



## Learning Outcome

## Assessment Criteria

## Indicative Content

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<b>1</b>	<b>Understand the fundamental nature of the group risk market</b>	<b>1.1</b>	Describe the background to the group risk market and the main participants	<b>1.1.1</b>	What is group risk and why group risk schemes exist: <ul style="list-style-type: none"> <li>• Part of broader employee packages.</li> <li>• Attract / retain staff.</li> <li>• Cost effectiveness and perceived value of benefits.</li> <li>• Paternalism.</li> </ul>
				<b>1.1.2</b>	Insurance versus self-insurance: <ul style="list-style-type: none"> <li>• The reasons why schemes are insured.</li> <li>• Self-insurance methods and when they are possible.</li> </ul>
<b>2</b>	<b>Questions</b>			<b>1.1.3</b>	How the group risk market has evolved: <ul style="list-style-type: none"> <li>• The origins and development of each of the three types of benefit.</li> <li>• Trend to specialisation and consolidation.</li> <li>• Potential for further development.</li> </ul>
				<b>1.1.4</b>	The different types of players in the market: <ul style="list-style-type: none"> <li>• Insurers.</li> <li>• Intermediaries.</li> <li>• Reinsurers.</li> </ul>
				<b>1.1.5</b>	Industry bodies and their role in the group risk market: <ul style="list-style-type: none"> <li>• Association of British Insurers (ABI).</li> <li>• Chartered Insurance Institute (CII).</li> <li>• Investment and Life Assurance Group (ILAG).</li> <li>• Association of Professional Financial Advisers (APFA).</li> <li>• Group Risk Development (GRID).</li> </ul>
		<b>1.2</b>	Describe the operation of the group risk market outside the UK	<b>1.2.1</b>	The group risk market outside the UK: <ul style="list-style-type: none"> <li>• Authorisation to write business.</li> <li>• Multinational pooling.</li> </ul>



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<p style="text-align: center;"><b>2</b></p> <p style="text-align: center;"><b>2</b> Questions</p>	<p><b>Understand the main purpose and nature of the different types of employee benefits</b></p>	<p><b>2.1</b> Explain the main purpose and nature of the different types of pension provision, group arrangements, healthcare and wellbeing, and other employee benefits.</p>	<p><b>2.1.1</b> Pension provision:</p> <ul style="list-style-type: none"> <li>• Defined benefit.</li> <li>• Defined contribution.</li> <li>• Auto-enrolment to include NEST and other mastertrust schemes.</li> </ul>
			<p><b>2.1.2</b> Group arrangements:</p> <ul style="list-style-type: none"> <li>• Group personal pensions.</li> <li>• Group risk benefits – group life, group income protection, group critical illness.</li> </ul>
			<p><b>2.1.3</b> Healthcare and wellbeing:</p> <ul style="list-style-type: none"> <li>• Private medical insurance.</li> <li>• Dental treatment.</li> <li>• Employee assistance programmes.</li> <li>• Absence management programmes.</li> <li>• Health screening.</li> <li>• Healthcare cash plans.</li> <li>• Occupational health benefits.</li> </ul>
			<p><b>2.1.4</b> Other key employee benefits:</p> <ul style="list-style-type: none"> <li>• Personal accident insurance.</li> <li>• Share schemes.</li> </ul>
		<p><b>2.2</b> Describe how different types of employee benefit interact.</p>	<p><b>2.2.1</b> Interaction between different types of employee benefit:</p> <ul style="list-style-type: none"> <li>• Pensions and group risk.</li> <li>• Healthcare and wellbeing and group risk.</li> <li>• Flexible benefit schemes.</li> </ul>



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3 3 Questions	Understand the main elements of the State benefit system in the UK	3.1	Describe the government's approach to State benefits	3.1.1	The changing approach to State benefits.
		3.2	Explain the main elements of National Insurance Contribution.	3.2.1	National Insurance contributions: <ul style="list-style-type: none"> <li>• Classes of National Insurance contributions.</li> <li>• National Insurance contributions for employees.</li> </ul>
		3.3	Explain the main elements of State benefits.	3.3.1	State benefits: <ul style="list-style-type: none"> <li>• Sickness benefits.</li> <li>• Retirement benefits.</li> <li>• Benefits for the unemployed.</li> <li>• Maternity, paternity and adoption benefits.</li> <li>• Other benefits.</li> </ul>
4 5 Questions	Understand the UK taxation of individuals, companies, partnerships and trustees.	4.1	Describe the UK taxation treatment of individuals, companies, partnerships and trustees.	4.1.1	Key concepts: <ul style="list-style-type: none"> <li>• The tax year.</li> <li>• How tax is assessed.</li> <li>• UK residency.</li> </ul>
				4.1.2	Individuals: <ul style="list-style-type: none"> <li>• Income tax – liability, rates and reliefs available.</li> <li>• Capital Gains Tax (CGT) – liability, rates and reliefs.</li> <li>• Inheritance Tax (IHT) – liability, rates and reliefs.</li> </ul>
				4.1.3	Companies: <ul style="list-style-type: none"> <li>• Corporation Tax – liability, rates and reliefs available.</li> </ul>
				4.1.4	Partnerships: <ul style="list-style-type: none"> <li>• How partners and partnerships are taxed.</li> </ul>
				4.1.5	Trusts for pension schemes: <ul style="list-style-type: none"> <li>• Discretionary trusts.</li> <li>• Registered occupational pension schemes.</li> <li>• Occupational pension schemes that are not registered.</li> </ul>



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5  6 Questions	Understand the legislative context in which group risk operates	5.1	Describe the contract relationships that exist within group risk operations.	5.1.1	The group risk contractual relationships: <ul style="list-style-type: none"> <li>• The employment contract, parties to a group risk contract.</li> <li>• The long term nature of group risk contracts.</li> <li>• The link to occupational pension schemes.</li> </ul>
		5.2	Describe insurance and contract law relevant to group risk operations.	5.2.1	Insurance and contract law: <ul style="list-style-type: none"> <li>• Insurable interest.</li> <li>• Third party rights.</li> <li>• Trust law.</li> </ul>
				5.2.2	Legal obligations on the insured and the insurer
		5.3	Explain the pensions tax regime.	5.3	Pensions tax regime: <ul style="list-style-type: none"> <li>• The Framework.</li> <li>• Annual allowance.</li> <li>• Lifetime allowance.</li> <li>• Transitional protections.</li> <li>• Protection for benefits -primary, enhanced and fixed protection.</li> <li>• Overlaps with retirement benefits – primary and enhanced and fixed protection.</li> <li>• Registration and reporting.</li> <li>• Non-registered schemes.</li> </ul>
		5.4	Describe Pensions, Discrimination and Privacy laws relevant to group risk operations.	5.4.1	Pensions law: <ul style="list-style-type: none"> <li>• Definition of occupational pension scheme.</li> <li>• Registered group life.</li> <li>• Automatic Enrolment.</li> </ul>
				5.4.2	Discrimination law: <ul style="list-style-type: none"> <li>• Employment law – age, gender, disability, part-time workers, fixed-term contract workers, unfair dismissal.</li> <li>• Provision of goods and services.</li> <li>• Impact on group risk.</li> </ul>
				5.4.3	Privacy laws: <ul style="list-style-type: none"> <li>• Data protection legislation.</li> <li>• Access to Medical Reports Act.</li> </ul>



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6  5 Questions	Understand the regulatory context in which group risk operates	6.1	Describe the regulatory regime applicable to firms and individuals	6.1.1	The Bank of England.
				6.1.2	The Financial Policy Committee.
				6.1.3	The Prudential Regulatory Authority (PRA).
				6.1.4	The Financial Conduct Authority (FCA).
		6.2	Describe the specific regulations applicable to firms and additional industry guidance	6.2.1	PRA and FCA rules for prudential regulation: <ul style="list-style-type: none"> <li>• Authorisation of firms.</li> <li>• Responsibilities of authorised firms.</li> <li>• Principles for business.</li> </ul>
				6.2.2	FCA rules for conduct of business: <ul style="list-style-type: none"> <li>• Insurance: Conduct of Business sourcebook (ICOBS) – types of customer, general rules, financial promotions, advising and selling standards, product disclosure, claims handling.</li> <li>• Complaints handling – procedures, compensation, time limits for dealing with a complaint.</li> <li>• Financial crime – fraud, money laundering, terrorism / financial sanctions.</li> <li>• Insurance Distribution Directive (IDD).</li> </ul>
				6.2.3	Financial Ombudsman Service: <ul style="list-style-type: none"> <li>• How individual cases are handled.</li> <li>• Basis of compensation.</li> </ul>
				6.2.4	Regulatory principles: <ul style="list-style-type: none"> <li>• The fair treatment of customers, including customer vulnerability.</li> <li>• Contract Certainty.</li> </ul>
				6.2.5	Industry guidance and best practice: <ul style="list-style-type: none"> <li>• ABI –critical illness, GP reports, Genetic testing, HIV and insurance.</li> <li>• GRiD – linked claims, technical guide templates, supplier and non-disclosure agreements.</li> </ul>



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<b>7</b>          <b>5</b> <b>Questions</b>	<b>Understand the principles of operation of group risk schemes</b>	<b>7.1</b>	Describe the eligibility criteria for coverage within a group risk scheme.	<b>7.1.1</b>	The eligibility criteria for coverage: <ul style="list-style-type: none"> <li>• Typical minimum and maximum entry ages.</li> <li>• Typical service qualifications.</li> <li>• Eligible categories of employee.</li> <li>• The date that new entrants will be included.</li> <li>• The use of compulsory or voluntary covers.</li> </ul>
		<b>7.2</b>	Describe the conditions for the cessation of cover within a group risk scheme.	<b>7.2.1</b>	The cessation of cover: <ul style="list-style-type: none"> <li>• Ordinarily.</li> <li>• Temporary absence from work.</li> </ul>
		<b>7.3</b>	Explain the evidence of health required from individual members of group risk schemes.	<b>7.3.1</b>	Evidence of health required from individual members: <ul style="list-style-type: none"> <li>• The use of free cover limits.</li> <li>• The requirement for medical underwriting.</li> <li>• The use of temporary cover.</li> </ul>
		<b>7.4</b>	Describe actively at work requirements and pre-existing condition exclusions.	<b>7.4.1</b>	Actively at work requirements and pre-existing condition exclusions: <ul style="list-style-type: none"> <li>• Actively at work requirements.</li> <li>• Pre-existing conditions exclusions.</li> <li>• The impact of these requirements when an existing scheme moves to different insurers.</li> <li>• The impact of these requirements when starting a brand new scheme.</li> </ul>
		<b>7.5</b>	Explain flexible benefits and the special problems posed by them.	<b>7.5.1</b>	Flexible benefits: <ul style="list-style-type: none"> <li>• The special problems posed by flexible benefits.</li> <li>• Managed anti-selection.</li> </ul>



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8  4 Questions	Understand group risk product features and the taxation of premiums and benefits	8.1	Describe group risk product features.	8.1.1	Group life: <ul style="list-style-type: none"> <li>• The different covers available – registered and excepted schemes, lump sum benefits, dependant’s pensions, optional cover.</li> <li>• Catastrophe limits and typical exclusions.</li> </ul>
				8.1.2	Group income protection: <ul style="list-style-type: none"> <li>• The different covers available – non-integrated benefits, integrated benefits, earnings, benefit limitations, optional covers.</li> <li>• The definition of incapacity and its impact on cover.</li> <li>• The payment period.</li> <li>• The level of payment – inflation protection.</li> <li>• Typical exclusions.</li> </ul>
				8.1.3	Group critical illness: <ul style="list-style-type: none"> <li>• The different covers available – insured illness, optional covers.</li> <li>• The use and impact of pre-existing condition exclusions.</li> <li>• The use and impact of related conditions.</li> <li>• Typical exclusions.</li> </ul>
		8.2	Explain the taxation of premiums and benefits of group risk products.	8.2	Taxation of premiums and benefits: <ul style="list-style-type: none"> <li>• Group life – registered and excepted schemes.</li> <li>• Group income protection.</li> <li>• Group critical illness.</li> </ul>



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9  8 Questions	Understand the roles and responsibilities of an intermediary arranging group risk cover	9.1	Describe the role and responsibilities of an intermediary arranging group risk cover.	9.1.1	The responsibilities of an intermediary: <ul style="list-style-type: none"> <li>• Status disclosure and scope of service.</li> <li>• Designing group risk arrangements – the main factors to be considered.</li> </ul>
		9.2	Describe the process for obtaining a quote for group risk cover.	9.2.1	Obtaining a quote for group risk cover: <ul style="list-style-type: none"> <li>• Demands and needs statement.</li> <li>• Insurer panels.</li> <li>• Making comparisons between different quotes, insurers and services offered.</li> <li>• The quote specification.</li> <li>• Making a recommendation to the employer / trustees, insurer caveats.</li> <li>• Literature and information provided to the client.</li> </ul>
		9.3	Explain the factors to consider when assuming risk with the insurer.	9.3.1	Assuming risk with the insurer: <ul style="list-style-type: none"> <li>• Factors to consider when switching cover between insurers.</li> <li>• What to do first for group life cover.</li> <li>• Authorisation to assume risk.</li> <li>• What the insurer will require.</li> <li>• Literature provided to the client.</li> </ul>
		9.4	Explain the intermediary's responsibilities with regard to maintaining administration of the cover.	9.4.1	The on-going administration of the cover: <ul style="list-style-type: none"> <li>• At the annual revision date.</li> <li>• At the end of the guarantee period.</li> <li>• When there are new entrants.</li> <li>• If an alternation to the cover is required or there is a change in underlying the risk.</li> <li>• Medical underwriting.</li> <li>• When a claim is made.</li> </ul>





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10  8 Questions	Understand the main functions of an insurer in providing group risk cover	10.1	Explain the risk assessment process with regard to providing group risk cover.	10.1.1	Assessing the risk: <ul style="list-style-type: none"> <li>• The quote specification and information that is required.</li> <li>• Deciding whether to provide a quotation.</li> </ul>
		10.2	Describe the quotation process for group risk.	10.2.1	Completing the quotation: <ul style="list-style-type: none"> <li>• Guarantees of premiums and terms.</li> <li>• Claims experience assessment.</li> <li>• Free cover limits and medical underwriting.</li> <li>• Special terms.</li> <li>• On risk requirements.</li> <li>• Literature provided.</li> <li>• Negotiating costs and terms.</li> </ul>
		10.3	Calculate group risk premiums.	10.3.1	Completing the quotation: <ul style="list-style-type: none"> <li>• Premium calculations – factors affecting the cost, costing methods, flexible benefits</li> </ul>
		10.4	Describe the process of accepting risk.	10.4.1	Accepting risk for the cover: <ul style="list-style-type: none"> <li>• Confirming the information provided and the basis of cover required.</li> <li>• Regulatory checks – FCA advisor registration, money laundering.</li> <li>• On risk requirements.</li> <li>• Setting up the scheme records.</li> <li>• Literature provided.</li> <li>• What happens if the on risk requirements are not received.</li> </ul>
		10.5	Explain the insurer's responsibilities with regard to maintaining administration over the cover.	10.5.1	The on-going administration of the cover: <ul style="list-style-type: none"> <li>• At the annual revision date.</li> <li>• At the end of the guarantee period.</li> <li>• When there are new entrants.</li> <li>• If an alteration to the cover is required or there is a change in the underlying risk.</li> <li>• Medical underwriting.</li> <li>• When a claim is made.</li> <li>• Managing group income protection claims, rehabilitation and other services.</li> </ul>



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<p><b>11</b></p> <p><b>2</b></p> <p><b>Questions</b></p>	<p><b>Understand the main functions of a reinsurer and their relationship with insurers in the group risk market.</b></p>	<p><b>11.1</b> Describe the fundamental aspects of reinsurance and typical reinsurance arrangements in the group risk market, their set up and administration.</p>	<p><b>11.1.1</b> Reinsurance and its benefits.</p>
			<p><b>11.1.2</b> Types of reinsurance arrangement and their uses in reinsuring group risk products:</p> <ul style="list-style-type: none"> <li>• Treaty / obligatory or facultative.</li> <li>• Proportional and non-proportional reinsurance.</li> <li>• Retrocession.</li> </ul>
			<p><b>11.1.3</b> Setting up and administering a reinsurance treaty:</p> <ul style="list-style-type: none"> <li>• Reinsurer requirements to quote.</li> <li>• Treaty terms and conditions.</li> <li>• Administration procedures.</li> <li>• Insurer obligations under the treaty.</li> <li>• Referrals – scheme underwriting, medical underwriting, claims.</li> </ul>
		<p><b>11.2</b> Explain how coinsurance can be used as an alternative to reinsurance.</p>	<p><b>11.2.1</b> Coinsurance as an alternative to reinsurance:</p> <ul style="list-style-type: none"> <li>• The meaning of coinsurance and its benefits compared to reinsurance.</li> <li>• Effect on the policyholder if a coinsurer does not meet part of the policyholder’s claim.</li> </ul>
			<p><b>11.2.2</b> Current issues in the group risk reinsurance market:</p> <ul style="list-style-type: none"> <li>• Catastrophe limits and why they are imposed.</li> <li>• Managing exposure.</li> </ul>