

Contents

1	Overview of Insurance Operations	1.1	4	Underwriting	4.1
	Property-Casualty Market	1.3		Purpose of Underwriting	4.4
	Risk Management Process	1.4		Underwriting Process	4.4
	Classifications and Types of Insurers	1.6		Types of Underwriters	4.19
	Insurer Goals	1.11		Underwriting Results	4.28
	Constraints on Achieving Goals	1.13		Summary	4.37
	Measuring Insurer Performance	1.17			
	Insurance Functions	1.26	5	Underwriting Property Insurance	5.1
	Interdependence Among Functions	1.29		Underwriting Fire Insurance	5.3
	Summary	1.31		Underwriting Property Values	5.24
				Underwriting Property Causes of Loss	5.25
2	Insurance Regulation	2.1		Underwriting Business Income and Extra Expense Loss Exposures	5.38
	Evolution of Insurance Regulation	2.4		Underwriting Crime Insurance	5.41
	Reasons for Insurance Regulation	2.13		Underwriting Marine Insurance	5.47
	Insurance Regulators	2.15		Loss Control	5.54
	Regulatory Activities	2.20		Summary	5.68
	Unofficial Regulators	2.41			
	Summary	2.45	6	Underwriting Liability Insurance	6.1
	Appendix—McCarran-Ferguson Act (Public Law 15)	2.49		Sources of Legal Liability	6.3
3	Insurance Marketing	3.1		Underwriting Commercial General Liability	6.7
	Unique Characteristics of Insurance Marketing	3.4		Underwriting Professional Liability Insurance	6.16
	Overview of Insurance Product Marketing	3.5		Underwriting Personal Liability Insurance	6.18
	Traditional Marketing Systems for Insurance	3.6		Underwriting Auto Insurance	6.20
	Convergence of Traditional Marketing Systems	3.17		Underwriting Workers' Compensation Insurance	6.33
	Alternative Insurance Distribution Channels	3.22		Underwriting Umbrella and Excess Liability Insurance	6.41
	Summary	3.31		Premium Auditing	6.43
				Summary	6.51

7	Ratemaking	7.1	12	Insurer Financial Statements	12.1
	Ratemaking Goals	7.3		Who Uses Insurer Financial Statements?	12.4
	Ratemaking Responsibility	7.4		Fundamentals of Insurer Financial Statements	12.8
	Rate Components and Ratemaking Terms	7.5		Statutory Accounting and the Annual Statement	12.13
	Ratemaking Factors	7.7		Summary	12.34
	Ratemaking Methods	7.12		Appendix—Sources of Statutory Accounting	12.37
	Ratemaking Data Development	7.16			
	Ratemaking in Different Types of Insurance	7.27			
	Summary	7.30	13	Interpreting Insurer Financial Statements	13.1
8	The Claim Function	8.1		Financial Ratios	13.3
	Claim Environment	8.3		A.M. Best Company's Published Ratings	13.10
	Claim Adjusting Process	8.17		Insurance Regulatory Information System (IRIS)	13.23
	Summary	8.40		Summary	13.30
	Appendix—Claim Organizations and Associations	8.43	14	Insurer Financial Management	14.1
9	Property Claim Adjusting	9.1		Investment Strategy	14.3
	Property Claim Adjusting Process	9.3		Loss Reserving	14.12
	Adjusting Specific Types of Property Claims	9.30		Risk-Based Capital Requirements	14.21
	Summary	9.50		Summary	14.26
10	Liability Claim Adjusting	10.1		Appendix—Report-Year Loss Analysis Example	14.29
	Liability Claim Adjusting Process	10.4	15	Insurer Strategic Management and Global Operations	15.1
	Adjusting Specific Types of Liability Claims	10.30		Strategic Management Process	15.3
	Summary	10.47		Global Operations	15.23
11	Reinsurance	11.1		Summary	15.35
	Basic Terms and Concepts	11.3		Index	1
	Reinsurance Marketing Systems	11.6			
	Reinsurance Functions	11.6			
	Reinsurance Types	11.11			
	Reinsurance Program Development	11.28			
	Reinsurance Negotiations	11.37			
	Reinsurance Program Administration	11.41			
	Reinsurance Regulation	11.46			
	Summary	11.49			