Lighthouse Consulting, LLC

Property Underwriting Audit-Scope Template

The Property Underwriting Audit provides an evaluation of the underwriting practice and discipline of the reinsured. The audit can be performed on a prospective basis to validate a submission or as a pre-renewal evaluation. It can also be used in the due diligence process of an acquisition.

Scope of Audit

Prior to an engagement we will review the scope of the audit with you to ensure that the audit meets your objectives. Typically a full underwriting audit takes two to three business days at the insured's office. The following items are within the scope of a typical underwriting audit:

1. Documentation supplied prior to site visit:
   a. Insured's submission to re-insurers;
   b. Underwriting Guidelines covering fire and catastrophe capacity, rating plans/rating models, and copies of any independently filed policy forms;
   c. Typical property underwriting Letter of Authority;
   d. Names of accounts to be audited;
   e. If files are electronic, user id's/passwords or special software.
2. On-site audit:
   a. Presentation by Product Line executive covering market conditions, YTD premiums/losses, rate change, recent or proposed changes to underwriting guidelines, producer strategy, modeling changes.
   b. File reviews of selected accounts. In-depth review of the individual transaction to ascertain the quality of the decisions, evaluation of pricing, use of capacity, and terms and conditions.
   c. Wrap up discussion with Product Line executive.
3. Written report:
   a. Within seven days of completion we will issue a written report which will include the comments of the Product Line executive, details on Account Selection (classes/capacity/attachment point, etc.), Account Pricing (bound to technical, rate change), Account Handling (Referral quality, insurance to value, cat data quality, policy terms and conditions) and Recommendations.
   b. Account spreadsheet showing the details of the accounts reviewed and our comments.
   c. Rate Change spreadsheet.

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