

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

Sample Supplemental Performance Assessment Questionnaire (SPAQ)






The following information and data are to be provided as part of the performance assessment process:

- Total Staffing
- Underwriting Staffing
- All Active Programs
- Discontinued Programs
- Active Relationships with (Re)Insurers
- Income Statement
- Balance Sheet
- Litigation
- Questionnaire Summary
- Assessment Report Exhibit

PA Key Components



PA Scale and Assessment Categories

| Assessment Categories | Assessment Symbols | Assessment Ranges |
|-----------------------|--|-------------------|
| Exceptional | PA-1  | 34-40 |
| Excellent | PA-2  | 27-33 |
| Strong | PA-3  | 20-26 |
| Fair | PA-4  | 13-19 |
| Weak | PA-5  | Up to 12 |

Our Interactive Process



(Continued)

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

Sample Supplemental Performance Assessment Questionnaire (SPAQ)

AMB #: _____
DUAE: _____
Current Year-End: _____

Contents

| | |
|---|-----------|
| Q1: Total Staffing | 3 |
| Q2: Underwriting Staffing | 3 |
| Q3: Active Programs | 4 |
| Q4: Discontinued Programs | 6 |
| Q5: Active Relationships with (Re)Insurers | 7 |
| Q6: Active Programs | 8 |
| Program 1 | 8 |
| Program 2 | 9 |
| Program 3 | 10 |
| Program 4 | 11 |
| Program 5 | 12 |
| Q7: Income Statement | 13 |
| Q8: Balance Sheet | 14 |
| Q9: Litigation | 14 |

(Continued)



Q1: Total Staffing for DUAЕ

Please indicate the staffing levels at the end of the last five years, including departures and additions during each year. Please also indicate the average years of experience at the DUAЕ.

| | 1P | 0 | -1 | -2 | -3 | -4 |
|---------------------------------------|----|---|----|----|----|----|
| Total DUAЕ Staff at Beginning of Year | | | | | | |
| Departures | | | | | | |
| Additions | | | | | | |
| Total DUAЕ Staff at End of Year | | | | | | |
| Average Turnover | | | | | | |
| Average Years of Experience with DUAЕ | | | | | | |

Notes (please enter any notes in this section):

Q2 (a): Underwriting Staffing

Please indicate the underwriting staffing levels at the end of the last five years, including departures and additions during each year.

| | 1P | 0 | -1 | -2 | -3 | -4 |
|---|----|---|----|----|----|----|
| TOTAL Underwriting Staff at Beginning of Year | | | | | | |
| Departures | | | | | | |
| Additions | | | | | | |
| TOTAL Underwriting Staff at End of Year | | | | | | |
| Average Turnover | | | | | | |
| Average Years of Experience with DUAЕ | | | | | | |

Q2 (b): Underwriting Staffing

Please complete the table below for underwriting staff.

| | 1P | 0 | -1 | -2 | -3 | -4 |
|-------------------------------------|----|---|----|----|----|----|
| # of Actuaries | | | | | | |
| % of Total Underwriting Staff | | | | | | |
| # with Industry Designations | | | | | | |
| % of Total Underwriting Staff | | | | | | |
| # with Advanced Educational Degrees | | | | | | |
| % of Total Underwriting Staff | | | | | | |
| Average Years Industry Experience | | | | | | |

Notes (please enter any notes in this section):

(Continued)



Q6: Active Programs

Please indicate the capacity providers that are on this program, the contractual level of DUAE authority, the maximum premium allowable per contract, the premium for each partner at latest YE program year and the maximum liability.

Program 1

Currency:

| (Re)Insurance Partner | Exclusive? | Authority/Service Level Allowed | | | | | | | | | | Maximum Premium | Premium @YE | Maximum Liability |
|-----------------------|---|---------------------------------|-------------------|--------------------|-------------------|--------------------|--------------|----------------|------------|-----------|--|-----------------|-------------|-------------------|
| | | Claims Payment | Claims Settlement | Reinsurance Ceding | Binding Authority | Premium Collection | Underwriting | Risk Selection | Ratemaking | Reserving | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |

Please indicate the top 10 lines of business and associated DPW (000) by program year.

| Line of Business | 1P | 0 | -1 | -2 | -3 | -4 |
|-------------------|----|---|----|----|----|----|
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| DPW Totals | | | | | | |

Please indicate the top 10 states or countries and associated DPW (000) by program year.

| State or Country | 1P | 0 | -1 | -2 | -3 | -4 |
|-------------------|----|---|----|----|----|----|
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| DPW Totals | | | | | | |

Please input gross loss ratios for all the entire program by year.

| Gross Loss Ratios | 1P | 0 | -1 | -2 | -3 | Prior |
|---|----------------------------|----------------------------|----|----|----|-------|
| Program Year - Actual | | | | | | |
| Program Year - Target | | | | | | |
| Accident Year (If Available) - Actual | | | | | | |
| Accident Year (If Available) - Target | | | | | | |
| Do the loss ratios above include case reserves? | <input type="checkbox"/> Y | <input type="checkbox"/> N | | | | |
| Do the loss ratios above include IBNR? | <input type="checkbox"/> Y | <input type="checkbox"/> N | | | | |

Please indicate all TPA relationships associated with this program.

| Name of TPA | Year Relationship Began | Services |
|-------------|-------------------------|----------|
| | | |
| | | |
| | | |

Notes (please enter any notes in this section):

Commission Structure:

| | |
|--------------------|---|
| Base Commission % | |
| Profit Commission? | <input type="checkbox"/> Y <input type="checkbox"/> N |
| Acquisition Cost % | |

(Continued)

Q6: Active Programs (continued)

Please indicate the capacity providers that are on this program, the contractual level of DUAE authority, the maximum premium allowable per contract, the premium for each partner at latest YE program year and the maximum liability.

Program 2

Currency:

| (Re)Insurance Partner | Exclusive? | Authority/Service Level Allowed | | | | | | | | | | Maximum Premium | Premium @YE | Maximum Liability |
|-----------------------|---|---------------------------------|-------------------|--------------------|-------------------|--------------------|--------------|----------------|------------|-----------|--|-----------------|-------------|-------------------|
| | | Claims Payment | Claims Settlement | Reinsurance Ceding | Binding Authority | Premium Collection | Underwriting | Risk Selection | Ratemaking | Reserving | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |

Please indicate the top 10 lines of business and associated DPW (000) by program year.

| Line of Business | 1P | 0 | -1 | -2 | -3 | -4 |
|-------------------|----|---|----|----|----|----|
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| DPW Totals | | | | | | |

Please indicate the top 10 states or countries and associated DPW (000) by program year.

| State or Country | 1P | 0 | -1 | -2 | -3 | -4 |
|-------------------|----|---|----|----|----|----|
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| DPW Totals | | | | | | |

Please input gross loss ratios for all the entire program by year.

| Gross Loss Ratios | 1P | 0 | -1 | -2 | -3 | Prior |
|---|----------------------------|----------------------------|----|----|----|-------|
| Program Year - Actual | | | | | | |
| Program Year - Target | | | | | | |
| Accident Year (If Available) - Actual | | | | | | |
| Accident Year (If Available) - Target | | | | | | |
| Do the loss ratios above include case reserves? | <input type="checkbox"/> Y | <input type="checkbox"/> N | | | | |
| Do the loss ratios above include IBNR? | <input type="checkbox"/> Y | <input type="checkbox"/> N | | | | |

Please indicate all TPA relationships associated with this program.

| Name of TPA | Year Relationship Began | Services |
|-------------|-------------------------|----------|
| | | |
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Notes (please enter any notes in this section):

Commission Structure:

| | |
|--------------------|---|
| Base Commission % | |
| Profit Commission? | <input type="checkbox"/> Y <input type="checkbox"/> N |
| Acquisition Cost % | |

(Continued)



Q6: Active Programs (continued)

Please indicate the capacity providers that are on this program, the contractual level of DUAE authority, the maximum premium allowable per contract, the premium for each partner at latest YE program year and the maximum liability.

Program 3

Currency:

| (Re)Insurance Partner | Exclusive? | Authority/Service Level Allowed | | | | | | | | | | Maximum Premium | Premium @YE | Maximum Liability |
|-----------------------|---|---------------------------------|-------------------|--------------------|-------------------|--------------------|--------------|----------------|------------|-----------|--|-----------------|-------------|-------------------|
| | | Claims Payment | Claims Settlement | Reinsurance Ceding | Binding Authority | Premium Collection | Underwriting | Risk Selection | Ratemaking | Reserving | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |

Please indicate the top 10 lines of business and associated DPW (000) by program year.

| Line of Business | 1P | 0 | -1 | -2 | -3 | -4 |
|-------------------|----|---|----|----|----|----|
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| DPW Totals | | | | | | |

Please indicate the top 10 states or countries and associated DPW (000) by program year.

| State or Country | 1P | 0 | -1 | -2 | -3 | -4 |
|-------------------|----|---|----|----|----|----|
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| DPW Totals | | | | | | |

Please input gross loss ratios for all the entire program by year.

| Gross Loss Ratios | 1P | 0 | -1 | -2 | -3 | Prior |
|---|----------------------------|----------------------------|----|----|----|-------|
| Program Year - Actual | | | | | | |
| Program Year - Target | | | | | | |
| Accident Year (If Available) - Actual | | | | | | |
| Accident Year (If Available) - Target | | | | | | |
| Do the loss ratios above include case reserves? | <input type="checkbox"/> Y | <input type="checkbox"/> N | | | | |
| Do the loss ratios above include IBNR? | <input type="checkbox"/> Y | <input type="checkbox"/> N | | | | |

Please indicate all TPA relationships associated with this program.

| Name of TPA | Year Relationship Began | Services |
|-------------|-------------------------|----------|
| | | |
| | | |
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Notes (please enter any notes in this section):

Commission Structure:

| | |
|--------------------|---|
| Base Commission % | |
| Profit Commission? | <input type="checkbox"/> Y <input type="checkbox"/> N |
| Acquisition Cost % | |

(Continued)



Q6: Active Programs (continued)

Please indicate the capacity providers that are on this program, the contractual level of DUA/E authority, the maximum premium allowable per contract, the premium for each partner at latest YE program year and the maximum liability.

Program 4

Currency:

| (Re)Insurance Partner | Exclusive? | Authority/Service Level Allowed | | | | | | | | | | Maximum Premium | Premium @YE | Maximum Liability |
|-----------------------|---|---------------------------------|-------------------|--------------------|-------------------|--------------------|--------------|----------------|------------|-----------|--|-----------------|-------------|-------------------|
| | | Claims Payment | Claims Settlement | Reinsurance Ceding | Binding Authority | Premium Collection | Underwriting | Risk Selection | Ratemaking | Reserving | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |

Please indicate the top 10 lines of business and associated DPW (000) by program year.

| Line of Business | 1P | 0 | -1 | -2 | -3 | -4 |
|-------------------|----|---|----|----|----|----|
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| DPW Totals | | | | | | |

Please indicate the top 10 states or countries and associated DPW (000) by program year.

| State or Country | 1P | 0 | -1 | -2 | -3 | -4 |
|-------------------|----|---|----|----|----|----|
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| DPW Totals | | | | | | |

Please input gross loss ratios for all the entire program by year.

| Gross Loss Ratios | 1P | 0 | -1 | -2 | -3 | Prior |
|---|----------------------------|----------------------------|----|----|----|-------|
| Program Year - Actual | | | | | | |
| Program Year - Target | | | | | | |
| Accident Year (If Available) - Actual | | | | | | |
| Accident Year (If Available) - Target | | | | | | |
| Do the loss ratios above include case reserves? | <input type="checkbox"/> Y | <input type="checkbox"/> N | | | | |
| Do the loss ratios above include IBNR? | <input type="checkbox"/> Y | <input type="checkbox"/> N | | | | |

Please indicate all TPA relationships associated with this program.

| Name of TPA | Year Relationship Began | Services |
|-------------|-------------------------|----------|
| | | |
| | | |
| | | |

Notes (please enter any notes in this section):

Commission Structure:

| | |
|--------------------|---|
| Base Commission % | |
| Profit Commission? | <input type="checkbox"/> Y <input type="checkbox"/> N |
| Acquisition Cost % | |

(Continued)



Q6: Active Programs (continued)

Please indicate the capacity providers that are on this program, the contractual level of DUAE authority, the maximum premium allowable per contract, the premium for each partner at latest YE program year and the maximum liability.

Program 5

Currency:

| (Re)Insurance Partner | Exclusive? | Authority/Service Level Allowed | | | | | | | | | | Maximum Premium | Premium @YE | Maximum Liability |
|-----------------------|---|---------------------------------|-------------------|--------------------|-------------------|--------------------|--------------|----------------|------------|-----------|--|-----------------|-------------|-------------------|
| | | Claims Payment | Claims Settlement | Reinsurance Ceding | Binding Authority | Premium Collection | Underwriting | Risk Selection | Ratemaking | Reserving | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |
| | <input type="checkbox"/> Y <input type="checkbox"/> N | | | | | | | | | | | | | |

Please indicate the top 10 lines of business and associated DPW (000) by program year.

| Line of Business | 1P | 0 | -1 | -2 | -3 | -4 |
|-------------------|----|---|----|----|----|----|
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| DPW Totals | | | | | | |

Please indicate the top 10 states or countries and associated DPW (000) by program year.

| State or Country | 1P | 0 | -1 | -2 | -3 | -4 |
|-------------------|----|---|----|----|----|----|
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| DPW Totals | | | | | | |

Please input gross loss ratios for all the entire program by year.

| Gross Loss Ratios | 1P | 0 | -1 | -2 | -3 | Prior |
|---|----------------------------|----------------------------|----|----|----|-------|
| Program Year - Actual | | | | | | |
| Program Year - Target | | | | | | |
| Accident Year (If Available) - Actual | | | | | | |
| Accident Year (If Available) - Target | | | | | | |
| Do the loss ratios above include case reserves? | <input type="checkbox"/> Y | <input type="checkbox"/> N | | | | |
| Do the loss ratios above include IBNR? | <input type="checkbox"/> Y | <input type="checkbox"/> N | | | | |

Please indicate all TPA relationships associated with this program.

| Name of TPA | Year Relationship Began | Services |
|-------------|-------------------------|----------|
| | | |
| | | |
| | | |

Notes (please enter any notes in this section):

Commission Structure:

| | |
|--------------------|---|
| Base Commission % | |
| Profit Commission? | <input type="checkbox"/> Y <input type="checkbox"/> N |
| Acquisition Cost % | |

(Continued)



Q7: Income Statement

Accounting basis:

Currency:

Please provide the following information from your company's business plan and actual results:

| | 1 Expected | 0 Actual | -1 Actual | -2 Actual | -3 Actual | -4 Actual |
|-----------------------------------|------------|----------|-----------|-----------|-----------|-----------|
| Revenues | | | | | | |
| Commissions & Fees | | | | | | |
| Investment Income | | | | | | |
| Interest Income | | | | | | |
| Other Income, Net | | | | | | |
| Total Revenues | | | | | | |
| Expenses | | | | | | |
| Producer Commissions | | | | | | |
| Other Operating Expenses (x D&A) | | | | | | |
| Depreciation & Amortization | | | | | | |
| Interest Expense | | | | | | |
| Total Expenses | | | | | | |
| Income Before Income Taxes | | | | | | |
| Income Taxes | | | | | | |
| Net Income | | | | | | |
| Gross Loss Ratio Metrics | | | | | | |
| Program Year | | | | | | |
| Accident Year | | | | | | |
| Financial Metrics | | | | | | |
| Total Revenues | | | | | | |
| Total Expenses | | | | | | |
| Net Income Before Taxes | | | | | | |
| Net Income After Taxes | | | | | | |
| Total Assets | | | | | | |
| Total Liabilities | | | | | | |
| Net Worth | | | | | | |
| Gross Margin | | | | | | |
| Operating Margin | | | | | | |
| EBIT Margin | | | | | | |
| EBITDA Margin | | | | | | |
| Pre-Tax Margin | | | | | | |
| Net Margin | | | | | | |

Notes (please enter any notes in this section):

(Continued)



Q8: Balance Sheet

Accounting basis:

Currency:

Please provide the following information from your company's business plan and actual results:

| | 1 Plan | 0 Actual | -1 Actual | -2 Actual | -3 Actual | -4 Actual |
|--|--------|----------|-----------|-----------|-----------|-----------|
| Assets | | | | | | |
| Cash | | | | | | |
| Accounts Receivable | | | | | | |
| Other Current Assets | | | | | | |
| Total Current Assets | | | | | | |
| Long-term Assets | | | | | | |
| Accumulated Depreciation | | | | | | |
| Total Long-Term Assets | | | | | | |
| TOTAL ASSETS: | | | | | | |
| Liabilities & Capital | | | | | | |
| Accounts Payable | | | | | | |
| Current Borrowing | | | | | | |
| Other Current Liabilities | | | | | | |
| Total Current Liabilities | | | | | | |
| Long-Term Liabilities | | | | | | |
| Total Liabilities | | | | | | |
| Paid in Capital | | | | | | |
| Retained Earnings | | | | | | |
| Total Capital | | | | | | |
| TOTAL LIABILITIES & CAPITAL | | | | | | |
| Net Worth | | | | | | |

Notes (please enter any notes in this section):

Q9: Litigation

Excluding E&O claims, has the company and/or its principals been party to litigation in relation to its DUAE activities?

| Yes | No |
|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> |

If yes, please provide additional details below.



Learn more about getting a Best's Performance Assessment.

