



Learning Outcome

Assessment Criteria

Indicative Content

This PDF document is accessible through screen reader attachments to your web browser and has been designed to be read via the speechify extension available on Chrome. Speechify is a free extension that is available from <https://speechify.com/>. If for accessibility reasons you require this document in an alternative format, please contact us a ukcentreadministration@cii.co.uk to discuss your needs.

<p>1 5 questions</p>	<p>Understand the framework within which business is conducted in the London Market.</p>	<p>1.1</p> <p>Explain the framework within which business is conducted in the London Market.</p>	<p>1.1.1</p> <p>What domestic and global insurance markets are.</p>
			<p>1.1.2</p> <p>What influences a client's choice between insuring in a domestic or global insurance market.</p>
			<p>1.1.3</p> <p>The origins of different sources of capital within the London insurance market.</p>
			<p>1.1.4</p> <p>The role of the Prudential Regulation Authority in the authorisation, regulation and supervision of insurers.</p>
			<p>1.1.5</p> <p>The role of the Financial Conduct Authority in the authorisation, regulation and supervision of insurance organisations.</p>
			<p>1.1.6</p> <p>The requirements of the Senior Managers and Certification Regime and the UK Corporate Governance Code.</p>
			<p>1.1.7</p> <p>The requirements of Lloyd's regulation which are covered by Minimum Standards.</p>
			<p>1.1.8</p> <p>The main requirements of Solvency II regulation and how it relates to the insurance industry.</p>
		<p>1.2</p> <p>Explain the duties of the intermediary during the creation of a contract.</p>	<p>1.2.1</p> <p>The roles of different types of intermediary operating in the London market.</p>
			<p>1.2.2</p> <p>The regulation of insurance intermediaries.</p>
<p>1.2.3</p> <p>The role of an intermediary in the underwriting process.</p>			



Learning Outcome		Assessment Criteria		Indicative Content	
2 16 questions	Understand the role, purpose and implications of policy wording in practice.	2.1	Explain the importance of knowing the identity of the contracting parties.	2.1.1	The importance of knowing the identity of the parties to an insurance policy.
				2.1.2	Joint and composite insurance policies and when these are used.
				2.1.3	How other parties can obtain access to an insurance policy.
		2.2	Explain the importance of policy wording.	2.2.1	Contract certainty and its implications if not achieved.
				2.2.2	The specific requirements that apply to consumer insurance policies.
		2.3	Explain the various ways in which policy wordings can be constructed.	2.3.1	The importance of a clearly drafted policy wording.
				2.3.2	The implications of ambiguity withing a policy wording.
				2.3.3	The relevance of who has drafted the policy wording.
				2.3.4	How regulation may affect the drafting of policy wordings and the impact of using non-domestic policy wordings.
				2.3.5	The advantages and disadvantages of the use of Market Reform Contracts and the requirements for their preparation.
		2.4	Explain the importance of viewing the complete contract wording.	2.4.1	The benefits of wording libraries.
				2.4.2	A side letter and under what circumstances it is used.
				2.4.3	What the common law rules of interpretation are and their meaning.
				2.4.4	The effect on policy wordings of wording specialists, insurer drafted wordings and specific client requirements.



Learning Outcome		Assessment Criteria		Indicative Content	
3 18 questions	Understand the role and importance of business planning and capital setting in the London Market.	3.1	Explain the purpose and effect of the business planning process.	3.1.1	What a business plan is and how frequently is it produced.
				3.1.2	What the advantages and disadvantages to producing a business plan are.
				3.1.3	The regulatory guidance, including Lloyd's, for the production of a business plan.
		3.2	Explain the importance of ongoing monitoring and reporting on the business plan.	3.2.1	The data that a Lloyd's syndicate will provide to Lloyd's as part of its Syndicate Business Forecast.
				3.2.2	The importance of internal reporting against the business plan for any insurer.
				3.2.3	The reasons why Lloyd's reviews a Syndicate's business plan and any action that may be taken in connection with potential issues.
				3.2.4	The reports that Lloyd's Syndicates are required to produce to enable monitoring against a business plan.
		3.3	Explain how capital setting supports the writing of business.	3.3.1	What constitutes an insurer's insurance, credit and operational risk appetite, and how it affects an insurer's capital requirements.
				3.3.2	What enterprise risk management is.
		3.4	Explain the technical account.	3.4.1	Why an organisation produces financial accounts.
				3.4.2	What a balance sheet is, what is stated in the document, and its purpose.
				3.4.3	What an income statement is, what is stated in the document, and its purpose.
				3.4.4	What a cash flow statement is and its purpose.
				3.4.5	Why an organisation produces management accounts.
3.4.6	The meaning of assets and liabilities.				
3.4.7	The meaning of profit and the return on capital employed.				
3.4.8	The meaning of liquidity and gearing.				
3.4.9	How a combined ratio is calculated and what it indicates about an insurer's financial position.				



Learning Outcome		Assessment Criteria		Indicative Content	
4 12 questions	Understand the pricing of risk at an individual and at a portfolio level.	4.1	Explain basic statistical theory.	4.1.1	The meaning of frequency and severity of risk.
				4.1.2	The meaning of an arithmetic mean, mode and median, how they are calculated, and when they are used to analyse statistical data.
				4.1.3	How probability is linked to return periods.
		4.2	Explain the principles of constructing an insurance rate.	4.2.1	The difference between written, signed, gross, net, earned and unearned premium.
				4.2.2	What a risk premium is and how it is calculated.
				4.2.3	What positive and negative underwriting features are and how they affect a premium rate.
				4.2.4	The difference between paid claims, outstanding claims, incurred losses, incurred but not reported losses, and incurred but not enough reported losses.
				4.2.5	What an insurer's expenses are and how they affect a premium rate.
				4.2.6	How an insured's claims experience affects a premium rate.
		4.3	Explain the use of realistic disaster scenarios and catastrophe models.	4.2.7	What the burning cost method of calculating an insurance premium is and when is it used.
				4.2.8	What claims triangulation is and how it may affect a premium rate.
				4.3.1	What a realistic disaster scenario is considered to be and its importance.
				4.3.2	What Lloyd's defines as being compulsory realistic disaster scenarios, specific scenarios and syndicate defined scenarios.
4.3.3	The purpose and value of catastrophe modelling.				
4.3.4	When deterministic and probabilistic approaches to catastrophe modelling are used.				



Learning Outcome		Assessment Criteria		Indicative Content	
5 24 questions	Understand the various methods of writing business and distribution.	5.1	Explain the different types of placement.	5.1.1	How a subscription market operates.
				5.1.2	Why insurers may front business along with the advantages and disadvantages.
				5.1.3	Why insurance may be placed in a series of layers, and the advantages and disadvantages of this type of placement.
		5.2	Explain the different methods of distribution.	5.2.1	The role of local branch and overseas offices.
				5.2.2	What are affinity programmes and master policies, and the type of business for which they are likely to be used.
		5.3	Explain the different types of delegated underwriting.	5.3.1	What a binding authority is and how it operates.
				5.3.2	What a lineslip is and why it is used to place business.
				5.3.3	What a consortium is and why it may be formed by insurers.
		5.4	Explain the stakeholders' roles and responsibilities.	5.4.1	The parties to a binding authority and why an insurer delegates authority to a coverholder.
				5.4.2	The role of Managing General Agents in the operation of binding authorities.
				5.4.3	The roles and responsibilities of consortium members.
				5.4.4	The roles and responsibilities of lineslip participants.
				5.4.5	When a conflict of interest may arise under a delegated underwriting authority.
				5.4.6	Who is responsible for the issuance of policy documentation and achieving contract certainty under a delegated underwriting authority.
		5.5	Explain the advantages and disadvantages of various methods of writing business for the stakeholders involved.	5.5.1	What the advantages and disadvantages are to insurers, coverholders and brokers of binding business by the use of a binding authority.
				5.5.2	What the advantages and disadvantages are for all parties of transacting business by a lineslip.
				5.5.3	What the advantages and disadvantages are for consortium members of accepting business as part of the consortium.



Learning Outcome	Assessment Criteria	Indicative Content														
	5.6 Explain the management and controls around the different methods of placement.	<table border="1"> <tr> <td data-bbox="1144 252 1263 300">5.6.1</td> <td data-bbox="1263 252 2112 300">The types of underwriting controls that an insurer may have in place.</td> </tr> <tr> <td data-bbox="1144 300 1263 336">5.6.2</td> <td data-bbox="1263 300 2112 336">What conduct and product risk are.</td> </tr> <tr> <td data-bbox="1144 336 1263 443">5.6.3</td> <td data-bbox="1263 336 2112 443">An insurer's selection and approval process when participating on a lineslip, as a consortium member, or when arranging a binding authority agreement.</td> </tr> <tr> <td data-bbox="1144 443 1263 550">5.6.4</td> <td data-bbox="1263 443 2112 550">The role of the Prudential Regulation Authority, the Financial Conduct Authority and Lloyd's in the regulation of delegated underwriting authorities.</td> </tr> <tr> <td data-bbox="1144 550 1263 657">5.6.5</td> <td data-bbox="1263 550 2112 657">The different levels of underwriting and claims authority that may be granted by an insurer under a delegated underwriting authority agreement, and when Third Party Administrators may be used.</td> </tr> <tr> <td data-bbox="1144 657 1263 746">5.6.6</td> <td data-bbox="1263 657 2112 746">What information is regularly provided to insurers and how they continuously monitor delegated underwriting authorities.</td> </tr> <tr> <td data-bbox="1144 746 1263 826">5.6.7</td> <td data-bbox="1263 746 2112 826">What an audit is, who is audited by an insurer, and the aspects that are checked.</td> </tr> </table>	5.6.1	The types of underwriting controls that an insurer may have in place.	5.6.2	What conduct and product risk are.	5.6.3	An insurer's selection and approval process when participating on a lineslip, as a consortium member, or when arranging a binding authority agreement.	5.6.4	The role of the Prudential Regulation Authority, the Financial Conduct Authority and Lloyd's in the regulation of delegated underwriting authorities.	5.6.5	The different levels of underwriting and claims authority that may be granted by an insurer under a delegated underwriting authority agreement, and when Third Party Administrators may be used.	5.6.6	What information is regularly provided to insurers and how they continuously monitor delegated underwriting authorities.	5.6.7	What an audit is, who is audited by an insurer, and the aspects that are checked.
5.6.1	The types of underwriting controls that an insurer may have in place.															
5.6.2	What conduct and product risk are.															
5.6.3	An insurer's selection and approval process when participating on a lineslip, as a consortium member, or when arranging a binding authority agreement.															
5.6.4	The role of the Prudential Regulation Authority, the Financial Conduct Authority and Lloyd's in the regulation of delegated underwriting authorities.															
5.6.5	The different levels of underwriting and claims authority that may be granted by an insurer under a delegated underwriting authority agreement, and when Third Party Administrators may be used.															
5.6.6	What information is regularly provided to insurers and how they continuously monitor delegated underwriting authorities.															
5.6.7	What an audit is, who is audited by an insurer, and the aspects that are checked.															