Live Webinar - Understanding Insurance Finance

Duration: 6 hours (2 x 3-hour sessions or 1 x full day session)
Maximum 10 delegates

About the course
Insurance companies operate in a unique financial environment. Unlike most industries, revenue is received before the ultimate cost of providing the service is known, creating distinctive challenges in profitability measurement, reserving, capital management and solvency.

This interactive live webinar provides a practical introduction to insurance finance for non-financial professionals and those seeking a broader understanding of how insurance businesses create value. Participants will learn the key concepts, terminology and financial mechanics that underpin insurance operations, enabling them to better understand financial performance, risk and decision-making.

Through worked examples, discussion and case studies, delegates will develop the confidence to interpret financial information and understand the financial consequences of business decisions.

Who should attend
This course is suitable for insurance professionals across underwriting, claims, broking, operations, risk, compliance and management functions who wish to develop a practical understanding of insurance finance and financial performance.

Course Objectives
- Explain the financial characteristics that make insurance different from other industries.
- Describe the insurance cash flow cycle and the relationship between premiums, claims and expenses.
- Understand the key accounting concepts used in insurance financial reporting.
- Interpret the principal components of insurance financial statements.
- Explain the financial impact of premiums, claims, expenses and reinsurance.
- Understand the role of investments in insurance profitability and financial strength.
- Use key performance measures and ratios to assess financial performance.
- Explain the purpose of solvency and capital adequacy requirements.

Course Content
- Insurance working capital cycle
- The economic characteristics of insurance: sources of opportunity and risk?
- Key accounting labels, concepts and rules: the fundamental accounting challenge
- The mechanics of premium: written/earned, gross/net, unearned premium reserves
- Acquisition costs and operational expenses
- The mechanics of claims: paid, outstanding and IBNR,
- Unexpired risk reserves/ claims equalisation reserves
- The P and L impact of prior year development: Reserve release or IBNER?
- The treatment of reinsurance
- A brief introduction to investment considerations: types of assets and asset liability matching
- Constructing the P&L (technical and non-technical account) and interpreting the balance sheet
- Key ratios: the combined operating ratio and its component parts, return on capital/equity.
- Liquidity, solvency and capital adequacy

Course Structure

- **Part 1**
    - Introductions and objectives
    - Insurance cash flow and industry characteristics
    - Assets and liabilities
    - The building blocks of finance
    - Revising three-year underwriting year v GAAP accounting

- **Part 2**
    - Introducing financial statements
    - Capital, capacity and premium income
    - Calculating written/earned and gross/net premium
    - The treatment of outwards reinsurance

- **Part 3**
    - Reflection and emerging needs…
    - Ultimate claims cost: paid, outstanding and incurred but not reported
    - Reserving, prior year release and incurred but not enough reported
    - Management expenses and acquisition costs
    - The purpose and types of investment
    - Risk and return – asset and liability matching

- **Part 4**
    - Building the technical account/profit & loss and the balance sheet
    - Interpreting the key insurance and financial performance ratios
    - Case Study: Reading the "P and L"
    - Summary and review learning

Approach

The training blends input, discussion and short practical exercises to progressively build and interpret the main financial statements.

Support notes are sent out as a pdf and participants are invited to read them beforehand. This focuses participants' needs and they are invited to submit them in advance of the first session. Note: this is an introduction, so the focus is on GAAP accrual accounting and not on IFRS 17 financial reporting.