

# Financial protection

## Purpose

At the end of this unit, candidates should be able to demonstrate an understanding of and ability to analyse:

- The purpose and scope of financial protection products and how they interact with State benefits;
- The main features and functions of the different types of contracts and how they are arranged in order to meet the individual client's protection needs;
- The main protection needs of businesses.

Summary of learning outcomes	Number of questions in the examination*
1. Understand the consumer and retail market factors and trends relevant to financial protection.	3 standard format
2. Understand the areas of need for protection planning and the main sources of financial protection.	3 standard format
3. Understand the role and limitations of State Benefits and State/local authority funded solutions for financial protection.	3 standard format
4. Understand the range, structure and application of life assurance and pension based policies to meet financial protection needs.	8 standard format
5. Understand the taxation treatment of life assurance and pension based protection policies.	6 standard format
6. Understand the range, structure and application of income protection insurance and options to meet financial protection needs.	6 standard format
7. Understand the range, structure and application of critical illness insurance to meet financial protection needs.	6 standard format
8. Understand the range, structure and application of long term care insurance to meet financial protection needs.	3 standard format
9. Understand the main features of other insurance based protection policies.	6 standard format
10. Evaluate the needs and priorities for financial protection and the relevant factors in selecting appropriate solutions.	6 standard format

\*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: 50 standard format questions. 1 hour is allowed for this examination.**
- **This syllabus will be examined from 1 September 2014 to 31 August 2015.**
- **Candidates will be examined on the basis of English law and practice in the tax year 2014/2015 unless otherwise stated.**
- **It should be assumed that all individuals are domiciled and resident in the UK 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/updates](http://www.cii.co.uk/updates)
  2. Select the appropriate qualification
  3. Select your unit on the right hand side of the page

- 1. Understand the consumer and retail market factors and trends relevant to financial protection.**
  - 1.1 Explain the role of insurance in mitigating personal financial risk.
  - 1.2 Describe consumer attitudes and behaviours to protection needs planning.
  - 1.3 Describe trends relevant to financial protection.
- 2. Understand the areas of need for protection planning and the main sources of financial protection.**
  - 2.1 Describe the need for protection planning for individuals and businesses.
  - 2.2 Explain the relationship between insurance and assets and liabilities.
  - 2.3 Describe the sources of financial protection.
- 3. Understand the role and limitations of State Benefits and State/local authority funded solutions for financial protection.**
  - 3.1 Examine the role and limitations of State Benefits and State/local authority funded solutions for financial protection.
- 4. Understand the range, structure and application of life assurance and pension based policies to meet financial protection needs.**
  - 4.1 Describe the types of life assurance and pension based policies, their benefits, limitations, tax treatment and how they meet financial protection needs.
  - 4.2 Describe the underwriting and claims issues and processes associated with life assurance and pension based protection policies.
- 5. Understand the taxation treatment of life assurance and pension based protection policies.**
  - 5.1 Describe the taxation treatment of life assurance and pension based protection policies.
- 6. Understand the range, structure and application of income protection insurance and options to meet financial protection needs.**
  - 6.1 Describe the types of income protection policies, their benefits, limitations, tax treatment and how they meet financial protection needs.
  - 6.2 Explain the underwriting and claims issues and processes associated with income protection insurance.
- 7. Understand the range, structure and application of critical illness insurance to meet financial protection needs.**
  - 7.1 Describe the types of critical illness policies, their benefits, limitations, tax treatment and how they meet financial protection needs.
  - 7.2 Explain the underwriting and claims issues and processes associated with critical illness insurance.
- 8. Understand the range, structure and application of long term care insurance to meet financial protection needs.**
  - 8.1 Describe the regulation which applies to long term care insurance.
  - 8.2 Describe the main types of long term care insurance policies and their features.
  - 8.3 Describe the long term care planning process.
- 9. Understand the main features of other insurance based protection policies.**
  - 9.1 Describe the main features of other insurance based protection policies.
- 10. Evaluate the needs and priorities for financial protection and the relevant factors in selecting appropriate solutions.**
  - 10.1 Identify the priorities, risks and choices for individuals or business clients.
  - 10.2 Assess and quantify an individual's or business's future capital and income needs in real terms.
  - 10.3 Determine the suitability of product types and options.
  - 10.4 Explain planning considerations.
  - 10.5 Explain the importance of regular reviews.

## Syllabus construction

The syllabus consists of learning outcomes and assessment criteria only. A comprehensive listing of the indicative content is located at [www.fca.org.uk/your-fca/documents/financial-protection](http://www.fca.org.uk/your-fca/documents/financial-protection).

## Reading list

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

**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.

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

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

Financial protection. London: CII. Study text R05.

## 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)

Disability rights handbook. London: Disability Alliance. Annual.

## 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).

State retirement pensions. Roger Self, Claire Thomson.

Stakeholder pension schemes. Roger Self, Claire Thomson.

Long-term care insurance. Andy Couchman.

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

Financial solutions. London: CII. Six issues a year. Also available via <http://www.thepfs.org/knowledge/> (CII/Personal Finance Society members only).

Retirement strategy. Supplement to Money marketing. London: Centaur Communications. Monthly. Also available online at [www.moneymarketing.co.uk](http://www.moneymarketing.co.uk).

Pensions age. London: Perspective. Monthly. Also available at [www.pensionsage.com](http://www.pensionsage.com)

Life insurance international. London: Timetric. Monthly.

Pensions expert. London: FT Finance. Weekly. Also available at [www.pensions-expert.com/](http://www.pensions-expert.com/)

Pensions insight. Newsquest Specialist Media. Monthly. Also available at [www.pensions-insight.co.uk](http://www.pensions-insight.co.uk)

Professional pensions. London: Incisive Media. Weekly. Also available online at [www.professionalpensions.com](http://www.professionalpensions.com).

e-Protection review. Great Rissington: Bank House Communications. Monthly. Available at [www.protectionreview.co.uk](http://www.protectionreview.co.uk)

Cover. London: Incisive Financial. Monthly.

Health insurance and protection. London: Informa. Also available online at [www.healthinsurancedaily.com](http://www.healthinsurancedaily.com)

## Reference materials

Pensions law handbook. 11th ed. Pensions Department of Nabarro Nathanson. Tottel, 2013.

Lamont's glossary: the definitive plain English money and investment dictionary. Barclay W Lamont. 10th ed. London: Taxbriefs, 2009. Also available online via [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) (CII/Personal Finance Society members only).

Dictionary of banking and finance. P H Collin. A&C Black, 2005. Also available as an ebook via [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) (CII/Personal Finance Society members only).

Harriman's financial dictionary: over 2,600 essential financial terms. Edited by Simon Briscoe and Jane Fuller. Harriman House, 2007. Also available as an ebook via [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) (CII/Personal Finance Society members only).

The professional adviser's factfile. Taxbriefs. London: Taxbriefs. Looseleaf, updated.

Pensions factbook. Robert Gaines. Gee. Looseleaf.

## Examination guides

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

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.