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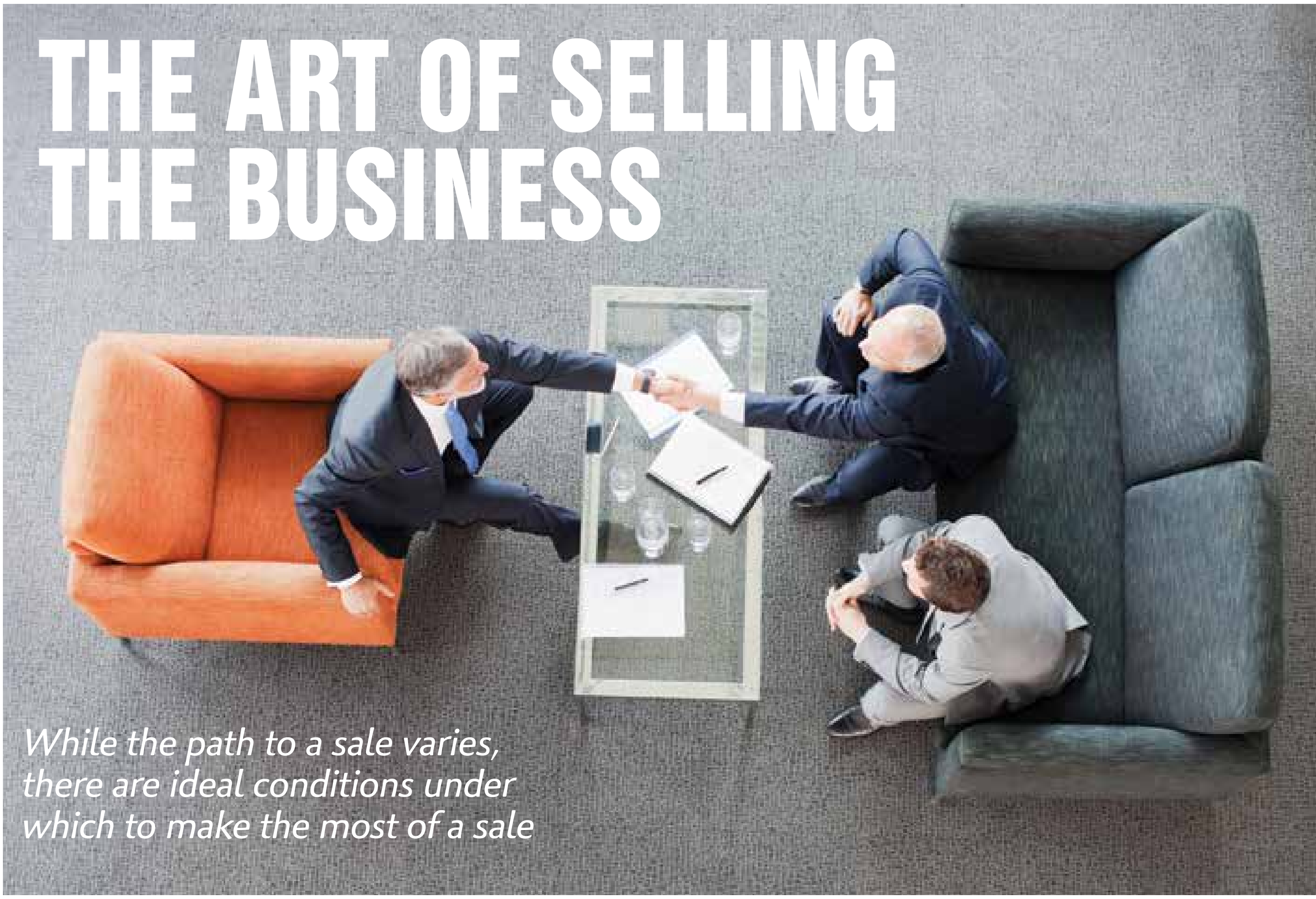
INSIDE

THE ART OF SELLING THE BUSINESS



While the path to a sale varies, there are ideal conditions under which to make the most of a sale

By Lori Widmer

When is the right time to sell an MGA business? At a recent TMPAA Mid-Year Meeting, that question was put to a panel of experts—people who have sold MGAs and those who have bought them.

Knowing when to sell is not the same for every MGA owner. For Lisa Doherty, CEO and co-founder of Business Risk Partners, selling was something that was always in the background. “We were independent for 23 years; I’d say we talked about [selling] for 24 of those 23 years,” she jokes. Yet even in the early days, Doherty says, there was interest even though the young business had acquired little business value.

The advice she received: Grow the business. She and her team did just that.

Then it became clearer that the time for Doherty and her sister, co-founder Linda Boborodea, that the time to sell might be upon them. “It was really about what was right for us,” she explains. “And honestly, we were in our mid- to late-fifties.” For them, it was about figuring out when to sell so that there would be less disruption for their team.

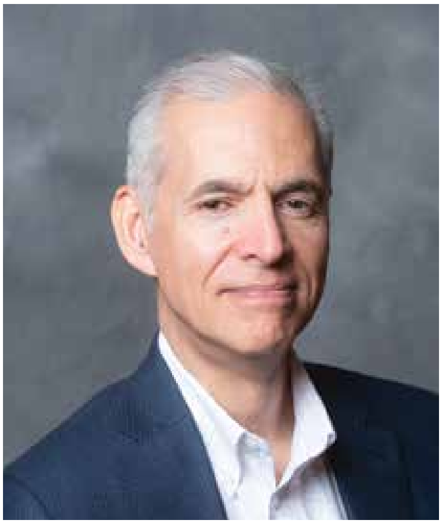
For Brian Cohen, CEO at Arden Insurance Services, selling was something he did not want to do. “I loved running Arden, being independently owned,” he notes. However, two of his three initial investors wanted out.

“I tried to finance a transaction where I could buy them out. That didn’t work.” Cohen then realized that Arden needed a new partner, which he eventually secured.

> *“We look for people that are in growth mode but there’s still some wind left in the sails … .”*
>
> *—Matt Sackett*
> *CEO and Co-Founder*
> *DOXA Insurance*

Ideal conditions

While the path to a sale varies for each MGA, there are ideal conditions



"Surround yourself with the best possible advisors."

—John Colis
President and CEO
Euclid Insurance Services

under which MGAs can make the most of the sale. John Colis, president and CEO of Euclid Insurance Services, suggests that the best time to sell is during a period of strong growth, which maximizes the MGA's valuation.

Sustained growth, he says, not just at the time of sale, but also in the preceding years, can go far in demonstrating a positive trajectory for the business. "Your multiples are going to be much higher if you are growing" which is why he recommends "getting things in order and selling when you're in that mode."

Colis also says that the right time to try selling is "before you've hit your peak. You'll be transferring then an asset that's in a very healthy place. Don't try to get the last dollar."

What's appealing to the buyer? Everything mentioned above. "All of the answers given here hit the nail on the head," explains Matt Sackett, CEO and co-founder of DOXA Insurance. "We look for people that are in growth mode but there's still some wind left in the sails, both from how much time they have left to spend in the business to help make sure it's transitioned over efficiently and effectively, but also that the business is growing."

Buyers can always adjust their offer for those companies not growing in a healthy manner, says Sackett. But he stresses that buyers prefer and will pay more for those businesses that are thriving.

Prepping for the sale

Buyers are also looking for businesses that have done their due diligence. Cohen says that any business preparing to sell should conduct a thorough exam of the business to uncover any issues. The choice then would be to either remedy the issues or factor them into your negotiations and how you'll respond when those issues are discussed.

"Surround yourself with the best possible advisors," says Colis. He also believes it's critical to align with the key talent within your business and that they will be taken care of. "In other words, you're doing this together as a team."

For Doherty, luck was clearly on her side. "We were blissfully naïve," she says, regarding what the selling of the business entailed. "We pulled it off, but we did not understand" the process.

They also didn't share the sales process with the leadership team because, as she puts it, selling was overwhelming on its own minus any more conversations.

Whether to share or not depends on your team, says Sackett. "Lean into your culture and your team in answering that question. We've acquired 19 businesses. Every business has handled that differently. It really depends on the team and the culture as to how they've handled that."

Sackett adds this: "You want to sell to someone who appears to be culturally aligned." And he stresses caution against oversharing too much proprietary business detail with too many parties. "A more selective approach can help maintain confidentiality and strategic advantage." ■

The author

Lori Widmer is a Philadelphia-based writer and editor who specializes in insurance and risk management.

PROGRAM ADMINISTRATOR INDEX

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With a focus on innovation, reliability, and exceptional service, at Rokstone, we work closely with leading carriers to deliver comprehensive insurance solutions across diverse sectors. Having achieved $1.1bn GWP, all without external investment or debt, this remarkable growth highlights our commitment to strategic independence.

Since launching in 2017, we have partnered with leading carriers to deliver profitable portfolios through specialist underwriting, innovation, and data-driven insight. At Rokstone, everything starts with alignment: underwriters, brokers, and carrier partners working towards shared goals to deliver sustainable growth.

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Rokstone recruits and empowers the best talent in the market, giving underwriters the tools, equity opportunities, and infrastructure to build and grow specialist MGUs. Each underwriting business at Rokstone is built with one primary focus: long-term, profitable performance.

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Rokstone MGUs combine the strategic mindset of a carrier with the agility of an MGU. Protecting the interests of our partners, Rokstone MGUs deliver returns, mitigate risk, and create opportunities for expansion into new lines. In addition to a $12m investment in our own technology ecosystem, Atomx, we integrate market leading tools including ExposureHub, GIS and AIR to bring clarity, transparency and performance monitoring to every portfolio.

Our digital product factory launches broker portals quickly, enabling seamless submissions, enriched data, and efficient pricing. Rippl, our in-house underwriting workbench, connects underwriting prices, documentation, and carrier reporting, all on a global scale. For carriers, this means better visibility, smarter distribution, and underwriting that evolves with the market.

Built for the Future

Rokstone is shaping the future of underwriting by prioritizing people, utilizing data effectively, and aligning with carriers. Our success stems from a shared ambition—growing with our partners, discovering new opportunities, and delivering excellence in every market we serve. ■

REINSURANCE INTERMEDIARY INSIGHTS

Keeping up with dynamic nature of the MGA space presents plenty of challenges

By Lori Widmer

By all accounts, the reinsurance market is promising. Fitch Ratings recently gave the sector a "neutral" rating, signaling strong profitability expectations for 2025. Likewise, Sapiens data show that the global reinsurance market has topped $766 billiona, marking a 5.4% increase over 2024.

Traditional reinsurers and alternative capital have driven the market growth, which is serving to strengthen capacity amid rising catastrophe losses.

In the managed general agent (MGA) space, 2024 was a year of continued growth thanks to increased interest in specialty lines of business. There has been exponential growth with year-over-year direct premiums written increases of 16%, according to Conning data.

Yet, there are emerging challenges in the market. A Clyde & Co report lists economic uncertainty, a softening rate environment, a tightening regulatory landscape, and technological disruption as challenges that could put pressure on business.

Keeping pace with this fast-moving market emphasizes the importance of maintaining close contact with clients. "We are constantly working to stay ahead of the trends," says John Speckman, president of BMS Re's ProLink Solutions.

"It's difficult because it's a fast-moving market," he adds. "We try to stay in contact with our clients to see what their needs are and try to support those needs."

Market challenges

Working ahead of new or emerging trends can be further complicated, depending on the line of business. According to Gallagher data, commercial auto is the most challenging line in the casualty space in Q2 2025. There is limited capacity and coverage available, which is reflected in the pricing. Higher jury awards, the increase in distracted driving, and an ongoing driver shortage is driving much of that, says the Gallagher report.

That is being seen by many brokers in some lines of business. "Within the reinsurance markets, I feel like the MGA space, by some MGA standards or appetites, is still kind of off," says John Barrows, senior broker with Lockton Re.

"They (the reinsurers) are not too excited about supporting the MGA model," he adds. He sees the focus being on client support and building relationships with reinsurers and those providing capital.

Another layer of complexity that both the reinsurance and MGA segments are feeling is the levying of tariffs. The biggest issue, says Matt Petka, is that "you can't proactively bake in those rate increases.

"There's so much uncertainty, so the insurance carriers aren't going to

"We've seen over the past eight to ten years more of an alignment of interests from the fronting company to the MGA to the reinsurer. [Reinsurance capacity is] the lifeblood that drives all of this."

*—Matt Petka
President, GC Access
Guy Carpenter*

be able to push out rate fast enough, and it's going to fluctuate so much," adds Petka, who is president of Guy Carpenter's GC Access. That's going to leave MGAs with the task of finding ways to recoup what they will ultimately lose.

Market direction

Despite challenges, the market is attracting capital. The industry has grown from one with a handful of fronting companies a few decades ago to one that has dozens of those same fronting companies serving the industry.

Petka credits the capital flowing into the market, as well as the quality underwriting talent that is attracted to the market that is allowing the market to grow. Barrows says that product innovations such as parametric insurance and AI efficiencies are where the MGA market is seeing new business growth.

He notes that "MGAs are pushing the startup MGAs being created," which are adding new territories and segments. InsurTech is driving more direct-to-consumer connections, and M&A activity is helping pump new capacity and capital into the market.

So is the activity of MGAs themselves. Barrows sees a good number of MGAs looking at their client's business to see if there's a broader spectrum of solutions that would support their entire business and not just one portion of it.

"A lot of people are seeing … opportunities. … [M]icro-specialization continues to drive the market."

—John Barrows
Senior Broker
Lockton Re

He also sees a bit of the reverse trend with MGAs. "A lot of people are seeing the opportunities" in the market. "There are underserved areas that a lot of these new fronts are willing to get into along with the MGAs. That kind of micro-specialization continues to drive the market," Barrows says.

For those MGAs trying to get up and running, there is good news. The emergence of aggregators, says Petka, "can offer individuals or a team a turnkey solution" that can make it easier to create a startup MGA. Back-office support such as legal and tech systems are often part of the draw for a new MGA provider. This significantly reduces the time and investment typically required to establish an MGA independently, he adds.

Another factor driving MGA success: artificial intelligence. "There's a question now: 'What kind of technology do they have, what kind of systems do they have on top of the people they have?' That's a key when you're trying to sell your client's business to somebody," says Speckman.

He sees a lot more market confidence thanks to fronting carriers' willingness to take on more risk. "It is helping the market and obviously attracting more reinsurers."

Even amid a market with rising social inflation costs, global warming uncertainty, and increased property loss exposures, Petka says, business is well handled by the MGA market. "The nimbleness of writing on the E&S paper, being able to push out additional rate … you're able to be a lot more nimble. I think we'll see that trajectory continue."

That in turn will continue to feed the MGA and reinsurance industry with

"We are constantly working to stay ahead of the trends. It's difficult because it's a fast-moving market."

—John Speckman
President, ProLink Solutions
BMS Re

more capital and more high-quality underwriting talent. The capacity will follow the profits, says Petka. And reinsurers and MGAs will continue to thrive together.

"We've seen over the past eight to ten years more of an alignment of interests from the fronting company to the MGA to the reinsurer," he notes. "Without reinsurance capacity, well, they're the lifeblood that drives all of this." ■

The author

Lori Widmer is a Philadelphia-based writer and editor who specializes in insurance and risk management.

CARRIER INDEX

AF Specialty

“We don’t take a traditional approach; instead, we opt to view program opportunities across a spectrum of risk, which allows more flexibility for our partners to achieve their goals.”

Rated “A” (Excellent) by A.M. Best, AF Group is a nationally recognized holding company whose affiliated insurance companies are premier providers of specialty insurance solutions offered through independent agents and brokers nationwide.

Part of AF Group’s family of brands, AF Specialty was established in 2017 to provide fronting capacity and captive solutions to insurance carriers, managing general agents and captive managers in all 50 states. AF Group’s 2023 acquisition of AmeriTrust Group (formerly Meadowbrook) added expanded capabilities, staff and resources to AF Specialty.

“With the integration of these programs and capabilities, AF Specialty now provides a full suite of program solutions from fronting, risk-sharing and fully-insured operations,” commented Walter Matthews, vice president of AF Specialty.

Through AF Group subsidiaries, AF Specialty provides partners access to multiple A-rated carriers (financial category size XIV), allowing the company to write admitted and non-admitted business on a national platform.

“We look to our partners as best-in-class experts in their specific industries,” Matthews continued. “By outsourcing production, systems and claim handling to these specific partners, we have created a flexible and efficient business model – backed by our highly rated carrier and corporate home office functions.”

Supported by superior in-house underwriting and claim management, actuarial support, flexible reinsurance structures and superior credit protection strategies, AF Specialty is a go-to facility for placing well-managed, turnkey commercial property and casualty programs.

“We don’t take a traditional approach; instead, we opt to view program opportunities across a spectrum of risk, which allows more flexibility for our partners to achieve their goals.”

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Key advantages for MGAs

- Aligned Interests – Shared risk and rewards foster mutual growth and profitability.
- Financial Strength – AM Best A- financial strength rating and 45+ years of industry leadership.
- Innovative Solutions – Custom insurance programs designed to meet evolving market demands.
- Speed & Agility – Fast decision-making and seamless partner integration.
- Claims Excellence – Transparent, responsive claims management.
- Ease of Doing Business – A streamlined, collaborative partner experience.

At our core, Fortegra is an innovative underwriting specialist. Since our founding in 1978 as a regional insurer, our mission has remained the same: Help people and businesses manage risk so they can achieve their ambitions.

As the world evolved, so did we. We expanded globally while staying true to our foundation—building enduring partnerships based on trust. Our success is tied directly to our MGA partners' success, helping them enhance market competitiveness and elevate the customer experience.

What our value proposition is built on:

- Underserved Markets – Specializing in niche and emerging insurance sectors to help partners unlock untapped opportunities.
- Advanced Technology – Leveraging data-enhanced underwriting to increase accuracy and efficiency.
- End-to-End Support – Delivering seamless program development, underwriting, and claims management to drive long-term success.
- Integrity and Reliability – Maintaining a track record of honesty, transparency, and follow-through.

Positioned for the future

Fortegra is redefining specialty insurance through continual innovation and strategic partnerships. With an AM Best Financial Strength Rating of A- (Excellent), disciplined underwriting practices, and a vision for global expansion, we are committed to building resilience and driving growth for our partners.

For MGAs seeking a true partner with capacity, Fortegra offers the agility, confidence, and expertise to navigate an evolving insurance landscape.

The Fortegra Advantage: Expertise, Innovation, and Shared Success. Fortegra® is the registered service mark of The Fortegra Group, Inc. and is the marketing name for the insurance operations of its affiliated and subsidiary insurance companies. Visit www.fortegra.com for a list of our subsidiaries and affiliates. Not all subsidiaries are licensed in every jurisdiction. ■

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FORTEGRA

Niche Industries, Expanding Opportunities



Powering partnership in the program market

The program marketplace is booming. Amid ongoing demand for specialized coverage solutions in niche industries, insurers' shrinking appetites for high complexity exposures created unprecedented demand for program solutions. As a result, the growth of the U.S. managing general agents market continued to outpace the broader property and casualty market in 2024, reaching a staggering $114.1 billion as direct written premiums rose 16% year-over-year.

For example, consider marinas, a business with particular insurance needs. Sometimes, business owners in this industry slowly find themselves shut out of the standard lines market, as property-casualty underwriters struggle to understand uncommon exposures or offer optimal coverage. Other times, operators in niche industries like this one recognize that they can solve their coverage challenges by coming together as their own specific market.

This is the space where MGAs, managing general underwriters and program administrators shine, filling the gap in the property and casualty space with specialized solutions. And, of course, it's not just marinas. Accountants, lawyers, self-storage facilities and other niche professionals are part of an increasing number of businesses that are beginning to seek a more personalized level of specialization. As a result, there is immense growth potential that is expected to continue to outpace that of the overall property and casualty market.

The program experience you seek

In this ever-evolving landscape, your expertise and niche specialization have never been more critical. And finding the right partner is key to realizing the full potential of this unprecedented market. That's where The Hanover, a knowledgeable carrier that is fully aligned in providing support for your program, across underwriting, actuarial, product, marketing, claims, risk management and more, can help. From planning to execution, The Hanover works with you to ensure products and workflows are tailored to your needs, through:

- **Experience with risk purchasing groups**—If you're looking to optimize coverage and pricing, we have deep experience structuring solutions for RPGs.
- **Policy data exchange solutions**—Beyond our web-based underwriting platform, you can leverage APIs to enable a seamless data exchange between your agency management system and The Hanover, as well as a bordereau to report the status of business.
- **A best-in-class service center**—Our dedicated specialty team can take the responsibility of servicing and nurturing professional liability and marine clients, freeing up your time to concentrate on new revenue opportunities.

The partnership you need

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- **Broad appetite**—We build programs for all types of homogeneous groups with similar coverage needs, from start-ups to large accounts. We can also build a program based on your area of expertise, affiliation or association relationship, or opportunity to grow in a specific niche.
- **Expansive product portfolio**—We offer a range of commercial lines and specialty lines products on an admitted and non-admitted basis, which can be customized and used to craft standalone or account-focused solutions for your clients.
- **Diverse program structures and flexible underwriting**—Commission slides, profit-sharing and traditional guaranteed cost programs can be employed on a program-by-program basis, as well as delegated underwriting authority and niche transactional underwriting arrangements.
- **Valuable technology solutions**—Our web-based suite of tools enables real-time interactions, not just for underwriters, but also for service, endorsement processing, billing, claims and MIS.
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With you, every step

Partnering with The Hanover is your key to success in the ever-expanding program space. Together, we can unlock opportunities and propel your business to new heights.

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The Hanover Insurance Group®

MS TRANSVERSE

From Strength to Scale: The Hybrid Fronting Leader's Winning Formula

In a program market that's more competitive and complex than ever, MS Transverse has emerged as the benchmark for what a hybrid fronting carrier can achieve. Founded in 2018, the company has grown to become the largest hybrid fronting carrier in the United States—recognized for its underwriting discipline, strategic MGA alignment, and ability to deliver sustainable results.

That reputation was underscored in 2025, when The Insurer named MS Transverse Fronting Carrier of the Year for the third time in four years. The accolade capped a period of record growth and reinforced the company's standing as a preferred platform for MGAs, reinsurers, and capital market investors alike.

A+ Strength, Class XV Scale

In June 2025, AM Best upgraded MS Transverse's Financial Strength Rating from A (Excellent) to A+ (Superior), Financial Size Category XV, alongside an upgrade in its Long-Term Issuer Credit Rating from "a+" to "aa." The upgrade reflects consistently strong operational results, a sound business profile, and the extension of Mitsui Sumitomo Insurance Company's credit standing through explicit guarantees and implicit support.

"The A+ rating is more than a number—it's tangible proof that our partners can rely on us for the long haul," says Ethan Allen, EVP and Chief Program Officer. "In a space where trust is everything, that matters."

Performance That Speaks for Itself

By the end of 2024, MS Transverse's gross written premium had reached $2.14 billion, with a gross loss ratio amongst the lowest of its fronting peers. Reinsurers backing MS Transverse programs generated more than $500 million in profit last year, a testament to the company's gross-line underwriting mentality and disciplined program selection.

This approach has made MS Transverse a "first call" for reinsurers and capital markets investors. The renewal and expansion of Trouvaille Re—its dedicated collateralized reinsurance vehicle—demonstrates the company's growing role as a bridge between program business and alternative capital sources.

Focused Partnerships, Broader Reach

While the scale is impressive, the growth strategy remains selective. "We don't chase volume," says Matthew Jones, SVP of Business Development & Ventures. "We work with a curated group of high-quality MGAs, invest deeply in those relationships, and support them with the operational flexibility, capacity, and capital they need to grow sustainably."

The company partners across both admitted and non-admitted lines, operating with a "system agnostic" approach that accommodates each MGA's preferred platforms and processes. This flexibility reduces friction, accelerates speed-to-market, and enables partners to focus on growth without back-office disruption.

Innovation as a Strategic Priority

In 2024, MS Transverse embedded its Ventures arm into the core of its business, securing early access to emerging technologies, including artificial intelligence. The result: enhanced capabilities, faster insights, and more value delivered to MGA and reinsurance partners.

Behind the numbers is a growing team focused on deepening the company's actuarial, data science, and risk management expertise. This talent-driven culture has been central to the company's success, enabling it to write more than 500,000 policies since inception.

Looking Ahead

With its stronger rating, disciplined approach, and global backing, MS Transverse is well-positioned to expand into additional specialty classes and explore new capital partnerships. The mission remains clear: empower partners with stability, agility, and unmatched capacity in a rapidly evolving, program-driven marketplace.

As Allen sums it up: "Our job is to make it easy for the right partners to do more of what they do best. That's how we've grown—and that's how we'll keep growing." ■

For more information, visit: www.mstransverse.com

MS transverse

THE QBE PROGRAMS DIFFERENCE IS BUILT ON TRUST

30-year track record of driving profitable results for our partners

QBE's relentless focus on finding and nurturing the right partnerships has made QBE a Program industry leader. Together, with our Program administrators, wholesalers and retail brokers, QBE provides meaningful alternative risk management solutions to meet our customers' unique needs, establishing an ongoing end-to-end value stream that generates profitable growth for all parties.

QBE's Program Business provides property, workers compensation, professional liability and other hard-to-place risks and insurance solutions in challenging markets. Programs range from $20 million to $250 million in gross written premium and are supported by dedicated program managers and unique claims expertise if needed.

Lasting partnerships focused on profitable growth

For the past 30 years, QBE has forged highly collaborative partnerships with accomplished Program Administrators. Our average Program partnership duration is over 14 years, with many surpassing 20 years. This enviable longevity is a testament to QBE's highly experienced Program Managers and the trust that is built over years of providing meaningful, alternative risk, management and service solutions.

QBE has onboarded three new Program Administrators in the last year, an impressive achievement in the Programs market. The specialist expertise, dedication and commitment of our partners is a major reason our growing Program Business generates over $1 billion of in-force annual premiums.

A unique perspective

Our value proposition to current and future Program Administrators is to provide an environment where they can do what they do best: profitably grow their business while protecting QBE's capital. To enable this strategy, we look for partners with specialized expertise, access to distribution and demonstrated underwriting and claims capabilities that can quickly scale to $20 million in gross written premiums.

If needed, our Program partners can also leverage the resources of our Underwriting, CAT Modeling, Claims, Actuarial, Loss Control, Premium Audit, and Reinsurance teams. At the heart of it, it's about collaboration and bringing the right people to the table to drive value for QBE, our partners and our customers.

About QBE North America

QBE North America, part of QBE Insurance Group, Ltd, is a global insurance leader committed to helping customers solve unique risks. Each day, we strive to give our customers the confidence to explore, innovate and take measured risks, secure in the knowledge they are covered by a strong insurer. QBE insurance companies are rated "A" (Excellent) by A.M. Best and "A+" by Standard & Poor's.

A Gold Sponsor of Target Markets, QBE is a proud participant of WSIA, PLUS, CIAB and other established industry conferences.

Additional information can be found at www.qbe.com/us, or contact us at Programs@us.qbe.com. ■

QBE®

PARAMETRICS: CLARITY, COVERAGE, AND SPEED

Amid rapidly rising CAT claim totals, a swift, straightforward alternative to traditional coverage

By Lori Widmer

In 2024, an estimated $16.2 billion in parametric insurance coverage was written globally, says Global Market Insights data. That figure is up from a gross written premium of just $5 billion in 2019 and, according to a 2022 Parametric Stewardship Report, is expected to reach $29 billion by 2031.

Even so, parametric insurance remains a bit of a mystery in the insurance industry.

When it began, parametric insurance—a policy that pays out based on a predetermined, measurable event within a specific geographic area—was a niche coverage to address loss quickly and bring quicker payouts in the event of a natural disaster or weather-related event. An earthquake of a magnitude 5.0 or higher, for example, could trigger a payout to an insured who bought a policy that had that specific trigger written into the contract language.

For those companies sitting in areas that are prone to natural disasters such as wildfires, hurricanes, earthquakes and more, parametric products were a way to receive quick remediation.

Today, parametric insurance coverage has emerged as one of the most transparent mitigation measures that companies can take to protect their investments. Parametric coverage is being applied to any number of risks, from earthquakes and hurricanes to car accidents and retail loss based on weather.

A panel of experts in the parametric insurance industry talked with TMPAA attendees recently about the coverage, including the nuances, triggers, and application. What they want people to know is this: Parametric insurance isn't just

a novel technology, but a solution to specific, measurable risk exposures.

What it is

Parametric insurance "is an insurance policy that pays based on a prescribed event," says Scott Carpinteri, president of K2 Parametric. "It's almost like a pre-adjudicated claim, where if event A occurs in location B, a predetermined amount C is paid." While the mechanism behind the coverage is more complicated, the concept, he says, is straightforward.

Alex Kaplan, executive vice president for Alternative Risk at Amwins, says that there is a unique clarity with parametric contracts that doesn't often happen in traditional insurance products. "There is no ambiguity in a parametric contract, none whatsoever" thanks to the clearly defined triggers and methodologies outlined in the contract.

Those triggers do not necessarily include actual damage. The key advantages of parametric coverage are speed of payment thanks to real-time data, such as wind velocity or earthquake measurements; flexibility in how the proceeds can be applied; and the transparency brought by the reliance on data and contract terms.

The only intentionally vague portion of the contract, Kaplan says, is the definition of ultimate net loss. It provides, he says, "flexibility in how the proceeds are allocated, because you're indemnifying the insured against the event itself and not the underlying portfolio of assets. The insureds can use the assets as they see fit."

This matters when large loss events occur. According to the

"Parametric insurance is not property insurance. It can serve that purpose, but that is not what it is. It's balance sheet protection."

—Alex Kaplan
Executive Vice President,
Alternative Risk
Amwins

"These are very manuscripted, customized solutions to problems that these business owners or companies are having."

—Bob Kimmel
Founder and CEO
K2 Insurance Services

> "For our wildfire parametric, we don't care whether it's a winery or a warehouse or a single-family home, [just] the probability of a wildfire reaching that location."
>
> —Brian Espie
> Chief Underwriting Officer
> Kettle

National Oceanic and Atmospheric Administration, U.S.-based natural disaster losses in 2024 amounted to $27 billion. Having a product that pays quickly and without the burden of a lengthy claims process can be the difference between swift recovery or a business closure.

While there is a basis risk present in some parametric products—when loss occurs but is not enough to trigger coverage, for example—the parametric coverage has a simpler approach. Abigayle Clafin, vice president of Business Development and Strategic Alliances for Palms Insurance, says, "By using something that is location-driven, you remove a lot of the vulnerabilities that basis risk puts out."

How it is applied

That allows insurers and insureds to get very specific in what they want to cover and how the policy will be triggered.

Brian Espie, chief underwriting officer for Kettle, explains how his product is structured and applied. "Our wildfire product is one that we try to make pretty simple and base the parameters or the triggering event on the presence of a wildfire crossing the boundary of a property. We draw a perimeter around the property. Then if the wildfire footprint, according to (data from) Cal Fire intersects that property, it triggers a payment."

Clafin has also seen it applied to retail establishments—e.g., a fast-fashion brand that was particularly susceptible to their revenue timing. "There was an incident where essentially if the fall wasn't cold enough or the spring wasn't hot enough, then people don't shop for their new wardrobe."

In that case, the parametric product was designed to "essentially count the number of days where the temperature didn't go above a high-enough threshold and pay out based off of that." This, she says, allows for a more even revenue picture, "which is typically not something that you would be able to get coverage for even in a business interruption policy."

According to Bob Kimmel, founder and CEO of K2 Insurance Services, the same could apply to a situation in which a theme park has a loss of revenue due to severe weather affecting visitor access. He uses the example of Disney World. "If the airport in Orlando isn't working, people don't get there." Should a wind event or heavy storm ground flights or close the airport, the number of visitors would be affected. "So, they (the park) would have business interruption, loss of revenue."

In parametric coverage, Carpinteri says there is a fundamental question that serves as the foundation for coverage: "What problem are we solving?" Carpinteri points to Clafin's example as "a very concrete problem that with the right triggers, you actually can solve the problem."

Parametric evolution

These products, says Kimmel, evolve from "listening to a risk manager, listening to a business owner about a problem. These are very manuscripted, customized solutions to problems that these business owners or companies are having."

Even the buying process is different, says Clafin, who starts by asking the insured what they want to pay for coverage. "These are modeled numbers," she says of parametric coverage. "I'm not adjusting terms and conditions and deductibles and sub-limits.

"If you tell me what your budget is, then I can flex the parameters and the triggers and the limits around that so that you can see how much coverage you can get," Clafin

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President
K2 Parametric

adds. This can help insureds focus on what matters most, be it severe event coverage or quick cash for smaller events. “It’s a fascinating product to be so collaborative on.”

It’s also a product that has seen an evolution in pricing. Kaplan says that even five years ago, the minimum premium could be in the $150,000 to $250,000 range. “By having these absurdly high minimum premiums, it boxed out 90% of the addressable market,” says Kaplan. Today, the product has been streamlined and optimized to allow parametric coverage to be more available, thus more affordable.

Part of the shift to more affordability, says Espie, is the proliferation of data and the technology available to help define parameters. Also important is that from a parametric perspective, the asset itself will generally not influence the triggering event.

“For our purposes of the wildfire parametric, we don’t care whether it’s a winery or a warehouse or a single-family home. All we care about is the probability of a wildfire reaching that location.”

In essence, parametrics are problem-solving instruments. Even larger companies, say the experts, can benefit from looking at solutions that address more specific, concentrated pockets of risk that a parametric may well be able to address effectively.

“It might not be a global issue, but some key hot spots of concentration of risk,” says Carpinteri.

Clafin points out that buying to match what your peer group of companies is buying, you could find yourself without the right coverage. It’s a common mindset that doesn’t really address the individual company’s needs.

Kaplan cautions: “Parametric insurance is not property insurance. It can serve that purpose, but that is not what it is. It’s balance sheet protection.” It helps address the more holistic exposure that many retailers in particular may have.

The independent variables, he says, can greatly influence the performance of the business. “As long as there’s a definable parameter, there’s a robust quality-tested data set that underlies it, you can design a parametric around almost anything,” Kaplan adds. ■

The author

Lori Widmer is a Philadelphia-based writer and editor who specializes in insurance and risk management.

SERVICE PROVIDER INDEX

FM Boiler Re provides equipment breakdown reinsurance and support services to property insurers throughout the United States and Canada. For more than 140 years, we've combined specialized engineering and reinsurance expertise with tight-knit collaboration, helping our partner companies deliver effective, reliable coverage.

With the backing of industry-leader FM, we provide unparalleled access to engineering and loss prevention resources through dedicated service teams that work in lockstep with each of our partner companies. Working together, we protect your purpose by crafting individualized equipment breakdown programs that insurers can rely on to meet the needs of their policyholders.

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- Proactive partnership
- Robust resources

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For more information, please visit: www.fm.com/boiler-re

TOP 4 CLAIMS CHALLENGES FACING MGAS & PROGRAMS AND HOW TO OVERCOME THEM

MGAs and PAs face growing pressure to grow profits, develop new products, enter new markets, and keep pace with technology—all while delivering exceptional service. Gallagher Bassett consistently evaluates these demands to understand the unique challenges that develop as a result and how they affect claims management. Let's explore four key trends and strategies to address them.

Increasing severity and complexity of claims

High-complexity claims require specialized expertise, as generalists may lack the skills or experience to effectively handle these claims, leading to suboptimal outcomes. MGAs/PAs must ensure they have access to claims professionals with deep technical knowledge and the ability to respond swiftly and strategically.

Advanced analytics and RMIS systems empower MGAs/PAs with insights into emerging trends and patterns, enabling early detection of issues, informed decision-making, and proactive management of potential challenges to reduce costs and address the increasing severity and complexity of claims.

Other mitigation strategies include benchmarking results with industry best practices — avoid the temptation to think a good loss ratio will be maintained without active and improved management — and considering the value of independent consultation to ensure your claims management process is delivering the optimal results.

Accessing top talent exactly when you need it

Competition for claims talent in the industry is fierce, and staff absences due to illness or vacations can take a serious toll on smaller claims departments. As an organization builds out its portfolio, access to quality claims management experts with technical expertise and flexible staffing to match the ebbs and flows of the business is critical.

Maintaining a large workforce year-round is costly, and organizations often struggle to balance operational efficiency with delivering quality service. Partnering with an expert in nurturing claims management professionals can make a significant difference by recruiting staff with transferable skills, investing in superior onboarding and training programs, and enabling flexible working arrangements. These strategies not only maximize retention but also ensure a highly skilled and adaptable workforce to meet evolving business needs.

Keeping pace with technological advancements

Advancements in technology are transforming how organizations of all sizes manage claims from start to finish, driving demand for actionable performance insights to guide decisions.

For MGAs and PAs looking to expand their offerings, the rapid evolution of costly systems presents significant challenges, particularly in a stricter regulatory environment that demands flexible and customizable technology. Many organizations face difficulties in maintaining best-in-class RMIS systems that are essential for effectively evaluating claims management outcomes. As the industry evolves, developing the expertise to support new products and services has become increasingly critical to staying competitive and meeting the demands of a dynamic marketplace.

A cost-effective solution can be finding the right partner that can provide access to superior systems to assist with informed decision-making both at the individual claim level and across entire programs/portfolios to effectively reduce total cost of risk without the financial burden of development and upkeep.

Maintaining service excellence

At a time when changing customer expectations are a dominant force in the insurance industry, it's more important than ever that MGAs/PAs are responding to this market dynamic by delivering consistent quality service. By offering attentive support and proactive communication, MGAs/PAs can cultivate strong relationships and build a loyal customer base that distinguishes them in a crowded market.

While some may choose to handle claims management internally, there is significant value in engaging a strategic claims management partner. With dedicated teams in our claims operation, client services division, and business development group, Gallagher Bassett's Carrier Practice is dedicated to supporting these markets by serving as an extension of our clients' in-house teams and enhancing their overall claims and risk management strategies.

We specialize in providing tailored claims management solutions, advanced technology, and benchmarking capabilities to partners, which enable MGAs/PAs to navigate the complexities of modern claims while maintaining profitability and delivering superior outcomes for their clients. ■

Author
Jon Stambaugh, SVP — Carrier Practice, Gallagher Bassett

GROWTH OPPORTUNITY CASE STUDY: INDEPENDENT INSURANCE

A successful insurance network secured a total of $37,000,000 in financing through Live Oak Bank. The network was able to refinance existing debt to improve their cash flow and access growth capital to support its acquisition strategy. With the influx of capital, the company positioned itself to continue expanding its innovative business model while strengthening their brand within the insurance industry.

Challenge

- Finding a financing partner that could assist in refinancing existing debt to streamline the business financials and create cash flow flexibility for future opportunities
- Access capital to fuel further growth and to add independent insurance agencies to their network

Solution

- Live Oak funded a $13,000,000 term loan to refinance existing business debt, reducing costs and improving cash flow for the customer
- The customer secured a $20,000,000 delayed draw term loan (DDTL) to support the business's acquisition strategy, enabling them to add independent insurance agencies to their network over time
- Live Oak included a $4,000,000 working capital revolver to ensure liquidity, supporting the customer's expansion efforts while managing daily operations

Outcome

- The customer continues to build on its strong market position in the industry, supported by a structured financing package tailored to the network's specific goals
- Live Oak's partnership has empowered the business to scale effectively while remaining true to its core mission of supporting independent insurance agents

Deal At-A-Glance

Business Type
Independent Insurance Network

Aggregate Loan Amount
$37,000,000

Wins
Strategic growth, cash flow coverage, low funded leverage, and increased enterprise value

Since 2014, Live Oak Bank has specialized in creating innovative lending solutions for the insurance industry. Live Oak can create flexible credit facilities to support the growth of companies with $1,000,000–$2,000,000+ in EBITDA. If you are seeking growth capital, we can work with you to develop a financing solution that aligns with your specific requirements.

To learn more or to contact a member of our team, visit liveoak.bank/insurance

LiveOakBank.

XPT Specialty builds competitive edge with deep system integrations

Vertafore recognizes XPT's leadership in creating value through open, collaborative technology solutions

The modern wholesaler's outlook

Today's wholesale and MGAs market is a balancing act under pressure. Rising costs, fast-shifting and complex compliance requirements, the speed-to-market push, and the need to deliver for their clients is forcing firms to rethink how they operate. To thrive, they must simultaneously build:

- Strategic partnerships with agency clients, carrier partners, and InsurTech providers.
- A connected technology ecosystem that supports data integrity, seamless workflows, and efficient processes.

Using technology to make a difference

XPT Specialty is meeting those challenges head on. As a wholesale brokerage and binding firm that connects insurance professionals with specialized solutions across multiple industries, XPT has made deep technology integrations a core part of its strategy, and it is committed to fostering technology partnerships and integrations that support the company's growth and the entire industry's success. By partnering closely with industry leaders like Vertafore, the company has streamlined quoting, improved data accuracy, and reduced manual work for agents and carriers alike. Vertafore recognized XPT's commitment with the ***2025 Speed to Market Innovator Award.***

"XPT has been an outstanding collaborator in connecting the full power of our solutions to enable MGAs and wholesalers to respond quickly to market needs. We're proud to honor their leadership, their spirit of innovation, and their commitment to our industry."

—Rick Warter, Chief Customer Officer, Vertafore

The value of the Vertafore partnership

Innovative technology is only a true advantage when it powers unwavering data integrity. This overarching philosophy has guided XPT's integrations with Vertafore's AIM, NetRate, Surefyre, and ImageRight—creating a connected ecosystem that eliminates duplicate entry, speeds up submissions, and safeguards information from start to finish.

XPT defines and delivers on partnership

Building a true partnership requires an ongoing commitment to collaboration across the entire insurance marketplace. Upholding this forward-thinking philosophy, XPT Specialty prioritizes the needs of its retail agent clients, carrier partners, and brokerage community. To do so, XPT has taken the lead, working with technology partners like Vertafore to build integrations between their systems, and enabling stakeholders to get greater value from their solutions. By fostering an open and integrated ecosystem, XPT is multiplying value for all parties and cementing its position as a genuine innovator and leader in the insurance industry.

"I enjoy explaining how we solved a problem that I know everybody has. If I can come up with a solution that helps us, it may help somebody else in the industry. It'll eventually benefit other systems, other software, and other solutions, and become a feature that makes a task easier. It becomes a standard way of doing things."

—Marc Stevens, SVP – IT and Operations, XPT Specialty

Redefining the competitive advantage

XPT Specialty's success offers a new blueprint for wholesale brokerages. Instead of guarding its competitive advantage, the company's growth strategy is to create value by solving friction between systems and sharing those solutions with others. This approach proves that the future of insurance lies not in closed systems, but in open, collaborative partnerships that drive success across the entire industry.