

Management and Professional Liability Programs New Program Submission Checklist

Reference guide with the required data necessary to analyze a new program and expedite the submission process

For many reasons, the amount of detail is not always a reasonable request. However, underwriting, actuarial, claims and finance can provide better analysis with more pertinent information that is submitted.

General underwriting information

Requirements

1. **Business plan**, including but not limited to:

- What is the coverage offered through this program?
- Startup or book roll?
- Information about the MGA
 - Biographies on key members of the MGA staff/team
 - Information on any key staff and experience within the proposed class of business
- Details on major competitors
- Competitive advantages
- Underwriting platform
- Market intelligence
 - Competitor forms
 - Filed rates
 - Loss data
 - Size of the market
- What would be the target distribution?
- Pro-forma financial information

2. **Policy forms**:

- Are there standard market forms?
- Is there a competitor form seen as the “gold standard?”
- Does the MGA have or intend on writing a form?
- Will the product be admitted or nonadmitted?
- Would forms need to be filed?

3. **Rate plans**:

- Are there any filed rate plans to pull for an evaluation?
- Does the MGA have an existing filed rate plan?

Data required

For each of the items listed below, provide five years of data if available. It is important to obtain the most data possible to properly evaluate an opportunity. However, a startup will not have this information, and a more established book roll may have a longer history.

1. Premium data—at a policy coverage level

- Earned premium by report year and policy year

2. Redacted policy data

- Written premium
- Policy effective/expiration date
- State, county, zip
- Retention/deductible
- Limits
- Coverages
- Exposure

3. Loss data—by transaction date

- Coverage
- Accident/report date
- Claim type
- Claim description
- Paid loss
- Paid ALAE
- Reported loss
- Reported ALAE
- Loss triangles—only necessary if transaction date cannot be supplied

4. Rate change history

- Percent change, effective date, coverage

5. Target market

- Types of businesses that are being targeted
- Target states
- Growth plans

6. Current rate/rules manual

7. Industry data

- Trends in coverage types
- Loss trends
- Hard/soft market
- Resources

Full due diligence phase

Once the required data information is received and reviewed and an initial meeting is conducted with the Programs business unit, the evaluation can move into the full due diligence phase.

This includes the following steps:

- Actuarial analysis—including, but not limited to, assessment of current loss ratio, evaluation of current rates and determination of targeted loss ratio
- Financial analysis
- Form review
- Determination of the management of claims handling process
- Agency application
- Contract negotiation