Chartered Insurance Institute

London Market underwriting principles

Objective

This unit enables a student to build on introductory knowledge of the London Market (typically from studying units LM1 and LM2) by developing knowledge and understanding of:

- the underwriting disciplines within the London Market;
- key elements of the cycle, including business planning and obtaining capacity, pricing and the importance of putting together a contract which is both clear and certain;
- the opportunities and challenges posed by using different distribution channels such as delegated underwriting.

Summary of learning outcomes		Number of questions in the examination*
1.	Understand the framework within which business is conducted in the London Market.	5
2.	Understand the role, purpose and implications of policy wording in practice.	16
3.	Understand the role and importance of business planning and capital setting in the London Market.	18
4.	Understand the pricing of risk at an individual and at a portfolio level.	12
5.	Understand the various methods of writing business and distribution.	24

* The test specification has an in-built element of flexibility. It is designed to be used as a guide for study and is not a statement of actual number of questions that will appear in every exam. However, the number of questions testing each learning outcome will generally be within the range plus or minus 2 of the number indicated.

Important notes

- Method of assessment: 75 multiple choice questions (MCQs). 2 hours are allowed for this examination.
- This syllabus will be examined from 1 January 2026 to 1 December 2026.
- Candidates will be examined on the basis of English law and practice unless otherwise stated.
- This PDF document has been designed to be accessible with screen reader technology. If for accessibility reasons you require this document in an alternative format, please contact us on online.exams@cii.co.uk to discuss your needs.

Published October 2025

1. Understand the framework within which business is conducted in the London Market.

1.1 Explain the framework within which business is conducted in the London Market.

1.2 Explain the duties of the intermediary during the creation of a contract.

2. Understand the role, purpose and implications of policy wording in practice.

2.1 Explain the importance of knowing the identity of the contracting parties.

2.2 Explain the importance of policy wording.

2.3 Explain the various ways in which policy wordings can be constructed.

2.4 Explain the importance of viewing the complete contract wording.

3. 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.

3.2 Explain the importance of ongoing monitoring and reporting on the business plan.

3.3 Explain how capital setting supports the writing of business.

3.4 Explain the technical account.

4. Understand the pricing of risk at an individual and at a portfolio level.

4.1 Explain basic statistical theory.

4.2 Explain the principles of constructing an insurance rate.

4.3 Explain the use of realistic disaster scenarios and catastrophe models.

5. Understand the various methods of writing business and distribution.

5.1 Explain the different types of placement.

5.2 Explain the different methods of distribution.

5.3 Explain the different types of delegated underwriting.

5.4 Explain the stakeholders' roles and responsibilities.

5.5 Explain the advantages and disadvantages of various methods of writing business for the stakeholders involved.

5.6 Explain the management and controls around the different methods of placement.

Additional resources

The following resources may assist you with your studies.

Note: The examination will test the syllabus alone.

Supporting information for the syllabus can be found on the unit page via the CII website. The resources found here: *www.cii.co.uk/learning* will help you keep up-to-date with developments and provide a wider coverage of syllabus topics.

Additional reading material can also be found referenced in an appendix within the study text.

Learning support

London Market underwriting principles. London: CII. Study text LM3.

Key Facts Booklet and Knowledge Checker are included with Enrolment plus (excluding Video Revision), or available at an additional cost (delivered via RevisionMate)

Assessment information

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 from the list provided
4. Select qualification update on the right hand side of the page

Examination guide

The examination guide is available on the unit page via the CII website.

If you have a current study text enrolment, the current examination guide is included and is accessible via **RevisionMate** (*ciigroup.org/login*). Details of how to access RevisionMate are on the first page of your study text.

It is recommended that you study from the most recent versions of the examination guide.

Exam preparation

Exam preparation guidance and supporting exam documentation are available via the CII website: *www.cii.co.uk/learning/qualifications/assessment-information*