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Managing General Agent (MGA)

Definition

A specialized type of insurance agent/broker that, unlike traditional agents/brokers, is vested with underwriting authority from an insurer. Accordingly, MGAs perform certain functions ordinarily handled only by insurers, such as binding coverage, underwriting and pricing, appointing retail agents within a particular area, and settling claims.

Typically, MGAs are involved with unusual lines of coverage, such as professional liability and surplus lines of insurance, in which specialized expertise is required to underwrite the policies. However, MGAs also write some personal lines business, especially in geographically isolated areas (e.g., western Oklahoma, North Dakota) where insurers do not want to set up a branch office.

MGAs benefit insurers because the expertise they possess is not always available within the insurer's home or regional offices and would be more expensive to develop on an in-house basis.

Links for IRMI Online Subscribers Only: PLI IV.J, XV.C; TRR 5/2001

Related Terms

Retail Agent

An insurance agent who acts as an intermediary between an insured and the marketplace. In some instances, retail agents deal directly with an insurer in arranging coverage,...

Wholesale Agent

An insurance agent who deals with retail agents and not directly with individual insureds. The wholesale agent serves as an intermediary between the retail agent...

Wholesale Broker

A type of insurance broker who acts as an intermediary between a retail broker and an insurer, while having no contact with the insured. Wholesale agents place...

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