



Institute
and Faculty
of Actuaries

GIRO40

8 – 11 October, Edinburgh



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10 Mistakes Underwriters Make

Nick Line & Joe Monk

14 October 2013

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ensorship
Thought leadership
Progress
Community
Sessional Meetings
Education
Working parties
Volunteering
Research
Shaping the future
Networking
Professional support
Enterprise and risk
Learned society
Opportunity
International profile
Journals
Support



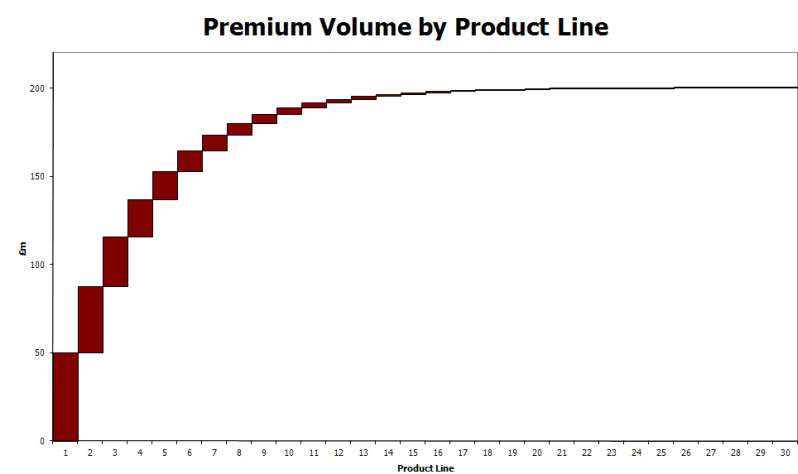
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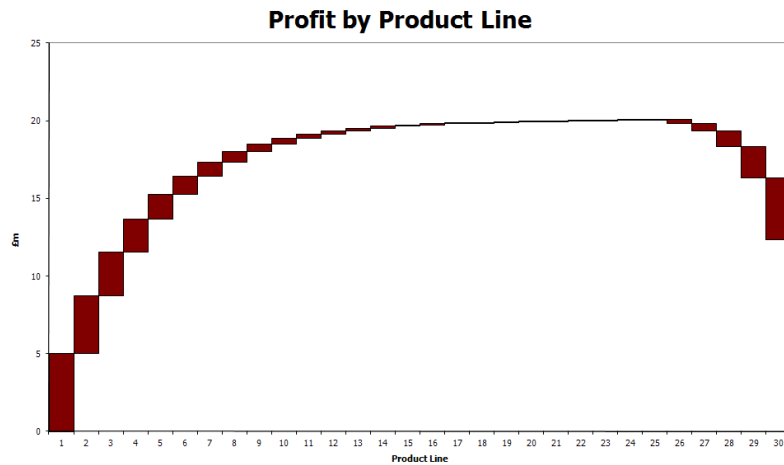
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What Nick learnt at business school 1



What Nick learnt at business school 2



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10 Mistakes Underwriters Make

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10 Mistakes Underwriters Make

1. Upside and downside
2. Not understanding the underlying business
3. Low attachment point. Client has little financial interest
4. Generous terms drive poor client behaviour
5. Unbalanced line sizes and exposures
6. Exposure to regulatory change
7. Widening T&Cs lead to unanticipated claims
8. 'Favours' to cedants and brokers
9. Poor quality of cedant
10. Market timing when entering a line of business

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Case Study 1

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Auto Warranty

1. Upside and downside
2. **Not understanding the underlying business**
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Case Study 2

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US Casualty Treaty

1. **Upside and downside**
2. **Not understanding the underlying business**
3. **Low attachment point. Client has little financial interest**
4. *Generous terms drive poor client behaviour*
5. *Unbalanced line sizes and exposures*
6. *Exposure to regulatory change*
7. **Widening T&Cs lead to unanticipated claims**
8. *'Favours' to cedants and brokers*
9. *Poor quality of cedant*
10. **Market timing when entering a line of business**



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Case Study 3

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Property Catastrophe

1. **Upside and downside**
2. **Not understanding the underlying business**
3. Low attachment point. Client has little financial interest
4. Generous terms drive poor client behaviour
5. **Unbalanced line sizes and exposures**
6. Exposure to regulatory change
7. Widening T&Cs lead to unanticipated claims
8. 'Favours' to cedants and brokers
9. Poor quality of cedant
10. **Market timing when entering a line of business**



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Case Study 4

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Italian Medical Malpractice

1. **Upside and downside**
2. **Not understanding the underlying business**
3. *Low attachment point. Client has little financial interest*
4. *Generous terms drive poor client behaviour*
5. *Unbalanced line sizes and exposures*
6. **Exposure to regulatory change**
7. *Widening T&Cs lead to unanticipated claims*
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What can actuaries do ?

Spot the Issues by Asking Questions

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What can actuaries do ?

- Consider Actuarial Assumptions as independently as possible.
- Ask Simple, Logical questions on Underwriting and Claims Handling.
- Ensure that the Governance Structure supports you.

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Conclusion

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Questions



Comments

Expressions of individual views by members of the Institute and Faculty of Actuaries and its staff are encouraged.

The views expressed in this presentation are those of the presenters.

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