Insurance underwriting process

Chartered Insurance Institute

Objective

To provide knowledge and understanding of the role of underwriting including identification, assessment and acceptance of risk, rating and relevant financial factors.

Summary of learning outcomes	Number of questions in the examination*
1. Understand the material circumstances relating to the insurance underwriting process.	**5**
2. Understand underwriting procedures relating to the insurance underwriting process.	**15**
3. Understand insurance policies in relation to the insurance underwriting process.	**10**
4. Understand renewals and cancellation in relation to the insurance underwriting process.	**3**
5. Understand personal insurances in relation to the insurance underwriting process.	**3**
6. Understand commercial insurances in relation to the insurance underwriting process.	**3**
7. Understand the main ‘support’ type insurance services available.	**2**
8. Understand underwriting considerations in relation to the insurance underwriting process.	**13**
9. Understand the principles and practices of pricing.	**10**
10. Understand pricing factors within the context of the insurance underwriting process.	**5**
11. Understand managing exposure within the context of the insurance underwriting process.	**6**

* 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 31 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.

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1. Understand the material circumstances relating to the insurance underwriting process.

1.1 Explain why an underwriter needs to be aware of material circumstances in assessing a risk.

1.2 Explain the concept of the duty of fair presentation, to whom it applies and how the duty may be modified.

1.3 Define the words peril and hazard as used in the insurance industry and the relationship between them.

1.4 Explain the significance of moral and physical hazard for underwriters and how they are manifested.

1.5 Describe the methods used by underwriters to obtain material information.

2. Understand underwriting procedures relating to the insurance underwriting process.

2.1 Describe the general and specific questions asked of proposers.

2.2 Describe the procedure relating to quotations.

2.3 Explain the methods by which underwriters gather material information and their legal significance.

2.4 Describe the different ways in which premiums are calculated.

2.5 Explain the legal significance of procedures relating to the issue of cover notes, policies and certificates of insurance.

2.6 Describe the relevance of premium payment for valid cover.

2.7 Describe the methods used by insurers to collect premiums including instalment facilities.

2.8 Describe the features of Insurance Premium Tax.

3. Understand insurance policies in relation to the insurance underwriting process.

3.1 Describe the structure, functions and contents of a policy form.

3.2 Explain the meaning and significance of common policy exclusions.

3.3 Explain the meaning and significance of common conditions.

3.4 Explain how excesses, deductibles and franchises are used.

3.5 Explain the distinction between warranties, conditions and representations.

4. Understand renewals and cancellation in relation to the insurance underwriting process.

4.1 Describe the legal significance of procedures relating to renewals.

4.2 Explain how cancellation clauses operate.

5. Understand personal insurances in relation to the insurance underwriting process.

5.1 Describe the basic features and typical policy cover of motor insurance, health insurance, household insurance, travel insurance and extended warranties.

6. Understand commercial insurances in relation to the insurance underwriting process.

6.1 Describe the basic features and typical policy cover of property insurance, pecuniary insurance, cyber insurance and liability insurance.

7. Understand the main ‘support’ type insurance services available.

7.1 Describe the basic features of additional ‘support’ type insurance services available with specific reference to helplines, authorised repairers and suppliers, risk control/advice and uninsured loss recovery services.

8. Understand underwriting considerations in relation to the insurance underwriting process.

8.1 Describe the key underwriting criteria for motor insurance, health insurance and personal insurances.

8.2 Describe the key underwriting criteria for commercial property insurance, including fire and special perils, theft insurance, glass insurance and money insurance.

8.3 Describe the key underwriting criteria for pecuniary insurances, including legal expense insurance and business interruption insurance.

8.4 Describe the key underwriting criteria for liability insurance, including employers’ liability, public liability, pollution liability, products liability and professional indemnity.

8.5 Describe the key underwriting criteria for extended warranties.

8.6 Describe the procedures commonly used to discourage individuals from making fraudulent claims.

8.7 Describe the procedures commonly used to detect fraudulent claims.

8.8 Explain the consequences of fraudulent claims for the insurer, their insureds and the fraudulent claimant.

8.9 Explain the effect on insurance of data protection legislation.

8.10 Explain the importance of Consumer Duty and achieving positive customer outcomes.

9. Understand the principles and practices of pricing.

9.1 Describe the sources, availability and types of data essential to the underwriting process.

9.2 Explain the importance of claims information on underwriting terms/premium rates.

9.3 Explain the nature of risk in terms of frequency and severity of claims.

9.4 Explain the significance of the claims loss ratio on premiums/acceptance of risk.

9.5 Explain the distinction between underwriting year, policy year, accounting year and calendar year.

10. Understand pricing factors within the context of the insurance underwriting process.

10.1 Define risk premium and its key features.

10.2 Describe the reporting factors of expenses, return on capital, investment income, tax and intermediary remuneration.

11. Understand managing exposure within the context of the insurance underwriting process.

11.1 Describe the basic factors influencing the market cycle.

11.2 Describe the principles of risk accumulation.

11.3 Describe the basic reinsurance considerations including the types of reinsurance.

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

Insurance underwriting process. London: CII. Study text IF3.

E-Learn, 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*