

# Personal insurance

**Objective:** To develop in the candidate:

- a knowledge and understanding of the principles and practices relating to the underwriting and claims procedures of personal general insurances;
- a knowledge of the relevant legal aspects and liabilities;
- the ability to apply knowledge and skills to practical situations;
- the ability to synthesise different aspects of the syllabus and apply them to given scenarios.

**Assumed knowledge and application skills:**

It is assumed that the candidate already has knowledge of the general principles of legal liability and regulation affecting personal insurance from a study of P01 Insurance practice and regulation and P05 Insurance law or equivalent qualifications.

**Method of assessment:** See page 7 in the 2005 Advanced Diploma in Insurance 'Information for candidates' brochure.

**Notes:**

- The syllabus will be based on UK law and practice.
- The April session will test the legal position as of 31st August of the preceding year.
- The October session will test the legal position as of 28th February of the same year.

## 1. Household insurance underwriting

### 1.1 Scope of cover

Candidates should be able to

- *discuss* the scope of cover for household insurance business, including: policy wordings, exclusions, assessment, basis of rating, risk protection and control of:
  - buildings insurance;
  - contents insurance;
  - all risks/personal possessions insurance, including common extensions;
  - money and credit cards;
  - fine art;
  - musical instruments;
  - legal expenses;
  - pedal cycles;
  - assistance services/emergency helplines;
  - sports equipment;
  - frozen foods.

### 1.2 Underwriting

Candidates should be able to

- *explain* the following underwriting issues as they affect personal insurance business:
  - political and ethical considerations, e.g. flood, and inner city areas;
  - mid-term alterations and renewals;
  - assessment and basis of rating of non-standard risks.

## 2. Other personal insurances and special risks

### 2.1 Scope of cover

Candidates should be able to

- *discuss* the scope of cover, including policy wordings, exclusions and extensions, assessment and basis of rating of the following:
  - caravans;
  - boats;
  - personal accident and sickness;
  - travel;
  - livestock and pets;
  - creditor insurance;
  - extended warranty.

### 2.2 Special risks

Candidates should be able to

- *discuss* the scope of cover, including policy wordings, exclusions and extensions, assessment and basis of rating of the following:
  - liability aspects;
  - holiday homes in UK and abroad;
  - insurance of blocks of flats.

### 3. Sources of legal liability for individuals

#### 3.1 Legal liabilities

Candidates should be able to

- *discuss* the following personal liabilities:
  - principles of negligence;
  - public and private nuisance;
  - concept of strict liability; including the rule in *Rylands v Fletcher* and the defences available;
  - trespass to the person;
  - trespass to land and chattels;
  - liability for fire damage;
  - liability for animals including the Animals Act 1971 and the Dangerous Dogs Act 1991;
  - contributory negligence including the Law Reform (Contributory Negligence) Act 1945;
  - doctrine of vicarious liability;
  - master/servant relationships and the contract of service;
  - parents' liability for children;
  - common law position between landlord and tenant;
  - Defective Premises Act 1972 and its effect on the law relating to landlord and tenant, the vendor or lessor of property and builders, developers, sub-contractors, architects and local authorities.

### 4. Management of the personal lines claims function

#### 4.1 Claims procedures for personal insurance business

Candidates should be able to

- *discuss* the following aspects of personal lines claims:
  - determining the effective cause of a loss;
  - operation of the onus of proof of loss, including the rules for onus of proof;
  - express and implied duties of the insured in relation to a claim;
  - insurers' rights following a claim;
  - policy conditions which apply to claims;
  - use of specialists in investigating claims;
  - fraud prevention and detection measures and their operation;
  - arbitration and alternative dispute resolution;
  - different bases of claims settlement;
  - application and operation of the principle of contribution;
  - application and operation of the principle of subrogation, including inter-company agreements.

### 5. Reinsurance

#### 5.1 Application of reinsurance

Candidates should be able to

- *describe* the application of risk reinsurance and catastrophe reinsurance to personal lines insurance.

### 6. Information technology

#### 6.1 Information technology

Candidates should be able to

- *describe* the use of information technology in the management of a personal insurance portfolio.

### 7. Consumer protection

#### 7.1 Legislation

Candidates should be able to

- *discuss* the contractual liability in relation to products and the effect of the following legislation on personal lines insurance:
  - the sale and supply of goods legislation;
  - The Unfair Terms in Consumer Contracts Regulations 1994;
  - The Consumer Protection Act 1987.

#### 7.2 The Financial Services Authority

Candidates should be able to

- *discuss* the effect of FSA regulation of personal lines insurance.

#### 7.3 The Financial Ombudsman Service

Candidates should be able to

- *discuss* the effect of the FOS in protecting the personal insurance customer.

#### 7.4 Consumer organisations

Candidates should be able to

- *discuss* the influence and effect of consumer organisations on personal lines insurance.

#### Reading list

The following list provides details of various publications which may assist with your studies. The primary text for this syllabus is shown in bold type. Periodicals and publications listed as additional reading will be of value in ensuring candidates keep up to date with developments and in providing a wider coverage of syllabus topics. Any reference materials cited are authoritative, detailed works which should be used selectively as and when required.

**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.

Most of these additional study materials can be borrowed or purchased from CII Information Services at [www.cii.co.uk/is](http://www.cii.co.uk/is)

#### Primary text

**Personal insurance.** London: The CII. Coursebook 760.

### **Additional reading**

Basic Insurance Law. Malcolm Dewis. London: Buckley Press, 1992.

The Law of Consumer Protection and Fair Trading. Brian W. Harvey, Deborah L. Parry. 5th edition. London: Butterworths, 1996.

Tort. C. D. Baker. 6th edition. London: Sweet & Maxwell, 1996.

Tort Law. Catherine Elliott and Frances Quinn. London: Longman, 1996.

An Explanatory Guide to the English Law of Torts. Peter Kaye. Chichester: Barry Rose Law, 1996.

### **Reference materials**

Personal Insurance: Underwriting and Marketing Practices. Cheryl L. Ferguson. 1st edition. Malvern, Pennsylvania: Insurance Institute of America, 1996.

### **Periodicals**

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

Post Magazine. London: Timothy Benn Publishing. Weekly.

Ombudsman News. Financial Ombudsman Service. London: IOB. Quarterly.

Quality newspapers.

### **Websites**

[www.fsa.gov.uk](http://www.fsa.gov.uk)

[www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

### **Examination guides**

You are strongly advised to study these before the examination. Please visit [www.cii.co.uk](http://www.cii.co.uk) to buy online or contact CII Customer Service for further information on 020 8989 8464.

### **Exam technique/study skills**

There are many modestly priced guides available in bookshops. You should choose one which suits your requirements. An example is:

The exam secret: how to make the grade. Barbara Brown. Tadworth, Surrey: Elliott Right Way Books, 2000.

For a more interactive approach, you should consider:

Winning the brain game. London: The CII, 1996. CD Rom.