

Advanced insurance broking

Purpose

To provide knowledge and understanding of the management and operation of insurance broking organisations.

Assumed knowledge

It is assumed that the candidate already has the knowledge gained from a study of the relevant sections of IF1 Insurance, legal and regulatory, M05/P05 Insurance law and M81/P81 Insurance broking practice or equivalent examinations.

Summary of learning outcomes

1. Understand the competitive environment for insurance brokers.
2. Understand the management, implementation and control of regulation, compliance and the law as they apply to insurance brokers.
3. Understand the operational and management challenges faced by insurance brokers.

Important notes

- **Method of assessment:** Coursework – 3 online assignments (80 marks). Each assignment must be individually passed.
- The syllabus is 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/qualifications
 2. Select the appropriate qualification
 3. Select your unit on the right hand side of the page

1. Understand the competitive environment for insurance brokers

- 1.1 Explain the non-life insurance market and the market cycle including its impact on insurance broking.
- 1.2 Analyse the role of brokers within the insurance market and their impact on it.
- 1.3 Examine the distribution models used by insurers and brokers, including transacting business with other brokers, and the new business process.
- 1.4 Examine the different methods of trading with clients.

2. Understand the management, implementation and control of regulation, compliance and the law as they apply to insurance brokers

- 2.1 Explain the regulatory environment and the approach to regulation.
- 2.2 Explain the implementation and control with respect to senior management systems and controls (SYSC) and ICOBs.
- 2.3 Explain the disciplinary procedures to which insurance brokers are subject and their implications.
- 2.4 Examine avoiding and managing conflicts of interest.
- 2.5 Explain the importance of training and competence.
- 2.6 Review the approach brokers need to adopt in treating their customers fairly.
- 2.7 Explain the procedures for dealing with complaints.
- 2.8 Examine the management of third parties, appointed representatives and introducers.
- 2.9 Explain the legal environment with reference to sanction and competition legislation and regulation.

3. Understand the operational and management challenges faced by insurance brokers

- 3.1 Describe the various types of intermediary – by size, specialism and geographical scope.
- 3.2 Analyse typical management structures.
- 3.3 Examine the challenge of international/global business.
- 3.4 Examine the importance of internal operational, management and financial controls.
- 3.5 Examine the role of corporate risk management within insurance brokers.
- 3.6 Explain the process of insurer selection including the analysis of the security of insurers and other intermediaries.
- 3.7 Explain the role of Terms of Business Agreements with insurers.
- 3.8 Explain the management of delegated underwriting authorities.
- 3.9 Examine the impact of public opinion on the wider insurance industry and the role of Chartered Broker status in raising professional standards.
- 3.10 Examine the implications of outsourcing and off-shoring.
- 3.11 Examine the importance of the business driving IT.
- 3.12 Analyse how brokers provide excellent client service, including the management of the annual renewal cycle.
- 3.13 Examine the role of segmentation within brokers.
- 3.14 Analyse the role of claims and different approaches to claims service.
- 3.15 Analyse the ways in which brokers are remunerated.
- 3.16 Describe the provision of risk related services by brokers.

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. However, it is important to read additional sources as 10% of the exam mark is allocated for evidence of further reading and the use of relevant examples.

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/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

Advanced insurance broking. London: CII. 930 study text.

Insurance business and finance. London: CII. M92/P92 study text.

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

Books (and ebooks)

Bowstead and Reynolds on agency. Peter Watts & FMB Reynolds. 20th ed. London: Thomson Reuters, 2014.

Business performance measurement. 2nd ed. Andy Neely. Cambridge: Cambridge University Press, 2011.

Capital structure and corporate financing decisions: theory, evidence, and practice H. Kent Baker and Gerald S. Martin. Wiley, 2011.*

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

Competing through skills. Amin Rajan et al. (Tunbridge Wells: CREATE, 1999).

Competition law and policy in the EU and UK. 5th ed. Barry Rodger, Angus MacCulloch. Routledge-Cavendish, 2015.*

Corporate governance. 4th ed. Christine Mallin. Oxford: Oxford University Press, 2012.

Corporate governance. 5th ed. Robert Monks and Neil Minow. London: Wiley, 2011.

Corporate risk management. 2nd ed. Tony Merna and Faisal F Al-Thani. Chichester: John Wiley, 2010.*

Developing people and the corporate culture in financial services. Vlad Stanic and Denis Boyle. Woodhead Publishing, 1999.

Driving strategic change in financial services. Bernard Taylor and Ian Morison. Boca Raton: CRC, 1999.

Financial services marketing: an international guide to principles and practice. 2nd ed. Christine Ennew and Nigel Waite. Oxford: Routledge, 2013.*

Global perspectives on insurance today: a look at national interests versus globalisation. C Kempler et al. London: Palgrave Macmillan, 2010.*

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

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

Managing information in financial services. 2nd ed. Phil Fawcett and Graham Flower. London: Financial World Publishing, 2004.

Marketing concepts and strategies. Sally Dibb, et al. 6th ed. Boston: Cengage Learning, 2012.

Money laundering: a concise guide for all business. 2nd ed. Doug Hopton. Farnham: Gower, 2011.*

On strategy. Harvard Business Review. Harvard Business Review, 2011.

Principles of direct, database and digital marketing. 5th ed. Alan Tapp et al. Harlow: Pearson Education, 2013.

Pinsent Masons guide to insurance distribution. 2nd ed. Andrew Long. London: Kogan Page, 2009.

Services marketing management. 3rd ed. Peter Mudie. Oxford: Butterworth-Heinemann, 2006.

Solvency II: stakeholder communications and change. Gabrielle O'Donovan. Gower, 2011.*

Strategic employee surveys: evidence-based guidelines for driving organizational success Jack W. Wiley. Jossey-Bass, 2010.

Strategic management. Richard Lynch. 6th ed. Harlow: Pearson Education Ltd, 2012.

The Financial times guide to strategy: how to create and deliver a winning strategy. 3rd edition. R Koch. FT Prentice Hall, 2006.

The balanced scorecard. Robert Kaplan and David Norton. Boston: Harvard Business School Press, 1996.

The globalisation of corporate governance: the challenge of clashing cultures. Adrian Davies. Gower, 2011.

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

The role of agents in insurance business. Chapter – MacGillivray on insurance law: relating to all risks other than marine. 12th ed. Sweet & Maxwell, 2014.

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

Ebooks

The following ebooks are available through Discovery via www.cii.co.uk/discovery (CII/PFS members only):

Connected CRM: implementing a data-driven, consumer-centric business strategy. David Williams. Hoboken: Wiley, 2014.

Corporate performance: a ratio-based approach to country and industry analyses. Julia Koralum-Bereznicka. Springer, 2013.

Research handbook on money laundering. Daan van der Linde, B Unger. Cheltenham: Edward Elgar Publishing, 2013.

Risk management and corporate governance. A.G. Malliaris, Abol Jalilvand. New York: Routledge, 2012.

Strategic management in the 21st Century. Vijay R. Kannan. Calif: Praeger, 2013.

Treatises on Solvency II. Meinrad Dreher. Heidelberg: Springer, 2015.

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.
- An examination of 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 insurance intermediaries. Ian Youngman.

Consumer Credit Act 1974. Available via www.legislation.gov.uk.

Data Protection Act 1998. Available via www.legislation.gov.uk.

Digital marketing in financial services. ©Timetric Insight Report. December, 2013. Available for members at www.cii.co.uk/insightreports

Financial Services and Markets Act 2000. Available via www.legislation.gov.uk.

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

Insurers' engagement with Social Media. ©Timetric Insight Report. March, 2015. Available for members at www.cii.co.uk/insightreports

Insurance Mediation Directive. Brussels: Office for Official Publications of the European Communities, 2002. Available via <http://eur-lex.europa.eu>.

Money Laundering Regulations 2007. Available via www.legislation.gov.uk.

Institute of Risk Management www.theirm.org.

The rise of online aggregators. ©Timetric Insight Report. July, 2014. Available for members at www.cii.co.uk/insightreports

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

Reference materials

‘Competition’. Chapter: Insurance broking practice and the law. Looseleaf, updated. Cameron McKenna.

‘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.

Journals and magazines

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

Insurance day. London: Informa. Daily except weekends. Also available online at www.insuranceday.com.

Insurance times. London: Newsquest Specialist Media. Weekly. Also available online at www.insurancetimes.co.uk.

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.

Post magazine. London: Incisive Financial Publishing. Weekly. Also available online at www.postonline.co.uk.

Further periodical publications are available at www.cii.co.uk/journalismagazines (CII/PFS members only).

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

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 from the last two sittings. Please visit www.cii.co.uk to buy online or contact CII Customer Service for further information on +44 (0)20 8989 8464.

Alternatively, if you have a current study text enrolment, the latest exam guides are available via www.revisionmate.com.

Older guides are available via www.cii.co.uk/pastexamguides (CII/PFS members only).

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/iilrevision (CII/PFS members only).