Warwick Economics Society



Divisional Starter Packs – Pensions & Insurance

contact@warwickeconomicssociety.com

https://www.linkedin.com/company/warwick-economics-society

@warwickeconsoc

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Pensions and Insurance

What are pensions & insurance within finance?

Pensions & insurance is the industry that manages long-term financial risk on behalf of individuals, companies and governments in order to minimise financial losses. For the most part this involves pooling and considering risks such as death, illness, property loss.

The industry is generally split across the type of risk or product involved, and the function that is then performed. Insurers and pension schemes underwrite and price risk, hold large investment portfolios to back their liabilities, and rely on actuaries, underwriters, asset managers and consultants to keep the whole system solvent and well-run. Insurance companies are also insured. This is called reinsurance and is used for financial stability and to share the risks E.g. AXA XL Reinsurance.

Some firms specialise in a single product line, but other companies take a much broader approach, often generalising their insurance services across a range of different products (e.g. life and specialty lines.)

Work in the sector can include underwriting and pricing, actuarial modelling, investment management, claims handling, broking, consulting and regulation. This spans across both pensions and insurance work.

Types of pensions and insurance:

Life Insurance:

Provides financial protection against death, critical illness or loss of income. This includes savings and retirement products such as annuities. Pricing relies heavily on mortality and morbidity assumptions E.g. is the consumer a smoker.

Companies: Legal & General, Prudential, Aviva

General (Property & Casualty) Insurance:

Covers non-life risks such as motor, home, travel and liability insurance, insuring against loss or damage to property and third-party claims.

Companies: AXA, Admiral, Direct Line

Specialty & Commercial Insurance:

Insures complex, large-scale or unusual commercial risks including marine, aviation, cyber and energy. This is typically placed through the Lloyd's market. This is a less common mainstream insurance and therefore typically offers less spring and summer internship opportunities.

Companies: Lloyd's of London, Chubb

Reinsurance:

Insurance bought by insurers themselves to spread large or catastrophic risks across the market, helping primary insurers manage capital and risk.

Companies: AXA, Munich Re, Swiss Re

Pensions & Retirement:

Manages the funding, investment and payment of workplace and personal pensions, including defined benefit scheme de-risking, bulk annuities and defined contribution investment design.

Companies: Legal & General, Rothesay, Aon

Insurance Broking:

Advises corporate and individual clients on structuring and placing insurance cover, negotiating terms with insurers on the client's behalf.

Companies: Marsh McLennan, Aon

Actuarial & Employee Benefits Consulting:

Provides actuarial, investment and risk advice to pension schemes, insurers and corporate clients, including scheme funding, benefit design and regulatory advice.

Companies: APR Actuarial, WTW, Aon

Insurance Asset Management:

This manages large and long dated investment portfolios that insurers or pension schemes hold, allowing insurance companies can pay future claims while generating profits.

Companies: Legal & General, PIMCO, BlackRock

Day to day tasks:

Across pensions and insurance roles, day-to-day work can vary significantly depending on the function, product line and seniority, but common tasks include:

- **Pricing & underwriting** - assessing individual risks or portfolios and setting premiums or terms that reflect the probability that a bad event will happen.
- **Actuarial modelling** - building and maintaining models of mortality, morbidity, claims or liabilities to support pricing and insurance decisions.
- **Reserving & capital** - calculating the reserves and capital an insurer or scheme needs to hold to meet future obligations under regulatory requirements.
- **Claims handling** - investigating, validating and settling claims in line with policy terms and regulatory standards.
- **Investment analysis** - researching and monitoring assets held to back liabilities, and managing asset-liability matching.
- **Client & broker interaction** - discussing scheme funding, cover requirements or renewal terms with clients, trustees or brokers.
- **Regulatory reporting** - preparing returns and disclosures required by regulators such as the PRA, FCA or The Pensions Regulator.
- **Product development** - designing new insurance or pension products in response to client needs or market trends.
- **Data & analytics** - using large claims, mortality or market datasets to refine pricing and risk models.

Things to note for entry level roles (interns, graduates etc):

For a junior analyst in the sector, a typical day might therefore involve reviewing overnight claims or pricing data, updating actuarial or investment models, drafting client or committee papers, calls with clients, brokers or trustees, refinements etc.

Required skills:

- **Numerical & Statistical Ability** - comfort with probability and statistics, particularly for actuarial and underwriting roles.
- **Attention to Detail** - accuracy is critical when pricing risk or calculating reserves, where small errors can have large financial consequences.
- **Analytical & Problem-Solving Skills** - interpreting large, complex datasets to price risk and set assumptions appropriately.
- **Risk Awareness** - understanding how different risks interact and how to manage exposure across a portfolio.
- **Regulatory Knowledge** — familiarity with the governance and regulation.
- **Written & Verbal Communication** — explaining technical concepts clearly to clients, trustees and non-specialist stakeholders (learn more of this on the job).
- **Commercial Awareness** — understanding how pricing, product and investment decisions affect profitability and competitive position.

- **Professional Qualifications** — many technical roles require or reward progress toward actuarial (e.g. IFoA) or investment (e.g. CFA) qualifications. However, this will not be the case for entry level roles so don't worry.
- **Resilience & Organisation** — managing multiple cases, renewals or reporting deadlines simultaneously, especially around year-end.
- **Collaboration** — working effectively across actuarial, underwriting, investment, legal and client-facing teams.

Career progression:

Intern / Graduate: Rotate across underwriting, actuarial, investment or broking teams to build a broad understanding of the business (more back-office work).

Analyst / Trainee Actuary: Support pricing, reserving or investment analysis while studying towards professional qualifications.

Underwriter / Associate Actuary: Take ownership of a book of business or set of models, with increasing autonomy over pricing and assumption-setting.

Senior Underwriter/Actuary: Lead pricing or reserving for a product line, sign off on key assumptions, and manage relationships with major clients or brokers.

Chief Underwriter/Actuary: Set pricing, reserving or investment strategy for the business and oversee a team of specialists.

Chief Risk Officer / Managing Director: Oversee the firm's overall risk appetite, capital position and strategic direction, reporting to the board.

Key outputs & deliverables:

Pensions and insurance roles are judged on the accuracy and clarity of what is priced, reserved or advised. Common deliverables include:

- **Pricing models** — models setting premiums or terms for individual risks or portfolios, reflecting the underlying claims experience.
- **Reserving reports** — periodic calculations of the reserves needed to meet future claims or benefit obligations.

Common exit opportunities:

Skills built in pensions and insurance transfer well to a range of other roles across finance:

- **Investment management** — moving into asset management, applying knowledge of long-term liability matching and fixed income markets.
- **Risk management** — applying actuarial and risk modelling skills to broader financial services risk functions.

- **Consulting** — moving into broader financial services or management consulting, drawing on regulatory and technical expertise.
- **Corporate finance / M&A** — supporting insurance sector deals, drawing on deep product and regulatory knowledge.
- **Regulation** — moving in-house at a regulator such as the PRA, FCA or The Pensions Regulator.