

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

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| 1. | Analyse key developments, regulation and legislation affecting the underwriting function |
| 2. | Evaluate underwriting strategy, policy and practice |
| 3. | Analyse the principles and practices of pricing |
| 4. | Evaluate the management of exposures in the portfolio |
| 5. | Evaluate planning, portfolio monitoring and operational controls |

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

1. Analyse key developments, 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.
- 1.4 Examine the issues and implications of advances in technology on the underwriting function.

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 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 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

Advanced underwriting. London: CII.
Study text 960.

Underwriting practice. London: CII.
Study text M80.

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

Books / eBooks

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

Analytics for insurance: the real business of Big Data. Tony Boobier. Chichester: Wiley, 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. 13th ed. London: Sweet & Maxwell, 2022.

Cyber risk. Michael Woodson. London: Risk Books, 2016.

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

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

'Insurance intermediaries: underwriting agents' in Colinvaux's law of insurance. 13th ed. Prof. Robert Merkin. London: Sweet & Maxwell, 2023.

Managing systemic exposure: risk management framework for SiFis and their

markets. Federico Galizia. London: Risk Books, 2013.*

Non-life insurance pricing with generalised linear models. Esbjorn Ohlsson, Bjorn Johansson. Heidelberg: Springer, 2015.

Pricing in general insurance. Pietro Parodi. CRC Press, 2015.*

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

Risk management for insurers: risk control, economic capital, and Solvency II. Rene Doff. 3rd/2nd ed. London: Risk Books, 2015/2011.*

eBooks

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

Big data revolution: what farmers, doctors and insurance agents teach us about discovering big data patterns. Rob Thomas, Patrick McSharry. Wiley, 2015.

Fundamental aspects of operational risk and insurance analytics: a handbook of operational risk. Marcelo Cruz, et al. New Jersey: Wiley, 2015.

Fundamentals of risk management: understanding, evaluating and implementing effective risk management. Paul Hopkin, Kogan Page, 2014.

Handbook in Monte Carlo simulation: applications in financial engineering, risk management and economics. Paolo Bradimarte. Hoboken: Wiley, 2014.

Risk modelling in general insurance: from principles to practice. Roger J. Gray, Susan M. Pitts. Cambridge: Cambridge University Press, 2012.

Uncertainty in risk assessment: the representation and treatment of uncertainties by probabilistic and non-probabilistic methods. Terje Aven. Hoboken: Wiley, 2014.

Journals and magazines

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

Post magazine. London: Incisive Financial Publishing. Monthly. Contents searchable online at www.postonline.co.uk.

The Economist. London: Economist Newspaper. Weekly.

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

Reference materials

Code of ethics. London: CII, 2017. Available online at bit.ly/2UnNlgn.

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.

Exam technique/study skills

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