10 Mistakes Underwriters Make
Nick Line & Joe Monk
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What Nick learnt at business school 1

Premium Volume by Product Line
What Nick learnt at business school 2

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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

Case Study 1
Auto Warranty

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Case Study 2
US Casualty Treaty

1. Upside and downside
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4. Generous terms drive poor client behaviour
5. Unbalanced line sizes and exposures
6. Exposure to regulatory change
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9. Poor quality of cedant
10. Market timing when entering a line of business

Case Study 3
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

Case Study 4
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
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What can actuaries do?

Spot the Issues
by Asking Questions

• Consider Actuarial Assumptions as independently as possible.

• Ask Simple, Logical questions on Underwriting and Claims Handling.

• Ensure that the Governance Structure supports you.
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.