

Terminology

- There is no set of universally accepted terminology, but here are some examples....
 - Managing General Agent (MGA)
 - Managing General Underwriter (MGU)
 - Program Administrator (PA)
 - Binding Authority Agreement
- Any comments made should be assumed to be prefaced with a qualifier, e.g., “typically.”

Managing General Agent (MGA)

- MGA is term most commonly used
- Only term that has a statutory definition
- Market Definition - “Giving away the pen”

National Association of Insurance Commissioners (NAIC)

"Managing General Agent" (MGA) means any person who:

- Produces, directly or indirectly, and underwrites an amount of gross direct written premium equal to or more than five percent (5%) of policyholder surplus;

AND

Does either, or both, of the following –

- Adjusts or pays claims in excess of \$10,000 per claim
- Negotiates reinsurance on behalf of the insurer

Managing General Underwriter (MGU)

- An agency that has binding authority
- No claims authority
- No reinsurance authority
- Most typical type of “program-centered” agency
- In A&H universe (employer stop-loss) term includes agencies who handle excess claims

Binding Authority Agreement

- Surplus lines binding authority
- Distribution via wholesale brokers
- Lloyd's, Bermuda and domestic E&S carriers
- Tougher classes, smaller risks, narrowly defined

Program Administrator (PA)

My favorite term – says the least

Inclusive of:

- MGA's with broad authority
- MGU's and Binding Authority Agreements
- Retailer or wholesaler with exclusive or preferred marketing agreements
 - Preferred price or broader coverage
 - No binding authority

Program

Defines the insurance product

- Single industry focus
- Affinity group
- Customized grant of coverage
- Proprietary or specialized distribution

MGA or MGU or E&S Binding

Defines the distribution

- Deans & Homer
- Victor O. Schinnerer
- Wholesalers

Associations

- National Association of Professional Surplus Lines Organizations (NAPSLO)
- American Association of Managing General Agents (AAMGA)
- Target Markets Program Administrators Association (TMPAA)

National Association of Professional Surplus Lines Organizations (NAPSLO)

- Founded in 1974
- Wholesale brokers – 800 offices
- Domestic surplus lines insurers
- Lloyd's and alien surplus lines insurers
- Focus on risks which are non-standard, unique or require large risk capacity

American Association of Managing General Agents (AAMGA)

- Founded in 1926
- 264 agency members
- Surplus lines and admitted business
- Alien and domestic carriers

Target Markets Program Administrators Association (TMPAA)

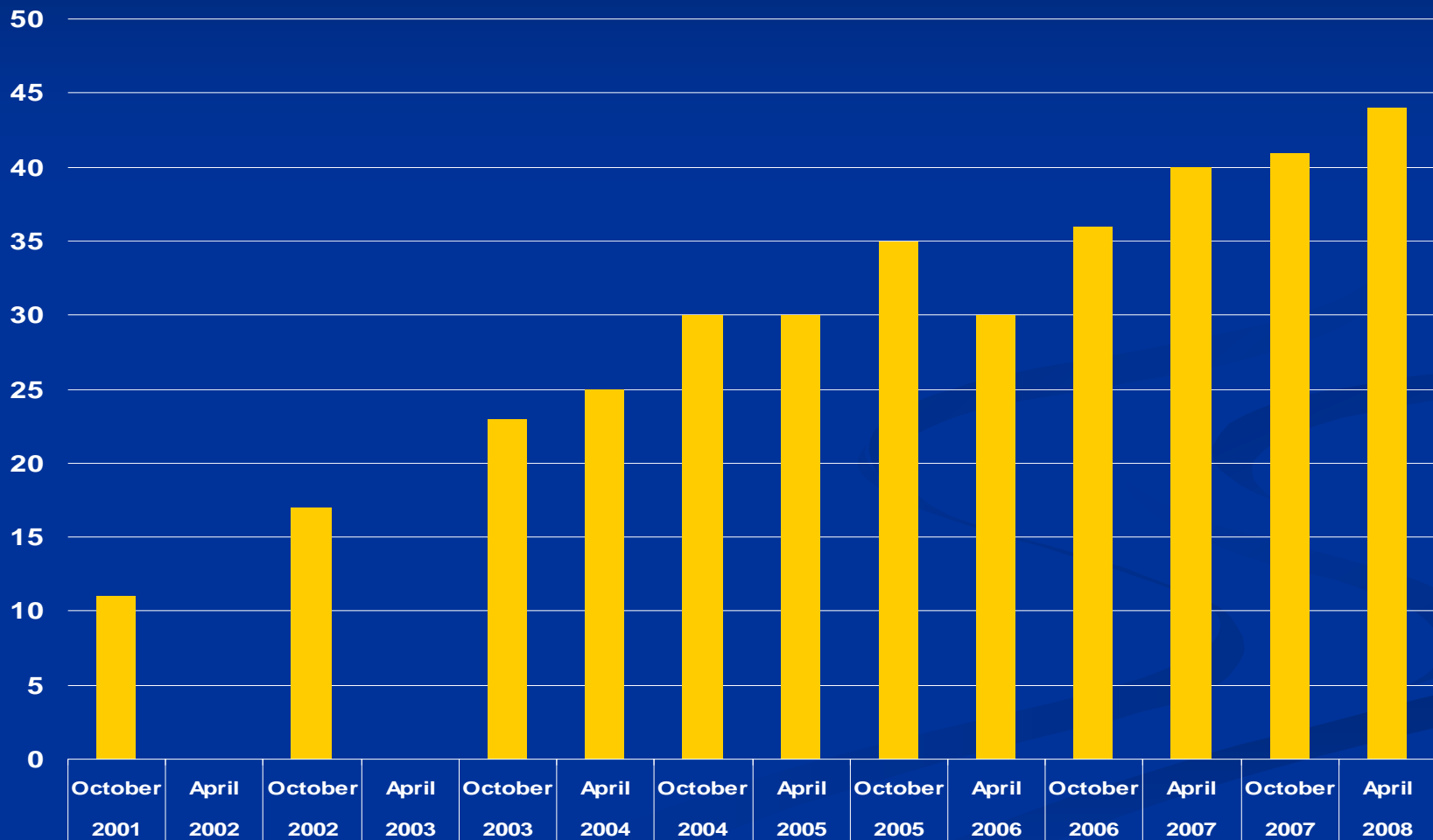
- TMPAA launched in 2001 (bad timing?)
- Narrowest focus
- TMPAA has 44 carrier members
- TMPAA has 177 agency members

TMPAA Definition

The TMPAA defines program business as:

- Insurance products targeted to a particular niche market or class
- Generally representing a book of similar risks placed with one carrier
- Administration is done through Program Specialists who have developed an expertise in that market or class

Number of Carriers Represented at Target Markets Meetings



Program Administrators Attending Target Markets Annual Meeting

