

# Insurance claims handling process

## Objective

To provide knowledge and understanding of the claims handling process including notification, assessment, settlement and associated financial factors.

Summary of learning outcomes	Number of questions in the examination*
1. Understand the general principles in the claims handling process	12
2. Understand insurance products and associated services	13
3. Understand claims considerations and administration	13
4. Understand claims handling procedures and related claims services	13
5. Understand claims handling systems	6
6. Understand claims settlement	10
7. Understand how expenses are managed	8

\*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: 75 multiple choice questions (MCQs). 2 hours are allowed for this examination.
- This syllabus will be examined from 1 January 2020 until 31 December 2020.
- Candidates will be examined on the basis of English law and practice unless otherwise stated.
- 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/learning/qualifications/unit-insurance-claims-handling-process-if4/](http://www.cii.co.uk/learning/qualifications/unit-insurance-claims-handling-process-if4/)
  2. Select qualification update on the right hand side of the page.

- 1. Understand the general principles in the claims handling process**
  - 1.1 Describe the legal requirements for a valid claim
  - 1.2 Describe the different types of policy conditions relating to claims
  - 1.3 Explain how the application of policy conditions can affect the payment of claims
  - 1.4 Explain the duties of an insured after a loss
  - 1.5 Describe what documentary and supporting evidence are required when notifying a claim
  - 1.6 Explain what is meant by proximate cause and how it is applied
- 2. Understand insurance products and associated services**
  - 2.1 Describe the basic features and typical policy cover of motor, health, personal, property, pecuniary, liability and extended warranties insurance
  - 2.2 Describe the exclusions and extensions of cover available for motor, health, personal, property, pecuniary, liability and extended warranties insurance
- 3. Understand claims considerations and administration**
  - 3.1 Describe the role of the claims department and the role of claims personnel
  - 3.2 Explain the importance of service standards and managing customer expectations
  - 3.3 Describe the difference to the insurer between the first, second and third parties
  - 3.4 Explain the consequences and issues that arise for third parties
  - 3.5 Explain the importance of claims estimating and reserving
  - 3.6 Describe the common indicators of fraud and the procedures commonly used to discourage individuals from making fraudulent claims
  - 3.7 Explain the consequences of fraudulent claims for the insurance industry and its customers
  - 3.8 Describe the main purpose and content of the Insurance: Conduct of Business sourcebook (ICOBS) as it relates to claims handling
  - 3.9 Describe the fair treatment of customers
  - 3.10 Describe how disputes and complaints could be resolved
  - 3.11 Describe the role of the Financial Ombudsman Service and their role in dispute resolution
- 4. Understand claims handling procedures and related claims services**
  - 4.1 Explain the claims handling process, including where relevant legal and regulatory protocols for the various types of personal insurance
  - 4.2 Explain the claims handling process, including where relevant legal and regulatory protocols for the various types of commercial insurance
  - 4.3 Describe the variety of services that can be utilised in the claims handling and settlement process inclusive of help lines, authorised repairers, uninsured loss recovery services, legal costs service and risk control/advice
- 5. Understand claims handling systems**
  - 5.1 Describe the key features, structure and objectives of different claims systems
  - 5.2 Describe the claims function as it appears in functional and divisional structures
  - 5.3 Explain the roles of outsourcing companies, loss adjusters, disaster recovery companies, surveyors, solicitors and loss assessors
- 6. Understand claims settlement**
  - 6.1 Describe the way that claims can be settled including payment of money, paying for repairs direct, replacement and reinstatement
  - 6.2 Describe how excesses, franchises and deductibles work
  - 6.3 Describe how the process of reserving operates
  - 6.4 Explain why a claim may be invalid or only partially met
  - 6.5 Explain how insurers can recover claims payments from third parties
  - 6.6 Explain how salvage affects claim payments
  - 6.7 Explain how average can affect claims settlements
  - 6.8 Explain how market agreements affect claims settlements
  - 6.9 Describe the provisions of the Motor Insurers' Bureau agreement for untraced and uninsured drivers
  - 6.10 Describe how arbitration clauses operate and how alternative dispute resolution may be used to settle claims.

- 7. Understand how expenses are managed**
  - 7.1 Describe the role of the claims manager**
  - 7.2 Explain what leakage is and how to identify and reduce it**
  - 7.3 Explain the types of financial monitoring and how this can impact an insurance company results**
  - 7.4 Explain the basis and significance of reserving practice**

## 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/PFS members can access most of the additional study materials below via the Knowledge Services webpage at <https://www.cii.co.uk/knowledge-services>.

New resources are added frequently - for information about obtaining a copy of an article or book chapter, book loans, or help finding resources, please go to <https://www.cii.co.uk/knowledge-services> or email [knowledge@cii.co.uk](mailto:knowledge@cii.co.uk).

### CII study texts

Insurance claims handling process. London: CII. Study text IF4.

### Books (and ebooks)

'Claims handling'. Chapter - Insurance theory and practice. Rob Thoyts. New York: Routledge, 2010.\*

Claims handling law and practice. Richard West et al. London: Kennedys Law LLP, 2018.

'Claims handling'. Chapter - Insurance theory and practice. Rob Thoyts. New York: Routledge, 2010.\*

'Claims procedure'. Chapter - The law of insurance contracts. 6th ed. Malcolm A Clarke et al. London: Informa, 2009.

'Claims under the policy'. Chapter 14 in Bird's modern insurance law. 10th ed. John Birds. London: Sweet & Maxwell, 2016.

Insurance claims. 4th ed. Alison Padfield. Bloomsbury Professional, 2016.

Insurance disputes. Jonathan Mance, Iain Goldrein, Robert Merkin. 3rd ed. London: Informa, 2011.

Insurance law and the Financial Ombudsman Service. Judith P Summer. London: Informa, 2008.\*

Insurance theory and practice. Rob Thoyts. Routledge, 2010.\*

The Insurance Act 2015: a new regime for commercial and marine insurance law. Malcolm Clarke, Baris Soyer (eds.). Abingdon: Informa, 2016.

## Periodicals

The Journal. London: CII. Six issues a year. Archive available online at <https://www.cii.co.uk/search-results?q=journal> (CII/PFS members only).

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

## 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).

Prudential Regulation Authority (PRA) Rulebook Online. Available at [www.prarulebook.co.uk](http://www.prarulebook.co.uk)

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

## Examination guide

If you have a current study text enrolment, the current examination guide is included and is accessible via Revisionmate ([www.revisionmate.com](http://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.