



Curing the insurance industry of its spreadsheet addiction

The Capacity Dividend

How MGAs keep and grow capacity in a soft market

A soft market does not withdraw capacity. It withdraws the benefit of the doubt.

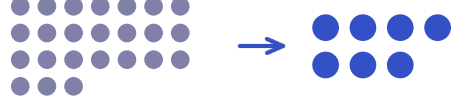
When rates rise, margins deflect scrutiny. When rates fall, they do not. Underwriting performance, appetite and strategic fit still decide whether capacity is renewed. What changes is how much of the decision rests on what the MGA can show, and how early.

The argument in brief

57%

57 in every 100 carriers surveyed

of carriers surveyed expect to increase MGA capacity within two years [1] and the same capacity is now weighted to underwriting quality and loss-ratio stability over growth. [2] [3]

6-8 

strategic partners is where European MGAs past €50m GWP settle, down from dozens of relationships. [4] Fewer, larger relationships, each decided on what the MGA can show, and on how long it takes to show it.

7 pts

Scenario model, not observed outcomes

of return on capital separate underwriting-discipline scenarios in PwC's model of a softening cycle to 2030. [5]

Capacity stays available, but it is selective.

Carriers still want MGA premium; they no longer extend it on a headline loss ratio and a good story.

The evidence is produced in the middle and back office, every month.

When errors seep through to the carrier and take time to resolve, the capacity provider learns something about the MGA's operations at the moment it is deciding whether to trust its underwriting.

Better information changes the MGA's own decisions first.

The MGA that sees its mix shift or rate slippage before the monthly file goes out is making better underwriting decisions, not only better reports.

Capacity is selective in three different ways

A carrier does not commit to the MGA market. It commits to a team, a product, a territory and a set of controls, and decides how much authority to grant. Three regimes make that decision differently.

Lloyd's.

Oversight or no delegation

Syndicates may back only MGAs that are truly additive and data-savvy enough to permit proper oversight; those unable to demonstrate it face restrictions on delegating. [6] If the syndicate cannot evidence oversight of your book, it can lose the right to back it.

Continental Europe.

Insurer stays fully responsible

MGA premium reached \$23bn in 2025, growing 15% against 7% in the US. [7] There is no market oversight regime, but under EIOPA's guidelines delegated underwriting is an outsourced critical function and the insurer stays fully responsible for it [8] — so the carrier must be able to monitor and access the delegated activity, and gets that from the MGA. Much of the paper is fronting or reinsurance-backed, so two counterparties may need satisfying at once. Past €50m, MGAs consolidate to six to eight partners, each deciding whether to be one of the six on what you can show. [4]

United States.

Exit one segment at a time

Non-exclusive contracts carry most MGA premium, giving carriers flexibility to exit underperforming segments. [3] Capacity can leave one segment at a time without leaving the MGA.

In each regime an MGA facing falling rates can chase volume, hold price and lose some business, or shift mix. The carrier needs to see which, while the decision is still reversible. GWP growth alone cannot tell it.

What the portfolio should be able to prove

MGAs have the first and most complete view of the data. MGAs with solid internal data pipelines can make better underwriting decisions, and pre-empt questions from capacity. MGAs can use portfolio data to make faster underwriting decisions, and prove this proactively to capacity providers.

What the MGA knows	What it tells the carrier
Like-for-like rate movement, changes in limits and deductibles, technical price exceptions, new business conversion.	Whether rates are holding
GWP and exposure by class, territory, channel, broker, risk band and inception cohort.	How the mix is changing
Frequency and severity, paid and incurred development, large losses, reserves and reporting lag.	Where losses are moving
Referrals, exceptions, declined risks, breaches, overrides and the action taken on each.	Whether authority is being respected
Concentrations by location, peril, counterparty or the class-specific exposure measure that matters.	Where risk is accumulating

LLOYD'S GUIDANCE

Lloyd's guidance, read from the coverholder's side.

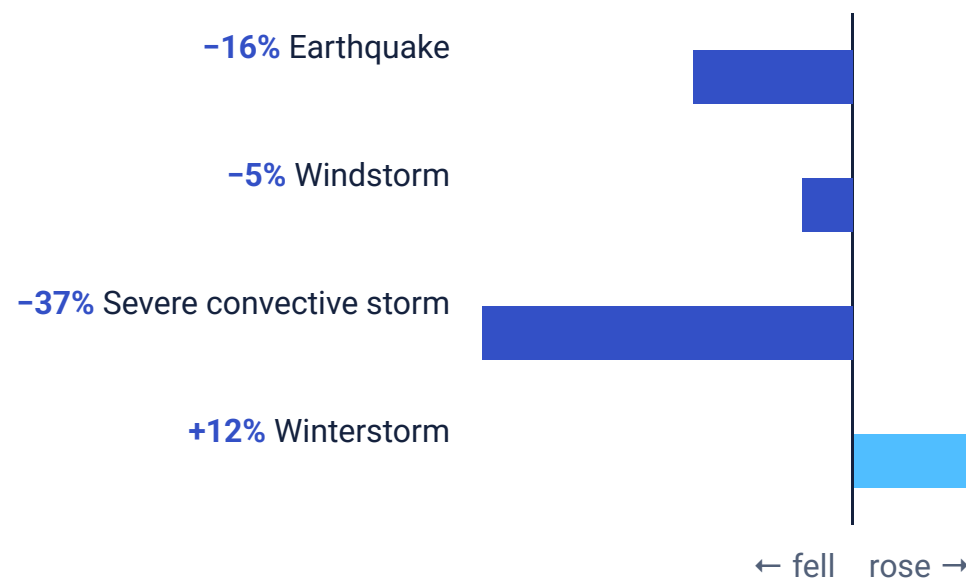
Lloyd's 2026 delegated underwriting guidance asks managing agents to consider a coverholder's data maturity and its path toward a more current view of performance [9]; the oversight guidance makes them responsible for supervising delegated contracts against risk appetite and sustainable performance. [10] Neither is a checklist for MGAs. Both describe what the syndicate will be asked to prove about you.

Data quality changes the apparent risk

Moody's validated and enriched the exposure data of a global MGA property portfolio. Modelled average annual loss fell 16% for earthquake, 5% for windstorm and 37% for severe convective storm, and rose 12% for winterstorm. [11] The estimates moved both ways, and that is why a capacity provider can trust them. Better data did not simply make the book look safer; it found a peril where the estimate went up.

MGAs that can access this information earlier can amend pricing or risk selection pro-actively.

Change in modelled average annual loss after data validation and enrichment



Moody's global MGA property portfolio case study, after exposure data was validated and enriched [11]

The evidence is made in the back office

Manual receipt, mapping, correction and reconciliation determine whether the version the carrier sees is the version the MGA believes. The facility view often doesn't exist in the PAS, creating errors for the carrier and risking coverage for customers.

Why PAS bordereaux hide errors

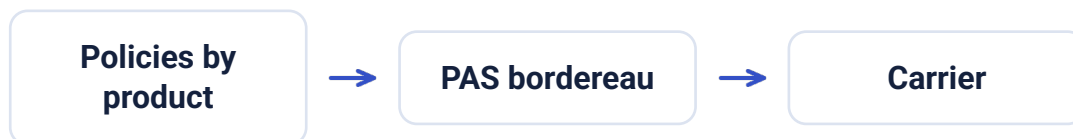
Policy Administration Systems are typically product focused, and so the reports and bordereaux they produce don't have a binder or facility prism that catches terms breaches. A defect the carrier finds first costs credibility, not just rework.

A facility-first approach to reporting ensures that what the carrier sees is what the carrier delegated. For an MGA it also ensures better service to its customers, avoiding claim-time coverage issues.

Facility before Product

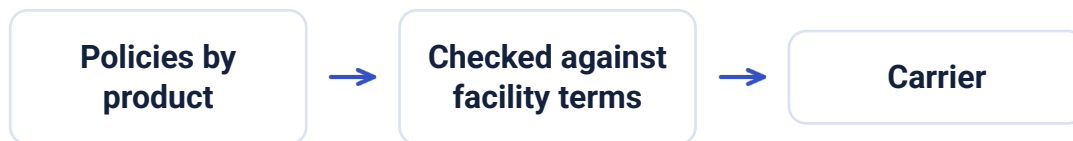
What goes to the carrier needs to reflect the delegated terms. Ensuring alignment between product sets and carrier terms is essential.

PRODUCT-FIRST



Terms breach found by the carrier

FACILITY-FIRST

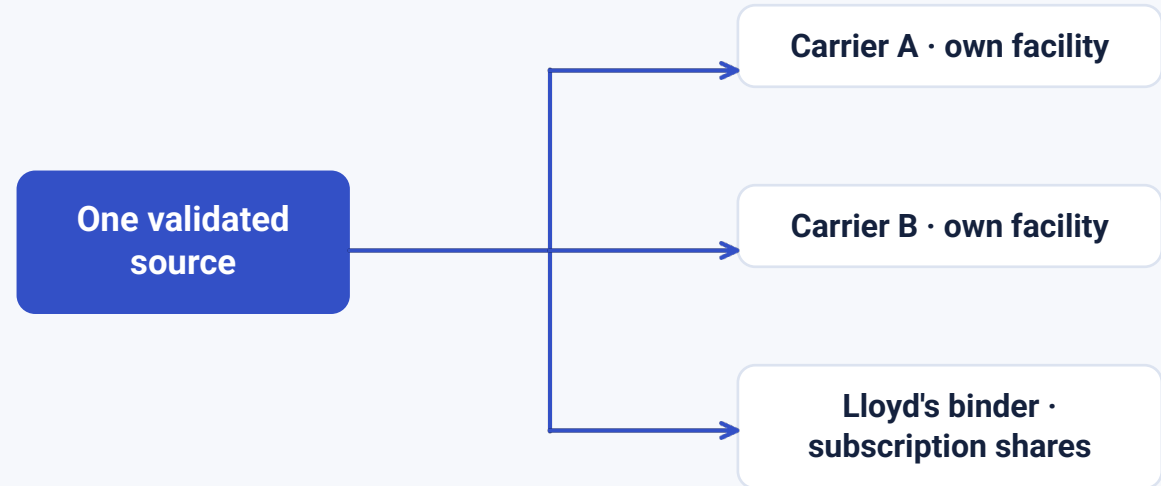


What the carrier sees is what it delegated

One source, many renderings

Whether through different capacity on separate facilities, or subscription capacity on Lloyd's Binders, MGAs can need to output different reporting formats from single-source data.

A product-focused PAS with no view of delegated arrangements or carrier shares is not the right tool to run middle and back-office reconciliation and reporting.



Coral Insurance believes that its business growth is now underpinned by core data processing systems and the ability to scale without the need for extra resources.

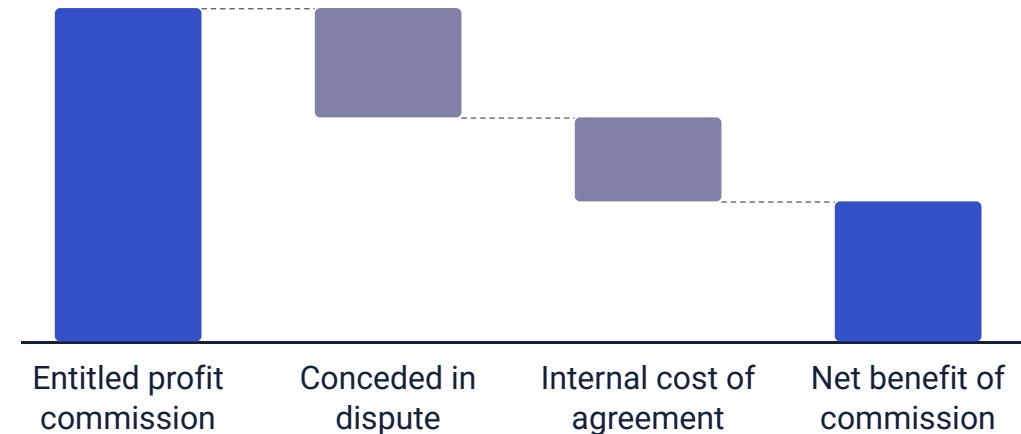
Product and Operations Director, Coral Insurance

The economics of better data

A faster bordereau does not earn a higher base commission. What better evidence removes is the disagreement over inputs that delays and sours the negotiation. Milliman's 2026 case is direct: conflicting loss-ratio views stalled profit-commission talks until the data was cleaned, segmented and reported consistently. [12] The impact to MGAs is clear: the risk of having to negotiate reduced commissions because of inability to prove position means less money in, and longer time to agree.

When that time to agreement and settlement of commission is measured in employee effort spent retrieving, reconciling and cleaning data, the economics of the profit commission moves. The net benefit of a profit commission is eroded by internal cost as well as concessions caused by bad data.

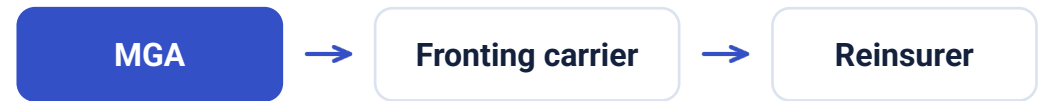
Where profit commission leaks



Illustrative

The meeting that tests the relationship

A fronting carrier in Benelux has capacity for a measured expansion, and a reinsurer behind it that has noticed deteriorating incurred results in one territory. The MGA arrives with the original thesis, exposure and development by cohort, the risks and claims behind the movement, and the dates on which appetite or pricing changed. It asks to expand the better segment and cap the troubled one. The carrier may still decline. But it can make a specific decision, and take a specific case to its reinsurer, instead of relying on a portfolio average or commissioning its own investigation. If the first serious discussion of rate adequacy happens when the binder is due to expire, it is already late.



THE MGA BRINGS

- ✓ The original thesis
- ✓ Exposure and development by cohort
- ✓ The risks and claims behind the movement
- ✓ The dates appetite or pricing changed

THE MGA ASKS

Expand the better segment, cap the troubled one

THE CARRIER GETS

A specific decision, and a specific case to take to its reinsurer

The 30-day capacity evidence test

An exercise a CEO can hand to an operations lead. One live binder; underwriting, finance and claims own their decisions and definitions; one reporting cut throughout.

Days 1–5	Days 6–15	Days 16–25	Days 26–30
DAYS 1–5 Establish the baseline Review the last three submissions and their carrier queries. Classify each query; find the most frequent or material recurring cause. Output: a baseline and one priority to fix.	DAYS 6–15 Fix one recurring cause The data owner corrects the source process, validation rule or definition, agreed with the partner where needed. Replay a prior submission and reconcile. Output: a documented change, an owner, and evidence it handles the known issue.	DAYS 16–25 Use the result Run the next submission through the revised process (or a historical replay). Underwriting investigates one material movement and records its decision, including a reasoned decision to change nothing. Output: a reconciled view and a dated action with a review measure.	DAYS 26–30 Test it with capacity The next submission provides feedback: has the query rate dropped; has the recurring issue disappeared?

Diagnostic questions

Does your back office exercise the control over your data that gives carriers confidence? How easily can your team...

- ✓ reconcile written and paid figures to the source submissions;
- ✓ identify which segments drove the last material movement in loss ratio, rate or exposure, and separate mix change from like-for-like price;
- ✓ show claims development and the uncertainty in immature cohorts;
- ✓ identify breaches, referrals, overrides and the action taken on each;
- ✓ see the newest risks and claims soon enough to change the next underwriting decision;
- ✓ give each capacity partner the format and definitions they need without manual rework;
- ✓ guarantee submissions are checked against facility terms before sending?
- ✓ answer a plausible carrier challenge by tomorrow morning without building a new spreadsheet.

The capacity dividend

Good reporting makes the underwriting thesis testable all year. It does not guarantee more capacity or richer commission. It gives the carrier a reason to keep backing the right part of the book when it is cutting elsewhere, and gives the MGA a credible case when it asks for room to grow. In a soft market that case is built before the renewal meeting, in the transactions, claims and decisions the MGA can show every month.

Research notes and sources

Research checked 23 September 2026. Survey findings describe their respondents. PwC's figure is from a scenario model, not observed MGA outcomes. The Moody's and Milliman examples are single case studies and their figures should not be generalised. Lloyd's guidance addresses managing agents and their coverholder arrangements; EIOPA's guidelines address insurance undertakings. Howden Re's European figures include Lloyd's coverholder premium and carry the definitional caveats set out in its report. The analysis and recommendations are distriBind's interpretation.

[1] Clyde & Co and MGAA, A sector in motion: insights from the MGA market, 30 July 2025. <https://www.clydeco.com/en/insights/2025/07/a-sector-in-motion-insights-from-the-mga-market>

[2] AM Best, Market Segment Outlook: Delegated Underwriting Authority Enterprises (revised to stable), 17 November 2025. <https://www.businesswire.com/news/home/20251117482258/en>

[3] AM Best, Managing General Agents Adapt to Changing Demands and Added Scrutiny, Best's Market Segment Report, July 2026 (as reported by Reinsurance News, 2 July 2026). <https://www.reinsurancene.ws/am-best-sees-shift-towards-underwriting-discipline-as-delegated-authority-market-expands/>

[4] Howden Re (Bertagna and Andersson), on European MGAs reaching the €50m mark and consolidating to six to eight strategic capacity partners, as reported by Insurance Business, 13 November 2025. <https://www.insurancebusinessmag.com/reinsurance/news/breaking-news/european-mga-market-entering-new-era--reinsurer-556493.aspx>

[5] PwC UK, PwC modelling suggests underwriting discipline could be worth up to seven points of return on capital, 10 September 2026. <https://www.pwc.co.uk/press-room/press-releases/pwc-modelling-suggests-underwriting-discipline-could-be-worth-up.html>

[6] Lloyd's Q2 2025 Market Message, Rachel Turk, Chief Underwriting Officer (as reported by Insurance Journal, 16 May 2025). <https://www.insurancejournal.com/news/international/2025/05/16/824065.htm>

RESEARCH NOTES AND SOURCES

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[8] EIOPA, Guidelines on System of Governance (EIOPA-BoS-14/253), Guideline 61 and explanatory text; Solvency II Directive Article 49 and Delegated Regulation (EU) 2015/35 Article 274. See EIOPA Q&A 1994. https://www.eiopa.europa.eu/qa-regulation/questions-and-answers-database/1994_en

[9] Lloyd's, Delegated Underwriting guidance, last reviewed 27 April 2026. <https://www.lloyds.com/market-resources/delegated-authorities/market-knowledge/delegated-underwriting-guidance>

[10] Lloyd's, Oversight and Monitoring of Contracts of Delegation of Underwriting Authority, last reviewed 4 September 2026. <https://www.lloyds.com/market-resources/delegated-authorities/market-knowledge/oversight-and-monitoring-of-contracts>

[11] Moody's, Enhanced view of risk through data validation and enrichment, case study. <https://www.moody's.com/web/en/us/insights/insurance/enhanced-view-of-risk-through-data-validation-and-enrichment.html>

[12] Milliman, Managing general agent consulting in action: supporting profitability for MGAs, 16 June 2026. <https://uk.milliman.com/en-GB/insight/mga-case-study-supporting-profitability>



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