

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 Po5 Insurance law, or equivalent exams.

Summary of learning outcomes	Number of questions in the examination*
1. Understand key aspects of claims handling.	25
2. Understand key aspects of handling personal lines claims, including motor.	7
3. Understand key aspects of handling property claims, including business interruption.	7
4. Understand key aspects of handling third party liability claims.	11

*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 M85 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 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 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

Claims practice. London: CII. Study text M85/P85

Insurance law. London: CII. Study text M05/P05

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

Books (and ebooks)

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

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

Claims handling law and practice. 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 Thoys. 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. 9th ed. John Birds. London: Sweet & Maxwell, 2013.

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

Insurance theory and practice. Rob Thoys. Routledge, 2010.*

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

'Subrogation'. Chapter – Law of insurance contracts. 6th ed. Malcolm A Clarke. 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 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 regulation of general insurance business. Ian Youngman.
- Civil procedure rules. Alan Peck.
- Fraudulent claims. Ian Youngman.
- The business of insurance broking. Ian Youngman

Contracts for Difference. iMinds. Mosman.

Reservation of rights. AIRMIC. 2009. Available via 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 (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/PFS members only).

Journals and magazines

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

Post magazine. London: Incisive Financial Publishing. Weekly.

Reference materials

Dictionary of insurance. C Bennett. 2nd ed. London: Pearson Education, 2004.

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

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

*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).