

NAME OF SUBJECT	INSURANCE UNDERWRITING	
LEARNING & SKILL OUTCOMES	OBJECTIVES	
Illustrate key aspects of the regulatory and legal environment of underwriting, the main influences on underwriting and underwriting policy and practice.	<ul style="list-style-type: none"> • Illustrate the key aspects of the regulatory and legal environment of underwriting • Show the main influences on underwriting • Demonstrate the underwriting policy and practice 	
Demonstrate and understand the main statistical techniques of measuring risks and relationships and their application to insurance	<ul style="list-style-type: none"> • Demonstrate the main statistical techniques of measuring risks and relationships and their application to insurance 	
Demonstrate and understand the role and significance of reinsurance	<ul style="list-style-type: none"> • Demonstrate the role and significance of reinsurance 	
Illustrate and understand the principles and practices of risk pricing	<ul style="list-style-type: none"> • Illustrate the principles and practices of risk pricing 	
Demonstrate the market research, product development and challenges ahead	<ul style="list-style-type: none"> • Demonstrate the market research, product development. • Illustrate the challenges ahead. 	
CONTENT OUTLINE		
<p>KEY ASPECTS OF THE REGULATORY AND LEGAL ENVIRONMENT OF UNDERWRITING</p> <ul style="list-style-type: none"> • Implications of statutory and regulatory framework of underwriting function • The relationship between underwriting, capital and solvency requirements in relation to RBC • Introducing basic writing of international business • Implications of granting delegated authority • Initiatives to gain greater contract certainty 		
<p>THE MAIN INFLUENCES ON UNDERWRITING</p> <ul style="list-style-type: none"> • The corporate underwriting strategy <ul style="list-style-type: none"> ○ Different types of underwriting strategies • Influences on the underwriting strategy <ul style="list-style-type: none"> ○ Competition for capital investment and return on capital ○ Needs either growth in market share or profit ○ Operation of the traditional underwriting cycle ○ Impact of legislation and litigation: <ul style="list-style-type: none"> ○ Terrorism ○ Mesothelioma ○ Contaminated land ○ The Motor Insurers Bureau ○ The impact of major events and trends: <ul style="list-style-type: none"> ○ Weather ○ Terrorism ○ Pandemics ○ Emerging risks ○ The marketing strategy <ul style="list-style-type: none"> ○ Use of branding ○ Distribution channels ○ Commissions 		
<p>UNDERWRITING POLICY AND PRACTICE</p> <ul style="list-style-type: none"> • The importance of moral and physical hazards in setting underwriting policies • Introduction to the role of various department in insurance company and how each department 		

- interrelate and interact in underwriting management
- Typical criteria for policy cover, terms, conditions and restrictions
- Importance of policy drafting
- Liaison between underwriting and claims functions, especially reserving
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- Establishing risk classification and categorisation
- Establishing underwriting and risk improvement criteria
- Considering exposure to single risks and events: balancing the account
- Use of binding authorities and line slips
- Counter-fraud initiatives
 - ISM
 - AMLA
 - MRC

MAIN STATISTICAL TECHNIQUES OF MEASURING RISKS, RELATIONSHIPS AND THEIR APPLICATION TO INSURANCE

- Principles
 - Measures of central tendency
 - Basic principles of probability
 - Law of large numbers and sample sizes
 - Relationship between frequency and severity
 - Meaning of correlation and regression
- Application to insurance
 - Application of the techniques to claims data
 - The ability to manage and analyse very large samples of homogeneous risks and its impact on the pricing of personal and motor risk portfolios
 - The use of current statistical knowledge to predict future performance
 - The difficulty of anticipating less-frequent and complex events

THE ROLE AND SIGNIFICANCE OF REINSURANCE

- The main types of reinsurance including:
 - Pro and cons of various reinsurance concept
 - Voluntary cession to MNRB
- The aggregation of events and risks and the use of catastrophe modelling
- The main approaches to reinsurance programmes in Malaysia and selected countries
- The typical reinsurance :
 - Pricing cycle
 - Its impact on the underwriting acceptance policy
 - Pricing of risks
- The reinsurer's requirement for quality information, and the cost implications of better quality data

THE PRINCIPLES AND PRACTICES OF RISK PRICING

- The three main elements of the premium and rating factors
- The burning cost basis and the alternative prospective risk analysis method of risk assessment including deductible concept
- Claims data
 - Interpretation
 - Its use in setting prices
 - Risk improvement recommendation concept
- The significance of the :
 - IBNR
 - IBNER (incurred but not reported claims)
- Competitor analysis
 - Its use
 - Significance
- Other risk data
 - River flood maps
 - CAT modelling concept

- The importance of the underwriting function liaising with the claims function with regard to trends in
 - Reporting
 - Reserving
- Examples implementation of risk improvement as recommended by adjusters to improve future risk exposure
- The role of the actuary in risk pricing
- The significance of the actuary in risk pricing

MARKET RESEARCH & PRODUCT DEVELOPMENT: CHALLENGES AHEAD

- Market research (including impact when de-tariff)
- Product development
- Product packaging
- Use of emerging technologies
- Effect of emerging technologies on the traditional distribution channels
- Alternative distributing channel