

# Long-term insurance business

## Purpose

To develop in the candidate a detailed knowledge and understanding of the long-term insurance market.

## Assumed knowledge

It is assumed the candidate has the knowledge gained from a study of the fundamental principles and practices of insurance as covered in IF1 Insurance, legal and regulatory or equivalent examinations.

### Summary of learning outcomes

1. Understand the structure of the long-term business market.
2. Understand long-term business contracts.
3. Understand risk assessment and control.
4. Understand claims administration.
5. Understand reinsurance.
6. Understand consumer protection.
7. Understand taxation considerations.

## Important notes

- **Method of assessment:** Part I 14 compulsory questions (140 marks). Part II 2 questions selected from 3 (60 marks). Total of 200 marks. Three hours are allowed for this exam.
- The syllabus is examined on the basis of English law and practice unless otherwise stated.
- The general rule is that the exams are based on the English legislative position six months before the date of the exams.
- 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 on the right hand side of the page

## **1. Understand the structure of the long-term business market**

- 1.1 Outline the structure of the long-term business market.
- 1.2 Describe the various types of insurance intermediary involved in the sale of long-term insurance products, and the differences between them.
- 1.3 Outline the growth of direct to consumer marketing in long-term business insurance.

## **2. Understand long-term business contracts**

- 2.1 Describe the structure and use of long-term business contracts.
- 2.2 Discuss the scope of cover provided in the event of death and disability, including critical illness and income protection.
- 2.3 Explain the nature and use of additional benefits.
- 2.4 Discuss the conversion, renewal and guaranteed insurability options available for life policies and their administration.
- 2.5 Explain the benefits payable on death, disability, and maturity.
- 2.6 Discuss the features and usage of single and joint life policies.
- 2.7 Describe the types of term assurance policy and their uses.
- 2.8 Discuss the types of whole of life assurance.
- 2.9 Discuss the types of endowment assurance and their uses.
- 2.10 Discuss the types of annuities.
- 2.11 Discuss the options for investment choice, including unit-linked and with-profit policies.
- 2.12 Discuss the principle of insurable interest as it applies to long-term business contracts.
- 2.13 Discuss the issues raised by ownership of policies.
- 2.14 Explain the principles of assignment and reassignment of life policies.
- 2.15 Explain the effect of the Policies of Assurance Act 1867.
- 2.16 Outline the nature and use of policy endorsements.
- 2.17 Explain the treatment of paid-up policies.
- 2.18 Explain the options available for the sale and surrender of life policies and the implications thereof.
- 2.19 Explain the nature and types of trust and their use.
- 2.20 Discuss the purpose and benefits of group life assurance, critical illness and income protection benefit policies.

## **3. Understand risk assessment and control**

- 3.1 Discuss the information required to assess insurance risks, the ways in which it may be obtained and evaluate its significance to rating.
- 3.2 Explain the factors taken into account in the calculation of premiums.
- 3.3 Discuss the principles of underwriting long-term business including group risk.
- 3.4 Explain the options available to the underwriter when assessing risks, including substandard risk.
- 3.5 Explain the implications of misrepresentation.
- 3.6 Outline the principles of mortality and morbidity tables and their impact on long-term business.
- 3.7 Explain access to medical reports as it applies to long-term business.
- 3.8 Describe how policies can be reinstated.

## **4. Understand claims administration**

- 4.1 Discuss the types of claim, their characteristics and treatment.
- 4.2 Discuss the means for establishing title to policies.
- 4.3 Explain the content and use of letters of administration and grant of probate.
- 4.4 Discuss the methods for dealing with and implications of instances of missing title documents.
- 4.5 Discuss how long-term disability and critical illness claims are dealt with.
- 4.6 Explain the resolution of disputes for long-term business.

## **5. Understand reinsurance**

- 5.1 Explain the need for reinsurance.
- 5.2 Describe the types of reinsurance arrangements and their application.

## **6. Understand consumer protection**

- 6.1 Outline the main provisions of the Financial Services and Markets Act 2000 and the Financial Services Act 2012 as applicable to long-term business.
- 6.2 Discuss the scope and effect of regulation on the conduct of long-term business.
- 6.3 Explain the implications of data protection for long-term business.
- 6.4 Explain complaints and compensation procedures in relation to long-term business.

## **7. Understand taxation considerations**

- 7.1 Explain the implication of taxation for long-term business.

## 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.**

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

The publications will help you keep up-to-date with developments and will provide a wider coverage of syllabus topics.

CII/PFS members can borrow most of the additional study materials below from Knowledge Services. CII study texts can be consulted from within the library.

New materials are added frequently - for information about new releases and lending service, please go to [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) or email [knowledge@cii.co.uk](mailto:knowledge@cii.co.uk).

### CII study texts

Long-term insurance business. London: CII. Study text P63.

Insurance law. London: CII Study text Mo5.

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

### Books

Consumer vulnerability: conditions, contexts and characteristics. Kathy Hamilton (ed.). Abingdon: Routledge, 2016.\*

Elderly clients: a precedent manual. Denzil Lush, Caroline Bielanska. 4th ed. Bristol: Jordan Publishing, 2013.

Enforcement of consumer rights and protections. Claire Andrews. London: Lexis Nexis, 2015.

Houseman's law of life assurance. 15th revised ed. Robert Surridge et al. Haywards Health, Bloomsbury Professional, 2016.

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

Misrepresentation, mistake and non-disclosure. John Cartwright. 3rd ed. London: Sweet and Maxwell, 2012.

### Factfiles and other online resources

CII factfiles are concise, easy to digest but technically dense resources designed to enrich the knowledge of members. Covering general insurance, life and pensions and financial services sectors, the factfile collection includes key industry topics as well as less familiar or specialist areas with information drawn together in a way not readily available elsewhere. Available online via [www.cii.co.uk/ciifactfiles](http://www.cii.co.uk/ciifactfiles) (CII/PFS members only).

- Recent developments in life assurance law. Robert Surridge.
- Recent developments in life product design. Robert Surridge
- Critical illness insurance. Andy Couchman.
- Long-term care insurance. Andy Couchman.
- Payment protection insurance. Andy Couchman.

Annuities insurance in the UK, key trends and opportunities. ©Timetric Forecast Reports. Annual. Available for members at [www.cii.co.uk/forecastreports](http://www.cii.co.uk/forecastreports).

Income protection and critical illness insurance in the UK, key trends and opportunities. ©Timetric Forecast Reports. Annual. Available for members at [www.cii.co.uk/forecastreports](http://www.cii.co.uk/forecastreports).

Life insurance in the UK, key trends and opportunities. ©Timetric Forecast Reports. Annual. Available for members at [www.cii.co.uk/forecastreports](http://www.cii.co.uk/forecastreports).

Term-life insurance in the UK, key trends and opportunities. ©Timetric Forecast Reports. Annual. Available for members at [www.cii.co.uk/forecastreports](http://www.cii.co.uk/forecastreports).

Whole life insurance in the UK, key trends and opportunities. ©Timetric Forecast Reports. Annual. Available for members at [www.cii.co.uk/forecastreports](http://www.cii.co.uk/forecastreports).

Further articles and technical bulletins are available at [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) (CII/PFS members only).

### Reference materials

Clinical medicine, 7th ed. P Kumar and M Clark. London: Elsevier, 2009.

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

"Life, pensions & protection". Chapter: The insurance manual. Stourbridge, West Midlands: Insurance Publishing & Printing Co. Looseleaf, updated.

Medical selection of life risks. 5th ed. R D C Brackenridge et al. London: Palgrave Macmillan, 2006.

The Merck manual of diagnosis and therapy. 19th ed. R S Porter. Merck, 2011. Also available online at [www.merckmanuals.com](http://www.merckmanuals.com).

### Journals and magazines

The Journal. London: CII. Six issues a year. Also available online via [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) (CII/PFS members only).

Health insurance daily (previous Health insurance and protection). London: Informa. Available at [www.healthinsurancedaily.com](http://www.healthinsurancedaily.com).

Cover. London: Incisive Financial. Monthly. Also available at [www.covermagazine.co.uk](http://www.covermagazine.co.uk).

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

Further periodical publications are available at [www.cii.co.uk/journalmagazines](http://www.cii.co.uk/journalmagazines) (CII/PFS members only).

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

### Examination guides

Guides are produced for each sitting of written answer examinations. These include the exam questions, examiners' comments on candidates' performance and key points for inclusion in answers.

You are strongly advised to study guides from the last two sittings. Please visit [www.cii.co.uk](http://www.cii.co.uk) to buy online or contact CII Customer Service for further information on +44 (0)20 8989 8464.

Alternatively, if you have a current study text enrolment, the latest exam guides are available via [www.revisionmate.com](http://www.revisionmate.com).

Older guides are available via [www.cii.co.uk/pastexamguides](http://www.cii.co.uk/pastexamguides) (CII/PFS members only).

## **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 (IIL) holds a lecture on revision techniques for CII written exams approximately three times a year. The slides from their most recent lectures can be found at [www.cii.co.uk/iilwrittenrevision](http://www.cii.co.uk/iilwrittenrevision) (CII/PFS members only).