA's relationships with carrier partners are recent, with the longest-standing carrier partnership currently running at approximately four years. Given the MGA's robust growth in 2023 and 2024, it has established multiple new partnerships with carriers of varying credit quality. The relatively short track record of Kay International AMEA's partnerships with capacity providers limits the perceived consistency of these relationships.

Outlook: Stable

Rationale:

- The stable outlook reflects AM Best's expectations that Kay International AMEA will maintain strong underwriting performance that meets the expectations of its reinsurance capacity providers. The financial condition is expected to remain strong excellent with earnings expected to be supported by its growth ambitions. As the MGA continues to grow, AM Best expects it to maintain its strong level of governance and internal controls while ensuring its organisational talent remains appropriate for the size and scale of its operations.

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