

# FIVE-STAR MGAs

**Which Canadian MGAs stand out above the rest?  
IBC polled hundreds of brokers to find out**

**EVEN IN** the best of times, brokers rely on MGAs to be their third arm when it comes to keeping up with changing technology, policies and economic challenges. These are far from the best of times, making MGAs' service to brokers all the more crucial.

To get a sense of how MGAs are performing, *Insurance Business Canada* surveyed hundreds of brokers across the country, asking them to rate the service they've been receiving from their MGAs in the last 12 months. Brokers rated MGAs in 10 categories, including technical expertise, underwriting responsiveness, pricing, product range, compensation, claims support and more. Brokers were asked to rate the importance of each category when choosing an MGA and to evaluate their MGA's performance on a scale of 1 (poor) to 10 (excellent).

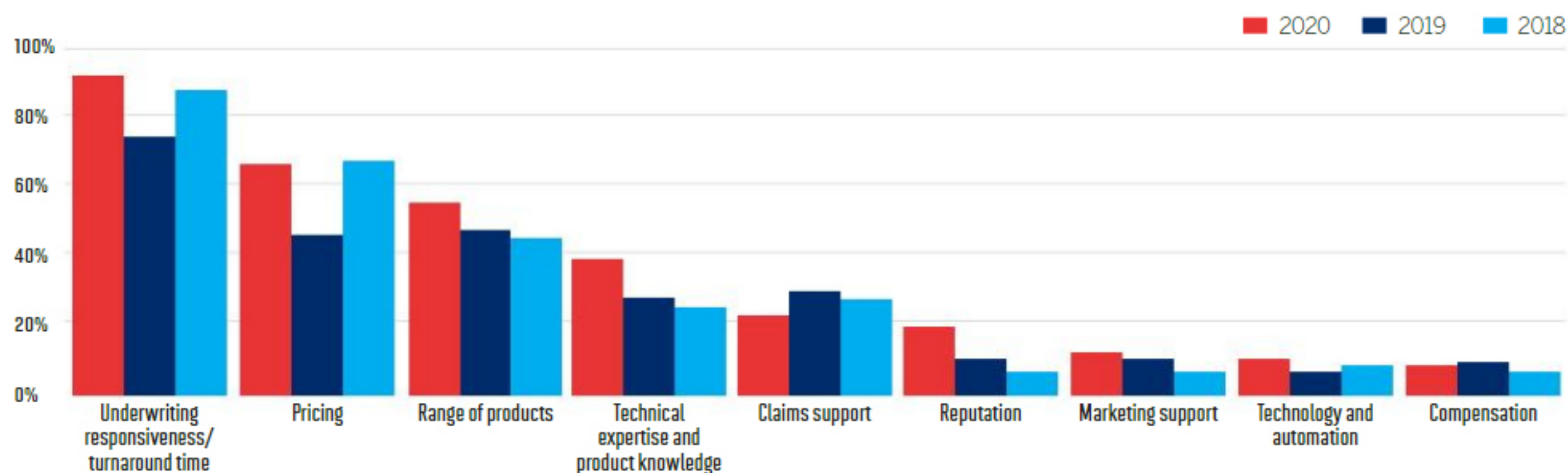
As has been the case in previous years, brokers still consider underwriting responsiveness and turnaround time

the most important quality in an MGA partner – in fact, an overwhelming 91% of brokers said it's one of their top considerations when choosing an MGA, compared to 73% last year. Pricing and product range remain among brokers' top three priorities, too, while technical expertise and product knowledge came in a distant fourth, despite seeing a 10% bump in importance between 2019 and 2020.

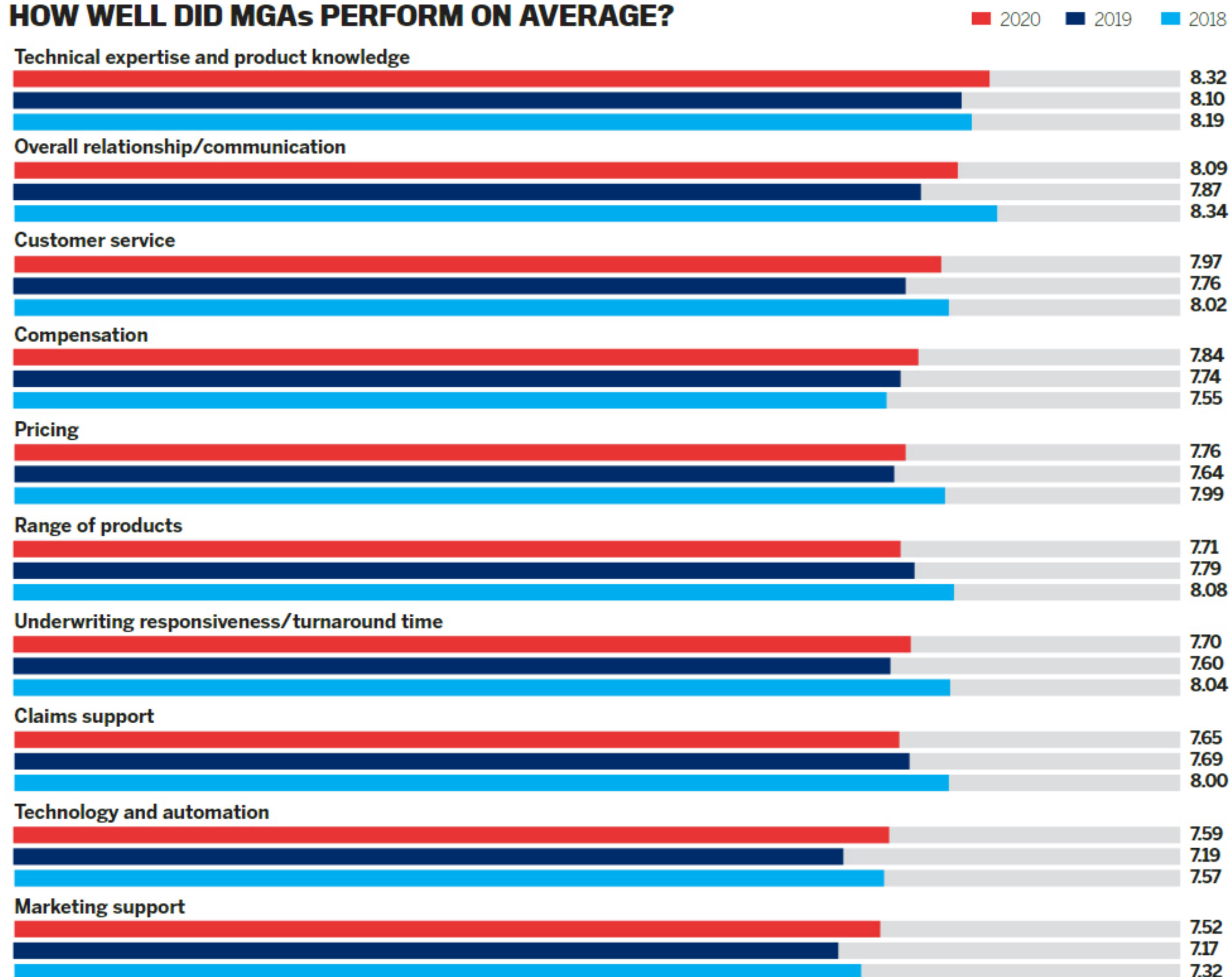
In terms of MGAs' performance, brokers' feedback was more positive than negative this year. MGAs raised their scores from last year in eight out of 10 categories – only product range and claims support saw a drop in average score. Overall, 28 MGAs scored an 8 or higher in at least one category, earning the title of Five-Star MGA. That's a slight drop from both 2019 and 2018, but a record-setting nine of this year's Five-Star MGAs claimed the title of All-Star MGA by earning a score of 8 or higher in every single category.



## WHAT ARE THE MOST IMPORTANT THINGS BROKERS LOOK FOR IN AN MGA?



## HOW WELL DID MGAs PERFORM ON AVERAGE?



# FIVE-STAR MGAs

## FIVE-STAR MGAs BY CATEGORY

MGA	Technical expertise and product knowledge	Overall relationship/communication	Customer service	Compensation	Pricing	Range of products	Underwriting responsiveness/turnaround time	Claims Support	Technology and automation	Marketing support
ABEX 	★	★	★	★	★	★	★	★	★	★
Agile Underwriting Solutions			★							
AM Fredericks					★					
Angus Miller		★					★	★		
APOLLO Exchange	★	★	★	★	★	★	★		★	★
Approved Surety and Casualty 	★	★	★	★	★	★	★	★	★	★
APRIL Canada	★	★	★	★	★	★		★	★	★
Aurora Underwriting Services			★	★	★					
Cambrian Special Risks 	★	★	★	★	★	★	★	★	★	★
CFC Underwriting 	★	★	★	★	★	★	★	★	★	★
Chutter Underwriting Services		★	★	★	★	★	★	★	★	
Evolution Insurance		★	★	★	★			★	★	★
Guardian Risk Managers				★						
i3 Underwriting				★		★				
K&K Insurance	★				★	★		★	★	
Lions Gate Underwriting	★	★	★			★	★	★	★	
Merlin Underwriting		★	★	★	★	★	★	★		
Milnco	★	★	★	★	★	★	★	★		★
Next Wave Insurance Canada		★	★	★	★	★	★	★	★	★
PAL Insurance	★	★	★		★	★	★		★	★
Premier	★	★	★	★	★		★		★	
Ridge Canada 	★	★	★	★	★	★	★	★	★	★
Risk-Can Underwriting Managers 	★	★	★	★	★	★	★	★	★	★
Special Risk Insurance Managers 	★	★	★	★	★	★	★	★	★	★
SUM Insurance		★	★	★	★	★	★		★	
Trinity Underwriting				★						
Unique Specialty Risks 	★	★	★	★	★	★	★	★	★	★
Victor Canada (formerly ENCON) 	★	★	★	★	★	★	★	★	★	★

 All-Star MGA



## TECHNICAL EXPERTISE AND PRODUCT KNOWLEDGE

Average MGA performance

8.32

### FIVE-STAR MGAs

- ★ ABEX
- ★ APOLLO Exchange
- ★ Approved Surety and Casualty
- ★ APRIL Canada
- ★ Cambrian Special Risks
- ★ CFC Underwriting
- ★ K&K Insurance
- ★ Lions Gate Underwriting
- ★ PAL Insurance
- ★ Premier
- ★ Ridge Canada
- ★ Risk-Can Underwriting Managers
- ★ Special Risk Insurance Managers
- ★ Unique Specialty Risks
- ★ Victor Canada (formerly ENCON)
- ★ Milnco

Brokers rated technical expertise and product knowledge fourth in terms of importance – just 38% of brokers listed it as a vital consideration when looking for an MGA partner. But this was MGAs' best-performing category for the second year in a row, with an average score of 8.32, up from 8.10 last year. However, just 16 MGAs earned five-star status in the category this year, compared to last year's 21.

The brokers who rated their MGAs highly in this area praised their "exceptional underwriting knowledge and previous experience as a broker, [which] makes dealing with the underwriters a breeze," along with "extensive reach in this industry" and "explanations [that] are in-depth and comprehensible."

Criticism from brokers mainly revolved around the expertise and communication skills of underwriters. One broker pointed out the need for "more knowledgeable underwriters," while another suggested that MGAs "have underwriters ready to answer questions quickly on the products offered to allow for quick sales."

### HOW CAN MGAs IMPROVE THEIR SERVICE?

- 1. "Quicker response time when submitting new business"
- 2. "Underwriters seem swamped right now, so maybe additional staff to help"

## OVERALL RELATIONSHIP/ COMMUNICATION

Average MGA performance

8.09

### FIVE-STAR MGAs

- ★ ABEX
- ★ Angus Miller
- ★ APOLLO Exchange
- ★ Approved Surety and Casualty
- ★ APRIL Canada
- ★ Cambrian Special Risks
- ★ CFC Underwriting
- ★ Chutter Underwriting Services
- ★ Evolution Insurance
- ★ Lions Gate Underwriting
- ★ Merlin Underwriting
- ★ Milnco
- ★ Next Wave Insurance Canada
- ★ PAL Insurance
- ★ Premier
- ★ Ridge Canada
- ★ Risk-Can Underwriting Managers
- ★ Special Risk Insurance Managers
- ★ SUM Insurance
- ★ Unique Specialty Risks
- ★ Victor Canada (formerly ENCON)

There's no overstating the importance of the relationship between brokers and MGAs. Which is why, after a significant decrease in average score last year, it's encouraging to see MGAs regain some ground with a score of 8.09 this year, putting the category squarely in second place, performance-wise. Twenty-one of this year's 28 MGAs earned a five-star designation for relationships and communication this year, up from the 18 that achieved the distinction in 2019.

Prompt and open communication continues to be the main thing brokers are looking for here, separating the high scorers from the low. One broker described their relationship with their MGA as "excellent – the service is second to none." Another raved about their MGA's "excellent communication, along with constructive criticism, which is very helpful for the client."

On the flip side, lack of communication and frequent personnel changes were serious impediments to brokers' relationships with their MGAs. "Staffing changes have led to zero relationship or understanding of a broker's position," one broker said. Others complained of "lack of response on submissions" and said that "of late, it's tough to get timely communication; several follow-ups are required on everything sent in."

# FIVE-STAR MGAs

## CUSTOMER SERVICE

### Average MGA performance

7.97

#### FIVE-STAR MGAs

- ★ ABEX
- ★ Agile Underwriting Solutions
- ★ APOLLO Exchange
- ★ Approved Surety and Casualty
- ★ APRIL Canada
- ★ Aurora Underwriting Services
- ★ Cambrian Special Risks
- ★ CFC Underwriting
- ★ Chutter Underwriting Services
- ★ Evolution Insurance
- ★ Lions Gate Underwriting
- ★ Merlin Underwriting
- ★ Milnco
- ★ Next Wave Insurance Canada
- ★ PAL Insurance
- ★ Premier
- ★ Ridge Canada
- ★ Risk-Can Underwriting Managers
- ★ Special Risk Insurance Managers
- ★ SUM Insurance
- ★ Unique Specialty Risks
- ★ Victor Canada (formerly ENCON)

Brokers gave MGAs an average score of 7.97 for customer service this year, up from last year's 7.76 and bringing the category into third place in terms of MGA performance. A total of 22 MGAs snagged five-star ratings for their customer service, an increase from last year's 20 and tied with compensation and pricing for the category with the most Five-Star MGAs.

Despite its relatively high score compared to other categories, many brokers noted that their MGAs have done a less than stellar job with customer service recently. "Customer service has suffered over the past 12 months," said one broker, while another noted that their MGAs "customer service and quote response times need a lot of work."

As with most of the categories, success in this one boils down to good communication and efficient service. Brokers definitely notice when both things are being provided – and especially when they're not.

### HOW CAN MGAs IMPROVE THEIR SERVICE?

- 📧 "Email confirmation of submissions – let the broker know who will be underwriting and provide contact information so we have someone to follow up with"

## COMPENSATION

### Average MGA performance

7.84

#### FIVE-STAR MGAs

- ★ ABEX
- ★ APOLLO Exchange
- ★ Approved Surety and Casualty
- ★ APRIL Canada
- ★ Aurora Underwriting Services
- ★ Cambrian Special Risks
- ★ CFC Underwriting
- ★ Chutter Underwriting Services
- ★ Evolution Insurance
- ★ Guardian Risk Managers
- ★ i3 Underwriting
- ★ Merlin Underwriting
- ★ Milnco
- ★ Next Wave Insurance Canada
- ★ Premier
- ★ Ridge Canada
- ★ Risk-Can Underwriting Managers
- ★ Special Risk Insurance Managers
- ★ SUM Insurance
- ★ Trinity Underwriting
- ★ Unique Specialty Risks
- ★ Victor Canada (formerly ENCON)

MGAs' average score for compensation bumped up slightly this year, from 7.74 to 7.84, putting the category in fourth place, performance-wise. A total of 22 MGAs earned a five-star rating for compensation this year, almost triple that of two years ago, when just eight MGAs received the designation.

That said, only 7% of brokers rated compensation as an important factor when choosing an MGA, down from 8% last year, which put this category in last place in terms of importance for 2020.

The responses from brokers ranged from positive ("They are fair and do well with their commission bonus"; "Standard is 15% commission, but they will negotiate if we need more commission") to middling ("Pretty much the same as other MGAs") to critical ("Very rigid and unwilling to reduce minimum premiums"; "Increase commissions [and] reduce policy fees"). While some brokers praised their MGAs for offering above-average commissions, many others asked their MGAs to rise to that standard as well.

# FIVE-STAR MGAs

## PRICING

### Average MGA performance

7.76

#### FIVE-STAR MGAs

- |                                 |                                   |
|---------------------------------|-----------------------------------|
| ★ ABEX                          | ★ Merlin Underwriting             |
| ★ AM Fredericks                 | ★ Milnco                          |
| ★ APOLLO Exchange               | ★ Next Wave Insurance Canada      |
| ★ Approved Surety and Casualty  | ★ PAL Insurance                   |
| ★ APRIL Canada                  | ★ Premier                         |
| ★ Aurora Underwriting Services  | ★ Ridge Canada                    |
| ★ Cambrian Special Risks        | ★ Risk-Can Underwriting Managers  |
| ★ CFC Underwriting              | ★ Special Risk Insurance Managers |
| ★ Chutter Underwriting Services | ★ SUM Insurance                   |
| ★ Evolution Insurance           | ★ Unique Specialty Risks          |
| ★ K&K Insurance                 | ★ Victor Canada (formerly ENCON)  |

Another category in which 22 out of 28 MGAs received five-star ratings from brokers, pricing remained the second most pressing concern for brokers when evaluating MGA partners. Sixty-four per cent of brokers listed it as one of their top three considerations when choosing an MGA – a massive leap up from last year, when only 45% rated it as a top priority. In terms of performance, MGAs saw a slight increase in their average score this year, rising from 7.64 in 2019 to 7.76 for 2020.

Many brokers' feedback around pricing spoke to the challenging economy and the uncertainty stemming from the COVID-19 pandemic, and how that lack of clarity affects all aspects of the industry. "Insane times at the moment; competitive pricing is always a major consideration, along with coverage terms and conditions," said one broker who gave their MGA a score of 7 in this area. "Given the current market, it's difficult to answer this question, but some of their increases are way too high," said another.

Brokers' biggest requests in this category include lower service fees and more competitive pricing – pandemic or no.

#### HOW CAN MGAs IMPROVE THEIR SERVICE?

- 🔴 "Expand into additional product offerings"

## RANGE OF PRODUCTS

### Average MGA performance

7.71

#### FIVE-STAR MGAs

- |                                 |                                   |
|---------------------------------|-----------------------------------|
| ★ ABEX                          | ★ Next Wave Insurance Canada      |
| ★ APOLLO Exchange               | ★ PAL Insurance                   |
| ★ Approved Surety and Casualty  | ★ Ridge Canada                    |
| ★ APRIL Canada                  | ★ Risk-Can Underwriting Managers  |
| ★ Cambrian Special Risks        | ★ Special Risk Insurance Managers |
| ★ CFC Underwriting              | ★ SUM Insurance                   |
| ★ Chutter Underwriting Services | ★ Unique Specialty Risks          |
| ★ i3 Underwriting               | ★ Victor Canada (formerly ENCON)  |
| ★ K&K Insurance                 |                                   |
| ★ Lions Gate Underwriting       |                                   |
| ★ Merlin Underwriting           |                                   |
| ★ Milnco                        |                                   |

MGAs' product range continues to be a rising concern for brokers. Two years ago, just 44% of brokers said it's one of the most important things they look for in an MGA; this year, that figure rose to 55%. Unfortunately, as the category has grown in importance for brokers, MGAs' performance ratings have dropped – from an average score of 8.08 in 2018 to 7.79 in 2019 to 7.71 this year. That puts it at sixth out of the 10 categories in terms of performance. But even with the lower average score, 20 MGAs still earned a five-star designation for their product range.

Brokers' biggest concerns when it comes to product offerings revolve around lack of variety, limited geographical reach and poor communication. Plenty of brokers were satisfied with their MGAs in this area, but even they wanted more assistance in finding capacity for difficult-to-place risks.

Many brokers mentioned that the difficult economic situation has caused a change in service and a decrease in the range of products offered, and they asked for more back-and-forth communication to remedy some of the gaps. "Listen to broker feedback more on what clients are asking for and work to develop the products that meet the needs," one broker suggested.



## UNDERWRITING RESPONSIVENESS/ TURNAROUND TIME

Average MGA performance

7.70

### FIVE-STAR MGAs

- |                                 |                                   |
|---------------------------------|-----------------------------------|
| ★ ABEX                          | ★ Next Wave Insurance Canada      |
| ★ Angus Miller                  | ★ PAL Insurance                   |
| ★ APOLLO Exchange               | ★ Premier                         |
| ★ Approved Surety and Casualty  | ★ Ridge Canada                    |
| ★ Cambrian Special Risks        | ★ Risk-Can Underwriting Managers  |
| ★ CFC Underwriting              | ★ Special Risk Insurance Managers |
| ★ Chutter Underwriting Services | ★ SUM Insurance                   |
| ★ Lions Gate Underwriting       | ★ Unique Specialty Risks          |
| ★ Merlin Underwriting           | ★ Victor Canada (formerly ENCON)  |
| ★ Milnco                        |                                   |

Once again, brokers listed underwriting responsiveness and turnaround time as the most important factor they consider when choosing an MGA. An astounding 91% of brokers named it as one of their top three priorities – way above the 73% who ranked it that highly last year – putting it far above their second biggest concern (pricing), which only 64% of brokers listed as a top priority.

MGAs' average score in this area managed to climb a bit from last year's 7.60 to 7.70 this year, although it came in seventh out of the 10 categories, performance-wise. Regardless, 19 MGAs earned five-star designations for their underwriting turnaround times, up from last year's 14.

Brokers who rated their MGAs highly in this category largely highlighted flexibility, responsiveness, a high level of support and good communication. One broker who gave their MGA a score of 10 described their underwriter as "solid ... with vast knowledge. She is highly motivated and has excellent communication skills." Another broker who gave their MGA a perfect score raved, "Their underwriting turnaround is absolutely amazing, even in this hard market."

Conversely, slow responses, inconsistent guidelines and lack of experience/knowledge were the main reasons brokers gave their MGAs low scores. "If the market is expected to continue to be hard for the next few years, then either underwriting support should be added or additional underwriters," suggested one broker, echoing the sentiments of many others, who pointed to COVID-19 as a major factor in their MGAs' lagging performance in this category.

## CLAIMS SUPPORT

Average MGA performance

7.65

### FIVE-STAR MGAs

- |                                 |                                   |
|---------------------------------|-----------------------------------|
| ★ ABEX                          | ★ Merlin Underwriting             |
| ★ Angus Miller                  | ★ Milnco                          |
| ★ Approved Surety and Casualty  | ★ Next Wave Insurance Canada      |
| ★ APRIL Canada                  | ★ Ridge Canada                    |
| ★ Cambrian Special Risks        | ★ Risk-Can Underwriting Managers  |
| ★ CFC Underwriting              | ★ Special Risk Insurance Managers |
| ★ Chutter Underwriting Services | ★ Unique Specialty Risks          |
| ★ Evolution Insurance           | ★ Victor Canada (formerly ENCON)  |
| ★ K&K Insurance                 |                                   |
| ★ Lions Gate Underwriting       |                                   |

Claims support wasn't a big issue for brokers this year. Just 22% named it as one of the top factors they consider when choosing an MGA partner – a significant drop from 30% last year. MGAs' average score in this category also fell for the second year in a row: Overall, MGAs earned a score of 7.65, down from last year's 7.69 and 2018's 8.00. However, more MGAs received top marks this year: 18 earned five-star ratings, compared to last year's 17.

Brokers were most pleased when MGAs were responsive, provided updates on the status of claims and were quick to get things resolved – and they were equally unhappy when those things were absent. "[Claims support] is a concern with MGAs, given relationship bonds can be non-existent, and delayed response and settlement times jeopardize our client business and relationships," said one broker. Another reported that their MGA "needs major improvement – the claims person is terrible and slow to respond and deal with issues."

### HOW CAN MGAs IMPROVE THEIR SERVICE?

- ▶ "Better description of target markets and pricing/coverage options for the target market"
- ▶ "Offer a higher rate of commission and have a more automated renewal process"

# FIVE-STAR MGAs



## TECHNOLOGY AND AUTOMATION

### Average MGA performance

7.59

#### FIVE-STAR MGAs

- ★ ABEX
- ★ APOLLO Exchange
- ★ Approved Surety and Casualty
- ★ APRIL Canada
- ★ Cambrian Special Risks
- ★ CFC Underwriting
- ★ Chutter Underwriting Services
- ★ Evolution Insurance
- ★ K&K Insurance
- ★ Lions Gate Underwriting
- ★ Next Wave Insurance Canada
- ★ PAL Insurance
- ★ Premier
- ★ Ridge Canada
- ★ Risk-Can Underwriting Managers
- ★ Special Risk Insurance Managers
- ★ SUM Insurance
- ★ Unique Specialty Risks
- ★ Victor Canada (formerly ENCON)

In a world that's more reliant than ever on technology, it would seem logical that digital offerings would be a top draw for brokers when evaluating MGAs. But the numbers and responses from this year's survey – and in years past – show that isn't really the case. Just 9% of brokers listed technology and automation as one of their most important considerations when choosing an MGA. That's up slightly from last year's 7% and 2018's 5%, but still barely a showing.

However, that doesn't mean this category is getting zero attention from MGAs. Performance-wise, they significantly improved their average score in technology and automation, rising from 7.19 in 2019 to 7.59 this year.

Brokers who gave their MGAs lower scores wanted to see online tools for quoting, more easily navigable websites and self-serve portals for all policies, not just some. But several brokers also wanted less automation and more personal interaction with their MGAs. "I prefer more face-to-face versus high no-touch processes, which is reverse to present trending," one broker said. Another suggested that MGAs use "online quoting tools help to provide faster quoting, but have the underwriter available to quickly answer inquiries."

On the flip side, several brokers loved the tech offered by their MGAs. Brokers praised their MGA partners' "excellent use of Salesforce.com and automation" and "great self-fillable PDFs for clients." Another hailed their MGA as "miles above the rest," noting that "they even offer an SMS real-time notification service."

## MARKETING SUPPORT

### Average MGA performance

7.52

#### FIVE-STAR MGAs

- ★ ABEX
- ★ APOLLO Exchange
- ★ Approved Surety and Casualty
- ★ APRIL Canada
- ★ Cambrian Special Risks
- ★ CFC Underwriting
- ★ Evolution Insurance
- ★ Milnco
- ★ Next Wave Insurance Canada
- ★ PAL Insurance
- ★ Ridge Canada
- ★ Risk-Can Underwriting Managers
- ★ Special Risk Insurance Managers
- ★ Unique Specialty Risks
- ★ Victor Canada (formerly ENCON)

Marketing support continues to slowly climb brokers' list of priorities when choosing an MGA. This year, 11% of brokers listed it as a top concern, compared to 9% last year and 5% in 2018. The category failed to climb out of last place in terms of performance, though. While MGAs' average score of 7.52 was a marked improvement from last year's 7.17, this is still the category where brokers want to see the most improvement from their MGAs. It was also the category with the lowest number of MGAs receiving a five-star rating: just 15 out of 28.

From feedback of "there is none" to "nothing to improve here – so much support is offered," the gap between high-performing MGAs and those not cutting it is wide, according to brokers. In general, communication, training and feedback are the main areas where brokers feel their MGAs' marketing support needs to improve. **13**

#### HOW CAN MGAs IMPROVE THEIR SERVICE?

- 📌 "Being more solutions-focused – a true business partner to the broker – and responsive"
- 📌 "Have a direct bill option for policies"
- 📌 "Broker binding authority on the online portal would be great"