Advanced underwriting

Purpose
To enable candidates to understand the management of the underwriting function in an insurance organisation.

Assumed knowledge
It is assumed that the candidate has the knowledge gained from a study of the relevant sections of IF1 Insurance, legal and regulatory and M80 Underwriting practice or equivalent examinations.

Summary of learning outcomes

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Analyse key regulation and legislation affecting the underwriting function.</td>
</tr>
<tr>
<td>2.</td>
<td>Evaluate underwriting strategy, policy and practice.</td>
</tr>
<tr>
<td>3.</td>
<td>Analyse the principles and practices of pricing.</td>
</tr>
<tr>
<td>4.</td>
<td>Evaluate the management of exposures in the portfolio.</td>
</tr>
<tr>
<td>5.</td>
<td>Evaluate planning, portfolio monitoring and operational controls.</td>
</tr>
</tbody>
</table>

Important notes

- Method of assessment: Coursework – 3 online assignments (80 marks). Each assignment must be individually passed.
- The syllabus is examined on the basis of 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/qualifications
  2. Select the appropriate qualification
  3. Select your unit on the right hand side of the page
1. Analyse key regulation and legislation affecting the underwriting function
   1.1 Explain the impact of legislation and regulation on the underwriting function.
   1.2 Examine the relationship between the underwriting function and solvency requirements.
   1.3 Examine the issues and implications of underwriting business internationally.

2. Evaluate underwriting strategy, policy and practice
   2.1 Analyse the relationship between the corporate, reinsurance and underwriting strategies.
   2.2 Explain the impact of various distribution channels on the underwriting function.
   2.3 Explain the implications of using binding authorities.
   2.4 Explain the research required to ensure effective underwriting policy.
   2.5 Analyse the factors to be taken into account when entering and withdrawing from classes of business and markets.
   2.6 Explain the significance of claims reserving policy and practice on portfolio management.
   2.7 Analyse the impact of product mix, segment mix and cover mix on portfolio management.
   2.8 Explain underwriting considerations to be taken into account when establishing policy terms and conditions.
   2.9 Evaluate the importance of risk acceptance, evaluation and control on the portfolio mix.

3. Analyse the principles and practices of pricing
   3.1 Examine the internal and external data required for pricing.
   3.2 Explain the various components to be taken into consideration for pricing.
   3.3 Explain how the different statistical methods are used in pricing.
   3.4 Examine the impact of the underwriting cycle on portfolio management.
   3.5 Examine claims information in relation to setting the price, setting reserves and regulatory requirements.

4. Evaluate the management of exposures in the portfolio
   4.1 Explain aggregation and the techniques available to measure exposure to single risks, single events and catastrophes.
   4.2 Evaluate emerging risks, including systemic losses.
   4.3 Explain the various means of managing exposure and enabling capacity, including reinsurance.

5. Evaluate planning, portfolio monitoring and operational controls
   5.1 Explain the process of planning, budgeting and forecasting.
   5.2 Explain the reasons for monitoring underwriting results.
   5.3 Evaluate the techniques for monitoring underwriting results.
   5.4 Evaluate the effect of monitoring and forecasting on the underwriting strategy.
   5.5 Explain the significance of identifying the underwriting skill-set required, key performance indicators and continuing professional development.
   5.6 Evaluate the use of underwriting licences and auditing.
Reading list

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

Note: The assessment 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 assessment.

The publications listed here provide a wider coverage of syllabus topics.

CII/PFS members can access most of the additional study materials below via the Knowledge Services webpage at https://www.cii.co.uk/knowledge-services.

New resources are added frequently to the Knowledge Services collection - for information about obtaining a copy of an article or book chapter, book loans, or for help finding resources, please go to https://www.cii.co.uk/knowledge-services or email knowledge@cii.co.uk.

CII study texts


Books / eBooks*


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


Online resources

Journals and magazines

Reference materials
*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 description / purchasing page. You will be able to access this page from the Qualifications section of the CII website: www.cii.co.uk/qualifications.
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.