



MANCHESTER
UNDERWRITING
MANAGEMENT

Delegated Underwriting / MGAs

Why would you?

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Definitions

Delegated authority:

- Out-sourcing of certain underwriting tasks by an insurer
 - Entering into contracts of insurance
 - Documentation
 - Quoting / Underwriting
 - Claims
 - Could be a broker, a TPA or an MGA

Managing General Agent

A business that underwrites insurance on behalf of third party carriers, with its principal fiduciary duty being to the carriers.



General Considerations

Does the board and its NEDs expect to be consulted or informed?

- Is delegation business as usual or a new feature?
- What are you delegating?
 - Documentation?
 - Painting by numbers or underwriting?
 - Claims?
- Is there a documented rationale that makes sense?
- Do you have the oversight capability?
- Is there any channel conflict?
- Value chain
- Reporting



Essentials

Alignment of interests

- MGA's or broker's rationale
- Strategy
- Remuneration
- Exclusivity (e.g. geographical, line of business, route to market)
- Client ownership

Conduct

- Who are you delegating to? Know and understand.
- TCF – claims and underwriting
- Experience
- Conflicts of interest
- “Trust but verify”



Essentials Contd.

Oversight

- Reporting
- Binder audit
- Underwriting Audit
- Claims Audit
- Coverholder perspective
- Sub-delegation

What if it all goes wrong?

- Financial exposure
- Run-off management



About MGAs

Geography

- Very prominent in USA, UK, Australasia, Canada, Netherlands, South Africa, Ireland and many other countries
- UK and international business

Growth

- Entrepreneurs
- M&A / Consolidation
- Broker-owned
- InsureTech
- When there's no other option ...

Size & Type

- 250-300 MGAs in the UK writing between £5bn and £10bn in GWP
- Individually writing from under £1M GWP to well in excess of £500M
- Regional “mom & pop” to international players
- Brokers and direct



Life Cycle

Issues

- Underwriting AND running a business
- Consolidation
- M&A
 - By insurers
 - By PE
 - By brokers
- Succession

What is the MGAA?

Trade association for MGAs

Membership includes:

- 136 MGAs (traditional and InsureTech)
- 39 Market Practitioners (insurers)
- 55 Suppliers

What does the MGAA do?

- Promote and support MGAs
- Training and education
- Working with Lloyd's, LMA, LMG and many others to influence audit, requirements, terms of business
- Working with regulators (FCA, PRA)
- Brexit
- Conduct & Ethics
- Events



Why?

- Simplify documentation and processing (e.g. broker binders)
- Route to market (e.g. niche affinity group, geographical, aggregators)
- Expertise
- Entrepreneurial
- InsureTech
- Try before you buy
- Top line growth
- Easy entry and exit