



## Learning Outcome

## Assessment Criteria

## Indicative Content

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Learning Outcome	Assessment Criteria	Indicative Content	
<b>1</b> <b>20</b> <b>Questions</b>	<b>Understand the nature and main features of risk and insurance.</b>	<b>1.1</b> Explain the concept of risk and risk perception.	<b>1.1.1</b> Definitions of risk.
			<b>1.1.2</b> Alternative meanings of risk.
			<b>1.1.3</b> Risk and uncertainty.
			<b>1.1.4</b> Attitude to risk.
		<b>1.2</b> Explain how different risks are categorised.	<b>1.2.1</b> Financial and non financial definitions.
			<b>1.2.2</b> Pure and speculative.
			<b>1.2.3</b> Particular and fundamental.
			<b>1.2.4</b> Benefit policies.
			<b>1.2.5</b> The basic purpose of reinsurance.
			<b>1.2.6</b> Relationship between risks.
			<b>1.2.7</b> The types of risk that can and cannot be insured.
		<b>1.3</b> Explain the risk management function and process.	<b>1.3.1</b> Stages -risk identification, analysis and control.
			<b>1.3.2</b> Insurers role in loss prevention and control.
			<b>1.3.3</b> Examples of risk management tools used by insurers.
			<b>1.3.4</b> Professionals and industry bodies relevant to risk management.
		<b>1.4</b> Explain the components of risk.	<b>1.4.1</b> Level of risk.
			<b>1.4.2</b> Frequency and severity.
			<b>1.4.3</b> Peril and hazard.
		<b>1.5</b> Apply the principles of risk to a given set of circumstances.	<b>1.5.1</b> Apply to a given set of circumstances.
		<b>1.6</b> Explain the need for insurance.	<b>1.6.1</b> What is meant by risk transfer.
<b>1.6.2</b> Law of large Numbers and the pooling of risks.			
<b>1.6.3</b> Equitable premiums.			
<b>1.6.4</b> How insurance benefits policyholders and society.			
<b>1.7</b> Explain what is meant by co-insurance, dual insurance and self-insurance.	<b>1.7.1</b> The two different definitions of co-insurance.		
	<b>1.7.2</b> Define dual insurance and how it is different from coinsurance.		
	<b>1.7.3</b> Define self insurance.		
	<b>1.7.4</b> Distinguish between coinsurance, dual insurance and self insurance.		



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		<b>1.8</b>	Explain the main classes of insurance in outline.	<b>1.8.1</b>	The main classes, including, property insurance, pecuniary insurance, motor insurance, liability insurance, marine and aviation insurance, health and combined or package policies.
<b>2 11 Questions</b>	<b>Know the structure and main features of the Hong Kong insurance market.</b>	<b>2.1</b>	Explain the way in which the Hong Kong insurance market is structured and its role in the global insurance market.	<b>2.1.1</b>	Who purchases insurance.
				<b>2.1.2</b>	The role of insurers.
				<b>2.1.3</b>	The role of intermediaries.
				<b>2.1.4</b>	The role of comparison websites (aggregators).
				<b>2.1.5</b>	The role of reinsurers.
				<b>2.1.6</b>	Other participants of the insurance market.
		<b>2.2</b>	Explain the different types of insurers.	<b>2.2.1</b>	Proprietary companies.
				<b>2.2.2</b>	Mutual Companies.
				<b>2.2.3</b>	Captive Companies including protected cell companies.
				<b>2.2.4</b>	Composite companies.
				<b>2.2.5</b>	Specialist insurers.
		<b>2.3</b>	Explain the unique structure and main features of Lloyd's.	<b>2.3.1</b>	What is Lloyds and how does it differ from the rest of the market.
				<b>2.3.2</b>	Role of the different stakeholders in Lloyd's including, syndicates, managing agents, members agent and the Council of Lloyds.
				<b>2.3.3</b>	Access to the Lloyds Market.
				<b>2.3.4</b>	Main focus of cover provided.
		<b>2.4</b>	Explain the different distribution channels used for the selling of insurance.	<b>2.4.1</b>	Direct insurance.
<b>2.4.2</b>	Agents.				
<b>2.4.3</b>	Brokers.				
<b>2.4.4</b>	Lloyds Brokers.				
<b>2.4.5</b>	Authorised persons and appointed representatives.				
<b>2.4.6</b>	Price comparison websites (aggregators).				



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<b>3</b> <b>11</b> Questions	<b>Know the main functions of insurance professionals.</b>	<b>3.1</b>	Explain the key roles within the insurance profession.	<b>3.1.1</b>	The main functions of underwriters.
				<b>3.1.2</b>	The main functions of claims personnel.
				<b>3.1.3</b>	The main functions of loss adjusters and loss assessors.
				<b>3.1.4</b>	The main functions of actuaries.
				<b>3.1.5</b>	The main functions of risk managers.
				<b>3.1.6</b>	The main functions of compliance officers.
<b>4</b> <b>42</b> Questions	<b>Understand the main legal principles governing insurance contracts.</b>	<b>4.1</b>	Explain the essentials of a valid contract of insurance.	<b>4.1.1</b>	Intention to create legal relations.
				<b>4.1.2</b>	Capacity to contract.
				<b>4.1.3</b>	Offer and acceptance, including conditional and unconditional acceptance.
				<b>4.1.4</b>	Consideration.
				<b>4.1.5</b>	Parties to a contract.
				<b>4.1.6</b>	Evidence of the contract.
		<b>4.2</b>	Explain how contracts of insurance can be terminated.	<b>4.2.1</b>	Cancellation by the insured.
				<b>4.2.2</b>	Cancellation by the insurer.
		<b>4.3</b>	Explain the creation of an agency and how it is binding.	<b>4.3.1</b>	Agency by consent.
				<b>4.3.2</b>	Agency by necessity.
				<b>4.3.3</b>	Agency by ratification.
				<b>4.3.4</b>	Actual Authority (Express and Implied).
				<b>4.3.5</b>	Apparent authority.
		<b>4.4</b>	Describe the duties of an agent and the duties of a principal.	<b>4.4.1</b>	Duties of the agent including, compliance with instructions, personal performance, due care and skill and accountability.
				<b>4.4.2</b>	Duties of the principal including remuneration and indemnity.
				<b>4.4.3</b>	Duties of both - good faith.
				<b>4.4.4</b>	The main content of a terms of business agreement.
		<b>4.5</b>	Explain the requirements for insurable interest in insurance contracts.	<b>4.5.1</b>	How and when insurable interest can arise.
				<b>4.5.2</b>	The subject matter and its relationship to the insured.
				<b>4.5.3</b>	Insurable interest and liability.



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	<b>4.6</b> Explain how the principles of disclosure and representation apply to contracts of insurance.	<b>4.6.1</b> The importance of disclosing relevant information.
		<b>4.6.2</b> Information that should be disclosed.
		<b>4.6.3</b> How disclosure and representation is modified by policy wordings.
		<b>4.6.4</b> Factors that might limit and insurers entitlement to information.
		<b>4.6.5</b> The consequences of non-disclosure or misrepresentation of relevant information.
	<b>4.7</b> Explain the definition of proximate cause and how it is applied to non-complex claims.	<b>4.7.1</b> Definition of proximate cause.
	<b>4.8</b> Explain the principle of indemnity and how it is provided under most insurance contracts.	<b>4.8.1</b> The definition and meaning of indemnity.
		<b>4.8.2</b> Cash payment.
		<b>4.8.3</b> Repair.
		<b>4.8.4</b> Replacement.
		<b>4.8.5</b> Reinstatement.
	<b>4.9</b> Explain how the principle of indemnity can be modified by insurance contracts.	<b>4.9.1</b> Agreed value policies.
		<b>4.9.2</b> First loss policies.
		<b>4.9.3</b> New for old cover.
		<b>4.9.4</b> Benefit policies.
	<b>4.10</b> Explain underinsurance and average.	<b>4.10.1</b> What is underinsurance.
		<b>4.10.2</b> What is average.
		<b>4.10.3</b> How average is calculated.
<b>4.11</b> Explain the basic principle of contribution and how it applies to the sharing of claim payments in straightforward property cases.	<b>4.11.1</b> Definition of contribution and how it arises.	
	<b>4.11.2</b> How contribution is calculated.	
<b>4.12</b> Explain the principle of subrogation.	<b>4.12.1</b> Definition of subrogation.	
	<b>4.12.2</b> How it is impacted by insurance contract wording.	
	<b>4.12.3</b> Why it may not be pursued.	
	<b>4.12.4</b> Where subrogation does not apply.	



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<b>5 14 Questions</b>	<b>Understand the main regulatory and legal principles applicable to the transaction of insurance business in Hong Kong.</b>	<b>5.1</b>	Explain the importance of the regulation of the Hong Kong insurance industry.	<b>5.1.1</b>	The purpose of regulation of the insurance industry.
				<b>5.1.2</b>	Different regulatory approaches.
				<b>5.1.3</b>	Consequences of non compliance.
				<b>5.1.4</b>	Tools used by regulators to supervise the industry.
				<b>5.1.5</b>	The international standard setting body for the insurance industry, the IAIS.
		<b>5.2</b>	Explain the importance of establishing and maintaining capital adequacy.	<b>5.2.1</b>	The different approaches to capital adequacy.
				<b>5.2.2</b>	The relationship between capital adequacy and solvency controls levels.
		<b>5.3</b>	Understand the importance of combating financial crime.	<b>5.3.1</b>	The international standard setting body in relation to financial crime, the FATF.
				<b>5.3.2</b>	Definition of money laundering.
				<b>5.3.3</b>	Definition of Anti terrorist financing.
				<b>5.3.4</b>	The responsibility of the insurer to prevent financial crime.
		<b>5.4</b>	Explain fraud and how it impacts the insurance industry.	<b>5.4.1</b>	The different types of fraud faced by insurers.
				<b>5.4.2</b>	Fraud management by the insurer.
		<b>6 2 questions</b>	<b>Know key aspects of ethics, corporate governance and internal controls.</b>	<b>6.1</b>	Explain the functions of the Chartered Insurance Institute (CII).
<b>6.1.2</b>	The CII ethical code of practice.				
<b>6.2</b>	Explain the importance of the fair treatment of customers and positive customer outcomes.			<b>6.2.1</b>	The importance of the fair treatment of customers and positive customer outcomes.
<b>6.3</b>	Explain the objectives of 'fit and proper' requirements and the risks of unsuitability.			<b>6.3.1</b>	The risk of unsuitability.
				<b>6.3.2</b>	General requirements.
				<b>6.3.3</b>	Integrity.
				<b>6.3.4</b>	Soundness of judgement.
				<b>6.3.5</b>	Knowledge and experience.
<b>6.4</b>	Explain the importance of Internal control systems.			<b>6.4.1</b>	Risk management frameworks outlined.
				<b>6.4.2</b>	The role of compliance and audit.
				<b>6.4.3</b>	Establishing a customer complaints procedure.
				<b>6.4.4</b>	The holding and use of customer data.