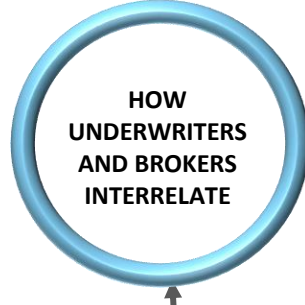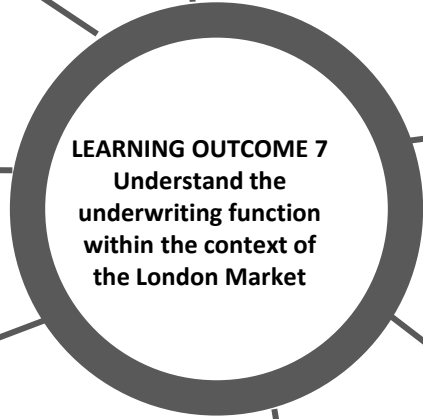**EMPOWER**
DEVELOPMENT

7
QUESTIONS

- ✓ Capacity
- ✓ Appetite
- ✓ Aggregation
- ✓ Broker influence
- ✓ Insured influence

REASONS FOR USE OF 'SUBSCRIPTION MARKET'

**HOW UNDERWRITERS AND BROKERS INTERRELATE**

- ✓ Use of rating agencies
- ✓ Choice of leader – set good terms and conditions for the client and be credible to other insurers
- ✓ Slip leads, bureau leads and followers
- ✓ Insurance Act 2015 – 'Imputed knowledge'

When a syndicate wants to close a particular year of account, reinsurance can be purchased from the next year of account to cover potential claims

REINSURANCE TO CLOSE (RITC)

LEARNING OUTCOME 7
Understand the underwriting function within the context of the London Market

LOSS AND EXPOSURE MODELLING
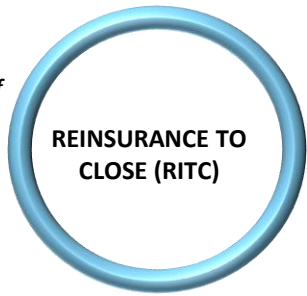
- ✓ Exposure modelling
- ✓ Loss modelling – Realistic Disaster Scenarios **(RDSs)**
- ✓ Catastrophe modelling
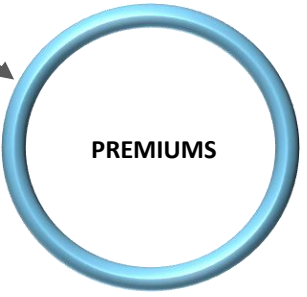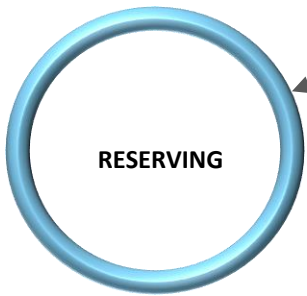
PREMIUMS

- ✓ Premium rate: the hazards that are being faced with a particular risk or particular insured
- ✓ Rate per **cent** %
- ✓ Rate per **mill**
- ✓ Premium base: a measure of the exposure

RESERVING

- ✓ Short-tail and long-tail business
- ✓ Incurred but not reported **(IBNR)**
- ✓ Incurred but not enough reported **(IBNER)**
- ✓ Trust funds

- ✓ Operational costs
- ✓ Reinsurance costs
- ✓ Profit margin
- ✓ Contribution to claims reserves
- ✓ Taxes

OTHER COMPONENTS OF PREMIUM CALCULATIONS

EMPOWER
DEVELOPMENT