

# PROGRAM Manager

The monthly dedicated to risk capital and the MGA sector

## AM Best remains positive on DUAE sector despite capacity pressures



AM Best is maintaining its positive outlook on the global delegated underwriting authority enterprise (DUAE) segment, pointing to sustained growth and performance, the sector's ability to address underserved and emerging risks, and innovation driven by technology and talent.

In an update previewed by this publication, the rating agency said that those factors driving the positive outlook are countered by headwinds including tight capacity for certain risks, uncertainty over the fronting market, and "ongoing and evolving economic challenges".

But looking forward it said that DUAEs have become a "relied-upon" distribution channel for insurers of all types and under all market conditions.

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## Mission Underwriters secures Lloyd's access with American Eagle acquisition



Program administrator Mission Underwriters has bought American Eagle Underwriting Managers in a move that gives it direct access to Lloyd's capacity for its existing series along with new smaller programs it will launch on the acquired approved coverholder, *Program Manager* can reveal.

Since its launch in May 2021, fast-growing Altamont Capital-backed Mission Underwriters has grown to around \$260mn of premium across 21 different series, including 16 active programs spanning 37 lines and classes of business. [Continued on page 10](#)

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Its programs are typically supported by reinsurance capacity – including from Lloyd’s – in panels behind fronting carriers.

But the acquisition of Delray Beach, Florida-based American Eagle brings a fully tribunalised Lloyd’s coverholder, which will allow Mission Underwriters to directly source capacity for programs in a move it says will be a differentiator and allow it to support growth and diversification of its portfolio.

It will also add open brokerage or prior-submit capabilities to place business into Lloyd’s syndicates that doesn’t fit the platform’s existing programs.

Lloyd’s syndicates will be able to access binding authority deals that include diversified business across multiple programs and lines of business from the Mission Underwriters series.

Through American Eagle, Mission Underwriters will be able to “layer up” binding authority deals in the \$10mn-\$15mn total premium range with a number of \$1mn to \$2mn sections.

Effectively this will mean the program administrator doing the “heavy lifting” in the consolidation of the business to provide syndicates more diversified access to its programs, mitigating their risk without putting all of their capacity behind one class of business.



## Key Points

- American Eagle Underwriting Managers brings coverholder status and direct access to Lloyd's capacity
- Mission Underwriters will look to provide Lloyd's syndicates diversified business potentially across multiple programs from existing series
- Binding authority deals will be "layered up" into the \$10mn-\$15mn total premium range
- Provides potential to increase limit and launch new products with Lloyd's support
- Mission Underwriters will also look to launch new smaller programs with American Eagle
- American Eagle also brings open brokerage and prior-submit capabilities
- Mission Underwriters has grown to \$260mn of premium since its 2021 launch

Chris Jones, Mission Underwriters' chief product and strategy officer, will add the position of president of American Eagle to his role. The MGA's former chairman Mike Hanuschak will stay on as vice president of American Eagle.

The American Eagle deal was brought to Mission Underwriters by former Barbican chairman and Carlson Capital partner Chris Haga – now an operating partner at MGG Investment Group – and former Barbican executive and MGA specialist Kesh Sharma.

Sharma has now joined Mission Underwriters as vice president of group development, with a focus on growing capacity partners, underwriting programs and back-office efficiencies, working closely with Jones.

The transaction closed earlier this month.

### Small program opportunities

In an interview with this publication, Jones said it had been the aim of Mission Underwriters since shortly after its launch to seek Lloyd's coverholder status, initially through the tribunalisation process.

"A lot of the US domestic carriers are looking for programs that are going to scale to \$50mn or \$60mn. That leaves a lot of opportunities in the smaller \$5mn to \$10mn range that we feel are a really good fit for Lloyd's.

"This acquisition also gives us the ability to do open brokerage or prior-submit on business that doesn't fit our other programs. So it is a big opportunity for us," he commented.

Jones said that the business plan for the American Eagle addition contemplates launching three Lloyd's deals in 2024 – a target he described as "very conservative".

American Eagle will effectively provide a vehicle for other existing series at Mission Underwriters to write into Lloyd's without needing to be scaled.

The initial focus has been on working with existing series – the term Mission



Underwriters uses for the unique structure its underwriting cells operate under – to identify opportunities for new programs that would be a good fit with Lloyd’s, as well as upsizing capacity on existing deals.

That could include increasing limits or appetites, or launching new products, said the executive.

“There’s a lot of opportunity there, and the number of deals is going to be driven more by how much bandwidth we have to get deals up and running versus the opportunities we have,” he continued.

“We feel this is a key competitive advantage for us because a lot of people doing similar things to what we’re doing don’t have that direct access to Lloyd’s. They’re accessing it through a fronting carrier on the reinsurance side of it,” Jones said.



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Chris Jones, Mission Underwriters chief product and strategy officer and president of American Eagle

Commenting on the deal, Altamont operating partner Joe Zuk said it marks a “significant milestone” in Mission’s strategic growth, enhancing its capabilities and service spectrum to its existing series members and beyond.

“It reflects Altamont’s continued commitment and investment in expanding the insurance ecosystem amongst its portfolio companies, and an ongoing pledge to deliver comprehensive and innovative solutions to the broader insurance industry,” Zuk continued.

### **Smaller programs**

As well as programs that tend to be the focus of Mission Underwriters, the new platform will also be used for potential smaller programs in the \$2mn to \$5mn range.

The firm anticipates appetite from Lloyd’s as well as domestic capacity for portfolios of smaller programs written by one to three strong underwriting teams that would join the American Eagle platform itself, rather than set up standalone series on the Mission Underwriters platform.



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Altamont Capital operating partner Joe Zuk on the American Eagle deal

The smaller program business is viewed as highly niche, and potentially very profitable, as well as sticky, with high retention rates. Sharma said the platform will look to work with strong technical underwriters.

“We’re looking for those that want to back themselves to write a profitable book and share in the economics. We’ll give them the opportunity, a home, the IT and back office so they can just go and underwrite,” he explained.

American Eagle also brings an existing Lloyd’s program in the energy space, and a non-Lloyd’s yacht program. Sharma said Mission Underwriters could also potentially distribute other products from Lloyd’s syndicates to enhance the offerings of its series.

“Syndicates have a number of standard products, and we have distribution where we can supplement existing products with complementary ones from Lloyd’s. We’ll try and make it easier for the London brokers to say, they’ve got the distribution that’s generated \$260mn of premium – ‘What products are you looking at rolling out in the US?’” he added.

American Eagle’s Hanuschak is a 50-year insurance veteran who has had binding authorities in London since the mid-1980s.

“This acquisition gives me the ability to divest and grow American Eagle Underwriting Management, in the way I have always wanted, with motivated and talented people, with various relationships I have had for decades in London and domestically,” he commented.



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Mission Underwriters vice president of group development Kesh Sharma