

# Strategic underwriting

## Purpose

To enable candidates to understand the strategic context within which an underwriting function is managed.

## Target Candidate

An underwriter with several years' experience who is looking to develop their career through the route: Section Head; Departmental Underwriting Manager; Company Underwriting Manager; MGAs, Brokers, Syndicates, Captives, Reinsurance, Alternative Risk Transfer and Delegated Authorities.

## Assumed Knowledge

It is assumed that the candidate already has a grounding in underwriting gained from study of M80 Underwriting practice or 960 Advanced underwriting, and knowledge of insurance organisations, finance and regulations as typically covered in IF1 Insurance, legal and regulatory, or M92 Insurance business and finance or equivalent examinations.

### Summary of learning outcomes

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| 1. | Discuss the impact of global strategic insurance issues on underwriting                                |
| 2. | Evaluate the external influences on the strategic underwriting strategy                                |
| 3. | Evaluate the internal influences on the strategic underwriting strategy                                |
| 4. | Analyse how the underwriting function should be led and resourced to deliver the underwriting strategy |

## Important notes

- Method of assessment: Coursework – 3 online assignments (80 marks). Each assignment must be individually passed.
- The syllabus is examined on 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](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

## 1. Discuss the impact of global strategic insurance issues on underwriting

- 1.1 Explain the influences on the global insurance market.
- 1.2 Explain the insurance value chain as a strategic management tool and the role of underwriting management within it.
- 1.3 Analyse other strategic management tools.
- 1.4 Evaluate key global strategic insurance issues using appropriate strategic management tools.
- 1.5 Discuss the economic and insurance cycles.

## 2. Evaluate the external influences on the strategic underwriting strategy

- 2.1 Evaluate the insurance value chain and its impact on underwriting strategy.
- 2.2 Discuss the relationship between capital and the insurance industry.
- 2.3 Evaluate strategic drivers for risk appetite and their impact on underwriting strategy.
- 2.4 Discuss the importance of intellectual capital and innovation to underwriting strategy.
- 2.5 Evaluate the underwriting value proposition and potential conflict between different stakeholders.

## 3. Evaluate the internal influences on the strategic underwriting strategy

- 3.1 Discuss how the underwriting strategy fits within the business philosophy and framework.
- 3.2 Evaluate the impact of the internal insurance value chain on underwriting strategy.
- 3.3 Analyse the interrelationship between the underwriting function and other functions within the business.
- 3.4 Evaluate the drivers of portfolio management and their strategic implications.
- 3.5 Analyse the interrelationship between the distribution strategy and the underwriting strategy.

## 4. Analyse how the underwriting function should be led and resourced to deliver the underwriting strategy

- 4.1 Analyse how a company's strategy influences the leadership of the underwriting function.
- 4.2 Analyse the importance of human capital and technology on the leadership of the underwriting function.

## Reading list

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

**Note: The examination 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/or the use of relevant examples.**

The reading list is provided for guidance only and is not in itself the subject of the examination.

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

### CII study texts

Strategic underwriting. London: CII. Study text 995.

Advanced underwriting. London: CII. Study text 960.

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

Insurance business and finance. London: CII. Study text M92.

Underwriting practice. London: CII. Study text M80.

### Books / eBooks

A practical guide to corporate governance. 5<sup>th</sup> ed. Mark Cardale. London: Sweet and Maxwell, 2014.

A practitioner's guide to Solvency II. Geoffrey et al. (eds.). London: Thomson Reuters, 2016.

Capital requirements, disclosure, and supervision in the European insurance industry: new challenges towards Solvency II. Maria Grazia Starita, Irma Malafronte. Palgrave Macmillan, 2014.

Colinvaux's law of insurance. 13<sup>th</sup> ed. London: Sweet & Maxwell, 2022.

Digital insurance: business innovation in the post-crisis era. Bernardo Nicoletti. Basingstoke: Palgrave Macmillan, 2016. \*

Economics. John Sloman, et al. London: Pearson Education, 2015.

Handbook of insurance. Georges Dionne. New York: Springer, 2013. \*

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\* Also available as an eBook through eLibrary via [www.cii.co.uk/elibrary](http://www.cii.co.uk/elibrary) (CII/PFS members only).

Portfolio construction and risk budgeting. 5th ed. Bernd Scherer. London: Risk Books, 2015.

Pricing in general insurance. Pietro Parodi. CRC Press, 2023. \*

Reinsurance: the nuts and bolts. Keith Riley. London: Witherby, 2012.

Reinsurance underwriting. Robert Kiln, Stephen Kiln. 2nd ed. London: CRC Press, 2017. \*

The economics, regulation and systemic risk of insurance markets. Felix Hufeld, Ralph S. J. Koijen, Christian Thimann (eds.). Oxford: Oxford University Press, 2016.

Understanding the Financial Conduct Authority: a guide for senior managers. Ashley Kovas. Kibworth Beauchamp: Matador Books, 2015.

### **Ebooks**

The following eBooks are available via [www.cii.co.uk/elibrary](http://www.cii.co.uk/elibrary) (CII/PFS members only):

A short guide to risk appetite. David Hillson, Ruth Murray-Webster. Burlington: Gower, 2012.

Fundamental aspects of operational risk and insurance analytics: a handbook of operational risk. Marcelo G. Cruz. Wiley, 2015.

Managing risk and opportunity: the governance of strategic risk taking. Torden Juul Andersen et al. Oxford: Oxford Scholarship Online, 2014.

Shari'ah non-compliance risk management and legal documentations in Islamic finance. Aḥsan Laḥasāsīnah. Singapore: Wiley, 2014.

### **Journals and magazines**

The Journal. London: CII. Six issues a year.

InsurancePOST. London: Incisive Financial Publishing. Monthly. Contents searchable online at [www.postonline.co.uk](http://www.postonline.co.uk).

Concise encyclopedia of insurance terms. Laurence S. Silver, et al. New York: Routledge, 2010. \*

### **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](http://www.cii.co.uk/qualifications).

### **Exam technique/study skills**

There are many modestly priced guides available in bookshops. You should choose one which suits your requirements.