



**Insurance**  
INSTITUTE OF EAST AFRICA

# UNDERWRITING FUNDAMENTALS

**INSURANCE**

**In-House  
Training**

**KAPLAN** FINANCIAL  
EDUCATION

| Accredited |

# Overview

Every request for property-casualty insurance that crosses an underwriter's desk is unique. If that were not the case, the job of underwriting would not exist, and each application could be processed mechanically, in assembly-line fashion. Because property-casualty insurance requests are unique, underwriters are vitally important to insurance companies. Underwriters are responsible for making good decisions about every application they receive, based on the facts about that particular risk.

Although each risk is unique, underwriters can draw on the long and well-documented experience of the insurance business to help them make good decisions. They can do this because, although no two risks are exactly the same, most risks are similar in some ways to others. This similarity provides a basis from which to predict.

This course details the many elements common to property-casualty underwriting for all types of risks. This course is designed to impart essential underwriting skills to enable delegates to develop a solid understanding of how fundamental underwriting principles apply to their day-to-day responsibilities.

## Suitability

This course is suitable for: -

- Underwriters
- Sales Teams (Business Development)
- Insurance Brokers

## Course Outcomes

After completing this course, delegates will be able to:

- State the purpose of underwriting;
- Describe the underwriting process;
- Select the correct basic sources for acquiring particular types of underwriting information;
- Evaluate information both for usefulness and profitability of the risk;
- Identify potential hazards and propose techniques to control them;
- Select proper alternative underwriting actions in given situations, based on relevant underwriting criteria, and implement decisions;
- Apply techniques for monitoring and correcting decisions;
- Describe and apply in-force underwriting and reunderwriting;
- Determine loss ratios, expense ratios, and combined ratios;
- Identify limitations to the underwriting process; and
- Explain the concept of reinsurance.

# What is Covered

## Day One

### Module 1

#### └ Introduction to Underwriting

#### Learning Objectives

After completing this module, participants will be able to:

- Describe the role of underwriting and how it impacts insurance companies' profitability;
- Explain the difference between company and field underwriting;
- Summarize an underwriter's basic job functions and the tasks performed for each function;
- Explain why good communication skills are critical to the underwriting process; and
- Identify the four steps involved in making underwriting decisions.

### Module 2

#### └ Acquire the Information

#### Learning Objectives

After completing this module, learners will be able to:

- Decide if information is crucial and relevant to a particular risk;
- Describe the factors used to determine if information is sufficiently complete to make an underwriting decision;
- Explain the importance of timeliness in obtaining underwriting information;
- Identify information sources that provide accurate, understandable information; and
- Describe the purpose of various information sources and how they are used in the underwriting process.

### Module 3

#### └ Evaluate the Information

#### Learning Objectives

After completing this module, participants will be able to:

- Explain why underwriters evaluate information about a risk;
- Describe the difference between a peril and a hazard;
- Define the four basic types of hazards associated with insurance;
- Identify the categories of the following types of hazards and explain why they are important in the evaluation
  - Moral hazards
  - Physical hazards
  - Legal hazards

- Explain how underwriters evaluate the four basic types of hazards and the steps that may be taken to control those hazards;
- Identify circumstances in which an underwriter would accept a risk without modifications or reject the risk; and describe modifications an underwriter may use to make a risk acceptable.

## Module 4

### Select the Course of Action

#### Learning Objectives

After completing this module, participants will be able to:

- Describe the criteria used to select the appropriate underwriting action;
- Discuss the steps involved in implementing an underwriting action; and
- Identify government regulations that may impact underwriting decision

## Day Two

## Module 5

### Monitor the Decision

#### Learning Objectives

After completing this module, participants will be able to:

- Explain why underwriting decisions are monitored after they are made;
- Identify situations in which in-force underwriting occurs and the actions that may be taken after the review is completed;
- Identify situations in which reunderwriting occurs and the actions that may be taken after the review is completed;
- Explain how ratio analysis is used to monitor insurance companies' books of business;
- For each ratio discussed in this module, describe what is measured and how it is calculated; and
- Discuss restrictions and limitations that may prevent underwriters from taking actions to correct poor underwriting results.

## Module 6

### Underwriting Specific Lines: Personal Auto and Homeowners Insurance

#### Learning Objectives

After completing this module, participants will be able to do the following with respect to personal auto and homeowners insurance:

- Describe risk categories;
- Identify risk characteristics and explain how those characteristics are applied when underwriting policies;
- Identify sources that provide information about risks;
- Explain factors used to make underwriting decisions;

## Module 7

### Underwriting Specific Lines: Commercial Lines

#### Learning Objectives

After completing this module, you will be able to do the following with respect to commercial property, commercial general liability, and professional liability insurance:

- Describe risk categories;
- Identify risk characteristics and explain how those characteristics are applied when underwriting policies;
- Identify sources that provide information about risks;
- Explain factors used to make underwriting decisions; and

## Module 8

### Reinsurance

#### Learning Objectives

After completing this module, participants will be able to:

- Explain what reinsurance is and its purpose;
- Identify the parties in a reinsurance transaction;
- Define catastrophe, treaty, and facultative reinsurance; and
- Compare and contrast the various types of treaty and facultative reinsurance.

## Course Delivery

This course combines formal but highly interactive lectures and discussions with dynamic exercises. Delegates will also be examined at the end of the training to qualify for a Certificate of Participation.

## Course Summary

<b>Location:</b>	To be provided by Client
<b>Duration:</b>	2 Days
<b>Fee:</b>	Ksh 520,000 + VAT Per Group - Max 30
<b>Dates:</b>	Open



**Contact us to book for the Training**

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