

# Delegated authority

## Purpose

At the end of this unit, candidates should be able to demonstrate an understanding of delegated underwriting authority from the perspective of all participants, including the setting up, successful management and development of business.

## Assumed knowledge

It is assumed that the candidate already has knowledge of the fundamental principles of insurance as covered in IF1 Insurance, legal and regulatory, or equivalent examinations.

Summary of learning outcomes	Number of questions in the examination*
1. Understand the business benefits and risks for the use of delegated authorities.	7
2. Understand the legal and regulatory framework related to delegated authorities.	9
3. Understand the setting up of delegated authorities.	8
4. Understand contracts of delegation and contracts of insurance.	7
5. Understand the management of underwriting by the coverholder/ managing general agent (MGA).	4
6. Understand the management of claims by the coverholder/ MGA.	4
7. Understand key business support functions within the coverholder/ MGA.	5
8. Understand the monitoring and auditing of the delegated authority by the insurer.	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:

Mixed assessment consisting of two components, both of which must be passed. One component is a coursework assignment and one is a multiple choice question (MCQ) examination. The details are:

  1. an online coursework assignment using RevisionMate consisting of 10 questions which sequentially follow the learning outcomes. This must be successfully completed within 6 months of enrolment; and
  2. an exam consisting of 50 MCQs. 1 hour is allowed for this exam. This exam must be successfully passed within 18 months of enrolment.
- This syllabus will be examined from 1 May 2026 to 30 April 2027.
- 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](mailto:online.exams@cii.co.uk) to discuss your needs.

**1. Understand the business benefits and risks for the use of delegated authorities.**

- 1.1 Explain the purpose and main types of delegated authorities.
- 1.2 Explain the nature and roles of the parties involved with delegated authorities.
- 1.3 Explain the types of activities that could be delegated.
- 1.4 Explain the benefits and risks to all parties involved in delegated authorities.
- 1.5 Explain the management of conflicts of interest.

**2. Understand the legal and regulatory framework related to delegated authorities.**

- 2.1 Explain the legal framework in which delegated authorities operate.
- 2.2 Explain the UK regulatory requirements.
- 2.3 Explain Lloyd's specific regulatory requirements.
- 2.4 Explain the importance of considering international legal and regulatory requirements.
- 2.5 Explain the management of compliance.

**3. Understand the setting up of delegated authorities.**

- 3.1 Examine the key considerations for an insurer when deciding to delegate authority.
- 3.2 Explain the due diligence process when assessing a potential coverholder.
- 3.3 Explain the role of the broker in setting up delegated underwriting arrangements.
- 3.4 Explain ways in which coverholders/managing general agents (MGA) may be remunerated.
- 3.5 Examine the key components of a delegated authority strategy and a delegated authority business plan for all parties involved.
- 3.6 Examine the key activities that all parties would undertake when setting up a delegated authority.
- 3.7 Explain the Lloyd's specific requirements for setting up a coverholder/MGA.
- 3.8 Explain the rules on employees working away from a coverholder's approved location.
- 3.9 Explain why Lloyd's syndicates might use the service company model.

**4. Understand contracts of delegation and contracts of insurance.**

- 4.1 Explain the difference between contracts of delegation and contracts of insurance.
- 4.2 Explain the key content of typical contracts of delegation.
- 4.3 Explain the legal position of each party in a contract of delegation.
- 4.4 Explain the importance of contract certainty and the implications of a poorly constructed contract.
- 4.5 Explain cancellation, non-renewal, and run-off.

**5. Understand the management of underwriting by the coverholder/ managing general agent (MGA).**

- 5.1 Explain why certain classes of business are most commonly underwritten within delegated authority.
- 5.2 Examine how a delegated underwriting function and portfolio is assessed and managed by the coverholder/MGA.
- 5.3 Explain how aggregate exposures can be managed.
- 5.4 Explain the underwriting process including where risks fall outside authority.

**6. Understand the management of claims by the coverholder/ MGA.**

- 6.1 Examine the different approaches to claims management under delegated authorities.
- 6.2 Explain good claims handling practice and key claims issues by the coverholder/MGA.
- 6.3 Explain the purpose, benefits and risks of loss funds.

**7. Understand key business support functions within the coverholder/ MGA.**

- 7.1 Explain ways in which business can be marketed and developed.
- 7.2 Explain policy documentation processes and procedures.
- 7.3 Explain the handling of premiums and claims monies.
- 7.4 Explain data capture and the reporting requirements under delegated authorities.

**8. Understand the monitoring and auditing of the delegated authority by the insurer.**

- 8.1 Explain the indicators of good and poor coverholder/MGA financial performance and operational controls.
- 8.2 Explain how performance can be monitored.
- 8.3 Explain how to manage on-going quality and underperformance.
- 8.4 Explain how audits are conducted and the benefits to all parties of regular audits.

## 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](http://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

Delegated authority London: CII. Study text M66.

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

## 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](http://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** ([www.cii.co.uk/login](http://www.cii.co.uk/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: <https://www.cii.co.uk/learning/qualifications/assessment-information>.