

# Insurance corporate management

## Purpose

At the end of this unit candidates should be able to understand how an insurance operation is managed.

## Assumed knowledge

It is assumed that the candidate already has the knowledge gained from a study of insurance organisations, finance and regulations as typically covered in IF1 Insurance, legal and regulatory or M92 Insurance business and finance or equivalent examinations.

### Summary of learning outcomes

1. Evaluate the structures and management of insurance organisations.
2. Evaluate financial issues and control mechanisms in the management of insurance organisations.
3. Evaluate regulatory issues and their impact on the management of insurance organisations.
4. Evaluate the current and future challenges to the management of insurance organisations.

## 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](http://www.cii.co.uk/qualifications)
  2. Select the appropriate qualification
  3. Select your unit on the right hand side of the page

## **1. Evaluate the structures and management of insurance organisations**

- 1.1 Evaluate the types of ownership models including the importance and sources of capital.
- 1.2 Explain the principles of organisation and apply these to relevant workplace scenarios.
- 1.3 Evaluate the types of organisational structures and their advantages and challenges within workplace scenarios.
- 1.4 Analyse outsourcing and its effect on insurance organisations.
- 1.5 Evaluate corporate governance including the stakeholder model, the roles of the board and key management positions.
- 1.6 Examine corporate risk management including its obligations and approach.
- 1.7 Explain the principles of planning and apply these to workplace scenarios.
- 1.8 Evaluate relevant workplace scenarios using strategic and operational planning tools.

## **2. Evaluate financial issues and control mechanisms in the management of insurance organisations**

- 2.1 Explain the role of the finance function.
- 2.2 Explain the principles of financial reporting and apply these to workplace scenarios.
- 2.3 Interpret financial accounts of insurance organisations.
- 2.4 Evaluate and apply corporate finance concepts in insurance organisations including the raising of capital, project appraisal and business acquisition and disposal.
- 2.5 Explain the implications of International Financial Reporting Standards (IFRS).
- 2.6 Apply the principles of the budgeting process to workplace scenarios.
- 2.7 Apply the principles of performance monitoring to workplace scenarios.
- 2.8 Explain the role of internal and external auditing.
- 2.9 Analyse investment management and asset/liability management in insurance organisations.

## **3. Evaluate regulatory issues and their impact on the management of insurance organisations**

- 3.1 Evaluate the purpose and impact of Solvency II and other capital issues for insurers.
- 3.2 Evaluate the technical standards of Solvency II.
- 3.3 Evaluate conduct of business regulatory issues and their impact on the management of insurance organisations.
- 3.4 Explain the process and objectives of international harmonisation of regulation.
- 3.5 Examine the impact of rules for data protection, anti money laundering, consumer disclosure and the prevention of bribery.
- 3.6 Explain the process of credit rating and its impact on insurance organisations

## **4. Evaluate the current and future challenges to the management of insurance organisations**

- 4.1 Evaluate the threats and opportunities faced in managing insurance organisations.
- 4.2 Make recommendations to mitigate threats and exploit opportunities faced in managing insurance organisations

## 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](http://www.cii.co.uk/knowledge) or email [knowledge@cii.co.uk](mailto:knowledge@cii.co.uk).

### CII study texts

Insurance corporate management. London: CII. Study text 990.

Insurance business & finance. London: CII. Study text M92.

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

### Books (and ebooks)

A practical guide to corporate governance. 5th ed. Mark Cardale. London: Sweet and Maxwell, 2014.

A practitioner's guide to Solvency II. Geoffrey et al. (eds.). London: Thomson Reuters, 2016.

Audit and accountancy pitfalls: a casebook for practising accountants, lawyers and insurers. Emile Woolf and Moira Hindson. Wiley, 2011.\*

Accounting and finance for non-specialists. 8th ed. Peter Atrill and Eddie McLaney. Pearson Education Ltd, 2013.

Accounting for non-accountants: a manual for managers and students. 9th ed. Graham Mott. Kogan Page, 2013.\*

A guide to insurance: combining governance, compliance and regulation. Nigel Feetham. London: Spiramus Press, 2012.

Bank and insurance capital management. Frans De Weert. Chichester: Wiley, 2011.\*

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

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

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

Corporate finance law: principles and policy. Louise Gullifer, Jennifer Payne. Oxford: Hart Publishing, 2011.

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

Essentials of business process outsourcing. Thomas Duening and Rick Click. Chichester: Wiley, 2005.

Frank Wood's business accounting. Frank Wood and Alan Sangster. 12th ed. Harlow, Essex: Pearson Education, 2012.

Forensic accounting for dummies. Frimette Kass-Shraibman and Vijay S. Sampath. Wiley, 2011.\*

International financial reporting standards: a practical guide. Hennie Van Greuning, Darrel Scott and Simonet Terblanche. World Bank Publications, 2011.\*

Management: an introduction. David Boddy. 6th ed. Pearson Education, 2014.

Organisational behaviour: an introductory text. Andrzej Huczynski, David Buchanan. 8th ed. Financial Times/Prentice Hall, 2013.

ORSA: Design and implementation. Bogie Azdemir. London: Risk Books, 2015.

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

Risk culture and effective risk governance. Patricia Jackson, ed. London: Risk Books, 2014.

Risk management for insurers: risk control, economic capital, and Solvency II. Rene Doff. 3rd ed. London: Risk Books, 2015.

Smarter outsourcing: an executive guide to managing successful relationships. Jean-Louis Bravard and Robert Morgan Harlow: FT/Prentice Hall, 2006.

Solvency II handbook: practical approaches to implementation. Rene Dorf. London: Risk Books, 2014.

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

The Financial Times guide to using the financial pages. Romesh Vaitilingam. 6th ed. Prentice Hall/Financial Times, 2011.

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

The Financial Times guide to mastering operational risk. Tony Blunden & Jon Thirlwell. Harlow: FT/Prentice Hall, 2010.

The law of insolvency. Ian Fletcher and Letitia Crabb. 4th ed. London: Sweet & Maxwell, 2009.

The role of agents in insurance business. Chapter – MacGillivray on insurance law: relating to all risks other than marine. 13th ed. Sweet & Maxwell, 2015.

### ebooks

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

Accounting for non-accountants. 10th ed. David Horner. London: Kogan Page, 2014.

Basic financial accounting. 4th ed. Willen Bosua, Madri Schute. Claremont: Juta and Company Ltd., 2015.

Business intelligence and performance management. Aladdin Ayesh. London: Springer, 2013.

Business risk management: models and analysis. E.J. Anderson. Hoboken: Wiley, 2014.

Creativity and strategic innovation management. Malcom Goodman, Sandra M. Dingly. Oxon: Routledge, 2013.

Evolutionary governance theory: an introduction. Kristof Van Assche, et al. Springer, 2014.

Fundamentals of enterprise risk management: how top companies assess risk, manage exposure and seize opportunity. John J. Hampton. New York: American Management Association, 2015.

Progressive corporate governance for the 21st Century. Lorraine Talbot. Oxon: Routledge, 2013.

Rethinking corporate governance. Alessio M. Paccas. Oxon: Routledge, 2013.

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

Risk management at the top: a guide to risk and it's governance in financial institutions. Chichester, West Sussex: Wiley, 2014.

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

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

Understanding financial risk management. Angelo Corelli. London: Routledge, 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](http://www.cii.co.uk/ciifactfiles) (CII/PFS members only).

- Alternative risk transfer (ART). Alan Punter.
- Risk control. Ian Searle.
- Risk identification. Ian Searle.
- Recent developments to Solvency II. Brad Baker.
- Insurance accounting (general business). Ian Hutchinson, updated by Alex Barnes.
- An examination of factors leading to a "hard" or "soft" insurance market. Ian Searle.
- Efficiency tactics within the insurance industry. Ian Searle.

AIRMIC. [www.airmic.com](http://www.airmic.com).

Bank of England's financial stability role [www.bankofengland.co.uk/financialstability](http://www.bankofengland.co.uk/financialstability).

Institute of Risk Management [www.theirm.org](http://www.theirm.org).

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

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

Post magazine. London: Incisive Financial Publishing. Monthly. Also available online at [www.postonline.co.uk](http://www.postonline.co.uk).

The Economist. London: Economist Newspaper. Weekly.

Financial times. London: Financial Times. Daily. Also available online at [www.ft.com](http://www.ft.com).

Further periodical publications are available at [www.cii.co.uk/journalmagazines](http://www.cii.co.uk/journalmagazines) (CII/PFS members only).

## Reference materials

Code of ethics. London: CII, 2014. Available online at [www.cii.co.uk](http://www.cii.co.uk).

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.

International Financial Reporting Standards. IFRS Foundation. London: IFRS Foundation. Annual.

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).

Manual of accounting. 4v. PriceWaterhouseCoopers. Haywards Heath: Bloomsbury Professional. Annual.

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

## Specimen guides

Specimen guides are available for all coursework units.

These are available on the CII website under the unit number before purchasing the unit. They are available under the following link [www.cii.co.uk/qualifications/advanced-diploma-in-insurance-qualification](http://www.cii.co.uk/qualifications/advanced-diploma-in-insurance-qualification).

These specimen guides are also available on the RevisionMate website [www.revisionmate.com](http://www.revisionmate.com) after you have purchased the unit.

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