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Best's

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



Best's Performance Assessment for Delegated Underwriting Authority Enterprises

With today's complex market challenges and intense competitive environment, demonstrating value and establishing credibility with insurers and other stakeholders can be costly, difficult, and time consuming. AM Best has a solution.

AM Best recognizes that delegated underwriting authority enterprises (DUAEs)* are becoming increasingly critical and influential within the insurance industry. Therefore, we have developed the Best's Performance Assessment for DUAEs (Best's PA for DUAEs), a powerful tool for DUAEs to promote their capabilities and expertise to other parties – investors, venture capitalists, regulators, and insurers.

Now DUAEs of all sizes and in all segments have the opportunity to differentiate themselves in the marketplace, and establish a global benchmark of their ability to service their business partners.

Benefits for DUAEs and Program Administrators

- Promotes expertise and effectiveness in key operational areas to other parties – investors, venture capitalists, regulators, and insurer partners
- Differentiates capabilities from competitors
- Establishes credibility and trust within the insurance industry
- Enhances marketing and promotional efforts
- Provides a uniform, independent benchmark approach to DUAE evaluation from a respected third party

The Performance Assessment provides a forward-looking, independent and objective, non-credit opinion of a DUAE's ability to perform services on behalf of its insurance partners.

It is a comprehensive analysis consisting of a quantitative and qualitative assessment of Underwriting Capabilities, Governance and Internal Controls, Financial Condition, Organizational Talent, and Depth and Breadth of Relationships.

Performance Assessment Process



Best's PA for DUAEs Process

After collecting the information necessary to begin the assessment process, our analysts establish and manage an ongoing dialogue with the DUAE. The process involves gathering additional data from the DUAE, analyzing key assessment elements, presenting the assessment to the Assessment Committee for review, and determining the final Best's PA for DUAE outcome.

Once a DUAE receives its Best's PA for DUAEs, its performance continues to be monitored, including market and company developments that could impact the PA. Items monitored include: key industry trends, emerging issues, strategic goals, financial objectives and management practices.

Following the initial evaluation of a DUAE, the assessed enterprise has three options:

- Make the Best's PA for DUAEs public, which is shared on the AM Best website
- Maintain the Best's PA for DUAEs on a private, confidential basis
- Discontinue participation in the interactive Best's PA for DUAEs' process

*A DUAE is a blanket term for managing general agents (MGAs), managing general underwriters (MGUs), coverholders, program administrators, program underwriters, underwriting agencies, direct authorizations, and appointed representatives.

Best's Performance Assessment for Delegated Underwriting Authority Enterprises

Key Assessment Factors

Both quantitative and qualitative elements are used to evaluate the strengths and weaknesses of the DUAЕ.

The process includes an in-depth review of:

1. Underwriting capabilities
2. Governance and internal controls
3. Financial condition
4. Organizational talent
5. Depth and breadth of relationships



Best's Performance Assessment Scale

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

A better overall PA indicates that the DUAЕ is more likely to:

- Achieve greater long-term stability through effective business underwriting
- Maintain a strong financial profile
- Have excellent access to business
- Provide high-level service
- Maintain strong business relationships and governance

BestMarks for DUAEs

DUAЕs can showcase their Performance Assessment Score by displaying a [BestMark for DUAЕs](#), in their marketing material, such as websites, print ads, brochures, web ads, social media, email signatures, business cards, and conference and events materials. It's available in black, blue and gold to complement the style of your marketing materials, with a white BestMark available for use on dark backgrounds.*



*For uses requiring a smaller image, such as business cards and email signatures, BestMarks are available at 1- and .75-inch sizes.

About AM Best

Founded in 1899, AM Best was the world's first credit rating agency, and has grown to be the largest credit rating agency specializing in the insurance industry.

AM Best Rating Services assesses the creditworthiness of and/or reports on over 16,000 insurance companies worldwide. Our credit ratings summarize our opinion of an insurance company's ability to pay claims, debts and other financial obligations in a timely manner. Our commentary, research and analysis provide additional insight.

Headquartered in the United States, the company does business in over 100 countries with regional offices in London, Amsterdam, Dubai, Hong Kong, Singapore and Mexico City.

For more information about Best's PA for DUAЕs, please visit: www.ambest.com/assessment

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