

Strategic underwriting

Purpose

At the end of this unit, candidates should understand the strategic context within which an underwriting function is managed.

Target Candidate

An underwriter with several years' experience who is looking to develop their career through the route: Section Head; Departmental Underwriting Manager; Company Underwriting Manager; MGAs, Brokers, Syndicates, Captives, Reinsurance, Alternative Risk Transfer and Delegated authorities.

Assumed Knowledge

It is assumed that the candidate already has a grounding in underwriting gained from study of M80 Underwriting practice or 960 Advanced underwriting, and knowledge of insurance organisations, finance and regulations as typically covered in IF1 Insurance, legal and regulatory, or M92 Insurance business and finance or equivalent examinations.

Summary of learning outcomes

1. Discuss global strategic insurance issues.
2. Evaluate underwriting strategy within the external insurance context.
3. Evaluate underwriting strategy within the internal insurance context.
4. Analyse how the underwriting function should be led and resourced to deliver the underwriting strategy.

Important notes

- Method of assessment: Coursework – 3 online assignments (80 marks). Each assignment must be individually passed.
- The syllabus is examined on English law and practice unless otherwise stated.
- Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:
 1. Visit www.cii.co.uk/updates
 2. Select the appropriate qualification
 3. Select your unit on the right hand side of the page

- 1. Discuss global strategic insurance issues**
 - 1.1 Explain how the global insurance market could be analysed.
 - 1.2 Discuss strategic management tools and their appropriateness in evaluating global strategic insurance issues.
 - 1.3 Analyse key global strategic insurance issues using appropriate strategic management tools.
 - 1.4 Discuss the economic and insurance cycles.
- 2. Evaluate underwriting strategy within the external insurance context**
 - 2.1 Evaluate the insurance industry value chain and its impact on underwriting strategy.
 - 2.2 Discuss the relationship between capital and the insurance industry.
 - 2.3 Evaluate strategic drivers for risk appetite and their impact on underwriting strategy.
 - 2.4 Discuss the importance of intellectual capital and the innovation to underwriting strategy.
 - 2.5 Evaluate the underwriting value proposition and potential conflict between different stakeholders.
- 3. Evaluate underwriting strategy within the internal insurance context**
 - 3.1 Discuss how the underwriting strategy fits within the business philosophy and framework.
 - 3.2 Evaluate the impact of the internal insurance value chain on underwriting strategy.
 - 3.3 Analyse the relationships between the underwriting function and other functions within the business.
 - 3.4 Evaluate the drivers of portfolio management and their strategic implications.
 - 3.5 Analyse the interrelationship between the distribution strategy and the underwriting strategy.
- 4. Analyse how the underwriting function should be led and resourced to deliver the underwriting strategy**
 - 4.1 Discuss the target operating model options for underwriting strategy.
 - 4.2 Analyse the importance of human capital and technology on the underwriting function.

Reading list

The following list provides details of various publications which may assist you with your studies.

Note: The examination will test the syllabus alone. However, it is important to read additional sources as 10% of the exam mark is allocated for evidence of further reading and the use of relevant examples.

The reading list is provided for guidance only and is not in itself the subject of the examination.

The publications will help candidates keep up-to-date with developments and will provide a wider coverage of syllabus topics.

CII/PFS members can borrow most of the additional study materials below from Knowledge Services. CII study texts can be consulted from within the library.

New materials are added frequently - for information about new releases and lending service, please go to www.cii.co.uk/knowledge or email knowledge@cii.co.uk.

CII study texts

Strategic underwriting. London: CII. Study text 995.

Advanced underwriting. London: CII. Study text 960.

Insurance, legal and regulatory. London: CII. Study text IF1.

Insurance business and finance. London: CII. Study text M92.

Underwriting practice. London: CII. Study text M80.

Books (and ebooks)

A practical guide to corporate governance. 5th ed. Mark Cardale. London: Sweet and Maxwell, 2014.

A practitioner's guide to Solvency II. Geoffrey et al. (eds.). London: Thomson Reuters, 2016.

Capital requirements, disclosure, and supervision in the European insurance industry: new challenges towards Solvency II. Maria Grazia Starita, Irma Malafronte. Palgrave Macmillan, 2014.

Colinvaux's law of insurance. 11th ed. London: Sweet & Maxwell, 2016.

Digital insurance: business innovation in the post-crisis era. Bernardo Nicoletti. Basinstoke: Palgrave Macmillan, 2016.*

Economics. John Sloman, et al. London: Pearson Education, 2015.

Handbook of insurance. Georges Dionne. New York: Springer, 2013.*

Behavioural economics and finance. Michelle Baddeley. Abingdon, Oxon: Routledge, 2013

On strategy. Harvard Business Review. Harvard Business Review, 2011.

Portfolio construction and risk budgeting. 5th ed. Bernd Scherer. London: Risk Books, 2015.

Pricing in general insurance. Pietro Parodi. CRC Press, 2015.

Reinsurance: the nuts and bolts. Keith Riley. London: Witherby, 2012.

Reinsurance underwriting. Robert Kiln, Stephen Kiln. 2nd ed. London: LLP, 1996.

Smarter outsourcing: an executive guide to managing successful relationships. Jean-Louis Bravard and Robert Morgan Harlow: FT/Prentice Hall, 2006.

The economics, regulation and systemic risk of insurance markets. Felix Hufeld, Ralph S. J. Koijen, Christian Thimann (eds.). Oxford: Oxford University Press, 2016.

Understanding the Financial Conduct Authority: a guide for senior managers. Ashley Kovas. Kibworth Beauchamp: Matador Books, 2015.

eBooks

The following ebooks are available through Discovery via www.cii.co.uk/discovery (CII/PFS members only):

A short guide to risk appetite. David Hillson, Ruth Murray-Webster. Burlington: Gower, 2012.

Fundamental aspects of operational risk and insurance analytics: a handbook of operational risk. Marcelo G. Cruz. Wiley, 2015.

Managing risk and opportunity: the governance of strategic risk taking. Torden Juul Andersen et al. Oxford: Oxford Scholarship Online, 2014.

Shari'ah non-compliance risk management and legal documentations in Islamic finance. Ahsan Laḥasāsīnah. Singapore: Wiley, 2014.

Treatises on Solvency II. Meinrad Dreher. Heidelberg: Springer, 2015.

Factfiles and other online resources

CII factfiles are concise, easy to digest but technically dense resources designed to enrich the knowledge of members. Covering general insurance, life and pensions and financial services sectors, the factfile collection includes key industry topics as well as less familiar or specialist areas with information drawn together in a way not readily available elsewhere. Available online via www.cii.co.uk/ciifactfiles (CII/PFS members only).

- Alternative risk transfer (ART). Alan Punter.
- Behavioural finance. Nick Edwards.
- Insurance-linked securities (ILS). Alan Punter.
- Principles and trends in general insurance underwriting. Massimo Vascotto.
- Recent developments in general insurance underwriting. Massimo Vascotto.
- Recent developments to Solvency II. Brad Baker.

Insight reports by Timetric. A collection of reports providing analysis, information and insights on specific hot topics in insurance. Available online via www.cii.co.uk/insightreports (CII/PFS members only).

Further articles and technical bulletins are available at www.cii.co.uk/knowledge (CII/PFS members only).

Journals and magazines

Post magazine. London: Incisive Financial Publishing. Monthly. Also available online at www.postonline.co.uk.

Strategic risk. London: Newsquest Specialist Media. Eight issues a year.

The Journal. London: CII. Six issues a year. Also available online via www.cii.co.uk/knowledge (CII/PFS members only).

Further periodical publications are available at www.cii.co.uk/journalmagazines (CII/PFS members only).

Reference materials

Concise encyclopedia of insurance terms. Laurence S. Silver, et al. New York: Routledge, 2010.*

Dictionary of insurance. C Bennett. 2nd ed. London: Pearson Education, 2004.

i-law: online database of legal knowledge. Informa. Available online via www.cii.co.uk/lawdatabases (CII/PFS members only).

Lamont's glossary: the definitive plain English money and investment dictionary. Barclay W Lamont. 10th ed. London: Taxbriefs, 2009. Also available online via www.cii.co.uk/lamont (CII/PFS members only).

*Also available as an ebook through Discovery via www.cii.co.uk/discovery (CII/PFS members only).

Specimen guides

Specimen guides are available for all coursework units.

These are available on the CII website under the unit number before purchasing the unit. They are available under the following link www.cii.co.uk/qualifications/advanced-diploma-in-insurance-qualification.

These specimen guides are also available on the RevisionMate website www.revisionmate.com after you have purchased the unit.

Exam technique/study skills

There are many modestly priced guides available in bookshops. You should choose one which suits your requirements.

The Insurance Institute of London holds a lecture on revision techniques for CII exams approximately three times a year. The slides from their most recent lectures can be found at www.cii.co.uk/iilrevision (CII/PFS members only).