

# Insurance broking practice

## Purpose

To provide knowledge and understanding of the wide range of technical skills required by a professional insurance broker with specific reference to client care.

## Assumed knowledge

It is assumed that the candidate already has knowledge of the fundamental principles of insurance as covered in IF1 Insurance, legal and regulatory or equivalent examinations.

Summary of learning outcomes	Number of questions in the examination*
1. Understand the key aspects of the regulatory and legal environment within which insurance brokers operate.	17
2. Understand the role of the insurance broker in meeting client needs.	6
3. Understand the role of the insurance broker in the negotiation and placing of insurance contracts.	10
4. Understand the role of the insurance broker in selecting insurers.	4
5. Understand the role of the insurance broker in the design and operation of insurance programmes.	5
6. Understand the role of the insurance broker in the claims negotiation, collection and payment process.	5
7. Understand the range of services that may be available from insurance brokers and their benefit to clients.	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:  
Mixed assessment consisting of two components, both of which must be passed. One component is a coursework assignment and one is a multiple choice question (MCQ) examination. The details are:
  - an online coursework assignment using RevisionMate consisting of 10 questions which sequentially follow the learning outcomes. This must be successfully completed within 6 months of enrolment; and
  - an MCQ exam consisting of 50 MCQs. 1 hour is allowed for this exam. This exam must be successfully passed within 18 months of enrolment.
- This syllabus will be examined from 1 May 2023 until 30 April 2024.
- Candidates will be examined on the basis of English law and practice unless otherwise stated.
- This PDF document is accessible through screen reader attachments to your web browser and has been designed to be read via the speechify extension available on Chrome. Speechify is an extension that is available from <https://speechify.com/>. If for accessibility reasons you require this document in an alternative format, please contact us on [online.exams@cii.co.uk](mailto:online.exams@cii.co.uk) to discuss your needs.

- 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](http://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 key aspects of the regulatory and legal environment within which insurance brokers operate.**

- 1.1 Describe how the law of agency applies to insurance brokers in respect of the various roles they could undertake.
- 1.2 Describe the key statutory and contract law applicable to insurance brokers.
- 1.3 Define the scope of the Financial Conduct Authority (FCA) and key relevant regulatory definitions.
- 1.4 Explain how the FCA's objectives and principles translate into rules and guidance.
- 1.5 Explain the elements of the Insurance: Conduct of Business Sourcebook (ICOBS).
- 1.6 Explain the importance of the fair treatment of customers and achieving positive customer outcomes, including Consumer Duty.
- 1.7 Describe the main approach to the regulation of intermediaries in countries outside of the UK.

## **2. Understand the role of the insurance broker in meeting client needs.**

- 2.1 Describe the approach to demands and needs and suitability statements.
- 2.2 Describe the regulatory information and other details brokers disclose to clients.
- 2.3 Explain how complaints are handled and the impact on customer experience.

## **3. Understand the role of the insurance broker in the negotiation and placing of insurance contracts.**

- 3.1 Explain the broker's duty in the presentation of risk to insurers.
- 3.2 Explain the principles and objectives of good submission drafting.
- 3.3 Explain the duties of other parties when business is placed with a broker.
- 3.4 Describe good practice in the presentation of quotation and contract information to clients.
- 3.5 Explain the delivery of contract certainty, key policy documentation and dealing with subjectivities.
- 3.6 Explain the legal duties of wholesale brokers.

## **4. Understand the role of the insurance broker in selecting insurers.**

- 4.1 Explain the main factors to be taken into account when selecting insurers.
- 4.2 Explain the need for an insurer to be licensed to write a particular class of business in the UK.
- 4.3 Describe the FCA's scope of service.
- 4.4 Explain the general approach to assessing the security of an insurer.

## **5. Understand the role of the insurance broker in the design and operation of insurance programmes.**

- 5.1 Describe the general approach to the design and operation of insurance programmes.
- 5.2 Explain the detail behind complex programmes.

- 5.3 Explain the use of global markets.
- 5.4 Describe the operation of schemes, lineslips and delegated authorities.
- 5.5 Explain post placement activity and administration.

## **6. Understand the role of the insurance broker in the claims negotiation, collection and payment process.**

- 6.1 Explain the duties of the broker in negotiating claims on behalf of clients and the impact of fraud.
- 6.2 Describe the different methods of dealing with claims.
- 6.3 Explain the duties of the broker in handling claims records.
- 6.4 Explain the duty of a broker to deal with a claim for a former client.

## **7. Understand the range of services that may be available from insurance brokers and their benefit to clients.**

- 7.1 Explain risk transfer and the broker's role in the management process.
- 7.2 Describe captive insurance company services and alternative risk transfer methods.
- 7.3 Describe specialist risk consultancy services.

## 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**

Insurance broking practice. London: CII. Study text M81.

Insurance, legal and regulatory. London: CII. Study text IF1.

### **Books (and ebooks)**

Bowstead and Reynolds on agency. Peter Watts & FMB Reynolds. 22<sup>nd</sup> ed. London: Thomson Reuters, 2020.

'Claims against insurance brokers'. Chapter 16 in Insurance claims. 5<sup>th</sup> ed. Alison Padfield. Tottel, 2021.

Insurance brokers: an industry accounting and auditing guide. 5<sup>th</sup> ed. M Grice, S Ouarbya. London: CCH Wolters Kluwer, 2013.

'Intermediary responsibility'. Chapter: Insurance disputes. 3<sup>rd</sup> ed. Jonathan Mance et al. Informa, 2011.

'Lloyd's brokers and other agents of the assured'. Chapter in Lloyd's: law and practice. Julian Burling. Oxon: Informa Law, 2014.\*

The law of insurance broking. 3<sup>rd</sup> ed. Christopher Henley. London: Sweet & Maxwell, 2016.

The role of agents in insurance business. Chapter – MacGillivray on insurance law: relating to all risks other than marine. 15<sup>th</sup> ed. Sweet & Maxwell, 2022.

Winning client trust : the retail distribution review and the UK financial services industry's battle for its clients' hearts and minds. Chris Davies. London: Ecademy Press, 2011.\*

### **Online resources**

The Insurance Institute of London (IIL) podcast lecture series features leading

industry figures and subject experts speaking on current issues and trends impacting insurance and financial services. Available online at [www.cii.co.uk/insurance-institute-of-london/](http://www.cii.co.uk/insurance-institute-of-london/) (CII/PFS members only).

Insurance accounting (general business). Ian Hutchinson, updated by Alex Barnes.

Recent developments to Solvency II. Brad Baker.

Risk transfer. Ian Searle.

The professional liability of insurance brokers. Christopher Henley, updated by Simon Kemp and Michelle Radom.

### **Journals and magazines**

Financial adviser. London: FT Business. Weekly. Available online at [www.ftadviser.com](http://www.ftadviser.com).

Insurance day. London: Informa. Daily except weekends. Articles searchable online at [www.insuranceday.com](http://www.insuranceday.com).

Insurance age. Incisive media. Monthly. Contents searchable online at [www.insuranceage.co.uk](http://www.insuranceage.co.uk).

Insurance times. London: Newsquest Specialist Media. Weekly. Contents searchable online at [www.insurancetimes.co.uk](http://www.insurancetimes.co.uk).

Money marketing. London: Centaur Communications. Weekly. Available online at [www.moneymarketing.co.uk](http://www.moneymarketing.co.uk).

Post magazine. London: Incisive Financial Publishing. Monthly. Contents searchable online at [www.postonline.co.uk](http://www.postonline.co.uk).

Access to further periodical publications is available from the Knowledge website at [www.cii.co.uk/journalmagazines](http://www.cii.co.uk/journalmagazines) (CII/PFS members only).

### **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).

Insurance broking practice and the law. Available within Informa i-law: an online database of legal knowledge. Available via

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

[www.cii.co.uk/research-databases](http://www.cii.co.uk/research-databases) (CII/PFS members only).

Insurance: Conduct of Business sourcebook (ICOBS). Available via [www.handbook.fca.org.uk/handbook/ICOBS](http://www.handbook.fca.org.uk/handbook/ICOBS).

## Exemplars

Exemplar papers are available for all mixed assessment units. Exemplars are available for both the coursework component and the MCQ exam component.

These are available on the CII website under the unit number before purchasing the unit. They are available under the following link [www.cii.co.uk/qualifications/diploma-in-insurance-qualification](http://www.cii.co.uk/qualifications/diploma-in-insurance-qualification).

These exemplar papers are also available on the RevisionMate website ([ciigroup.org/login](http://ciigroup.org/login)) after you have purchased the unit.

## Exam technique/study skills

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