



CIP-06 – Practice of Risk Control and Underwriting

Case Studies and Guidance

CIP-06 Practice of Risk Control and Underwriting

On completion of this module, successful participants should be able to:

- Outline the environment in which underwriting takes place in the Irish insurance market.
- Describe the factors impacting on an insurer's corporate and underwriting strategy.
- Describe the principles and practices of risk pricing.
- Explain underwriting policy and practice and apply these to the main classes of insurance business.
- Explain how an insurer controls their potential risk exposure and the role of reinsurance therein.

The CIP-06 case studies provide opportunities to apply the academic principles learned in the CIP-06 module in a practical work environment, and to develop key skills in communication, writing and problem solving.

Please also refer to the *Guide to Case Studies*, which contains important information and frequently asked questions about all modules.

1. Completing the Case Studies

There are **6 Work Based Case Studies** for CIP-06. Apprentices should choose any **4 Case Studies** from those on offer. Each one must be completed, marked and submitted by the specified deadline.

As far as possible, apprentices are expected to research within their own organisation (with guidance from their supervisor), cases, documents, policy wordings or other materials that can be applied to the assignments.

Apprentices and supervisors should note that the CIP-06 case studies are pitched at a higher level than the APA modules, requiring broader research and greater use of initiative. This reflects the more advanced nature of the material and the stage of the apprentices' experience.

As for the previous modules, the apprentice must complete the tasks in the specified format. This may, for example, involve writing a short report in MS Word, a PowerPoint presentation or presenting information in a table. Brief guidance notes are included to ensure clarity about what the apprentice needs to do, and what the supervisor should look for when marking the work.

2. The role of the supervisor

The completed case studies will be submitted to and signed off by the nominated Supervisors. A case study marking form is attached in **Appendix 1** for completion and sign off for each case study. For more information about this, please refer to the ***Guide to Case Studies***.

The role of the supervisor is to:

- help the apprentices to locate or create suitable case files, work-based materials or other sources of information
- assess each apprentice's completed case study (on a pass or fail basis)

For CIP-06, an important part of a supervisor's role will be identifying other people in the workplace that can help the apprentice with a particular topic.

3. Deadlines for submitting the case studies

This semester's key dates are:

CIP-06: ELECTIVE	
	Submission deadline
1	10 February 2025
2	24 February 2025
3	16 March 2025
4	31 March 2025

Remember: these are the final deadlines for uploading the marked case studies to Moodle.

Apprentices and supervisors should agree an appropriate schedule for discussing, completing and marking the questions to ensure that these deadlines are met.

Forward planning is essential – see section 4 below.

4. Forward planning

Issuing the case studies in advance allows plenty of time for the apprentices and supervisors to meet the submission deadlines. It also gives adequate notice of any cases and documents that need to be sourced for or by the apprentices.

The following table provides a brief summary of what is needed for each of the CIP-06 case studies:

	Topic	Resources
1	Underwriting in Ireland	<ul style="list-style-type: none">Information about how your firm prepared for a legal or regulatory changeWorkplace policies and arrangements for diversity and inclusion.
2	From corporate strategy to underwriting strategy	<ul style="list-style-type: none">Information about how an insurer distributes its products (i.e. directly to customers, through intermediaries or a combination of both)Procedures or other documentation about a delegated authority (MGA/scheme) arrangement.
3	Pricing the risk	<ul style="list-style-type: none">Information about actuaries – www.actuaries.ie is a good starting pointRecruitment websites for actuarial jobsOnline/industry research about the use of telematics (black box) in motor insurance.

4	Private health insurance underwriting	<ul style="list-style-type: none"> Information about an insurer's pricing process
5	Underwriting – policy and practice	<ul style="list-style-type: none"> No specific resources.
	Topic	Resources
6	Underwriting and risk control: property, business interruption, motor and liability insurances	<ul style="list-style-type: none"> An insurer's procedures regarding the maximum size of risk it accepts and how an estimated maximum loss (EML) is calculated and applied The information gathered for new household and/or travel risks and how it is obtained Household and/or travel insurance underwriting policies and procedures. Online/industry research about whether employers liability should or should not be made compulsory.
7	Risk exposure and control	<ul style="list-style-type: none"> An insurer's procedures for identifying and logging potential accumulations of property risks (locations where multiple risks could be damaged in a single incident) An underwriting file for a case where facultative reinsurance was arranged.

Where policy documents (wordings) are used, they should ideally come from the apprentice's workplace. However, a policy from another source may be used if necessary. As many Irish insurers now have policy documents on their website, this shouldn't cause too many difficulties.

Where a case file is required, this may be a paper or a digital policy or claim record. **Personal details from the case files should never be included in the case study submissions.**

5. A reminder about copying and plagiarism:

Plagiarism is copying the words or ideas of others and passing it off as your own, and is a most serious academic offence.

All sources that you use must be referenced within your text and in your bibliography.

The case study submissions will be checked for plagiarism.

It does not matter whether you use direct quotations or paraphrase the words of an author, you must reference your source.

Failure to do so may result in a zero mark or other disciplinary action under ATU Sligo procedures.

The School of Business uses the Harvard Referencing system.

6. Advice on Data Protection:

Employers and supervisors must ensure that all work-based learning activities comply with the relevant Data Protection legislation and any other legal/regulatory requirements on an ongoing basis. This may, for example, include anonymising or changing the name, addresses and other personal or sensitive information in case files and other resources.

Any information taken from real cases/files is intended for use only in the answering the topic questions.

Topic 1: Underwriting in Ireland

This assignment is based on the learning outcomes for CIP-06 Chapter 1, Underwriting in Ireland.

Relevant learning outcomes from Chapter 1
On completion of this chapter, students should be able to: <ul style="list-style-type: none">• Outline the term ‘underwriting’.• Outline the unique characteristics of the Irish non-life insurance market and recognise market trends.• Demonstrate the effects of the Central Bank’s regulatory requirements and relevant legal requirements on underwriting.• Explain the operation of the underwriting cycle.

Answer any TWO of these three questions

Question 1

In CIP-06 Chapter 1, B & D, we see an overview of the Irish Insurance Market and an introduction to the cyclical nature of this market.

The insurance market cycle, and the terms ‘hard’ and ‘soft’ markets can seem quite confusing at first. Your manager has asked you to explain these terms to a group of college students who are starting a year’s internship in your workplace.

(a) Using MS Word (at least 350 words) or MS PowerPoint (at least 6 slides with presenter’s notes), show how you would explain these concepts in a way that is easy to understand. Include some points about how the different stages of the market cycle affect the business that you work for.

(b) During your presentation, one of the students is shocked at how prices can go up and down and asks if this is fair to customers. How would you answer this question? (Approximately 150 words)

Question 2

Insurers and intermediaries must operate within the constraints and ethos of the Irish regulatory environment. To comply with both the letter and the spirit of the law, firms need to be aware of any proposed new legislation, or changes to the current requirements.

Find out about how your firm prepared for or is preparing for a legal or regulatory change. Prepare a report that explains what is/was done to prepare for and manage the changes.

Your report should include the following points:

- What is/was the change? Explain the main differences between the new and the old requirements.
- What are/were the main implications for your firm?
- How did your organisation prepare (who was involved, what was done, how were the changes rolled out etc.)?
- Is the project finished or is it still ongoing?

(Approximately 500 words)

Question 3

In May 2021, Insurance Ireland published Diversity Survey 2021 in collaboration with Deloitte and Brokers Ireland. The purpose of this survey was to understand the current Diversity landscape, reflect where the industry is doing well and identify any gaps to enable future improvements.

- (a) Download and read the report either link should take you to the report:
- (b) <https://www.insuranceireland.eu/news-and-publications/publications/insurance-ireland-and-brokers-ireland-publish-diversity-survey>

Summarise (in Approximately 200 words) the main points of the report

Find out how your organisation manages diversity. For example, is there a written policy, or is it handled in another way? Are the arrangements effective, or might more work be needed in some areas?

Write a short report that summarises the current arrangements and any suggested changes or improvements. (Approximately 300 words)

Guidance notes

Each of these questions requires you to apply the ideas discussed in CIP-06 Chapter 1 to your own workplace.

There are no sample answers and no 'right or wrong' answers. Each question requires some research, analysis and originality. The best answers are those that demonstrate the apprentice has thought about the issues, carried out the required research, presented the information clearly and given their own 'take' on the subject.

Topic 2: From corporate strategy to underwriting strategy

This assignment is based on the learning outcomes for CIP-06 Chapter 2, From corporate strategy to underwriting strategy.

Relevant learning outcomes from Chapter 2

On completion of this chapter, students should be able to:

- Outline the different distribution channels for insurance products and how they may impact on underwriting performance.
- Explain the operation of delegated authority.

Answer BOTH questions

Question 1

When deciding how to distribute its policies, an insurer must decide whether to sell directly to potential customers or through intermediaries. (CIP-06 Chapter 2E). For some policies, an insurer may decide to use both channels. For others, they may opt exclusively for either the direct or the intermediary route.

Carry out some research about how the insurer you work for (or an insurer you know) distributes its policies to customers.

- What distribution channels are used?
- Does this vary by policy type? For example, are the same methods used for personal and commercial insurance (if relevant)?
- Are some policies sold exclusively through the direct or intermediary channel? If so, what are the reasons for this?
- How does the insurer's marketing and advertising strategy support its distribution decisions?
- Are the insurer's distribution methods similar to those of its main competitors? If not, what are the main differences? Are these differences considered to be an advantage or a disadvantage?
- Are any other methods used, such as delegated authority schemes, affinity schemes, bancassurance etc.?
- Are any new methods currently being considered?

Prepare a report in that summarises your findings on these points and any other relevant information. You should also include your suggestions about how the current arrangements might be changed or improved (Approximately 400 words).

Question 2:

Insurers are sometimes prepared to grant underwriting authority to carefully selected intermediaries. These arrangements are often known as **delegated authority schemes** (CIP-06, Chapter 2F)

Find out about a delegated authority scheme that involves your firm as an insurer or intermediary. Prepare a table that shows the following information about the scheme arrangements:

- A description of the scheme, including the type of risks and the policies involved
- How long has the arrangement been in operation?
- Is there a list of risks that can't be covered by the scheme?
- How are the premiums calculated?
- What are the arrangements for telling the insurer about new cases that are added to the scheme?
- What are the arrangements for issuing policy documents?
- Does the insurer carry out regular audits to ensure that the intermediary is following the agreed procedures?
- Does the intermediary also have claims handling authority?
- Have any potential conflicts of interest been identified and if so, how are they managed?

Guidance notes

Both questions require you to apply the ideas discussed in CIP-06 Chapter 2 to your work environment.

There are no sample answers and no 'right or wrong' answers. Each question requires some research, analysis and originality. The best answers are those that show the apprentice has thought about the issues, carried out the required research, presented the information clearly and stated their opinion/suggestions (question 1).

Topic 3: Pricing the risk

This assignment is based on the learning outcomes for CIP-06 Chapter 3, Pricing the risk.

Relevant learning outcomes from Chapter 3

On completion of this chapter, students should be able to:

- State the main elements of the pricing process and explain the role of the actuary in risk pricing
- Demonstrate the main factors considered by insurers when calculating premiums for a business portfolio.
- Discuss recent developments in risk pricing.

Answer BOTH questions

Question 1

(a) You have been asked to make a short presentation at a careers fair about actuaries and the jobs that they do.

Prepare a short MS PowerPoint presentation (about 7 slides) that explains the different tasks that actuaries perform, especially in insurance companies. You should include information about how to become an actuary and some of the current actuarial job opportunities in Ireland.

(b) The Central Bank requires the head of an insurer's actuarial function to provide an annual report on the adequacy of the firm's technical provisions (the total reserves set aside to pay for present and future claims).

Why do you think the Central Bank requires this to be done by the actuarial function, rather than the head of claims? (Approximately 150 words).

Question 2

Some Irish insurers have started to use telematics such as GPS and other technology as part of the pricing process for motor insurance. Those in favour of this say that it rewards safer drivers and is therefore a fairer approach. Others are concerned about the amount of data collected and about the reliability of the process. There's a lot of information and discussion about this on websites and forums.

Prepare a short report that explains how and why insurers use telematics, and outlines the advantages and disadvantages of this approach to pricing. You should include examples of people who may benefit from, or be disadvantaged by an insurer's use of telematics.

The report should be in your own words and include your opinion on this approach, as well your ideas about its potential use in other types of insurance. (Approximately 500 words)

Guidance notes

Both of these questions require apprentices to carry out industry research, using sources from outside their work environment. However, you should also discuss the questions with your supervisor to identify people in your workplace with knowledge or expertise in these topics.

Answers should be in your own words and in the specified format. Make sure that you cover all of the points mentioned in the questions.

Topic 4: Private health insurance underwriting

This assignment is based on the learning outcomes for CIP-06 Chapters 3 & 4

Relevant learning outcomes

On completion of this chapter, students should be able to:

- State the main elements of the pricing process and explain the role of the actuary in risk pricing (Chapter 3)
- Demonstrate the main factors considered by insurers when calculating premiums for a business portfolio (Chapter 3)
- Define the practice of underwriting and identify the role of the underwriter (Chapter 4)
- Outline how insurers classify and categorise risks into comparable groups (Chapter 4).

Question 1

In private health insurance, premiums are based solely on the different levels of cover, rather than the level of risk that an individual presents. The pricing and underwriting process is therefore confined to calculating the costs required to run the pool as a whole.

Find out about how the Private health insurer you work for, or an insurer you know, sets and reviews its premium structure. Prepare a short report that explains:

- The legal and regulatory constraints in the pricing process
- How the costs of each plan are monitored and reviewed
- The most significant factors that influence premiums
- The professionals involved in the pricing process (e.g. actuaries, underwriters, data analysts or others).

(Approximately 300 words)

Question 2

Imagine that you work in the marketing team at an Irish private health insurer. The insurer wants to attract new members (policyholders) in the younger age brackets. You're working on a campaign aimed specifically at 20 to 30 year-olds. The campaign objectives are to:

1. Persuade younger people to buy private health insurance now
2. Show that your company understands the needs of younger customers
3. Build customer loyalty, so that younger members want to stay with the company after each renewal date.

Your manager has asked for your views on how best to achieve these objectives. She's particularly interested in your ideas for attracting and keeping younger customers.

Present your ideas in a report (at least 400 words) OR a PowerPoint presentation (at least 10 slides with notes).

Guidance notes

Question 1 requires you to find out what happens in your workplace (or at a private health insurer you know) and explain it clearly in a short report. Make sure that you cover all of the points in the question and any others that are relevant.

It might be helpful to imagine that you're explaining the process to someone who is new to the industry.

Question 2 requires you to:

- think about the campaign objectives and why they are important
- do some research (e.g. online)
- come up with some interesting ideas,
- present these ideas in the specified format (a report or a PowerPoint presentation)

Topic 5: Underwriting – policy and practice

This assignment is based on the learning outcomes for CIP-06 Chapter 4, Underwriting – policy and practice.

Relevant learning outcomes from Chapter 4

On completion of this chapter, students should be able to:

- Define the practice of underwriting and identify the role of the underwriter.
- Explain the importance of physical and moral hazard in setting underwriting policy.
- Explain how insurers establish underwriting and risk improvement criteria and outline the role of the risk surveyor in risk control and underwriting.

Visit a public place such as a shopping centre, sports stadium or entertainment venue. Spend some time walking around the public areas, looking at the premises and the activities taking place. Think about the following points and make some notes:

- Is this a new or old building? What can you observe about the structure and the condition of the interior and the exterior?
- Is it in an urban or rural location? How away is the nearest Fire Brigade Station?
- Is it close to rivers or to the sea?
- Does there seem to be a problem with vandalism or malicious damage in the area?
- Who visits or uses the premises?
- Who works there and what do they do?
- Is there a car park or other vehicle access to the premises? How is this managed or supervised?
- Are there any obvious risks to the safety of people using the premises?
- What do you think are the most common types of accidents to (a) members of the public and (b) people who work at this location?
- What challenges might the owners face when trying to arrange insurance cover?
- Any other observations?

Check the venue website or other publicly available information to add any other relevant points your observations.

Question 1

- (a) Prepare a short report that summarises your observations and other enquiries. You can present this as continuous text (paragraphs) or in a table format. Use full sentences, rather than bullet points.
- (b) From your observations, do you think that this is an average, below average or above average risk (compared with other similar venues)? Give reasons for your answer.

Question 2

Imagine you are an underwriter who has been asked to quote for this risk. The holding broker has sent a submission requesting a quotation for property, employers liability and public liability covers.

- (a) What are your main concerns about this risk? (i.e. what type of claims are you worried about?).
- (b) You decide to instruct a surveyor to assess the main hazards (physical and moral) and give an opinion on the quality of the risk. What will you instruct the surveyor to examine?

Guidance notes

This case study is a very practical application of the material in CIP-06 Chapter 4. It has two equally important parts:

1. ***Visiting the location of your choice and making your observations and notes.*** *When doing so, do not attempt to access any private or restricted areas and make sure you respect the rules of the establishment. Stay safe by being careful and aware at all times.*
2. ***Answering the two questions in full.*** *Your answers should be based on your observations, but you need to do more than just stating your observations. Some of the questions require you to analyse, critically evaluate or give an opinion.*

There is no set word count, but apprentices should make sure that their answers include a comment on all of the points mentioned in the questions.

Topic 6: Underwriting and risk control:

This assignment is based on the learning outcomes for CIP-06 Chapters 5 & 6

Relevant learning outcomes from Chapters 5 & 6

On completion of these chapters, students should be able to:

- State the main characteristics of property, business interruption, motor and liability insurances and demonstrate how insurers use risk acceptance criteria as a means of managing their risk exposure.
- Demonstrate the main considerations for risk assessment and the underwriting options and basis of rating for the main types of property, business interruption, motor and liability insurances.

Answer any TWO of these questions

Question 1

CIP-06, Chapter 5B looks at how insurers set limits on the size of risks that they can accept. For property insurances, this is often based on the sum insured and/or the estimated maximum loss (EML).

Find out how the insurer you work for (or an insurer you know) makes decisions about the size of risk that it will accept. For example:

- Is there a maximum acceptable sum insured for different types of property or policies?
- Does this vary according to individual risk factors (such as location, construction, occupation or something else?)
- How is the estimated maximum loss (EML) or probably maximum loss (PML) calculated? How is this used to make decisions about the acceptability of a risk?

Summarise and explain these points in a way that a junior member of staff can understand.

Question 2

For household insurance, the risk assessment (information-gathering) process is based largely on the distinctions between a 'standard' and a 'non-standard' risk.

(a) Find out how the insurer you work for (or an insurer you know) gathers information about new household risks and makes decisions about which ones to accept.

Present this information in a report that shows:

- The questions asked, why they are asked and how they are asked (e.g. proposal form, telephone conversation, online questions or other methods)
- The 'deal-breaker' questions – i.e. circumstances that automatically lead to a declinature (refusal to quote)
- The circumstances likely to lead to an increased premium, a reduced level of cover, special requirements (e.g. conditions or warranties) or other underwriting actions.

You may use bullet points or a table in your report if this is the clearest way to present the information.

(b) What is the likely underwriting response to each of these scenarios?

- A proposer states that she is a child-minder and looks after four children in her home
- A policyholder discloses that his adult son, who lives in the property, was recently convicted of fraud.
- A policyholder wants to rent out her three spare bedrooms through AirBnB
- A detached home in a rural area is unoccupied following the death of the policyholder. The house will be put up for sale in about six months' time. The policyholder's son wants the insurance cover to continue until the property is sold.

Question 3

For travel insurance, insurers usually have clear procedures for quickly identifying acceptable and unacceptable risks.

(a) Find out how the insurer you work for (or an insurer you know) distinguishes between acceptable and unacceptable travel insurance risks. Present this information in a report in MS word that shows:

- The questions asked, why they are asked and how they are asked (e.g. proposal form, telephone conversation, online questions or other methods)
- The 'deal-breaker' questions – i.e. the circumstances that automatically lead to a declinature (refusal to quote)
- The circumstances likely to lead to an increased premium, a reduced level of cover, special requirements or other underwriting actions.

You may use bullet points or a table in your report if this is the clearest way to present the information.

(b) What is the likely underwriting response to each of these scenarios?

- A proposer discloses that they made a claim costing €2,000 two years ago
- A proposer discloses that most of her travel is for her employer's business
- A policyholder calls your office to say he is going on a 6-month around the world cruise
- A policyholder calls your office and explains that she was recently diagnosed with a serious illness. She wants to visit her brother in Canada while she's still able to do so.

Question 4

Employer's liability insurance is a compulsory class of insurance in some countries, but not in Ireland.

You have been asked to take part in a debate about whether this should change. The motion of the debate is: *'It's time for the government to protect workers by making employers liability insurance compulsory'*

Write a 5 minute speech for or against this motion. Your speech should include:

- An explanation of the current situation
- Your opinion about why this should, or should not, be changed
- Facts and examples to support your opinion

Guidance notes

Question 1 requires the apprentice to find out about the insurer's risk acceptance criteria for property insurance. Your task is then to explain this information in a way that a junior member of staff will understand. If your answer is not in simple terms, you will not pass this assignment.

For **Questions 2 & 3**, apprentices need to find out about the risk assessment and underwriting procedures for household or travel insurance.

Part (a) requires you to describe the risk assessment (information-gathering) process and present this in a report.

Part (b) is about applying the underwriting procedures to the specific circumstances. This means stating the action/s the underwriter would take in each of these situations.

Question 4 requires the apprentice to write a debate speech. You'll probably need to research a few things online (or in other ways), e.g:

- the rules in other jurisdictions where Employers Liability is compulsory (such as the UK/Northern Ireland)
- the arguments for and against making this insurance compulsory
- how to write a good speech for a debate

Your speech should be well structured. This means starting with an explanation of the current situation, explaining why you think it should or shouldn't change, presenting the points to support your argument and a final summing up. Be creative and persuasive – this is YOUR speech!

Topic 7: Risk exposure and control

This assignment is based on the learning outcomes for CIP-06 Chapter 7, Risk exposure and control.

Relevant learning outcomes from Chapter 7

On completion of this chapter, students should be able to:

- Explain how exposure to single risks and single events can be measured and managed to balance the account, and explain the aggregation of risks and the use of catastrophe modelling.
- Explain the role of reinsurance in controlling exposure, and outline the benefits of reinsurance.
- Describe the two main types of reinsurance and discuss their advantages and disadvantages.

Answer BOTH questions

Question 1

Insurers need to identify and manage their exposure for different types of risks. For property insurance, this includes identifying and logging locations where a number of individual risks could be damaged in a single incident. Tools such as geocoding, mapping and Eircodes can help the insurer to do this.

Find out how the insurer you work for (or an insurer you know) manages this process. How does it identify all of the properties it insures in a particular area? Is this a difficult process? What technology is used and is it always reliable?

Prepare a short report in MS word that summarises your findings. (Approximately 400 words)

Question 2

For some commercial risks, an insurer may arrange a facultative reinsurance policy. This may be because of the size of the risk, the degree of hazard or for another reason.

Locate a file for a case where facultative insurance was required. Read the information in the file and answer the following questions:

1. Describe the risk (business description, sums insured/limits of indemnity etc.)
2. Why did the underwriter decide that facultative reinsurance was needed?
3. What was the process for obtaining a quotation and arranging cover?
4. What information did the reinsurer require about the risk?
5. Did the reinsurer impose any requirements or restrictions?
6. What was the premium for the reinsurance policy? How did the underwriter factor this into the policy premium?
7. Will the underwriter have to arrange another facultative reinsurance policy when the risk is due for renewal? What is the likely procedure for renewing the existing reinsurance, or arranging a new policy?
8. Are the broker and the insured aware of the existence of the facultative policy?

Guidance notes

Question 1

This assignment requires you to find out about the insurer's exposure control procedures, how underwriters and other professionals apply the procedures and how they work in practice. You then need to clearly present your findings in your own words.

Question 2

There are two elements to this question: (1) studying the information in the file and (2) answering the questions. Since each case is different, there is no prescribed word-count. However, your answers should be in continuous prose (full sentences), with clear information about each point.

While it should be possible to answer some of the questions from reading the file, it's likely that you'll need to ask the underwriter about other points.

Your answer must not include any personal details about the policyholder or other people.



Appendix 1:

Case Study Marking Form



The
Insurance
Institute

CASE STUDY MARKING FORM

Case Study No.

Topic No.

Topic Title

Insurance Module

Learning Outcome:

To be completed by the Apprentice:

I confirm that all the work on the case study is my own work.

Signed ----- (Apprentice) Date -----

Apprentice Student Number _____

To be completed by the Supervisor:

Checklist (please circle pass or fail as appropriate):

Attempt 1	Attempt 2	Attempt 3
Pass/Fail	Pass/Fail	Pass/Fail

PRINT Name: _____ (Supervisor)

Signed ----- (Supervisor) Date -----