



Managing  
General Agents'  
Association

**MGAA**

# NOT ANOTHER BITE OF THE CHERRY

Peter J Staddon ACII ACMI

MANAGING GENERAL AGENTS' ASSOCIATION (MGAA)

# AGENDA LEARNING OBJECTIVES



- What is a MGA – their unique benefits
- How they differ from a wholesale broker
- Where they fit in UK Insurance Market
- What is their fiduciary duty
- How does FCA view MGAs
- Why MGAA formed

# HISTORY OF UNDERWRITING AGENCIES & MANAGING GENERAL AGENTS

# WHAT IS A MGA OR UNDERWRITING AGENT?

# WHAT IS A MGA OR UNDERWRITING AGENCY?

MGAs



## Specialist

- Focus on specialist/niche lines
- Underwriting expertise in specific areas
- Relatively low-volume business due to narrower market
- Capacity generally provided by Lloyd's syndicates

## Generalist

- Wider choice of products and more responsive than larger insurers
- Access to local brokers and industries (particularly important if located in the regions)
- Capacity generally provided by insurance companies

# HOW DOES A MGA DIFFER FROM A WHOLESALE BROKER?

# WHOLESALE BROKER



“Agents PLACE business brought to them”

“An MGA UNDERWRITES business brought to them”

# FIDUCIARY DUTY



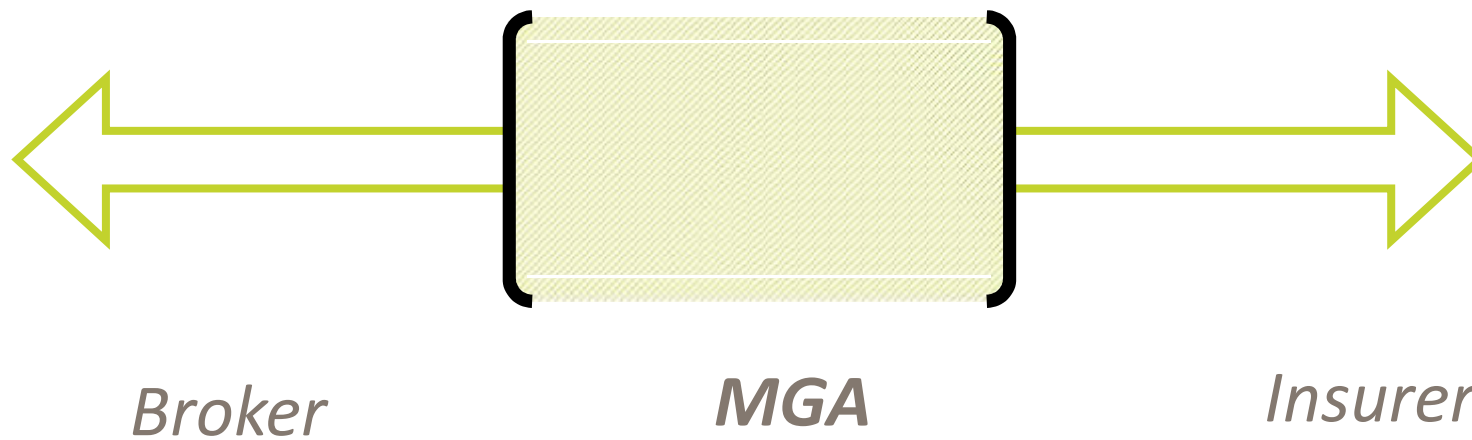
The MGAA has defined an MGA as:

“an agency whose primary function and focus is the provision of underwriting services and whose primary fiduciary duty is to its Insurer principal



# WHERE DO MGAs FIT WITHIN THE UK INSURANCE MARKET?

# The Third Force



# THE MODEL IS GAINING POPULARITY:



1. Reduces costs for insurers
2. Give access to niche markets without the need for substantial investment in people and infrastructure

However the regulatory oversight required is increasing and the systems, processes and procedures demanded by capacity providers are growing.

# HOW FCA VIEWS MGAs

# TWO TYPES OF REGULATED ENTITIES



Insurer

Intermediary

# WHY A MGA AND WHAT DO THEY BRING TO THE MARKET?

# WHY SET UP A MGAA?

# AGENDA LEARNING OBJECTIVES



- What have we learned so far? – learning outcomes
- The history of MGAs/underwriting agencies
- What they are
- How they differ from wholesale brokers
- Where they fit in UK insurance market
- Their fiduciary duty
- How FCA view them
- What they bring to the market
- Why set up the MGAA



# FACTS & FIGURES ABOUT MGAA

# Membership Figures

**1 September 2011**

Full Member	40 GWP £1.2bn
Market Practitioner	12
Supplier	14
<b>TOTAL</b>	<b>66</b>

# Board Committees



# Membership Figures



	1 September 2011	31 August 2014	31 August 2015
Full Member	40 GWP £1.2bn	96 GWP £3.0bn	113 GWP >£3.8bn
Market Practitioner	12	35	40
Supplier	14	23	25
<b>TOTAL</b>	<b>66</b>	<b>154</b>	<b>178</b>

# MGAA Conference and Capacity Exchange



# FUTURE PLANS



- FCA and other relevant Government Departments
- All Party Parliamentary Group and The Law Commissioner
- Work actively to enhance the sector's professionalism, stability and competitiveness
- Linking with other like-minded Associations – ABI, BIBA, IUA, LIIBA, LMA
- Profile of MGAs and the Association
- Rebuild of the MGAA website
- Social media
- Standing committees make up

# Q&A

Peter J Staddon ACII ACMI  
MANAGING GENERAL AGENTS' ASSOCIATION (MGAA)

[www.mgaa.co.uk](http://www.mgaa.co.uk)