

# AAMGA Proposed Membership Changes

## Frequently Asked Questions

At its June 22, 2013 meeting in Chicago, the AAMGA Board of Directors addressed the questions from the membership's feedback, pertaining to the strategic initiatives and proposed changes to the Association's membership. The following are the answers to those FAQ's:

### 1 What are the current categories of membership in the AAMGA?

The current membership categories within the AAMGA are the: Managing General Agent (MGA); Associate; Business Services; Affiliated; Honorary; Lifetime; State Surplus Lines and Stamping Office; and Professional Trade Association

### 2 What membership categories does the Board suggest be changed?

MGA Only

### 3 What is the current requirement to be eligible for MGA membership?

In order to currently qualify for MGA membership within the AAMGA, a prospective member:

- Must have been in business for 1 year
- Must represent two (2) insurers for at least one (1) year, which are not owned by same group, and which do not have more than 10% ownership of or in the MGA
- Must represent each carrier for 2 lines of business
- Must have underwriting authority
- Must have annual written premium of \$1 million dollars, of which 75% of total annual written premium must come from retail sub-producers not owned by the MGA
- Must complete a membership application; have the insurers verify the nature and extent of underwriting authority; submit three (3) favorable letters from current MGA members, receive the majority vote from the Board, and pay the annual dues
- Must agree to implement the goals/objectives of Association, and comply with the Code of Ethics.

See Article III. Membership, of the current bylaws for complete wording:  
[http://www.aamga.org/about/by\\_laws](http://www.aamga.org/about/by_laws).

### 4 What is the new membership requirement going to be for "wholesale" members?

In order to qualify for membership in the AAMGA, the "MGA" membership category will be redefined as a "wholesale" membership, for which the qualifications will be:

- Must have been in business 1 year
- Must represent at least one (1) market for at least one (1) year, which does not have more than ten percent (10%) ownership of or in the wholesaler;
- Exception: If the owners/principals have been in the wholesale business under another name previously (that was an AAMGA member) or employed previously (for at least 2 years) by another AAMGA member in good standing, the Board can waive this time in business requirement;
- Must not have more than 25% of its total annual premium volume placed with an insurance carrier (risk bearing entity) that is owned by the wholesaler or that owns the wholesaler;
- Must represent the market for at least one (1) line of business;
- Must have underwriting or binding authority;
- Must have annual written premium of \$1 million dollars, of which 75% of the total annual written premium must come from retail sub-producers not owned by the wholesaler;
- Must complete a membership application; have the insurer(s) verify the nature and extent of underwriting authority; submit three (3) favorable letters from current wholesale members, receive the majority vote from the Board, and pay the annual dues
- Must agree to implement the goals/objectives of Association, and comply with the Code of Ethics.

## **5 Why does the board believe the MGA membership category needs to be changed?**

The industry continues to evolve and change; so do our members. We want to stay current - ahead of the curve - and provide our Association and its membership the opportunity to grow and prosper; as well as to be better prepared for market changes.

Our Association's focus has been on the MGA and the wholesale distribution channel. We want to continue to focus on and emphasize the wholesale distribution channel but expand our membership to include other wholesale distributors in addition to just MGA's. The initiative will bring those insurance wholesale professionals operating with binding or underwriting authority under a single umbrella and, thereby, enhance and sustain the Association's value proposition to its members and the industry overall.

Finally, there is a federal definition of a "managing general agent." None of our members technically fall under that definition. There are numerous agency facilities that do operate as General Agents, Program Managers, Program Administrators (PA's), Standard Lines Aggregators, Underwriting Managers, and Managing General Underwriters (MGU's). All of these hold some level of underwriting, rating, and/or binding authority. The goal is to better define the various entities transacting insurance business on a wholesale basis, and broaden the identification of entities eligible for membership, while continuing to focus on the wholesale distribution channel, including both admitted and non-admitted (Excess & Surplus Lines) placements.

## **6 Do our current members operate in any of the above mentioned categories?**

Yes, many of them. Most of our current members are no longer pure managing general agents, as they made these changes within their own operations - while our Association has not. This is also part of why some members joined other Associations instead of ours or in addition to ours.

## **7 With our current bylaws and membership categories can the agency facilities mentioned above comply for membership?**

Only a very limited number.

## **8 Are we trying to look like NAPSLO, Target Markets or some other association?**

No. NAPSLO focuses on the surplus lines (non-admitted) marketplace and the wholesale broker. MGA's can become members but there is no focus on their unique needs. Target Markets' focus is on Program Managers and Program Administrators (PA's), not the Wholesale Broker or the MGA. In addition, Target Markets functions in both the retail and wholesale space.

In order to best sustain the continuity and relevancy of our Association, it is necessary for AAMGA to position the membership to be poised for the future and focus on the ever evolving wholesale distribution channel and the various agency types that work within that channel. Our commitment will continue to be with those agencies that are involved in underwriting, rating, and binding. It would not be our intent to exclude Wholesale Brokers, but our focus would be firms that are (1) wholesale, and (2) have underwriting, rating or binding authority.

## **9 Is one of the end goals of these desired changes to grow the association?**

The focus is to make the Association better in the diversity of programs, tools, resources, meetings, services, and benefits for members provided by Headquarters; to advance the wholesale insurance industry; and to strengthen the network of committee volunteers. It is anticipated that by virtue of this renewed focus, more wholesale professionals will seek to join, thereby increasing the number of members - while, at the same time also strengthening the core of the membership's composition and, by virtue of the Association's work through networking, education and advocacy, continuing to bring more credibility and strength to the wholesale insurance marketplace.

## **10 Has the MGA membership in our association grown over the last few years?**

While we have seen a precipitous decline of MGA members due to mergers and acquisitions, as well as Associate members whose platforms have changed to more of a program orientation, we have added new members each year. Our members are getting larger. However, the mergers/acquisitions that have taken place over the last 10-15 years continue to make it hard to grow the actual number of dues paying MGA members. There is a larger wholesale base than we have been able to penetrate and provide benefits to in the past.

## **11 Is the name of the AAMGA and logo of the Association going to change?**

The original recommendation of the Board was to change the name of the Association to reflect the current and future composition of its membership. However, following feedback received from the membership, the Board recommends maintaining the name of the Association at this time. The logo of the AAMGA will also remain unchanged.

## **12 Will the association continue to hold the annual convention at resort locations that have recreation facilities on site?**

Yes. The Association and membership continue to believe a resort provides the best venue to maximize the ability to network, conduct business in a professional venue, participate in on-site and off-site programs, hear from industry and other thought-leaders and have access to recreational facilities. Upcoming Annual Meetings of the association are:

- 2014: Hilton Waikoloa, Kona Hawaii
- 2015: Gaylord National Resort by Marriott: National Harbor, MD / Washington, DC
- 2016: J.W. Marriott Desert Ridge, Phoenix, AZ
- 2017: Marriott World Resort, Orlando, FL

## **13 Will we continue to be able to have notable opening breakfast speakers, a business meeting speaker, and enjoyable final night entertainment? (Things that set us apart from other associations)**

With a broadened and growing membership it will be easier to budget for and afford good speakers and entertainment.

## **14 Will spouses and children continue to be welcome at the annual convention?**

Yes, as they always have been. By continuing our conventions at resort locations with recreation facilities we believe our membership will be more inclined to include spouses and children, subject to budget restraints imposed by their own agency or company rules.

## **15 Will the annual convention be all business or will the social aspect of the conventions continue?**

Our lives and businesses continue to move at a faster pace. Balancing the right amount of business and social activities depends on the needs and requests of our members. You schedule your time so that decision remains yours. If you want the conventions to be more social, don't schedule as many meetings. Schedule more golf, meals, pool, and spa time. As in the past, the Association will afford a world-class experience for the members attending the Annual Meeting, with the options to conduct as much business and/or social activities as you wish.

## **16 Will this expansion of the agency (MGA) membership category cause our dues to increase?**

The appropriateness of dues for the professional services, education opportunities and other activities is examined by the Board each year. The costs of food and beverages, hotel services, and the activities of our Headquarters staff are a dynamic function of every professional trade association. The association is currently in a strong financial position, allowing us to maintain the current dues structure at this time.

## **17 Where can a member get additional questions answered?**

You can call any of the board members (click on the hyperlink for the current list of Board Members and their respective contact details: <http://www.aamga.org/about/board>), or contact Executive Director Bernie Heinze at AAMGA Headquarters: [bernie@aamga.org](mailto:bernie@aamga.org), or by calling: 610-992-0001.

AAMGA Headquarters will advise you of the details on another conference call scheduled for July 25th at 11:00am EST.

## **18 Will we be able to see the new proposed bylaws prior to voting on them?**

Yes. The bylaw amendments are scheduled to be sent to all voting members on July 26, 2013 by email for an electronic vote.

## **19 Is the AAMGA board in favor of these changes?**

Yes. The respective AAMGA Boards underwent an extensive two (2) year strategic planning process, often using an outside facilitator. After a thorough review of the current market, and the challenges and opportunities that lie ahead, each of the AAMGA Board members was in favor of recommending the bylaw amendments and membership enhancements.