



**Insurance**  
INSTITUTE OF EAST AFRICA

# GENERAL INSURANCE UNDERWRITING TRAINING



**ANZIIF**

Accredited



## GENERAL INSURANCE UNDERWRITING TRAINING

Underwriting is a critically important function and is performed each time an insurance application is taken. Its purpose is to determine if applications represent risks acceptable to the insurer to determine whether or not the insurer will issue a policy to an applicant. Each underwriting decision involves balancing the insurer's desire to earn premium with the insurer's ability to cover claims and remain in compliance with regulatory financial requirements while making a profit. This workshop will discuss each important facet of underwriting.

### About Insurance Institute of East Africa (IIEA)

The Insurance Institute of East Africa (IIEA) is a leading provider of insurance education across the various functional areas of the insurance industry. IIEA is a subsidiary of Pan Africa Skills & Consulting Ltd, a National Industrial Training Authority Approved Training Provider under **Ref: NITA/TRN/1365**

IIEA has partnered with leading global providers of insurance education to offer a wide range of professional insurance qualifications developed by industry experts. The partners include the Insurance Institute of America (The Institutes), Cambridge International College (CIC) Britain, Australian and New Zealand Institute of Insurance and Finance (ANZIIF), International Fraud Training Group (IFTG) and the Institute of Chartered Shipbrokers to offer world class professional qualifications, designations, certifications and insurance fraud management programs to the insurance industry in East Africa. These programs are highly regarded across the industry and provide learners with the skills and knowledge to succeed in their careers across functional areas of the insurance industry.

## Accreditation

This course is accredited by the Australian and New Zealand Institute of Insurance and Finance (ANZIIF). The Australian and New Zealand Institute of Insurance and Finance is the leading membership, education, training and professional development organization for the insurance and finance industry in the Asia-Pacific region.

ANZIIF partners with companies, government and non-profit organizations to provide a range of services that support professional excellence to enhance the standards, reputation and success of the industry and improve community understanding of insurance and finance. Established in 1884, ANZIIF works with members in 50 countries and has offices in Australia, New Zealand and China.

### Purpose

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
- Agents
- Brokers
- Commercial underwriters
- Underwriting supervisors and managers
- Line of business managers
- Reinsurance professionals
- Sales Teams (Business Development)

## Day One

### Risk and Risk Transfer

Risk is a fundamental concept that underpins every aspect of the insurance and underwriting processes.

In this session, we will discuss the concept of risk and insurability. We will explain the characteristics of certain risks and discuss the types of risks that insurers prefer (above standard risks) and the types they may accommodate (below standard risks).

Having taken this into consideration, we will look at how the practice of underwriting relates to risk and the role that underwriters play in the risk transfer process.

In examining the concept of risk we will illustrate how risk transfer and the underwriting process – including information gathering; hazard assessment and assigning terms and conditions to risk acceptability – are all part of a total underwriting processes.

### Learning outcomes

After completing the session, delegates will be able to: -

- Recognize and classify risks for insurance purposes.
- Identify appropriate risk prevention and risk management methods.
- Recognize and apply organizational or industry sector standards for insurance policies and wordings.

## Functions of the Underwriter

The ultimate aim of an underwriter is to achieve a balance over time between premium income and claims payments and expenses, as well as making an allowance for profit.

For an insurer to be profitable, its portfolios of insured risks must be well distributed. To achieve this, underwriters need information about each risk so they can confidently select, classify and rate them.

Selecting risks is the most fundamental of underwriting tasks. Because the underlying objective is to contribute to a profitable portfolio, it is important that only risks which meet certain criteria are accepted. To do this reliably, an underwriter must have an extensive understanding of the hazards presented by any risk before they can accept it and/or assign appropriate terms and conditions.

We will look at sources of risk information and the types of hazards that must be assessed prior to accepting the risk. Acceptance of a risk must be based on a clear recognition of the nature and extent of the risk it presents, a careful examination of its hazards and an understanding of how these factors will impact on the insurer's portfolio of risks.

## Learning Outcomes

After completing this session, delegates will be able to:

- Identify and apply organizational underwriting guidelines
- Explain the importance of gathering appropriate risk information
- Explain the importance of policy wordings, terms and conditions
- Recognize appropriate methods of reinsurance to manage risk.

## Day Two

### Application and Evaluation

Aside from the technical functions that an underwriter may perform, they must be attentive to the fine details of their everyday duties. One such activity that underwriters are likely to be responsible for is the entry of per risk information such as that obtained from proposal forms. The accurate and comprehensive collection and recording of such information is critical to an insurer's operations. It is very important that underwriters take the utmost care to check that data is accurate, complete and up-to-date.

The most important source of risk information is the person making the proposal, and perhaps the simplest way of collecting that information is via the initial proposal form.

This session will examine the format and content of proposal forms, and will look at how they are designed to help the insured give you the information you need. While there are differences between proposal forms for different classes of insurance, certain questions are common to all forms. We will examine these common questions and the reasons why they are asked.

### Learning outcomes

After completing this session, delegates will be able to: -

- Identify and obtain risk information
- Assess information against established risk acceptance criteria.

## Policies and Processing

The law of contracts is the underpinning legal framework of an insurance policy. In order to understand the implications of terms and procedures used in insurance policies, you need to understand something about the nature of contracts.

This session will discuss the concept of contracts and their management-in particular, the procedures for issuing and altering contracts of insurance. We will also look at the purpose and nature of interim contracts, which come into effect after an application is submitted but prior to the formalization of full cover and the receipt of any premiums to pay for that cover.

Finally, we will look at what happens when an insurance contract is set to expire, including issuing renewal and cancellation advice. There will also be a discussion of certain practicalities involved in the processes of allowing a policy to lapse or even actively voiding a policy.

## Learning outcomes

After completing this session, delegate will be able to: -

- Communicate the results of a risk assessment
- Issue a quotation and interim cover
- Recognize and adhere to relevant laws
- Identify and enact appropriate procedures.

## Insurance Fraud

Insurance fraud cuts across every type of insurance. At one end of the spectrum, fraud may be committed by opportunists, where people encounter an opportunity to invent or exaggerate a claim or to deliberately or recklessly provide false information when applying for insurance. It is a big problem faced by many insurance companies.

## Learning Outcomes

After completing this session, delegates will be able to:

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- Define insurance fraud
- Know the various insurance fraud schemes
- Understand who commits insurance fraud and why
- Know the cost of insurance fraud and whom it affects
- Identify the red flags of insurance fraud within the various classes of insurance

### Course Summary

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|------------------|-------------------------------|
| <b>Location:</b> | To be provided by client      |
| <b>Duration:</b> | 2 Days                        |
| <b>Fee:</b>      | Ksh 23,500 + VAT Per Delegate |
| <b>Dates:</b>    | Open                          |

Facilitation will be performed by senior IIEA experts, with many years of experience in the marine underwriting. The course combines formal but highly interactive lectures and discussions with dynamic exercises. Extensive notes and materials are supplied throughout the course.





# Insurance

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