

Advanced claims

Purpose

This unit is about enhancing understanding to ensure that claims services are run in an efficient customer-orientated way to satisfy their various stakeholders. This unit would be of benefit to those that are highly experienced in providing claims services and that are in or aspire to senior claims and management positions.

Assumed knowledge

It is assumed that the candidate already has the knowledge gained from a study of the relevant sections of IF1 Insurance, legal and regulatory and P85 Claims practice or equivalent examinations.

Summary of learning outcomes

1. Understand the claims environment.
2. Understand and apply claims service management principles.
3. Understand and apply claims management practices.
4. Understand and apply claims technical management.
5. Understand and calculate the cost of management practices.

Important notes

- Method of assessment:
 - Written exam – Part I 1 compulsory question (case study) (80 marks). Part II 2 questions selected from 3 (scenarios) (80 marks). Total of 160 marks. Three hours are allowed for this exam.
 - Coursework – 3 online assignments (80 marks). Each assignment must be individually passed.
- The syllabus is examined on the basis of English law and practice unless otherwise stated.
- The general rule is that the exams are based on the English legislative position six months before the date of the exams.
- 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
 - 2) Select the appropriate qualification
 - 3) Select your unit on the right hand side of the page

Knowledge ratings

General background awareness necessary.	1
Requires a knowledge of the major elements of procedures or concepts and their uses.	2
Requires the ability to evaluate concepts, issues, policies and procedures, together with an understanding of associated aspects of these items and their application to various situations.	3

1. Understand the claims environment			
1.1 Claims management strategy.	2		
1.2 Claims philosophies.	2		
1.3 Organisation design and structure.	2		
1.3.1 Claims department within the insurer (divisional/functional/other).	2		
1.3.2 Interaction of claims department with other functions.	2		
1.3.3 Internal structure of the department; job roles, teams, responsibilities, specialisms.	2		
1.3.4 Referral points; authorities.	2		
1.3.5 The role and responsibilities of the department manager.	2		
1.4 Policy interpretation.	2		
1.5 Regulation and legislation.	2		
1.5.1 Insurance Conduct of Business Sourcebook (ICOBS); Firm Systematic Framework; Treating Customers Fairly; Application to outsourcers.	2		
1.5.2 Contract certainty.	2		
1.5.3 European Union impact.	2		
2. Understand and apply claims service management practices			
2.1 Customer experience – expectations, satisfaction.	2		
2.1.1 Association of Insurance and Risk Managers in Industry and Commerce (AIRMIC) guidelines.	2		
2.1.2 Use of Claims service as a marketing tool.	2		
2.1.3 Treating Customers Fairly.	3		
2.2 Customer retention.	2		
2.3 Complaints handling.	3		
2.3.1 Financial Ombudsman Service.	3		
2.4 Policyholder litigation and breach of contract.	3		
2.4.1 Bad faith.	3		
2.4.2 Reservation of rights including the AIRMIC statement.	3		
3. Understand and apply claims management practices			
3.1 Design and implementation of claims handling procedures for both first and third party.	3		
3.2 Civil Procedure Rules.	2		
3.3 The pre-action protocols.	3		
3.4 Process review and quality management.	2		
3.5 Compliance with claims procedures.	3		
3.6 Claims handling operation.	3		
3.6.1 Segmentation (volume and complexity).	3		
3.6.2 Authorities.	2		
3.6.3 Outsourcing.	3		
3.6.4 Delegated authorities.	3		
3.6.5 Catastrophe management.	3		
3.7 Supplier and relationship management; panels.	2		
3.7.1 Loss adjusters.	2		
3.7.2 Solicitors.	2		
3.7.3 Suppliers of goods and services.	1		
3.8 Call centre management.	2		
4. Understand and apply claims technical management			
4.1 Reserving philosophies.	3		
4.2 Interaction between claims, actuaries and underwriting.	3		
4.3 Information technology.	2		
4.4 Management information.	3		
4.5 Fraudulent claims.	3		
4.5.1 Ethical aspects.	3		
4.6 London and Lloyd's market.	2		
4.7 Reinsurance.	2		
4.8 Subrogation and recoveries.	3		
4.9 International claims.	1		
5. Understand and calculate the cost of management practices			
5.1 Cost control strategy.	3		
5.1.1 Indemnity spend, handling spend and their interrelationship.	3		
5.2 Estimating and reserving.	3		
5.3 Leakage.	2		
5.4 Cost of the claims function – internal costs, share of overheads, etc.	3		

Reading list

The following list provides details of various publications which may assist with your studies.

These will help candidates keep up-to-date with developments and will provide a wider coverage of syllabus topics.

Note: The examination will test the syllabus alone. However, it is important to read additional sources as 10% of the exam mark is allocated for evidence of further reading and the use of relevant examples.

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.

CII study texts

Advanced claims. London: CII. Study text 820

Claims practice. London: CII. Study text P85

Insurance, legal and regulatory. London: CII. Study text IF1.

Additional reading

Additional reading materials are available through the library or on the Knowledge Services website.

New materials are added frequently – for information about new books and articles in your area of interest, please visit www.cii.co.uk/knowledge or email knowledge@cii.co.uk.

Books (and ebooks)

Insurance claims. 3rd ed. Alison Padfield. Haywards Heath: Tottel, 2012.

MacGillivray on insurance law: relating to all risks other than marine. 12th ed. London: Sweet & Maxwell, 2012.

Claims handling law and practice: a practitioner's guide. Richard West et al. London: Witherby, 2008.

Claims and public liability policies. J P P Shaw. London: Witherby, 1994.

Claims and standard fire policies, special extensions and special perils. RM Walmsley. London: Witherby, 1994.

'Claims handling'. Chapter – Insurance theory and practice. Rob Thoyts. Routledge, 2010. Also available as an ebook via www.cii.co.uk/knowledge (CII/Personal Finance society members only).

'Claims under the policy'. Chapter – Bird's modern insurance law. 8th ed. John Birds. London: Sweet & Maxwell, 2010.

'Claims procedure'. Chapter – The law of insurance contracts. 6th ed. Malcolm A Clarke et al. London: Informa, 2009.

'Claims cooperation and good faith'. Chapter – The law of insurance contracts. 6th ed. Malcolm A Clarke et al. London: Informa, 2009.

'Claims'. Chapter – Reinsurance practice and the law. Barlow Lyde & Gilbert LLP. London: Informa, 2009.

Fraudulent claims: deceit, insurance and practice. Matthew Chapman. St Albans, UK: XPL, 2007.

Tackling insurance fraud: law and practice. Dexter Morse, Lynne Skajaa. London: Informa Professional, 2004.

Stochastic claims reserving methods in insurance. Mario Wuthrich, Michael Merz. Chichester: Wiley, 2008.

Drafting insurance contracts: certainty, clarity, law and practice. Christopher Henley. London: Leadenhall press, 2010.

Factfiles and other online resources

CII factfiles are written by subject matter experts within the insurance and financial services industry. They are updated annually, and interim update bulletins are included where necessary to take into account any major changes during the year. All are available online via www.cii.co.uk/knowledge (CII/Personal Finance society members only).

- The Financial Ombudsman Service and general insurance. Peter Tyldesley, Saira Paruk.
- The regulation of general insurance business. Ian Youngman.
- The regulation of general insurance and protection business. Ian Youngman.
- Civil procedure rules. Alan Peck.
- Fraudulent claims. Ian Youngman.
- The business of insurance broking. Ian Youngman.

Contracts for Difference. iMinds. Mosman : iMinds, 2009. [Introductory text, 2 pp.] Available online via www.cii.co.uk/knowledge (CII/Personal Finance society members only).

Reservation of rights. AIRMIC. 2009. Available via airmic.com (register your details to access).

Delivering excellence in insurance claims handling: claims best practice guide. AIRMIC. 2010. Available via www.airmic.com (register your details to access).

Contract certainty: an Airmic guide for risk managers and insurance buyers. AIRMIC. 2009. Available via www.airmic.com (register your details to access).

Further articles and technical bulletins are available at www.cii.co.uk/knowledge (CII and Personal Finance Society members only).

Journals and magazines

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

Post magazine. London: Incisive Financial Publishing. Weekly.

Continuity insurance & risk. London: Perspective. Six issues a year.

Risk management professional: the official magazine of the Institute of Risk Management. London: Institute of Risk Management. Quarterly.

Strategic risk. London: Newsquest Specialist Media. Eight issues a year.

Reference materials

Dictionary of insurance. C Bennett. 2nd ed. London: Pearson Education, 2004. Also available as an ebook via www.cii.co.uk/knowledge (CII/Personal Finance society members only).

Insurance: Conduct of Business sourcebook (ICOBS). Available via www.fshandbook.info/FS/.

Examination guides

Guides are produced for each sitting of written answer examinations. These include the exam questions, examiners' comments on candidates' performance and key points for inclusion in answers.

You are strongly advised to study guides for the last two sittings. Please visit www.cii.co.uk to buy online or contact CII Customer Service for further information on +44 (0)20 8989 8464.

Older examination guides are available (for members only) via www.cii.co.uk/knowledge. Alternatively, if you have a current study text enrolment, the latest exam guides are available via www.revisionmate.com.

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 (CII/Personal Finance Society members only).