



Accounting and Finance for Insurance Professionals

Who should attend

This course is for any non-financial manager or technical expert in the insurance industry, including underwriters, brokers, claims managers, business development managers, risk managers, IT, project and HR managers.

Objective

This course will give attendees a sound understanding of the financial tools available and use techniques learnt on the course to become a more effective. On completion of the course delegates will be able to:

- Use accounting and financial fundamentals to run their area of business
- Understand what accountants and auditors need
- Use tools to analyse business performance and profitability
- Be conscious of the impact their decisions have on profitability
- Improve their planning and budgeting skills

Content

Insurance companies' accounts

- What is different about insurance companies, and what does this mean?
- The nature of insurance business
- Known income/unknown costs
- The problem of profit recognition
- Cash flow generation vs. future uncertainty, hence the regulatory framework
- Balancing underwriting losses with investment income profits
- How the financial reporting problems are 'solved'
- A first look at the recommended accounting practice
- The technical account – underwriting result
- The non-technical account – non-insurance items (investment return, interest and tax)

Underwriting and profit and loss accounting

- Premiums written, and their effect on financial reporting
- Unearned premiums reserve movements
- Reinsurance
- The three types of claims, and their effect on financial reporting
- Paid, outstanding and unreported (IBNR)
- The effect on reserves (insurance technical funds) by movements in provisions
- Commissions and deferred acquisition costs, and their effect on financial reporting
- Management expenses
- GAAP results, interest earned the rest of the profit and loss account
- IFRS differences in presentation and measurement

Balance sheet accounting

- Investments
- What are allowed?
- How are they invested?
- How are they shown in the accounts?
- Technical reserves – unearned premium, claims and deferred acquisition cost
- Reinsurers share of liabilities – connections and interpretation of the balances
- Shareholders' funds



4D Training

Insurance terminology and measurements

- Triangulations:
- Incurred but not reported (IBNR)
- Basic chain ladder and other methods
- Traditional insurance business ratios - how they are calculated and what they mean
- Acquisition/Commission
- Management
- Loss/Claims
- Combined ratios
- Developing a structured approach to assessing performance

Other insurance items

- Reinsurance
- In/outwards effect on financial statements
- Lloyd's business
- Peculiarities and differences
- Three year vs. one year accounting
- Risk based capital

Case Studies

- Quoted Companies – Amlin 2009, Brit 2009, Markel 2009
- Smaller Companies – Travellers UK 2009, NFU Mutual 2009

Duration

One day