

# General insurance business

## Objective

To provide knowledge and understanding of basic insurance products and practice, including underwriting and policy wordings, claims, customer service and information and communication technology.

Summary of learning outcomes	Number of questions in the examination*
1. Know insurance products and associated services for general insurance business	36
2. Understand underwriting and policy wordings for general insurance business	31
3. Know how to apply knowledge of principles of premium calculation of general insurance business to a given set of circumstances	2
4. Understand claims within the context of general insurance business	21
5. Know how to apply knowledge of principles concerning the operation of policy conditions affecting claims for general insurance business to a given set of circumstances	2
6. Understand information and communication technology, security, confidential information and data protection within general insurance business	5
7. Understand customer service within general insurance business	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:** 100 multiple choice questions (MCQs). 2 hours are allowed for this examination.
- This syllabus will be examined from 1 January 2018 until 31 December 2018.
- 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](http://www.cii.co.uk/updates)
  2. Select the appropriate qualification
  3. Select your unit on the right hand side of the page

## **1. Know insurance products and associated services for general insurance business**

### **1.1 Describe the basic features and outline of typical cover of:**

- motor: private car, motorcycle, commercial
- health: personal accident, sickness, medical expenses
- combined comprehensive or packaged policies: household, travel and commercial packages
- property: fire and special perils, all risks, theft, glass, money
- pecuniary: legal expenses, business interruption
- liability: employers', public, products, directors' and officers', professional indemnity, trustees' indemnity
- extended warranties

### **1.2 Describe in outline the non-insurance services available, specifically:**

- help lines and advice
- authorised repairers and suppliers
- risk control/advice
- uninsured loss recovery services

## **2. Understand underwriting and policy wordings for general insurance business**

### **2.1 Explain why an underwriter wishes to be aware of material circumstances in assessing a risk**

### **2.2 Explain the significance of moral and physical hazard for underwriters and how they are manifested**

### **2.3 Describe the statutory provisions relating to the disclosure of material information to insurers and the methods used by underwriters to obtain this information**

### **2.4 Describe the questions usually asked of proposers**

### **2.5 Describe the legal and regulatory significance of procedures relating to quotations**

### **2.6 Explain the legal significance of procedures relating to proposals**

### **2.7 Explain the legal significance of procedures relating to the issue of cover notes, insurance contracts and certificates of insurance**

### **2.8 Explain the relevance of premium payment for valid cover**

### **2.9 Describe the methods used by insurers to collect premiums**

### **2.10 Describe the features of Insurance Premium Tax**

### **2.11 Describe the structure, functions and contents of a policy form, including the policy schedule**

### **2.12 Explain the meaning and use of common policy conditions and exclusions**

### **2.13 Explain how excesses and franchises are used**

### **2.14 Explain the distinction between warranties, conditions, representations and exclusions**

### **2.15 Explain the legal and regulatory significance of procedures relating to renewals**

### **2.16 Explain how cancellation clauses operate**

## **3. Know how to apply knowledge of principles of premium calculation of general insurance business to a given set of circumstances**

### **3.1 Apply knowledge of principles of premium calculation of general insurance business to a given set of circumstances**

#### **4. Understand claims within the context of general insurance business**

- 4.1 Describe the legal requirements for a valid claim
- 4.2 Explain why a claim may be invalid or only partially met
- 4.3 Describe the insured's duties after a loss
- 4.4 Describe the documentary evidence needed relating to claims
- 4.5 Explain how alternative dispute resolutions operate, including arbitration clauses
- 4.6 Explain the ways in which claims can be settled:
  - cash payment to insured
  - repair
  - replacement
  - reinstatement
  - payments to third parties
- 4.7 Describe the role of the Motor Insurers' Bureau in relation to claims
- 4.8 Explain in general terms how the process of reserving operates
- 4.9 Explain the role salvage plays in claims settlement
- 4.10 Describe the means of claims recovery open to insurers
- 4.11 Describe the procedures commonly used to discourage and detect fraudulent claims
- 4.12 Explain the consequences of fraudulent claims on insurers, policyholders and fraudulent claimants

#### **5. Know how to apply knowledge of principles concerning the operation of policy conditions affecting claims for general insurance business to a given set of circumstances**

- 5.1 Apply knowledge of principles concerning the operation of policy conditions affecting claims for general insurance business to a given set of circumstances

#### **6. Understand information and communication technology, security, confidential information and data protection within general insurance business**

- 6.1 Explain how the internet and social media are used in the insurance industry
- 6.2 Describe the principles of data protection and the types of confidential information
- 6.3 Explain the principles of secure storage and disposal of documents
- 6.4 Explain the need for security and confidentiality of information
- 6.5 Describe the regulations relating to the use of confidential information, its storage and disclosure

#### **7. Understand customer service within general insurance business**

- 7.1 Describe what a customer service standard is
- 7.2 Explain how service standards should be implemented
- 7.3 Describe the legal and regulatory obligations of organisations in the insurance industry in relation to customer service, including the fair treatment of customers

## 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

General insurance business. London: CII. Study text IF2.

### Books (and ebooks)

Bird's modern insurance law. 10th ed. John Birds. Sweet and Maxwell, 2016.

Insurance claims. 4th ed. Alison Padfield. Bloomsbury Professional, 2016.

Insurance law: an introduction. Robert Merkin. London: Routledge, 2014.\*

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

Pricing in general insurance. Pietro Parodi. CRC Press, 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).

- Fraudulent claims. Beverley Lyn.
- Recent developments to Solvency II. Brad Baker.
- Principles and trends in general insurance underwriting. Massimo Vascotto.
- The Financial Ombudsman Service and general insurance. Peter Tyldesley, Saira Paruk.
- The regulatory framework. Simon Collins.

Code of ethics explained. Duncan Minty. CII Faculty lecture, 2014. Available online at [www.cii.co.uk/30790](http://www.cii.co.uk/30790)

### Periodicals

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).

## 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.

Financial Conduct Authority (FCA) Handbook. Available at [www.handbook.fca.org.uk/handbook](http://www.handbook.fca.org.uk/handbook).

Kluwer's handbook of insurance. Kingston upon Thames, Surrey: Croner. CCH. Looseleaf updated.

Prudential Regulation Authority (PRA) Rulebook Online. Available at [www.prarulebook.co.uk](http://www.prarulebook.co.uk)

The insurance manual. Stourbridge, West Midlands: Insurance Publishing & Printing Co. 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 guide

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 version of the examination guide.

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