

# 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 2015 to 31 August 2016.
- Candidates will be examined on the basis of English law and practice in the tax year 2015/2016 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/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 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 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](http://www.cii.co.uk/knowledge) or email [knowledge@cii.co.uk](mailto:knowledge@cii.co.uk).

## CII study texts

Financial protection. London: CII. Study text Ro5.

## Books

Disability rights handbook. London: Disability Alliance. Annual.

## 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](http://www.cii.co.uk/ciifactfiles) (CII/PFS members only).

Long-term care insurance. Andy Couchman.

State retirement pensions. Roger Self, Claire Thomson.

Stakeholder pension schemes. Roger Self, Claire Thomson.

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

## Journals and magazines

Cover. London: Incisive Financial. Monthly. Also available at [www.covermagazine.co.uk](http://www.covermagazine.co.uk)

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

Financial solutions. London: CII. Six issues a year. Also available at [www.thepfs.org/knowledge](http://www.thepfs.org/knowledge) (CII/PFS members only).

Health insurance daily (previous Health insurance and protection). London: Informa. Available at [www.healthinsurancedaily.com](http://www.healthinsurancedaily.com)

Life insurance international. London: Timetric. Monthly.

Retirement strategy. Supplement to Money marketing. London: Centaur Communications. Monthly. Also available 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).

Pensions week. London: FT Finance. Weekly.

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 at [www.professionalpensions.com](http://www.professionalpensions.com).

## Reference materials

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

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

Dictionary of banking and finance. P H Collin. A&C Black, 2005.\*

Harriman's financial dictionary: over 2,600 essential financial terms. Edited by Simon Briscoe and Jane Fuller. Petersfield: Harriman House, 2007.\*

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/lamont](http://www.cii.co.uk/lamont) (CII/PFS members only).

Pensions law handbook. 12th ed. Pensions Department of Nabarro Nathanson. Tottel, 2015.

Pensions factbook. Robert Gaines. Gee. Looseleaf.

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

\*Also available as an ebook through Discovery via [www.cii.co.uk/discovery](http://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](http://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](http://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](http://www.cii.co.uk/knowledge/iilrevision) (CII/PFS members only).