



Chartered
Insurance
Institute

GR1

Group risk

**Based on the 2022/2023 syllabus
examined from 1 September 2022 until 31 August 2023**

GR1 - Group risk

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GR1 – Group risk

Based on the 2021/2022 syllabus examined from 1 September 2022 until 31 August 2023

Introduction

This examination guide has been produced by the Qualifications and Assessment Department at the Chartered Insurance Institute to assist students in their preparation for the GR1 examination. It contains a specimen examination with answer key.

Ideally, students should have completed the majority of their studies before attempting the specimen examination. Students should allow themselves one hour to complete the examination. They should then review their performance to identify areas of weakness on which to concentrate the remainder of their study time.

Although the specimen examination in this guide is typical of a GR1 examination, it should be noted that it is not possible to test every single aspect of the syllabus in any one particular examination. To prepare properly for the examination, candidates should make full use of the tuition options available and read as widely as possible to ensure that the whole syllabus has been covered. They should also endeavour to keep as up-to-date as possible with developments in the industry by reading the periodicals listed in the GR1 reading list, which is located on the syllabus in this examination guide and on the CII website at www.cii.co.uk.

Background Information

CII examination questions undergo a rigorous writing and editing process before reaching an examination. The questions are written to strict guidelines by practitioners with relevant technical knowledge and experience. Questions are very carefully worded to ensure that all the information required to answer the question is provided in a clear and concise manner. They are then edited by an independent panel of experienced practitioners who have been specifically trained to ensure that questions are technically correct, clear and unambiguous. As a final check, each examination is scrutinised by the Senior Examiner and a CII assessment expert.

Occasionally a question will require amendment after the examination guide is first published. In such an event, the revised question will be published on the CII website:

- 1) Visit www.cii.co.uk/learning/qualifications/unit-group-risks-gr1/
- 2) Select 'exam guide update' on the right-hand side of the page

Candidates should also refer here for the latest information on changes to law and practice and when they will be examined.

Syllabus

The GR1 syllabus is published on the CII website at www.cii.co.uk. **Candidates should note that the examination is based on the syllabus, rather than on any particular tuition material.** Of course, the tuition material will provide the vast majority of the information required to perform well in the examination, but the CII recommends that students consult other reference materials to supplement their studies.

Supporting information for the syllabus which contains a detailed overview of the areas covered can be found on the unit page. Select Supporting information for the 2022/2023 syllabus on the right-hand side of the page.

Skill Specification

The skill level tested in each examination question is determined by the syllabus. Each learning outcome specifies the level of skill required of candidates and thus the level at which candidates may be tested. Learning outcomes for GR1 encompass the skill level of *understand*. Different skill levels lead to different types of question, examples of which follow.

Understand - To answer questions based on understanding, the candidate must be able to link pieces of information together in cause-and-effect relationships. Typically questions may ask 'Why'. Questions set on an *understand* learning outcome can test either knowledge or understanding or both.

Examination Information

The method of assessment for the GR1 examination is 50 multiple choice questions (MCQs). 1 hour is allowed for this examination.

The GR1 syllabus provided in this examination guide will be examined from 1 September 2022 until 31 August 2023.

Candidates will be examined on the basis of English law and practice in the tax year 2022/2023 unless otherwise stated.

The general rule is that the new tax year and changes arising from the Finance Act will be examined from 1 September each year. Other changes, not related to the Finance Act, will not be examined earlier than 3 months after they come into effect.

GR1 examinations test the Financial Conduct Authority and Prudential Regulation Authority rules and regulations.

When preparing for the examination, candidates should ensure that they are aware of what typically constitutes each type of product listed in the syllabus and ascertain whether the products with which they come into contact during the normal course of their work deviate from the norm, since questions in the examination test generic knowledge.

A multiple choice question consists of a problem followed by four options, labelled A, B, C and D, from which the candidate is asked to choose the correct response. Each question will contain only one correct response to the problem posed.

One mark is awarded for each correct response identified by the candidate. No mark is awarded if the candidate either chooses an incorrect response, chooses more than one response or fails to choose any response. No marks are deducted for candidates choosing an incorrect response.

If you bring a calculator into the examination room, it must be a silent battery or solar-powered non-programmable calculator. The use of electronic equipment capable of being programmed to hold alphabetic or numerical data and/or formulae is prohibited. You may use a financial or scientific calculator, provided it meets these requirements.

Candidates are permitted to make rough notes. Candidates are **not** permitted, in any circumstances, to remove any papers relating to the examination from the examination room.

Examination Technique: Multiple Choice Questions

The best approach to multiple choice examinations is to work methodically through the questions.

The questions are worded very carefully to ensure that all the information required is presented in a concise and clear manner. It cannot be emphasised too strongly that understanding the precise meaning of the question is vital. If candidates miss a crucial point when reading the question it could result in choosing the wrong option. Candidates should read carefully through the question and all the options before attempting to answer.

Candidates should pay particular attention to any words in the question which are emphasised in bold type, for example, **maximum**, **minimum**, **main**, **most**, **normally** and **usually**. Negative wording is further emphasised by the use of capital letters, for example **NOT**, **CANNOT**.

Candidates should not spend too much time on any one question. If they cannot make up their mind, they should leave the question and come back to it later.

When all of the questions have been answered, it is prudent to use any remaining time to go through each question again, carefully, to double-check that nothing has been missed. Altering just one incorrect response to a correct response could make the difference between passing and failing.

After the Examination

Rigorous checks are made to ensure the correctness of the results issued. A pre-defined quota of passes to be awarded does not exist. If all candidates achieve a score of at least the pass mark, then all candidates will be awarded a pass grade. Individual feedback on the candidate's examination performance is automatically provided and will indicate the result achieved and, for each syllabus learning outcome, the percentage of questions in the examination that were answered correctly.

Group risk

Objective

At the end of this unit, candidates should understand the:

- nature and purpose of employee benefits;
- main elements of the State benefits system in the UK;
- legislative and regulatory context in which group risk operates;
- principles of operation of group risk schemes;
- group risk product features and the taxation of premiums and benefits;
- role of an intermediary, insurer and the reinsurer.

Summary of learning outcomes	Number of questions in the examination*
1. Understand the fundamental nature of the group risk market	2
2. Understand the main purpose and nature of the different types of employee benefits	2
3. Understand the main elements of the State benefit system in the UK	3
4. Understand the UK taxation of individuals, companies, partnerships and trustees	5
5. Understand the legislative context in which group risk operates	6
6. Understand the regulatory context in which group risk operates	5
7. Understand the principles of operation of group risk schemes	5
8. Understand group risk product features and the taxation of premiums and benefits	4
9. Understand the roles and responsibilities of an intermediary arranging group risk cover	8
10. Understand the main functions of an insurer in providing group risk cover	8
11. Understand the main functions of a reinsurer and their relationship with insurers in the group risk market	2

* 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: 50 multiple choice questions (MCQs). 1 hour is allowed for this examination.
- This syllabus will be examined from 1 September 2022 to 31 August 2023.
- Candidates will be examined on the basis of English law and practice in the tax year 2022/2023 unless otherwise stated.
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- 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
 2. Select the appropriate qualification
 3. Select your unit from the list provided
 4. Select qualification update on the right hand side of the page

- 1. Understand the fundamental nature of the group risk market**
 - 1.1 Describe the background to the group risk market and the main participants.
 - 1.2 Describe the operation of the group risk market outside the UK.
- 2. Understand the main purpose and nature of the different types of employee benefits**
 - 2.1 Explain the main purpose and nature of the different types of – Pension provision; Group arrangements; Healthcare and wellbeing; Other employee benefits.
 - 2.2 Describe how different types of employee benefits interact.
- 3. Understand the main elements of the State benefit system in the UK**
 - 3.1 Describe the government's approach to State benefits.
 - 3.2 Explain the main elements of National Insurance Contribution.
 - 3.3 Explain the main elements of State benefits.
- 4. Understand the UK taxation of individuals, companies, partnerships and trustees**
 - 4.1 Describe the UK taxation treatment of individuals, companies, partnerships and trustees.
- 5. Understand the legislative context in which group risk operates**
 - 5.1 Describe the contract relationships that exist within group risk operations.
 - 5.2 Describe insurance and contract law relevant to group risk operations.
 - 5.3 Explain the pensions tax regime.
 - 5.4 Describe Pensions, Discrimination and Privacy laws relevant to group risk operations.
- 6. Understand the regulatory context in which group risk operates**
 - 6.1 Describe the regulatory regime applicable to firms and individuals.
 - 6.2 Describe the specific regulations applicable to firms and additional industry guidance.
- 7. Understand the principles of operation of group risk schemes**
 - 7.1 Describe the eligibility criteria for coverage within a group risk scheme.
 - 7.2 Describe the conditions for the cessation of cover within a group risk scheme.
 - 7.3 Explain the evidence of health required from individual members of group risk schemes.
 - 7.4 Describe actively at work requirements and pre-existing condition exclusions.
 - 7.5 Explain flexible benefits and the special problems posed by them.
- 8. Understand group risk product features and the taxation of premiums and benefits**
 - 8.1 Describe group risk product features.
 - 8.2 Explain the taxation of premiums and benefits of group risk products.
- 9. 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.
 - 9.2 Describe the process for obtaining a quote for group risk cover.
 - 9.3 Explain the factors to consider when assuming risk with the insurer.
 - 9.4 Explain the intermediary's responsibilities with regard to maintaining administration of the cover.
- 10. 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.
 - 10.2 Describe the quotation process for group risk.
 - 10.3 Calculate group risk premiums.
 - 10.4 Describe the process of accepting risk.
 - 10.5 Explain the insurer's responsibilities with regard to maintaining administration over the cover.
- 11. Understand the main functions of a reinsurer and their relationship with insurers in the group risk market**
 - 11.1 Describe the fundamental aspects of reinsurance and typical reinsurance arrangements in the group risk market, their set up and administration.
 - 11.2 Explain how coinsurance can be used as an alternative to reinsurance.

Reading list

The following list provides details of further reading 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 resources listed here will help you keep up-to-date with developments and provide a wider coverage of syllabus topics.

CII study texts

Group risk. London: CII. Study text GR1.

Journals and magazines

Personal finance professional (previously Financial solutions). London: CII. Six issues a year.*

Reference materials

International dictionary of banking and finance. John Clark. Hoboken, New Jersey: Routledge, 2013.*

Lamont's financial glossary: the definitive plain English money and investment dictionary. Barclay W Lamont. 10th ed. London: Taxbriefs, 2009.

Examination guide

An examination guide, which includes a specimen paper, is available to purchase via 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). 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.

* Also available as an eBook through eLibrary via www.cii.co.uk/elibrary (CII/PFS members only).

1. Compared to arranging cover personally, the two **main advantages** of being a member of a group life scheme relate to cost and
 - A. age limits.
 - B. claims handling.
 - C. maximum benefits.
 - D. medical underwriting.

2. A large firm self-insures group life benefits for its employees. In the event of an employee dying, who will pay the claim?
 - A. The employer.
 - B. The insurer.
 - C. The reinsurer.
 - D. The trustees of the group personal pension plan.

3. The **main** disadvantage to an insurer of multinational pooling within group insurance is
 - A. it results in regular switching of insurers.
 - B. the pool has to be operated by a single insurer.
 - C. pooling dividends may reduce the profit margin.
 - D. the volume of premiums will decrease due to competitive pressures.

4. John, aged 40, earns £50,000 per annum and is a member of a group defined contribution occupational pension scheme. His fund is valued at £60,000, of which £10,000 came from salary sacrifice. He also has group life insurance cover equal to four times salary. If he were to die now, what is the **maximum** lump sum his widow could receive?
 - A. £200,000
 - B. £210,000
 - C. £250,000
 - D. £260,000

5. A company wishes to set up a private medical arrangement on either a medical history disregarded basis or with exclusions for pre-existing medical conditions. If it chose the medical history disregarded basis, what would be the impact, if any?
 - A. The premiums would be higher.
 - B. The premiums would be lower.
 - C. There would be more exclusions.
 - D. There would be no impact.

6. John is an employee. At what level will his employer start making National Insurance contributions?
- A. The lower earnings limit.
 - B. The primary threshold.
 - C. The secondary threshold.
 - D. The upper earnings limit.
7. The assessment of incapacity used for group income protection insurance, which **most closely** resembles the personal capability assessment used for the Employment and Support Allowance, is the consideration of impairments in the ability to perform
- A. activities of daily work.
 - B. any role for which you are suited by training and experience.
 - C. duties of your own job only.
 - D. duties of your own job, but taking no account of subjective conditions.
8. William is accepted for contributory Employment and Support Allowance in the work-related activity group. Assuming there is no significant change to his condition, how long will the benefit be payable for?
- A. 28 weeks.
 - B. 1 year.
 - C. 2 years.
 - D. Until State Pension age.
9. What is the start date of the financial year for Corporation Tax purposes?
- A. 1 January.
 - B. 1 April.
 - C. 6 April.
 - D. 6 July.
10. Corporation Tax is **NOT** payable by
- A. equity partnerships.
 - B. housing associations.
 - C. limited companies.
 - D. trade associations.

11. John, aged 45, has no income apart from a group income protection benefit. His income from this benefit is £42,570 per annum in the tax year 2022/2023. How much Income Tax, if any, will he have to pay?
- A. Nil.
 - B. £5,700
 - C. £6,000
 - D. £8,514
12. Three partners have a share in a partnership of 70%, 20% and 10% respectively. Tax returns **must normally** be submitted by the
- A. partnership only.
 - B. three partners only.
 - C. partnership and any higher-rate taxpaying partners only.
 - D. partnership and all three partners.
13. What is the **maximum** rate of Income Tax that can apply to an individual member in a limited liability partnership for the tax year 2022/2023?
- A. 32.5%
 - B. 38.1%
 - C. 40%
 - D. 45%
14. When, if ever, can an insurer cancel the cover it provides on a group risk basis?
- A. Never.
 - B. Only if the insured business fails in its contractual obligations.
 - C. Only in cases of the insured business going into administration.
 - D. Automatically provided it gives at least 60 days' notice.
15. The extent to which an employer has insurable interest when establishing a group life scheme, is **primarily** dictated by the
- A. length and continuity of each employee's service.
 - B. obligations created under the employee's employment contract.
 - C. scale of benefits laid down by the UK regulator.
 - D. risks as categorised by the Health and Safety at Work Act 1974.
16. Any person can insure any property, right or potential liability which could result in a financial loss. What is this a description of?
- A. Good faith.
 - B. Indemnity.
 - C. Insurable interest.
 - D. Proximate cause.

17. A group risk insurer who wishes to be a data controller under the Data Protection Act 2018 **must** register with
- A. the Department for Business, Energy & Industrial Strategy.
 - B. the Financial Conduct Authority.
 - C. HM Revenue & Customs.
 - D. the Information Commissioner.
18. What impact, if any, does a lump-sum benefit from a registered group life scheme have on a member's lifetime allowance?
- A. None of the benefit counts towards the member's lifetime allowance.
 - B. 100% of the benefit counts towards the member's lifetime allowance.
 - C. 100% of the benefit counts towards the member's lifetime allowance, but only where the group life cover is an integral part of the employer's pension scheme.
 - D. An amount equal to the annual allowance is disregarded, with the balance counting towards the member's lifetime allowance.
19. In what circumstances, if any, are group income protection providers required to operate gender-neutral premium rates?
- A. Only if the associated company pension scheme also differentiates on the grounds of gender.
 - B. Only if the difference is supported by appropriate actuarial and published statistics.
 - C. Only if the insurer has published its actuarial statistics.
 - D. Not when the arrangements are employer sponsored.
20. Due to a colleague's illness, an employee of a group life insurer is temporarily carrying out controlled functions **without** holding the relevant Financial Conduct Authority approval status. For what **maximum** period is this permitted during a given year?
- A. 6 weeks.
 - B. 8 weeks.
 - C. 12 weeks.
 - D. 26 weeks.
21. What is the **maximum** monetary award, excluding costs, that the Financial Ombudsman Service can grant a complainant?
- A. £85,000
 - B. £150,000
 - C. £170,000
 - D. £375,000

22. As a result of a budget announcement earlier in the day, a group life insurer has discovered that one of its sales aids is no longer valid. To comply with the Insurance: Conduct of Business sourcebook (ICOBS), how soon **must** this document be withdrawn?
- A. Within a maximum of 14 days.
 - B. Within a maximum of 30 days.
 - C. Within a maximum of 60 days.
 - D. As soon as reasonably practical.
23. A group risk insurer **must** retain records of exposure to risk and accounts for what **minimum** period to meet the Financial Conduct Authority's principles for risk management?
- A. One year.
 - B. Three years.
 - C. Five years.
 - D. Seven years.
24. Management information shows that group risk clients frequently fail to report discretionary entrants. How should an insurer respond with regards to the fair treatment of customers, if at all?
- A. Cover discretionary entrants via reinsurance.
 - B. Improve processes and literature to highlight the requirement.
 - C. Remove all requirements for discretionary entrants.
 - D. The fair treatment of customers does not apply as this is not retail business.
25. A company has a six-month **minimum** service qualification for entry into a group benefits package. Why would they do this?
- A. To avoid selection against the insurer.
 - B. To comply with the insurer's policy requirements.
 - C. To reduce costs associated with high staff turnover.
 - D. To satisfy employment cooling-off regulations.
26. Anne is covered by a group income protection policy only because she joined the company pension scheme. She chooses to cease contributions into the pension scheme but remains in her job. What will **normally** happen to her income protection cover?
- A. It will cease immediately.
 - B. It will cease at the next renewal date.
 - C. It will continue unchanged.
 - D. Cover will continue but pension contributions will no longer be covered.

27. If the benefits for a member of a group scheme exceed the free cover level, this will **normally** trigger the insurer to request
- A. an actively at work declaration.
 - B. details of the claims history.
 - C. an element of reinsurance cover.
 - D. evidence of health.
28. Pre-existing condition exclusions are less frequently used in which type of group risk insurance?
- A. Group critical illness insurance.
 - B. Group income protection insurance.
 - C. Group personal accident insurance.
 - D. Group private medical insurance.
29. The benefits under a group risk scheme can only be increased at the scheme's annual revision date or on the occasion of a life event. What type of scheme is this **most likely** to be?
- A. An excepted group life policy.
 - B. A flexible benefit scheme.
 - C. A fully-integrated income protection scheme.
 - D. A personal accident scheme.
30. The capitalisation of a spouse's death-in-service benefit is **generally** the
- A. equivalent lump-sum amount required to provide the pension.
 - B. expected annual cost of insuring the required pension amount.
 - C. expected total amount of the pension that will be paid out.
 - D. level of annual pension that will be paid out.
31. In a group critical illness policy, what definition of permanent and total disability would **normally** be **least** expensive?
- A. Activities of daily living (ADLs).
 - B. Activities of daily working (ADWs).
 - C. Own occupation definition.
 - D. Suited occupation definition.
32. What tax rate applies to registered lump-sum death-in-service benefits in excess of the tax-free amount allowed by HM Revenue & Customs?
- A. 20%
 - B. 25%
 - C. 40%
 - D. 55%

33. A higher-rate taxpayer is entitled to a lump sum of £100,000 under a group critical illness scheme. How much will he receive after any tax due is deducted from this payment?
- A. £60,000
 - B. £80,000
 - C. £87,430
 - D. £100,000
34. When designing a group income protection scheme a company wishes to provide short-term cover for everyone, but to keep costs down, they only want to give long-term cover to those most seriously ill. Which definition of incapacity is **most likely** to achieve this?
- A. Own occupation only.
 - B. Own occupation switching to suited occupation.
 - C. Suited occupation only.
 - D. Suited occupation switching to generic occupation.
35. Company A has no group cover in place. They recently acquired company B, a small company that contractually provides its staff with a death-in-service plan, however company A is reluctant to continue the existing cover. What is the correct position?
- A. The change in company ownership ends all previous staff agreements and obligations set up by company B.
 - B. Company A must set up a plan for the staff from company B offering the same or better cover.
 - C. If company B employed fewer than 25 staff, the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) do not apply and company A are allowed to discontinue the plan.
 - D. The staff from company B may continue the death-in-service plan if they pay the premiums by salary deduction.
36. An adviser is actively considering switching insurer on the renewal date. For which type of group risk policy **must** the adviser plan for this switch as early as possible?
- A. A critical illness policy.
 - B. A flexible benefit policy.
 - C. A group income protection policy.
 - D. A group life policy.
37. Why do the negotiations for cost and terms within the group risk market **normally** include the holding insurer?
- A. Holding insurers usually offer better terms than new insurers.
 - B. It is a regulatory requirement.
 - C. To give the holding insurer the opportunity to underwrite the renewal.
 - D. To reduce the risks and costs of changing insurer.

38. An existing scheme member has cover in excess of the free cover limit. The member has had an increase in benefit for which a medical is required that results in a premium rating. The rating is applied to
- A. the benefit up to free cover.
 - B. all the benefit over free cover.
 - C. the increase in benefit.
 - D. the whole benefit.
39. An employer has been advised that, for a particular group life scheme member, £200,000 of the total cover of £1,200,000 operates with a pre-existing condition exclusion. The **most likely** reason for this is that the member
- A. has reached the termination age.
 - B. has similar benefits with another insurer.
 - C. is being medically underwritten.
 - D. undertakes a hazardous occupation.
40. A member of a group life scheme has been found dead in suspicious circumstances and a police investigation is underway. When should the scheme trustees submit the claim?
- A. As soon as possible.
 - B. Only after a death certificate is available.
 - C. Only after the coroner's report has been issued.
 - D. Only after the police investigation has been completed.
41. A small company requests group critical illness insurance for all its employees. The insurer is willing to provide a quotation, but will **NOT** offer permanent total disability cover. What is the **most likely** reason for this?
- A. The claims experience of the company.
 - B. The location of the company.
 - C. The occupations of the employees.
 - D. The scheme is part of a flexible benefits programme.
42. All the benefits under a group risk scheme were costed using gender-specific rates. What type of overall costing method is this **normally** known as?
- A. Flat rate.
 - B. Simplified administration.
 - C. Single premium.
 - D. Unit rate.

43. For what **main** reason do insurers request the employer's location when a group income protection scheme quotation is required?
- A. It affects the premium rate calculation.
 - B. It enables the allocation of a local rehabilitation consultant.
 - C. It indicates whether English or Scottish law applies.
 - D. It influences the free cover limit.
44. In which two documents does an insurer **usually** set out its requirements for starting cover?
- A. The policy document and technical guide.
 - B. The proposal form and technical guide.
 - C. The quotation and proposal form.
 - D. The quotation and technical guide.
45. When dealing with a quotation for a group income protection scheme, the **most likely** reason for the insurer to consult the Financial Conduct Authority register will be to
- A. carry out a permissions check on the intermediary.
 - B. identify any unresolved disputes with the Financial Ombudsman Service.
 - C. see the financial status of the employer.
 - D. view outstanding compensation claims.
46. When is the latest that the deposit premium **must normally** be paid in connection with an insurer going on risk under a stand-alone group life scheme?
- A. 7 days prior to the inception date.
 - B. 14 days prior to the inception date.
 - C. On the inception date.
 - D. Within a set number of days after the inception date.
47. A group income protection insurance claim will **normally** be settled in which way?
- A. A regular payment to the employee.
 - B. A regular payment to the employee's beneficiaries.
 - C. A regular payment to the employer.
 - D. A regular payment to the scheme trustees.
48. George has a salary of £40,000 per annum. He is a member of a group income protection scheme which provides 50% of basic salary benefit plus 5% employee contributions and 10% employer pension contributions. In the event of a valid claim, what annual income would George receive before Income Tax?
- A. £20,000
 - B. £22,000
 - C. £26,000
 - D. £40,000

49. Reinsurance provides extra capacity to an insurer because it
- A. allows the insurer to transfer some of its underwriting function to a reinsurer.
 - B. guarantees increased profitability to the insurer.
 - C. increasing their need for reserves.
 - D. takes some of the risk.
50. A large company has two insurers A & B on its policy, each with a 50% share of the total liability. A claim occurs for £1,000,000 which insurer A accepts. Insurer B does not as they state it is outside their policy terms. How much, if anything, will the company collect from the insurers?
- A. Nil.
 - B. £500,000
 - C. £750,000
 - D. £1,000,000

Specimen Examination Answers and Learning Outcomes Covered

Question	Answer	Learning Outcome	Question	Answer	Learning Outcome	Question	Answer	Learning Outcome
Learning Outcome 1			Learning Outcome 6			Learning Outcome 10		
1	D	1.1	20	C	6.1	41	C	10.1
2	A	1.1	21	D	6.1	42	C	10.3
3	C	1.2	22	D	6.1	43	A	10.3
3 Questions			23	B	6.1	44	D	10.2
			24	B	6.2	45	A	10.4
Learning Outcome 2			5 Questions			46	D	10.4
4	D	2.2				47	C	10.5
5	A	2.1	Learning Outcome 7			48	A	10.5
2 Questions			25	C	7.1	8 Questions		
			26	A	7.2			
Learning Outcome 3			27	D	7.3	Learning Outcome 11		
6	C	3.2	28	B	7.4	49	D	11.1
7	A	3.1	29	B	7.5	50	B	11.2
8	B	3.3	5 Questions			2 Questions		
3 Questions								
			Learning Outcome 8					
Learning Outcome 4			30	A	8.1			
9	B	4.1	31	A	8.1			
10	A	4.1	32	D	8.2			
11	C	4.1	33	D	8.2			
12	D	4.1	4 Questions					
13	D	4.1						
5 Questions			Learning Outcome 9					
			34	B	9.1			
Learning Outcome 5			35	B	9.2			
14	B	5.1	36	B	9.3			
15	B	5.2	37	D	9.2			
16	C	5.2	38	C	9.4			
17	D	5.4	39	C	9.4			
18	B	5.3	40	A	9.4			
19	D	5.4	7 Questions					
6 Questions								