

Economics and business

Purpose

To enable candidates to understand relevant economic concepts and apply them to insurance business.

Assumed knowledge

It is assumed that the candidate already has the knowledge gained from a study of the relevant sections of IF1 Insurance, legal and regulatory or M92 Insurance business and finance or equivalent examinations.

Summary of learning outcomes

1. Analyse the nature of the economy and relevant economic issues
2. Analyse and apply demand and supply concepts
3. Evaluate market structures and the business environment
4. Evaluate the impact of ethics, corporate governance, and risk management on insurance business
5. Analyse the macroeconomy and aspects of monetary and fiscal policy
6. Evaluate international trading and financial relationships
7. Analyse the interaction between economics and accounting.

Important notes

- Method of assessment: Coursework – 3 online assignments (80 marks). Each assignment must be individually passed.
- The syllabus is 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/qualifications
 2. Select the appropriate qualification
 3. Select your unit on the right hand side of the page

1. Analyse the nature of the economy and relevant economic issues

- 1.1 Analyse alternative economic systems.
- 1.2 Analyse economic challenges and opportunities in the global and UK economies and their implications for the insurance industry.
- 1.3 Examine the role of insurance, finance and money in the global and UK economies.
- 1.4 Analyse behavioural economics and its implications for the insurance industry.

2. Analyse and apply demand and supply concepts

- 2.1 Explain demand and supply theories and concepts.
- 2.2 Apply demand and supply analysis to show how equilibrium prices and quantities are determined in competitive markets, including the insurance market.

3. Evaluate market structures and the business environment

- 3.1 Analyse market structures including their advantages and disadvantages.
- 3.2 Evaluate the business environment and its impact on the insurance industry and vice versa.

4. Evaluate the impact of ethics, corporate governance, and risk management on insurance business

- 4.1 Evaluate the impact of ethics, environmental reporting and corporate social responsibility, and their specific importance in relation to the global and UK insurance industries.
- 4.2 Evaluate corporate governance best practice, including in insurance organisations.
- 4.3 Explain the role of risk and crisis management in economics and business, including in insurance organisations.

5. Analyse the macroeconomy and aspects of monetary and fiscal policy

- 5.1 Explain the flow of income and expenditure in the economy.
- 5.2 Explain the demand for and supply of money and their main determinants.
- 5.3 Analyse employment, unemployment, inflation and deflation and the implications for the insurance industry.
- 5.4 Analyse monetary and fiscal policy in the macroeconomy and the implications for the insurance industry.

6. Evaluate international trading and financial relationships

- 6.1 Evaluate the nature of international trade, balance of payments, exchange rates and economic business cycles and the impact on the insurance industry.
- 6.2 Analyse international trading and its international financial relationships.
- 6.3 Evaluate the economic impact of the relationship between the UK and the EU with specific reference to the insurance industry.

7. Analyse the interaction between economics and accounting

- 7.1 Analyse the role of financial planning, budgeting and budgetary control for organisations, including insurance organisations.
- 7.2 Interpret management accounts.
- 7.3 Examine the sources of business finance.
- 7.4 Analyse the interaction between economics and accounting.

Reading list

The following list provides details of various publications which may assist you with your studies.

Note: The examination will test the syllabus alone. However, it is important to read additional sources as 10% of the exam mark is allocated for evidence of further reading and/or the use of relevant examples.

The reading list is provided for guidance only and is not in itself the subject of the examination.

The publications listed here provide a wider coverage of syllabus topics.

CII study texts

Economics and business. London: CII.
Study text 530.

Insurance business and finance. London: CII.
Study text M92.

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

Ebooks

The following ebooks are available through Discovery via www.cii.co.uk/elibrary (CII/PFS members only):

Accounting and business ethics: an introduction. Ken McPhail, Diane Walters. London: Routledge, 2009.*

Accounting and finance for non-specialists. 10th ed. Peter Atrill, E.J. McLaney. Harlow: Pearson, 2017.

Business economics. Robert Dransfield. London: Routledge, 2014.

Business ethics. Michael Boylan. 2nd ed. Chichester: Wiley, 2014.

Business ethics: a stakeholder, governance and risk approach. R. Ian Trickner, Gretchen Trickner. London: Routledge, 2014.

Business risk management: models and analysis. E.J. Anderson. Hoboken: Wiley, 2014.

Fundamental principles of law and economics. Alan Devlin. Abingdon, Oxon: Routledge, 2015.

International business. Oded Shenkar, et al. 3rd ed. New York: Routledge, 2015.

Life in the financial markets: how they really work and why they matter to you. Daniel Lacalle. Chichester: Wiley, 2015.

Research on professional responsibility and ethics in accounting. Cynthia Jeffrey. Bingley: Emerald Group Publishing, 2013.

Risk management and corporate governance in the 21st Century digital economy. Georgios Zekos. New York: Nova Scotia Pub. Inc, 2014.

The social value of the financial sector: too big to fail or just too big? Viral V. Acharya. Singapore: World Scientific Publishing Company, 2014.

Journals and magazines

The Journal. London: CII. Six issues a year.
Financial times. London: Financial Times. Daily. Available online at www.ft.com.

Post magazine. London: Incisive Financial Publishing. Monthly. Contents searchable online at www.postonline.co.uk.

The Economist. London: Economist Newspaper. Weekly.

Reference materials

Code of ethics. London: CII, 2014. Available online at www.cii.co.uk/about/professional-standards/code-of-ethics.

Concise encyclopedia of insurance terms. Laurence S. Silver, et al. New York: Routledge, 2010.

Specimen guides

Specimen guides are available for all coursework units.

These are available on the CII website under the unit description / purchasing page. You will be able to access this page from the Qualifications section of the CII website: www.cii.co.uk/qualifications.

These specimen guides are also available on the RevisionMate website www.revisionmate.com 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.