

# Insurance claims handling process

## Objective

To provide knowledge and understanding of the claims handling process including notification, assessment, settlement and associated financial factors.

Summary of learning outcomes	Number of questions in the examination*
1. Understand the general principles in the claims handling process	12
2. Understand insurance products and associated services	13
3. Understand claims considerations and administration	13
4. Understand claims handling procedures and related claims services	13
5. Understand claims handling systems	6
6. Understand claims settlement	10
7. Understand how expenses are managed	8

\*The test specification has an in-built element of flexibility. It is designed to be used as a guide for study and is not a statement of actual number of questions that will appear in every exam. However, the number of questions testing each learning outcome will generally be within the range plus or minus 2 of the number indicated.

## Important notes

- **Method of assessment:** 75 multiple choice questions (MCQs). 2 hours are allowed for this examination.
- **This syllabus will be examined from 1 September 2013 until 31 December 2014.**
- **Candidates will be examined on the basis of English law and practice unless otherwise stated.**
- **Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:**
  - 1) Visit [www.cii.co.uk/qualifications](http://www.cii.co.uk/qualifications)
  - 2) Select the appropriate qualification
  - 3) Select your unit on the right hand side of the page

## **1. Understand the general principles in the claims handling process**

- 1.1 Describe the legal requirements for a valid claim
- 1.2 Describe the different types of policy conditions relating to claims
- 1.3 Explain how the application of policy conditions can affect the payment of claims
- 1.4 Explain the duties of an insured after a loss
- 1.5 Describe what documentary and supporting evidence are required when notifying a claim
- 1.6 Explain what is meant by proximate cause and how it is applied

## **2. Understand insurance products and associated services**

- 2.1 Describe the basic features and typical policy cover of motor, health, personal, property, pecuniary, liability and extended warranties insurance
- 2.2 Describe the exclusions and extensions of cover available for motor, health, personal, property, pecuniary, liability and extended warranties insurance
- 2.3 Describe the related claims services and how they are used to support the claims process, including help lines and advice, authorised repairers, uninsured loss recovery services, legal costs services and risk control/advice

## **3. Understand claims considerations and administration**

- 3.1 Describe the role of the claims department and the role of claims personnel
- 3.2 Explain the importance of service standards and managing customer expectations
- 3.3 Describe the difference to the insurer between the first, second and third parties
- 3.4 Explain the consequences and issues that arise as a result for third parties
- 3.5 Explain the importance of claims estimating and reserving
- 3.6 Describe the common indicators of fraud
- 3.7 Describe the procedures commonly used to discourage individuals from making fraudulent claims
- 3.8 Explain the consequences of fraudulent claims for the insurance industry and its customers
- 3.9 Describe the main purpose and content of the Insurance: Conduct of Business sourcebook (ICOBS) as it relates to claims handling
- 3.10 Describe the Treating Customers Fairly (TCF) outcomes
- 3.11 Describe how disputes and complaints could be resolved
- 3.12 Describe the role of the Financial Ombudsman Service and their role in dispute resolution

## **4. Understand claims handling procedures and related claims services**

- 4.1 Explain the claims handling process, including where relevant legal and regulatory protocols for the various types of personal insurance
- 4.2 Explain the claims handling process, including where relevant legal and regulatory protocols for the various types of commercial insurance
- 4.3 Describe the variety of services that can be utilised in the claims handling and settlement process inclusive of help lines, authorised repairers, uninsured loss recovery services, legal costs service and risk control/advice

## **5. Understand claims handling systems**

- 5.1 Describe the key features, structure and objectives of different claims systems
- 5.2 Describe the claims function as it appears in functional and divisional structures
- 5.3 Explain the roles of outsourcing companies, loss adjusters, disaster recovery companies, surveyors, solicitors and loss assessors

## **6. Understand claims settlement**

- 6.1 Describe the way that claims can be settled including payment of money, paying for repairs direct, replacement and reinstatement
- 6.2 Describe how excesses, franchises and deductibles work
- 6.3 Describe how the process of reserving operates
- 6.4 Explain why a claim may be invalid or only partially met
- 6.5 Explain how insurers can recover claims
- 6.6 Explain how salvage affects claim payments
- 6.7 Explain how average can affect claims settlements
- 6.8 Explain how market agreements affect claims settlements
- 6.9 Describe the provisions of the Motor Insurers' Bureau agreement for untraced and uninsured drivers
- 6.10 Describe how arbitration clauses operate

## **7. Understand how expenses are managed**

- 7.1 Describe the role of the claims manager
- 7.2 Explain what leakage is and how to identify and reduce it
- 7.3 Explain the types of financial monitoring and how this can impact an insurance company results
- 7.4 Explain the basis and significance of reserving practice

## Reading list

The following list provides details of various publications which may assist with your studies. Periodicals and publications will be of value in ensuring candidates keep up to date with developments and in providing a wider coverage of syllabus topics. Any reference materials cited are authoritative, detailed works which should be used selectively as and when required.

**Note: The examination will test the syllabus alone.**

The reading list is provided for guidance only and is not in itself the subject of the examination.

CII/Personal Finance Society members can borrow most of the additional study materials below from Knowledge Services. CII study texts can be consulted from within the library. For further information on the lending service, please go to [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge).

## CII study texts

Insurance claims handling process. London: CII. Study text IF4.

## Additional reading

### Books (and ebooks)

Insurance theory and practice. Rob Thoys. Abingon, Oxon: Routledge, 2010. Also available as an ebook via [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) (CII/Personal Finance Society members only).

A practitioner's guide to the regulation of insurance. 4th ed. John Young (ed). London: Sweet and Maxwell, 2011.

Research handbook on international insurance law and regulation. Julian Burling, Kevin Lazarus (Edward Elgar Publishing, 2011).

Bird's modern insurance law. 9th ed. John Birds. (Sweet and Maxwell, 2013).

Insurance claims. 3rd ed. Alison Padfield. (Bloomsbury Professional, 2012).

Claims handling law and practice. Richard West et al. London: Witherby, 2008.

Insurance law and the Financial Ombudsman Service. Judith P Summer. London: Informa, 2008.

### Factfiles and other online resources

The regulation of general insurance and protection business. Tony Wiltshire, rewritten and updated by Ian Youngman. London: CII Knowledge Services. Updated as necessary. Available online (CII/Personal Finance Society members only) via [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge).

The Financial Ombudsman Service and general insurance. Peter Tyldesley, Saira Paruk. London: CII Knowledge Services. Updated as necessary. Available online (CII/Personal Finance Society members only) via [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge).

Fraudulent claims. Ian Youngman. London: CII Knowledge Services. Updated as necessary. Available online (CII/Personal Finance Society members only) via [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge).

## Reference materials

Dictionary of insurance. C Bennett. 2nd ed. London: Pearson Education, 2004. Also available online (CII/Personal Finance Society members only) via [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge).

## Periodicals

The Journal. London: CII. Six issues a year. Also available online (CII/Personal Finance Society members only) via [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge).

Post Magazine. London: Incisive Financial Publishing. Weekly.

## Examination guide

An examination guide, which includes a specimen paper, is available to purchase via [www.cii.co.uk](http://www.cii.co.uk).

If you have a current study text enrolment the specimen paper is included, as a mock test, via Revisionmate ([www.revisionmate.com](http://www.revisionmate.com)). Details on how to access this resource are on the first page of the study text.

## Exam technique/study skills

There are many modestly priced guides available in bookshops. You should choose one which suits your requirements.

The Insurance Institute of London holds a lecture on revision techniques for CII exams approximately three times a year. The slides from their most recent lectures can be found at [www.cii.co.uk/knowledge/iilrevision](http://www.cii.co.uk/knowledge/iilrevision) (CII/Personal Finance Society members only).