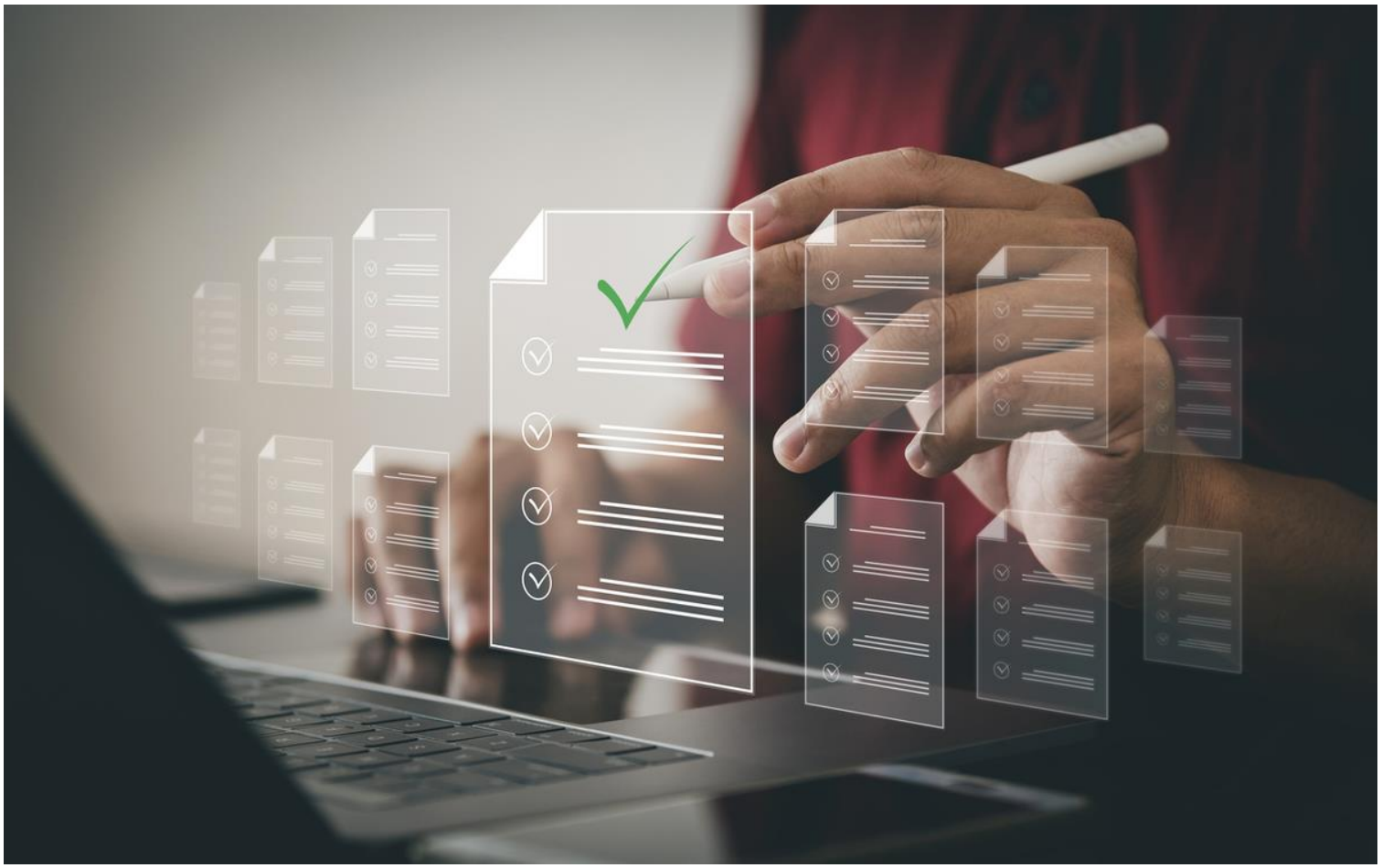
The Insurance Institute of Zambia (IIZA)

Executive Certificate in Insurance Underwriting Management



Online Course

Introduction

Course Overview

The content of the Executive Certificate in Insurance Underwriting Management makes your road to learning about this aspect of insurance more effective, easier and more enjoyable than ever. Its streamlined approach strikes a careful balance between depth of coverage and ease of learning. Its world-class learning design - with insightful examples, thought primers, learning activities, case studies, review questions, and tutorial questions - ensures that you will have a richer understanding of the subject theory and practices.

In your professional journey with the Executive Certificate in Insurance Underwriting Management course, you will develop knowledge and understanding about applying the requirements for managing a general insurance underwriting account through selection of class of business and design of products, setting the underwriting policy for those products, establishing the price, management of exposures, implementation of operational controls, budgeting, and monitoring results.

Learning Outcomes

By the end of this course, you should be able to:

- Understand the fundamentals of underwriting in insurance;
- Explain the development of risk premium;
- Apply statistical modelling techniques in underwriting;
- Discuss how quoted premium is developed;
- Discuss the underwriting operations in insurance companies; and
- Explain the importance of budgeting and monitoring in underwriting performance.



Module 1: Underwriting Management Legislation and Regulations

Learning Outcomes

On completion of this module, you should be able to: -

- Recognise the need for sound underwriting practices and management;
- List the statutory regulations and discuss their influence on insurance; and
- Describe the underwriting cycle and the procedures related to compulsory insurance.

What is Covered

Purpose and Objectives of IRA

- Authorisation of Insurers
- Powers of Intervention

The Statutory and Regulatory Framework for Underwriting Management

Capital and Solvency

- Objectives of The Framework
- Capital Adequacy Ratio
- Underwriting Management, Capital Adequacy, and Solvency Requirements

Statutory and Legislative Influences

- Statutory and Legislative Issues
- Market Agreements

Non-Statutory Issues

- Ethics
- Social Responsibilities

International Business

The Underwriting Cycle

Requirements Associated with Compulsory Covers

Module 2: Underwriting Strategy

Learning Outcomes

On completion of this module, you should be able to: -

- Understand how organisations establish their corporate objectives;
- Visualise how underwriting strategy forms part of the corporate objectives;
- List factors involved in designing a new product;
- Describe the importance of key technical personnel; and
- Discuss the factors involved in maintaining a platform for competitive positioning.

What is Covered

Underwriting Policy and Corporate Objectives

Distribution Channels

Binding Authorities and Line Slips

Contribution of Research

- Customer Segmentation
- Cover to be Provided
- Demand for a Product
- Competitive Positioning

Resource Capability

- Expertise
- Systems

Entry and Exit Costs

- Product Costs
- Staff Costs

Reserving Policy

- Significance of Reserving Policy
- Reserving Policy in Practice
- Implications of Portfolio Underwriting Management

Product Mix

- Impact of Product Mix on Portfolio Underwriting

Module 3: Underwriting Policy and Practice

Learning Outcomes

On completion of this module, you should be able to:

- List underwriting considerations;
- Recognise internal and external constraints;
- Explain the planning process in underwriting;
- Appreciate the importance of liaison between various departments; and
- Understand how to assess and analyse risk information.

What is Covered

Underwriting Considerations

- Policy Terms
- Excesses
- Deductibles
- Loadings and Incentives
- First Loss
- Scheme Underwriting

Internal and External Constraints

- Scope of Cover
- Limits to Cover
- Market Position
- New Business Growth
- Retention

The Planning Process in Underwriting

Liaison with Other Areas of the Business

Risk Information, Acceptance, Evaluation, and Control Criteria

Module 4: Pricing

Learning Outcomes

After completing this module, you should be able to:

- Understand the availability of the necessary data from both internal and external sources;
- Understand the statistical methods and the need for more than one statistical method to better work out the pricing and to make comparisons;
- Understand the various components required to make up the gross rate;
- List other factors that can affect pricing;
- Discuss the effect of pricing from an insurer's perspective;
- Describe the Investment Cycle and the Underwriting Cycle; and
- Know how to interpret and use claims information.

What is Covered

The Source, Availability, and Nature of Data

External and Internal Data

- External Data
- Internal Sources

Statistical Methods Used in Risk Pricing

- Prospective Pricing
- Retrospective Pricing
- Burning Cost

The Effect On Pricing

- Expenses
- Inflation
- Return on Capital
- Capital Asset Pricing Model (CAPM)
- Investment Income
- Tax
- Intermediary Remuneration
- Levies
- Planned Profitability

The Investment Cycle

Implications on Underwriting

Interpretation and Use of Claims Information

- Setting the Rate and Price
- Setting Reserves
- Statutory Requirements

The Underwriting Cycle

- Seasonal and Cyclical Influences
- Implications for an Underwriter

Module 5: Reinsurance

Learning Outcomes

On completion of this module, you should be able to:

- List the various types of reinsurance;
- Distinguish between treaty and facultative reinsurance;
- Explain how to manage a reinsurance programme; and
- Discuss commutations and the various types of risk profiles.

What is Covered

Outwards and Inwards Reinsurance

Reinsurance Programmes

- Facultative Reinsurance (FAC RI)
- Treaty Reinsurance

Management of Reinsurance Programmes

- Security Committee
- Selection of Reinsurer
- Commutations
- Risk Profile

Module 6: Underwriting Portfolio Exposures

On completion of this module, you should be able to:

- Analyse a risk, using both qualitative and quantitative methods;
- Predict emerging risks and systemic losses; and
- Discuss how to manage potential loss exposures and arrange capacity to share the risk.

What is Covered

Aggregation and Measurement of Exposure

- Single Risks
- Single Events
- Catastrophe Modelling
- Aggregation of Losses

Emerging Risks

- Systemic Losses

Managing Exposure and Enabling Capacity

- Layered Covers and Deductibles
- Gross and Net Acceptance Limits
- Co-Insurance
- Alternative Financial Instruments
- Availability of Reinsurance

Module 7: Operational Controls

On completion of this module, you should be able to:

- State the definition and objectives of managing people;
- Explain how to use authority limits as an operational control; and
- Discuss the use of auditing.

What is Covered

People Management

- Performance Management
- Training and Development
- Skill Sets

- Key Performance Indicators (KPI)
- Continuing Professional Development (CPD) For Employees

Authority Limits as an Operational Control

The Use of Auditing

- The Approach and Importance of Auditing
- Peer Review
- Internal Auditing
- External Auditing

Module 8: Monitoring and Control

On completion of this module, you should be able to:

- List the objectives of monitoring;
- Describe the key areas to be monitored;
- Discuss the techniques used in monitoring; and
- Explain the use of forecasting and monitoring for better underwriting results.

What is Covered

Purpose of Monitoring

What Should Be Monitored?

- Key Performance Indicators (KPIs)

Techniques for Monitoring Underwriting Results

- Software Applications
- Pre-Set Criteria
- Checklists
- Tests
- Benchmarking

Usage of Information Derived from Monitoring

- Forecasting Performance
- Action Plans

Monitoring, Forecasting, and the Underwriting Strategy

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