

# Claims practice

## Purpose

At the end of this unit, candidates should be able to demonstrate an understanding of how claims are handled.

## Assumed knowledge

It is assumed that the candidate already has knowledge of the fundamental principles of insurance as covered in IF1, Insurance, legal and regulatory and P05 Insurance law, or equivalent exams.

## Summary of learning outcomes

1. Understand key aspects of claims handling.
2. Understand key aspects of handling personal lines claims, including motor.
3. Understand key aspects of handling property claims, including business interruption.
4. Understand key aspects of handling third party liability claims.

## Important notes

- **Method of assessment:** 15 short answer questions. Total of 130 marks. Two hours are allowed for this exam.
- 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](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 key aspects of claims handling**

- 1.1 Explain key requirements of UK regulation affecting claims handling, including complaints handling.
- 1.2 Explain the impact of key UK regulation on claims handling, including complaints handling.
- 1.3 Explain the application of UK regulation on claims handling, including complaints handling.
- 1.4 Describe how the existence of cover is determined under the policy.
- 1.5 Explain the importance of reviewing the underwriting file for the relevant risk.
- 1.6 Identify the importance and uses of claims information.
- 1.7 Explain how to determine the extent of indemnity or liability under the policy.
- 1.8 Explain the uses of and importance of reserving.
- 1.9 Describe the effective negotiation and settlement of claims.
- 1.10 Explain the key differences in handling the claims of consumer and commercial policy holders.
- 1.11 Explain the special requirements for handling international claims.
- 1.12 Describe common indicators of fraudulent claims.
- 1.13 Explain the importance of recoveries, including subrogation and reinsurance recoveries.
- 1.14 Explain the particular requirements in handling reinsurance claims.

## **2. Understand key aspects of handling personal lines claims, including motor**

- 2.1 Explain the impact of regulatory obligations on handling personal lines claims.
- 2.2 Explain the typical personal lines policy coverage issues.
- 2.3 Explain how to investigate a personal lines claim.
- 2.4 Describe how the indemnity will be valued for a personal lines claim.
- 2.5 Describe how a personal lines claim will be negotiated and settled.
- 2.6 Describe the process that would be followed if a personal lines claim were declined and then disputed by the policy holder.

## **3. Understand key aspects of handling property claims, including business interruption**

- 3.1 Explain the impact of regulatory obligations on handling property and business interruption claims.
- 3.2 Explain the typical property and business interruption policy coverage issues.
- 3.3 Explain how to investigate a property and business interruption claim.
- 3.4 Describe how the indemnity for a property and business interruption claim will be valued.
- 3.5 Describe how the property and business interruption claim will be negotiated and settled.
- 3.6 Discuss the process that would be followed if a property and business interruption claim were declined and then disputed by the policy holder, including alternative dispute resolution.

## **4. Understand key aspects of handling third party liability claims**

- 4.1 Explain the impact of regulatory obligations on handling third party liability claims.
- 4.2 Explain the typical third party liability policy coverage issues.
- 4.3 Explain how to investigate a third party liability claim.
- 4.4 Describe the use of lawyers and experts in third party liability claims.
- 4.5 Describe how the indemnity for a third party liability claim will be valued.
- 4.6 Describe how the third party liability claim will be negotiated and settled.
- 4.7 Explain the provisions of the Civil Procedure Rules in dealing with third party liability claims.
- 4.8 Explain the particular considerations in handling Professional Indemnity claims.

## 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.

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

Claims practice. London: CII. Study text P85

Insurance law. London: CII. Study text P05

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](http://www.cii.co.uk/knowledge) or email [knowledge@cii.co.uk](mailto: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](http://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.

Subrogation: law and practice. Charles Mitchell et al. Oxford: Oxford University Press, 2007.

'Subrogation'. Chapter – 6th ed. Malcolm A Clarke et al. London: Informa, 2009.

Insurance disputes. Jonathan Mance, Iain Goldrein, Robert Merkin. 3rd ed. London: Informa, 2011.

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.

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](http://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](http://www.cii.co.uk/knowledge) (CII/Personal Finance society members only).

Reservation of rights. AIRMIC. 2009. Available via [www.airmic.com](http://www.airmic.com) (register your details to access).

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

Further articles and technical bulletins are available at [www.cii.co.uk/knowledge](http://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](http://www.cii.co.uk/knowledge) (CII/Personal Finance society members only).

Post magazine. London: Incisive Financial Publishing. Weekly.

## Reference materials

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

Insurance: Conduct of Business sourcebook (ICOBS). Available via [www.fshandbook.info/FS/](http://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](http://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](http://www.cii.co.uk/knowledge). Alternatively, if you have a current study text enrolment, the latest exam guides are available via [www.revisionmate.com](http://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](http://www.cii.co.uk/knowledge/iilrevision) (CII/ Personal Finance Society members only).