

Insurance broking practice

Purpose

To provide knowledge and understanding of the wide range of technical skills required by a professional insurance broker with specific reference to client care.

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.

Summary of learning outcomes	Number of questions in the examination*
1. Understand key aspects of the regulatory and legal environment within which brokers operate.	17
2. Understand the role of the broker in meeting client needs.	7
3. Understand the role of the broker in the negotiation and placing of insurance contracts.	10
4. Understand the role of the broker in selecting insurers.	4
5. Understand the role of the broker in the design and operation of insurance programmes.	4
6. Understand the role of the broker in the claims negotiation, collection and payment process.	5
7. Understand the range of services that may be available from insurance brokers and their benefit to clients.	3

*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**
Mixed assessment for M81 of which both elements must be individually passed. This consists of:
 1. an online coursework assignment using RevisionMate consisting of 10 questions which sequentially follow the learning outcomes. This must be successfully completed within 6 months of enrolment; and
 2. a multiple-choice question (MCQ) exam at one of the CII's online centres (paper based MCQs are available in April and October for those sitting outside the UK). The MCQ exam consists of 50 MCQs. 1 hour is allowed for this examination. This exam must be successfully passed within 18 months of enrolment.
- This syllabus will be examined from 1 April 2015 until 30 April 2016.
- 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/updates
 2. Select the appropriate qualification
 3. Select your unit on the right hand side of the page

1. Understand the key aspects of the regulatory and legal environment within which brokers operate

- 1.1 Describe how the law of agency applies to insurance brokers in respect of the various roles they could undertake.
- 1.2 Describe the key insurance and non-insurance statutory and contract law applicable to insurance brokers, including key policy documentation.
- 1.3 Define the scope of the Financial Conduct Authority (FCA) and key relevant regulatory definitions.
- 1.4 Explain how the FCA's objectives and principles translate into rules and guidance.
- 1.5 Explain the elements of the Insurance Conduct of Business Sourcebook (ICOBS).
- 1.6 Explain the importance of Treating Customers Fairly (TCF).
- 1.7 Describe the main approach to the regulation of intermediaries in the European Union and elsewhere.

2. Understand the role of the broker in meeting client needs

- 2.1 Describe the approach to demands and needs and suitability statements.
- 2.2 Describe the regulatory and other information brokers disclose to clients and the various forms this can take.
- 2.3 Explain the delivery of 'contract certainty' and dealing with subjectivities – surveys, proposal forms.
- 2.4 Explain how complaints are dealt with, the handling of errors and omissions, claims and various forms of compensation.

3. Understand the role of the broker in the negotiation and placing of insurance contracts

- 3.1 Explain the duty of disclosure and acting in good faith in the presentation of risk information to insurers.
- 3.2 Explain the principles and objectives of good submission drafting, including the market reform slip.
- 3.3 Describe good practice in the presentation of quotation and contract information to clients.
- 3.4 Explain the duties when using sub-broking arrangements and the various forms of introducer.
- 3.5 Explain the legal duties of wholesale brokers – to the producing broker and to the insured.

4. Understand the role of the broker in selecting insurers

- 4.1 Explain the main factors to be taken into account when selecting insurers and the importance of the broker in this process.
- 4.2 Explain the need for an insurer to be licensed to write a particular class of business in the UK.
- 4.3 Describe the FCA 'scope of service': single insurer, limited panel and 'Fair Analysis'.
- 4.4 Explain the general approach to assessing the security of an insurer.

5. Understand the role of the broker in the design and operation of insurance programmes

- 5.1 Describe the general approach to the design and operation of insurance programmes including the involvement of self-insurance and captives.
- 5.2 Explain the detail behind complex programmes.
- 5.3 Explain the use of global markets, including the use of different markets at different stages of the insurance market cycle.
- 5.4 Describe the operation of schemes, lineslips and delegated authorities.
- 5.5 Explain post placement activity and administration.

6. Understand the role of the broker in the claims negotiation, collection and payment process

- 6.1 Explain the duties of the broker in negotiating claims on behalf of clients and the impact of fraud.
- 6.2 Describe the different methods of dealing with claims.
- 6.3 Explain the duties of the broker in handling claims records including disease claims, and the market agreement on EL records.
- 6.4 Explain the duty of a broker to deal with a claim when the client has been lost.

7. Understand the range of services that may be available from insurance brokers and their benefit to clients

- 7.1 Explain the fundamentals of risk/risk transfer and the broker's role in the management process.
- 7.2 Describe captive insurance company services.
- 7.3 Describe specialist risk consultancy services.

Reading list

The following list provides details of various publications which may assist you 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 you keep up-to-date with developments and will provide a wider coverage of syllabus topics.

CII/PFS members can borrow most of the additional study materials below from Knowledge Services. CII study texts can be consulted from within the library.

New materials are added frequently - for information about new releases and lending service, please go to www.cii.co.uk/knowledge or email knowledge@cii.co.uk.

CII study texts

Insurance broking practice. London: CII. Study text P81/M81.

Books (and ebooks)

Insurance brokers: an industry accounting and auditing guide. 5th ed. M Grice, S Ouarbya. London: CCH Wolters Kluwer, 2012.

The law of insurance broking. 2nd ed. Christopher Henley. London: Sweet & Maxwell, 2004.

'Claims against insurance brokers'. Chapter: Insurance claims. 3rd ed. Alison Padfield. Tottel, 2012.

'Intermediary responsibility'. Chapter: Insurance disputes. 3rd ed. Jonathan Mance et al. Informa, 2011.

'Lloyd's brokers and other agents of the assured'. Chapter in Lloyd's: law and practice. Julian Burling. Oxon: Informa Law, 2014.*

Winning client trust. Chris Davies. London: Ecademy Press, 2011.

Factfiles and other online resources

CII factfiles are concise, easy to digest but technically dense resources designed to enrich the knowledge of members. Covering general insurance, life and pensions and financial services sectors, the factfile collection includes key industry topics as well as less familiar or specialist areas with information drawn together in a way not readily available elsewhere. Available online via www.cii.co.uk/ciifactfiles (CII/PFS members only).

- The business of insurance broking. Ian Youngman
- Insurance accounting (general business). Ian Hutchinson.
- Insurance in the single market. Paul Clarke.
- Factors leading to a "hard" or "soft" insurance market. Ian Searle.
- Efficiency tactics within the insurance industry. Ian Searle.
- Recent developments to Solvency II. Brad Baker.
- Distribution for insurance brokers. Ian Youngman.
- E-commerce in insurance. Martyn Allez, updated by Ian Searle.

- The regulation of general insurance intermediaries. Updated annually. Ian Youngman.

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

Periodicals

Post magazine. London: Incisive Financial Publishing. Weekly.

Insurance day. London: Informa. Daily except weekends.

Insurance age. Incisive media. Monthly. Available online at www.insuranceage.co.uk.

Insurance times. London: Newsquest Specialist Media. Weekly.

Financial adviser. London: FT Business. Weekly. Also available online at www.ftadviser.com.

Money marketing. London: Centaur Communications. Weekly. Also available online at www.moneymarketing.co.uk.

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

Reference materials

Concise encyclopedia of insurance terms. Laurence S. Silver, et al. New York: Routledge, 2010.*

'Regulation'. Chapter: Insurance broking practice and the law. Looseleaf, updated. Cameron McKenna.

'The broker's role and duties owed in the claims process'. Chapter: Insurance broking practice and the law. Looseleaf, updated. Cameron McKenna.

*Also available as an ebook through Discovery via www.cii.co.uk/discovery (CII/PFS members only).

Examination guides

An examination guide, which includes a specimen paper, is available to purchase via www.cii.co.uk.

If you have a current study text enrolment, the current examination guide is included and is accessible via Revisionmate (www.revisionmate.com). Details of how to access Revisionmate are on the first page of your study text.

It is recommended that you only study from the most recent versions of the examination guides.

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/PFS members only).