

Best's Performance Assessment for Delegated Underwriting Authority Enterprises (DUAEs)

Meeting Agenda

1. Organizational Overview

- Review of corporate structure
- Group strategic objectives / mission statement

2. Underwriting Capabilities

- Underwriting (U/W) results by program and line of business
 - Current market conditions
 - Growth prospects
 - Projections
- Commission, fee & expense structure
- Experience of U/W staff
- Data analytics
- Describe what systems/programs are utilized for underwriting
- Innovation / use of technology
- Limitations/exclusions – please provide documentation
- Reserving approach / process
- Actuarial capabilities
- Claims management
- Support from affiliate parties

3. Governance & Internal Controls

- Review governance framework
- Review board and committee structure
- Alignment of interests with key stakeholders
- Describe internal audit process – timing, scope, etc.
- Independent actuarial analysis of reserves, if available
- Licenses held / authority to do business
- Service measures / complaint logs
- System compatibility with partners
- Minimum requirements for carrier partners
- Third-party administrator (TPA) utilization
- Handling of client premium & claim monies
- Cyber security / data protection
- Protocols surrounding run-off programs
- Succession plan / key person risk
- Support from affiliated parties

4. Financial Condition

- Discussion of recent and projected financial results
 - Stability and sources of income
 - Profit commissions
 - Cash flow evaluation
 - Capitalization of DUAE
 - Strength and support from affiliated parties
 - Premium trust account history
 - Borrowings / leverage and coverage measures
 - Review of errors and omissions (E&O) claims

5. Organizational Talent

- Review of organizational structure
- Discussion of management experience / board of directors
- Average tenure / turnover of MGA staff
- Training programs
- Support from affiliated parties

6. Depth & Breadth of Relationships

- Consistency of relationships
 - Retention of clients
 - Average life span
 - Reasons behind past terminations of contracts
 - Reinsurance panel
 - Geographic reach
 - Support from affiliate parties
- Authorities granted / services provided
- Specializations of DUAE
- Number of programs and markets

7. Assessment Discussion

- Timing of assessment outcome

8. Information Requests

- Financial statements for previous 3 year-ends, audited preferred
- Underwriting framework / policy
- Disaster recovery plan
- Data security policy
- Cyber insurance policy
- Document retention plan
- E&O policy
- Surety bond
- Management bios