

Award in General Insurance

Objective

At the end of this unit, candidates should be able to understand the:

- basic principles of insurance;
- main legal principles related to insurance contracts;
- main regulatory principles related to insurance business;
- key elements to protect consumers.

Summary of learning outcomes	Number of questions in the examination*
1. Understand the nature and main features of risk and insurance	20
2. Know the structure and main features of the insurance market	22
3. Understand the main legal principles governing insurance contracts	42
4. Understand the main regulatory and legal principles applicable to the transaction of insurance business	14
5. Know key aspects of ethics, corporate governance and internal controls	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: 100 multiple choice questions (MCQs). 2 hours are allowed for this examination.
- This syllabus will be examined from 1 May 2020 until 30 April 2021.
- 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 nature and main features of risk and insurance

The nature and main features of risk

- 1.1 The concept of risk and risk perception;
- 1.2 How different risks are categorised;
- 1.3 The risk management function and process;
- 1.4 The relationship between frequency and severity of loss;
- 1.5 The types of risk that can be insured and the types of risk that cannot;
- 1.6 What is meant by a peril and a hazard and the difference between the two, as they relate to insurance;
- 1.7 How the principles defined in element 1.1 to 1.6 are applied to a given set of circumstances.

The nature and main features of insurance

- 1.8 The basis of insurance as a risk transfer mechanism;
- 1.9 How insurance operates by the pooling of risks;
- 1.10 How insurance benefits policyholders and society in general;
- 1.11 What is meant by co-insurance, dual insurance and self-insurance;
- 1.12 The main classes of insurance in outline.

2. Know the structure and main features of the insurance market

The insurance market

- 2.1 The way in which the insurance market is structured on a global and regional basis;
- 2.2 The main features of the different types of insurers;
- 2.3 The unique structure and main features of Lloyd's;
- 2.4 The main features and services of intermediaries in the insurance market;
- 2.5 The different distribution channels used for the selling of insurance;
- 2.6 The basic purpose of reinsurance.

The insurance profession

- 2.7 The main functions of underwriters;
- 2.8 The main functions of claims personnel;
- 2.9 The main functions of loss adjusters and loss assessors;
- 2.10 The main functions of actuaries;
- 2.11 The main functions of risk managers;
- 2.12 The main functions of compliance officers;
- 2.13 The functions of the Chartered Insurance Institute (CII).

3. Understand the main legal principles governing insurance contracts

Contract

- 3.1 The essentials of a valid contract of insurance;
- 3.2 How contracts of insurance can be terminated.

Agency

- 3.3 The methods of creating an agent/principal relationship;
- 3.4 The duties of an agent to his principal and the duties of a principal to his agent;
- 3.5 The consequences of an agent's actions on his principal;
- 3.6 Suggested content of business agreements or best practice between an insurer and intermediary.

Insurable interest

- 3.7 The requirements for insurable interest in insurance contracts.

Disclosure and representation

- 3.8 How the principles of disclosure and representation apply to contracts of insurance;
- 3.9 How the duties relating to disclosure and representation operate insurance contracts, how it is modified by policy wordings and the contrast with life assurance contracts;
- 3.10 Legal definitions relation to disclosure and representation and factors that might limit their entitlement to information;
- 3.11 The consequences of non-disclosure or misrepresentation of relevant information.

Proximate cause

- 3.12 The definition of proximate cause and how it is applied to non-complex claims.

Indemnity

- 3.13 The definition of indemnity and which types of policy are policies of indemnity;
- 3.14 How the indemnity principle is applied to contracts of insurance;
- 3.15 What is meant by agreed value, new for old, reinstatement and first-loss policies;
- 3.16 How average is applied to non-complex cases of underinsurance.

Contribution

- 3.17 The principle of contribution and when and how it applies to the sharing of claim payments between insurers in straightforward property cases.

Subrogation

- 3.18 The principle of subrogation and why it may or may not be pursued in simple circumstances.

4. Understand the main regulatory and legal principles applicable to the transaction of insurance business

Role of the regulator

- 4.1 The role of the regulator in the insurance industry;
- 4.2 The international standard setting body for the insurance industry, the IAIS;
- 4.3 The international standard setting body in relation to financial crime, the FATF;

- 4.4 The different types of regulatory approaches (including principles-based, risk-based and prescriptive-based regulation);
- 4.5 Prudential and market conduct regulation;
- 4.6 Tools used by regulators to supervise the industry.

Capital adequacy

- 4.7 The importance of establishing and maintaining capital adequacy;
- 4.8 The different approaches to capital adequacy;
- 4.9 The relationship between capital adequacy and solvency controls levels.

Anti money laundering and counter terrorism financing

- 4.10 The regional and global problem;
- 4.11 The FATF definition of money laundering;
- 4.12 Know your client: the main principles.

Fraud

- 4.13 The different types of fraud faced by insurers;
- 4.14 Fraud management by the insurer.

5. Know key aspects of ethics, corporate governance and internal controls

Ethical standards

- 5.1 The scope and operation of the CII ethical code of practice in broad outline.
- 5.2 The expectations of customers, the public and regulators that customers will be treated fairly.

Suitability

- 5.3 The objectives of 'fit and proper' requirements and the risks of unsuitability.

Internal control system

- 5.4 Risk management frameworks outlined;
- 5.5 The role of compliance and audit;
- 5.6 Establishing a customer complaints procedure.
- 5.7 The holding and use of customer data.

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.

CII study texts

Award in General Insurance. London: CII. Coursebook W01.

Books (and ebooks)

A beginner's guide to the insurance profession. Johnsie Gladney. New Delhi: World Technologies, 2012. *

Handbook of insurance. Georges Dionne. New York: Springer, 2013. *

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

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

Insurance law: an introduction. Robert Merkin. London: Routledge, 2014. *

Research handbook on international insurance law and regulation. Julian Burling, Kevin Lazarus. London: Edward Elgar Publishing, 2011. *

World insurance: the evolution of a global risk network. Peter Borscheid, Niels Viggo Haueter. Oxford: Oxford University Press, 2012. *

Periodicals

The Journal. London: CII. Six issues a year. Archive available online at <https://www.thepfs.org/search-results/?q=the+journal> (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.

The insurance manual. Stourbridge, West Midlands: Insurance Publishing & Printing Co. Looseleaf, updated.

The insurance manual. Sadler, John. Stourbridge, Worcs: Insurance Publishing & Printing Co. Looseleaf updated annually.

Examination guide

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.

The Insurance Institute of London holds a lecture on revision techniques for CII exams approximately three times a year. The slides from their most recent lectures can be found at www.cii.co.uk/iilrevision (CII/PFS members only).