A Discussion on How Modern MGAs Create and Maintain Relevance in a Crowded Market

SIFM Society of Insurance Financial Management

How Modern MGAs Create and Maintain Relevance in a Crowded Market

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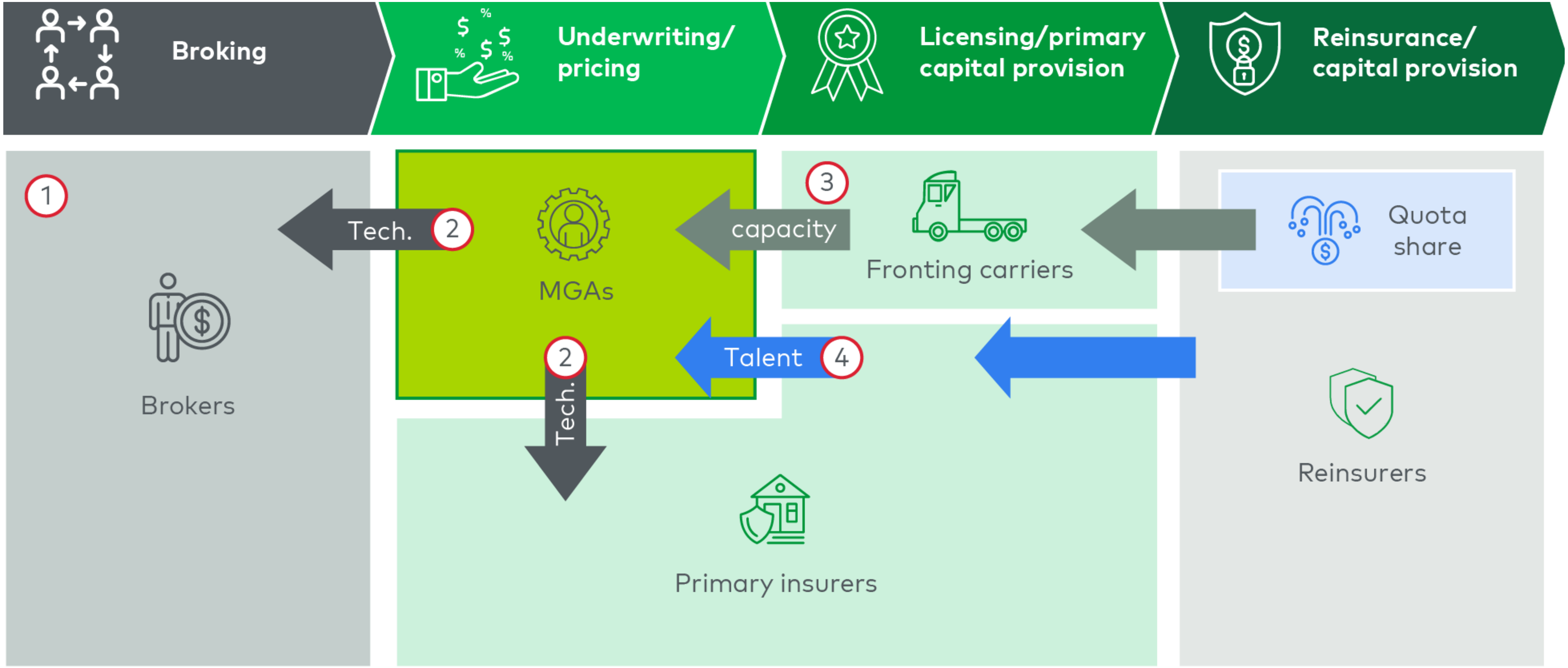
The Value Chain



Note: MGAs = managing general agents
Source: L.E.K. research and analysis

In the News

Guy Carpenter’s Carter: Industry must bridge valuation gap between carriers and MGAs

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Speaking at The Insurer’s Pre-Monte Carlo Forum on Wednesday, Carter, who serves as chair of global capital solutions, international, said the industry must continue to adapt and evolve to remain relevant, noting a need to prioritise initiatives that add value at a time when traditional (re)insurance company valuations tend to trail those of MGAs.

Traditional valuations trailing MGAs

The industry veteran said that while large multiprogram MGAs can sometimes command premium multiples of six to 10 times revenue or 16 times EBITDA, such valuations are not replicated in traditional carrier models. The recently announced Sompo-Aspen deal valued the latter at circa 1.3 times book value, while Brookfield’s life and pension risk transfer to the Just Group was valued at just 0.8 times tangible net asset value.

MGAs Valued: 16x EBItDA
Traditional Valued: 1.3x Book

“This disparity raises critical questions: are we undervaluing the potential of traditional reinsurance, or are we overvaluing the growth prospects of MGAs?” she said. “Has a fundamental shift occurred in how we measure value in our industry?

“To bridge this valuation gap, we must offer a deeper understanding of the unique strength and contribution of both traditional reinsurers and MGAs. Collaboration rather than competition should be our guiding principle.

Bridging the valuation gap requires collaboration

“By leveraging the expertise of traditional reinsurance and the innovative spirit of MGAs, we can create a more resilient and dynamic market,” she concluded, adding that the industry must not forget the importance of innovation.

“We must continue to invest in technology, data analytics and new business models that enhance our understanding of risk and improve our underwriting capabilities. This will not only attract investment but also ensure that we remain relevant in an ever-changing landscape.”

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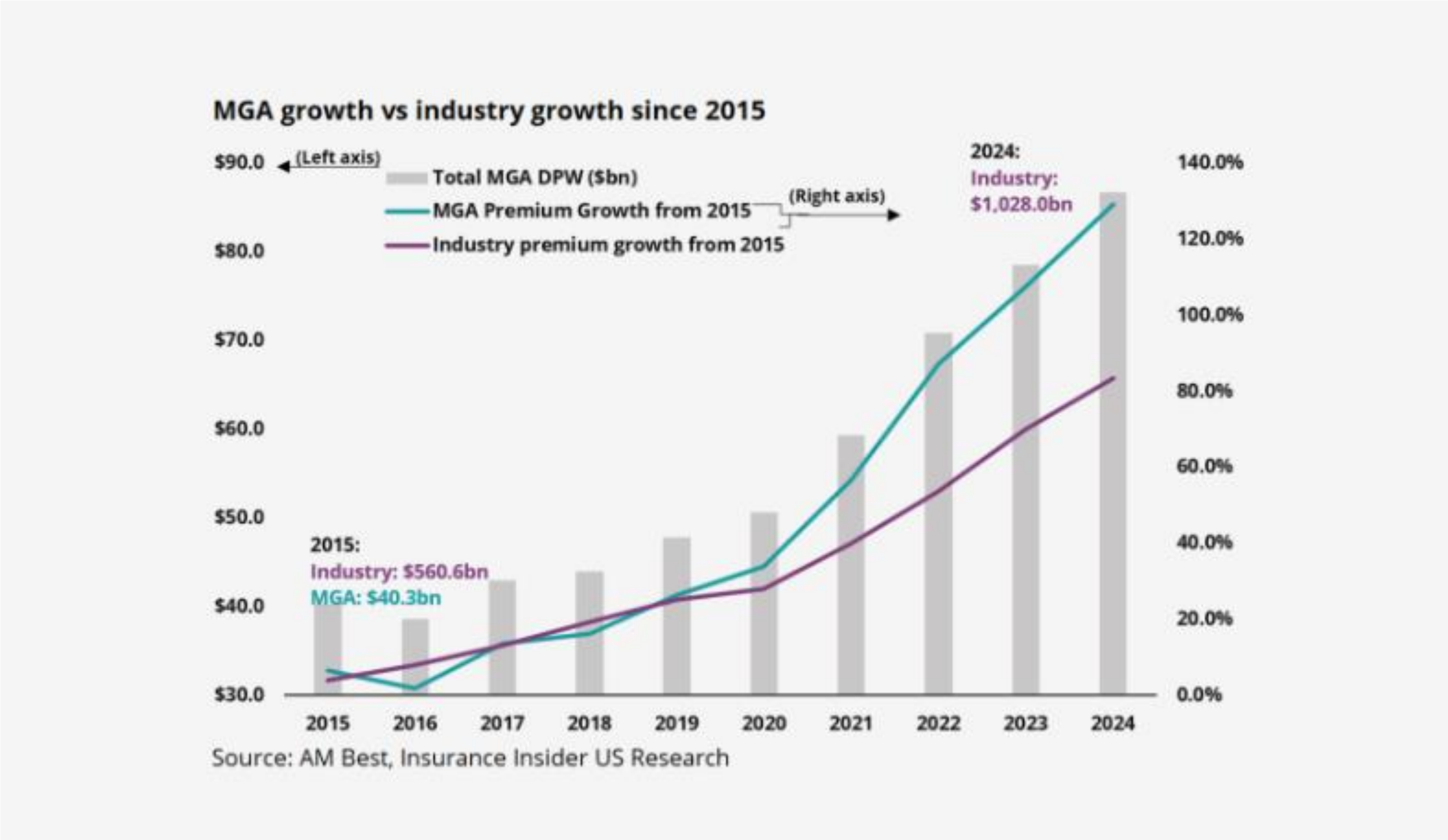
Investment in technology & new business models

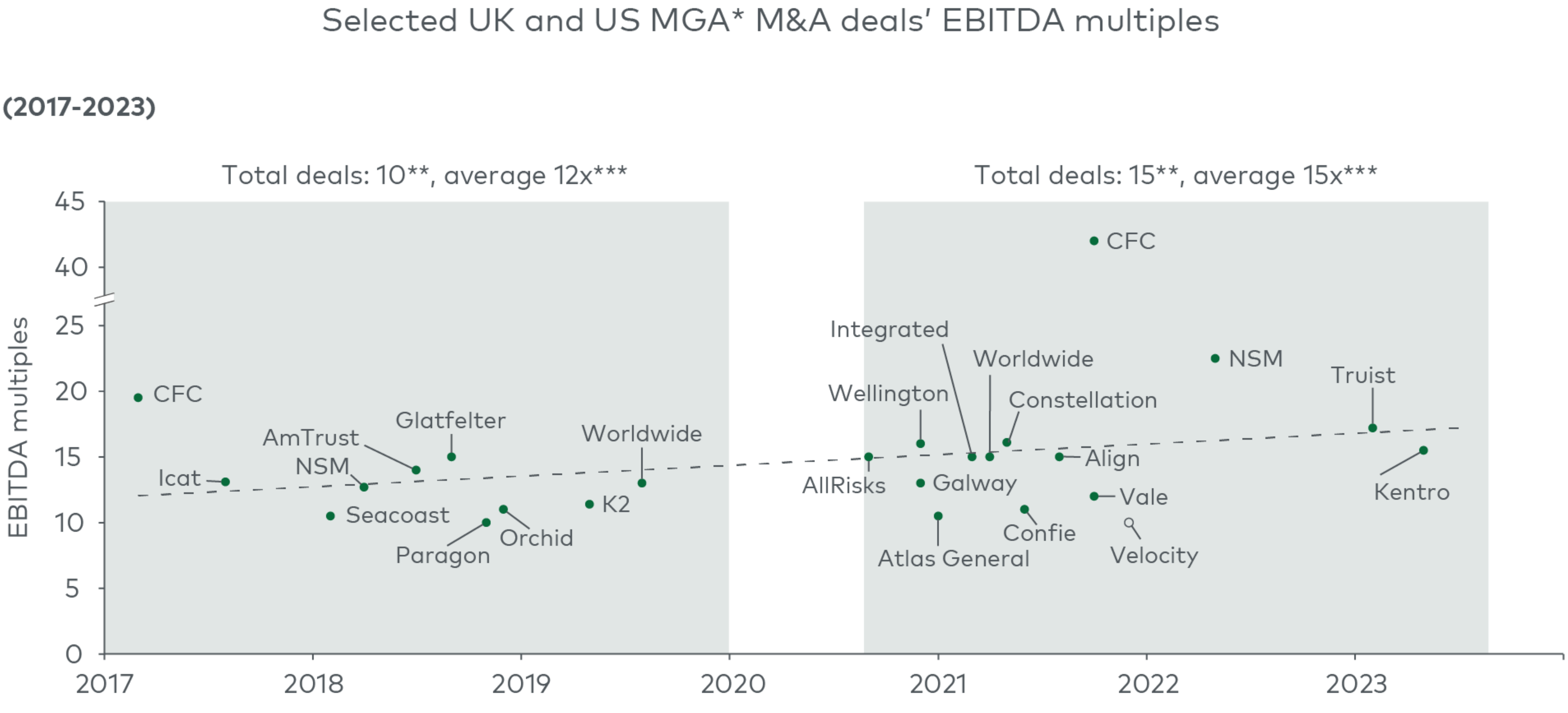
https://www.theinsurer.com/ti/reinsurancemonth/guy-carpenters-carter-industry-must-bridge-valuation-gap-between-carriers-and-2025-09-03/

The Expectation: The Value of Growth



https://www.insuranceinsiderus.com/article/2epwq0z30emp4fccrw2kg/research/mgas-market-size-grows-to-nearly-100bn-in-2024-but-growth-has-plateaued

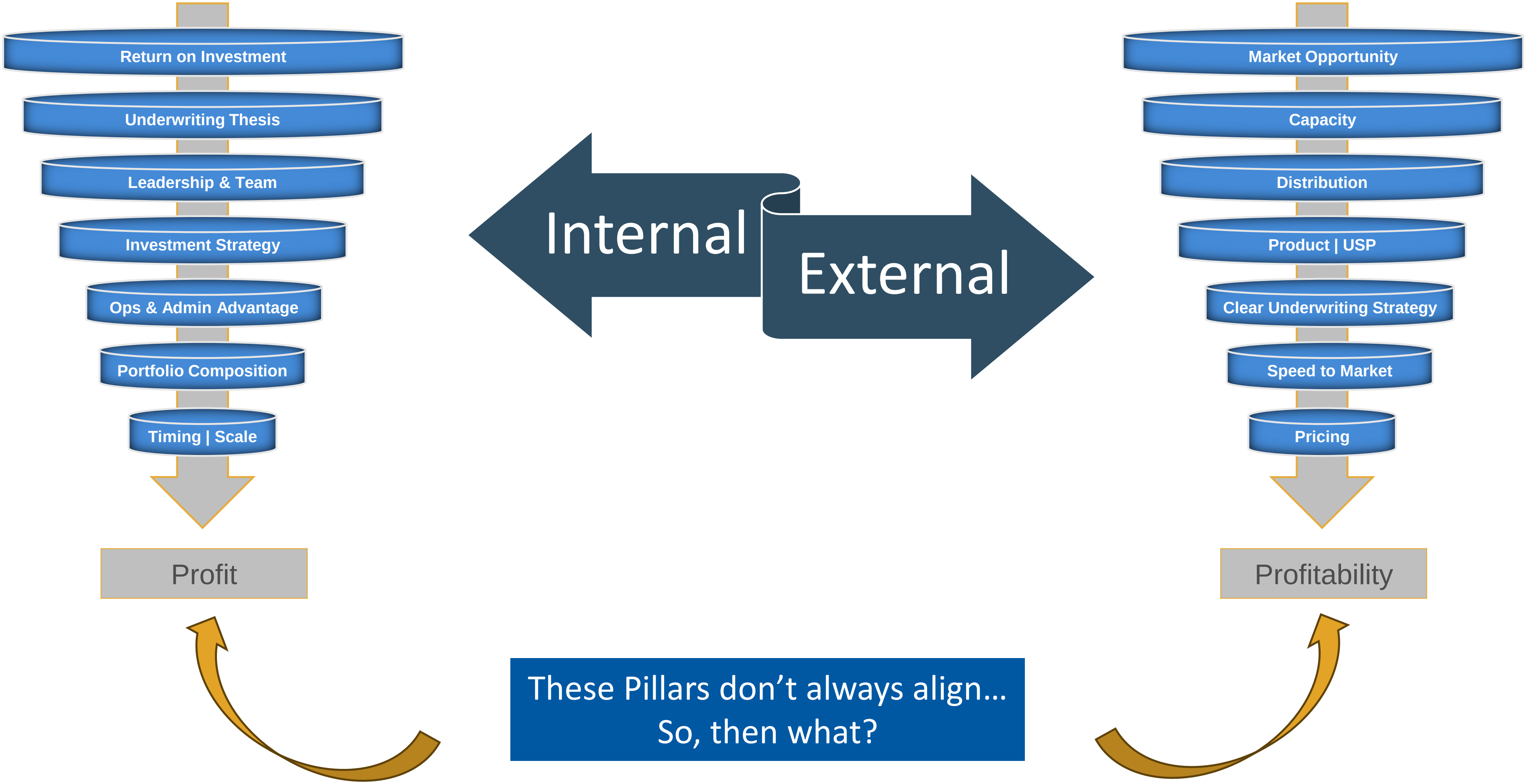
The Expectation: Valuation



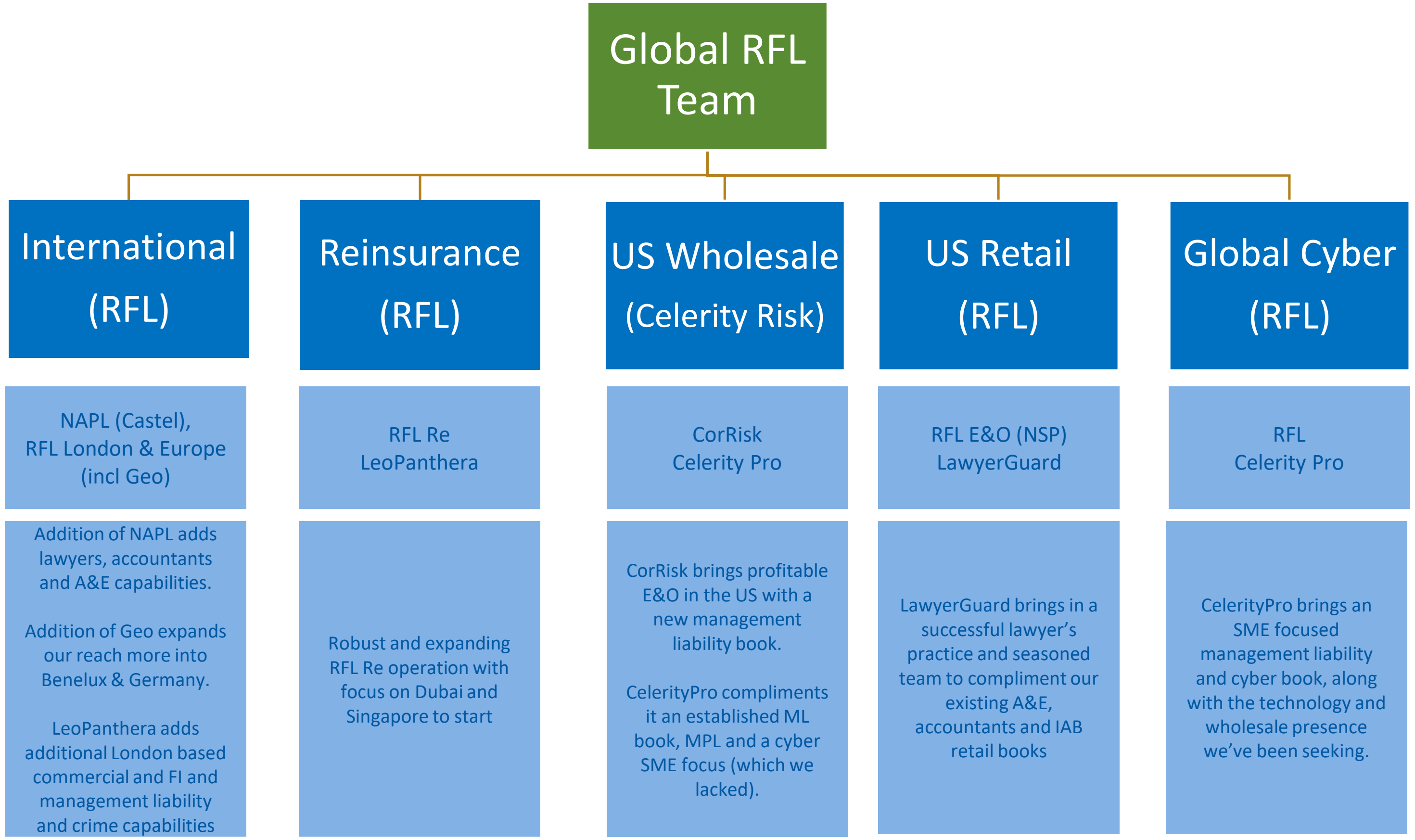
MGAs include both specialty and non-specialty MGAs; **List only includes deals for which EBITDA multiple data was available;***Average Excluding. CFC EBITDA multiple
Note: MGA = managing general agent; EBITDA = earnings before, interest, taxes and amortisation
Source: L.E.K. research and analysis

https://www.lek.com/insights/fin/eu/ar/commercial-mgas-evolving-distribution-landscape

The Practicalities of Execution



The Ask


Global RFL Team
International (RFL)
NAPL (Castel), RFL London & Europe (incl Geo)
Addition of NAPL adds lawyers, accountants and A&E capabilities.
Addition of Geo expands our reach more into Benelux & Germany.
LeoPanthera adds additional London based commercial and FI and management liability and crime capabilities
Reinsurance (RFL)
RFL Re LeoPanthera
Robust and expanding RFL Re operation with focus on Dubai and Singapore to start
US Wholesale (Celerity Risk)
CorRisk Celerity Pro
CorRisk brings profitable E&O in the US with a new management liability book.
CelerityPro compliments it an established ML book, MPL and a cyber SME focus (which we lacked).
US Retail (RFL)
RFL E&O (NSP) LawyerGuard
LawyerGuard brings in a successful lawyer's practice and seasoned team to compliment our existing A&E, accountants and IAB retail books
Global Cyber (RFL)
RFL Celerity Pro
CelerityPro brings an SME focused management liability and cyber book, along with the technology and wholesale presence we've been seeking.

The Pitch: RFL as an Example

Historically, many Financial Lines MGUs have failed due to an inability to scale or adapt to volatile cycles. Monoline carriers often drift from their core strategy when market conditions shift. **Capital providers have adapted**, now backing *next-generation facilities* that:

- Use tools to ensure **consistency and quality** in risk selection
- Offer **diversified product and territorial access**
- Develop **risk retention vehicles** to align profitability beyond traditional profit commissions

Capital Strength

- Strong willingness of Ryan to utilize **Geneva Re**, a joint venture with Nationwide
- Geneva Re enables Ryan to take a **quota share risk position** on RFL and CorRisk portfolios
- Nationwide fronts for Geneva Re, providing **AM Best A+ XV rated reinsurance capacity**
- This structure creates **alignment of interest** between underwriters, carriers, and reinsurers
- RFL is **globally supported by over 30 capital providers**

Global Footprint

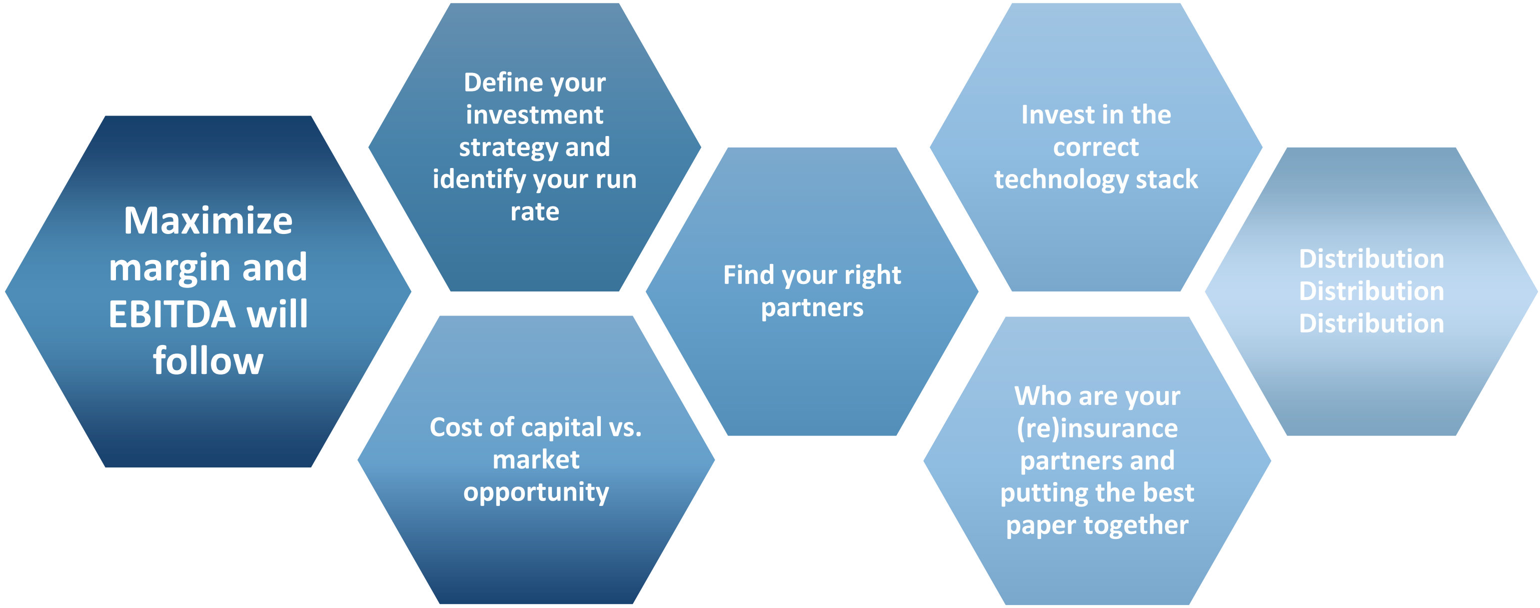
- London, New York, Stockholm, Miami, Ecuador, Argentina, Spain, BeNeLux, Germany, the Netherlands

Strategic Consolidation

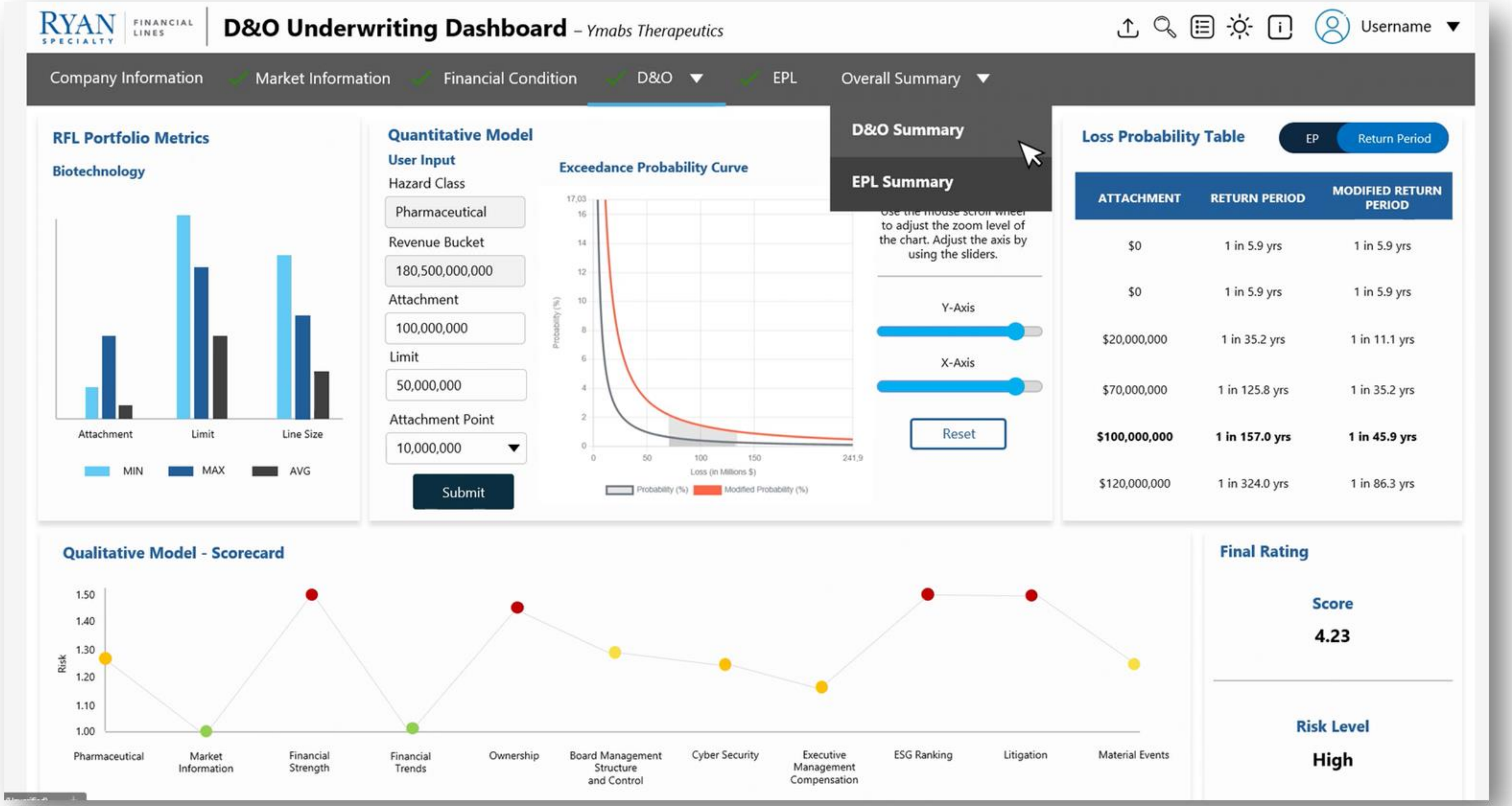
RFL is uniquely positioned as a unified platform of leading MGUs—including **RSUM Nordics, Capital Bay, National Specialty E&O, Kelly Underwriting, CorRisk, EmergIn, Geo, Castel NAPL, LawyerGuard, Celerity Pro, and LeoPanthera**—brought together to **scale efficiently**, centralize resources, and invest in **talent and technology**.

This consolidation reflects RSUM's commitment to Financial Lines, forming a best-in-class MGU platform with the infrastructure and expertise to lead the market.

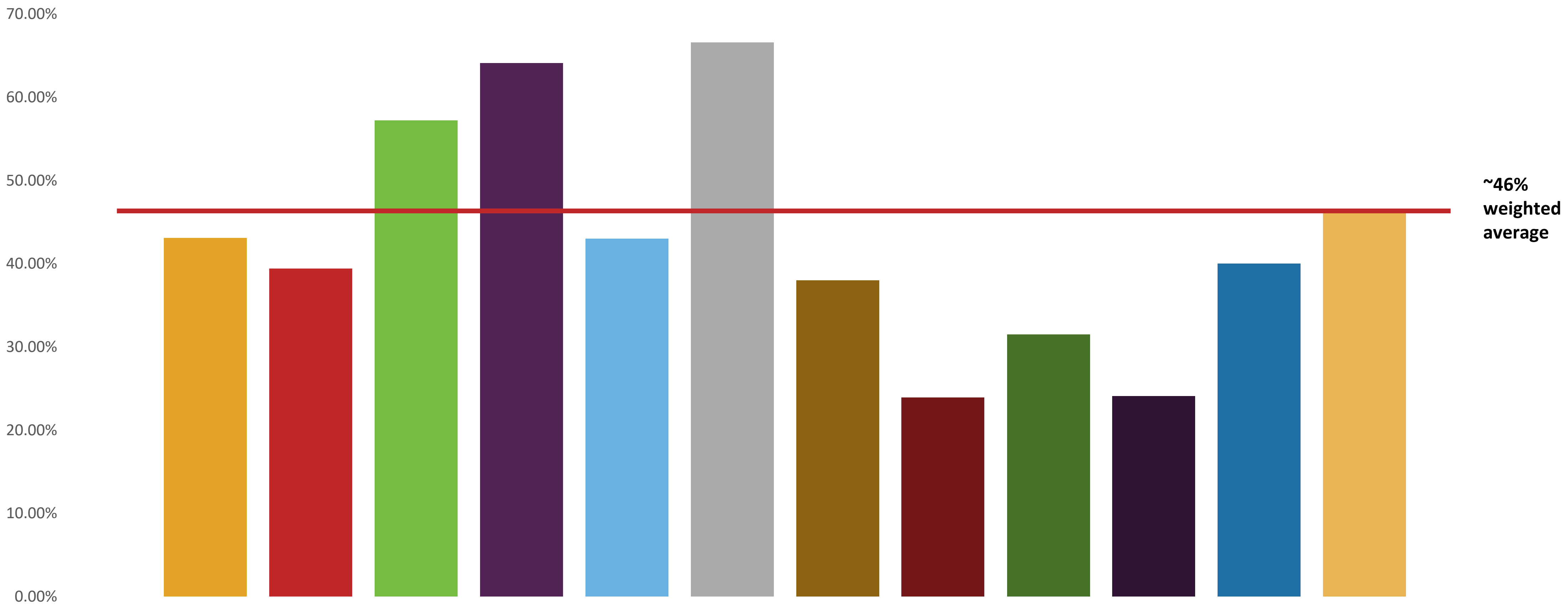
How Does this Impact Decision Making?



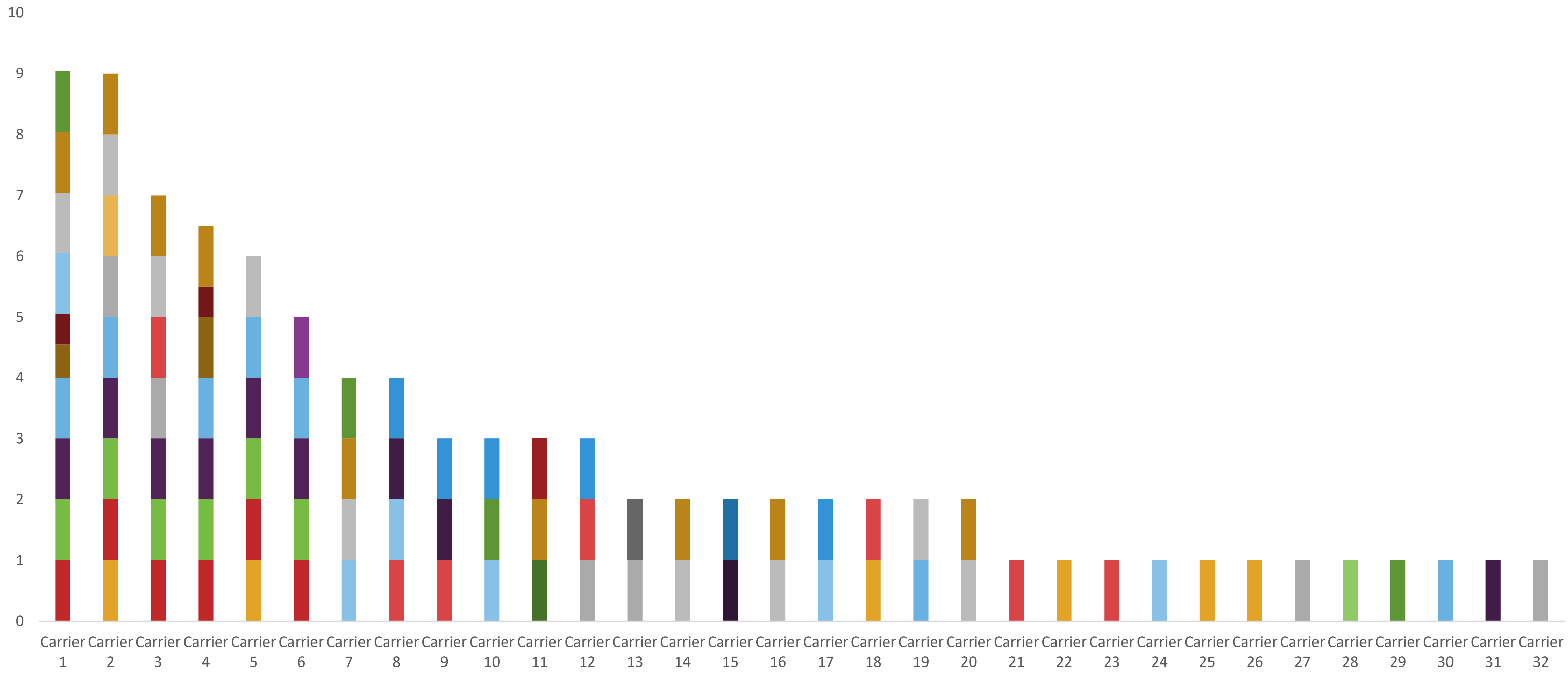
Underwriting Investment



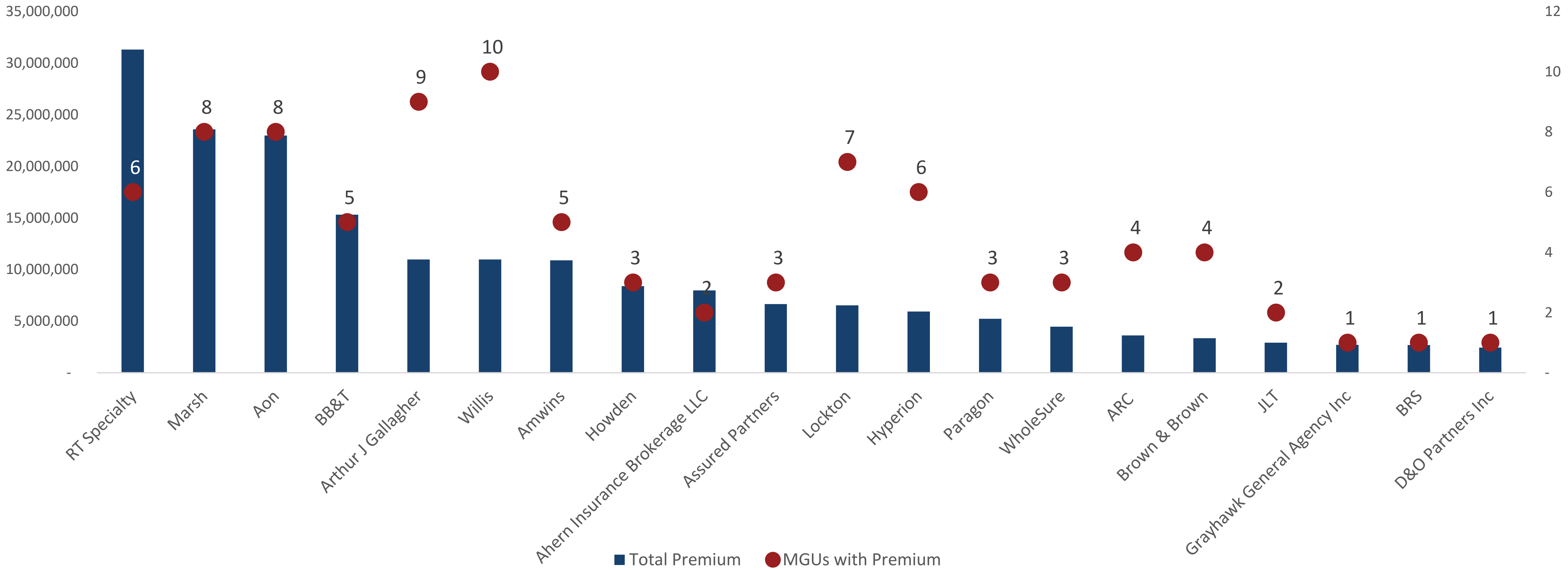
Ensuring Profitability



Managing Capital Across Multiple Facilities



Distribution Across Multiple Partners



Partnerships for Success

Long Term Focus

Anybody who we enter into partnership must have a long term outlook in our engagement [investors, capital, vendors]. You must be able to know that they can grow with your business and will support at the critical points when you lean on their expertise the most.

Be Additive

Partnerships are based on transparency, trust, and a working together, we do not assume to know everything, we often need guidance and a fresh perspective.

Limited Conflict

The MGA market is becomingly increasingly saturated, we add value through product expertise and distribution. And any advantage we have in delivering on these verticals must be unique and/or proprietary.

Transparency

The onus for a successful partnership is not just on our partners, but also how you engage with them. Transparency is key to everything. Data is king and if you do not have data to support your ideas for expansion or for achieving profit, or profitability, it can negate even the best of intentions.

Flexibility

The market is constantly evolving as are growth and exit strategies. All partners must be fluid through the decision-making process and **Be Additive** as required when deciding what’s best for the business moving forward and be prepared to model outcomes as needed.

Any Questions?


RYAN SPECIALTY
FINANCIAL LINES