Insurance claims handling process

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

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*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 2010 until 31 December 2010.
- Candidates will be examined on the basis of English law and practice unless otherwise stated.
- Candidates should refer to the CII update website [www.cii.co.uk/updates](http://www.cii.co.uk/updates) for the latest information on changes to law and practice and when they will be examined.
1. General procedures for the notification of claims

Valid claims
On completion, candidates should:
1.1 know the legal requirements for a valid claim;
1.2 know in outline the different types of policy conditions relating to claims;
1.3 understand the insured’s duties after a loss;
1.4 know what documents and supporting evidence are required when notifying a claim.

2. Insurance products and associated services

Insurance products
On completion, candidates should:
2.1 know the basic features and outline of typical policy cover of the following, and the exclusions and extensions of cover available:
– motor: private car, motorcycle, commercial vehicles;
– health: personal accident, sickness, medical expenses;
– personal: household, travel;
– property: fire and special perils, all risks, theft, glass, money;
– pecuniary: legal expenses, business interruption, creditor;
– liability: employers’, public, products, professional indemnity;
– extended warranties.

3. Claims considerations

On completion, candidates should:
3.1 understand the role of the claims department;
3.2 understand the importance of service standards and managing customer expectations;
3.3 understand how the management of third party claims differs from the management of first party claims;
3.4 understand the significance of estimating and reserving for claims;
3.5 know the procedures commonly used to discourage individuals from making fraudulent claims;
3.6 know the procedures and tools commonly used to detect fraudulent claims;
3.7 understand the consequences of fraudulent claims for the insurance industry, policyholders in general and insurers, their insureds and the fraudulent claimants;
3.8 know the key features of:
– the Insurance: Conduct of Business sourcebook (ICOBS) as it applies to claims handling (ICOBS 8);
– the treating customers fairly initiative as it applies to claims handling.

3.9 know the procedures for complaint handling including:
– dispute resolution;
– Financial Ombudsman Service.

4. Claims handling procedures

Insurance products
On completion, candidates should:
4.1 understand the claims handling procedures, including, where applicable, relevant legal and regulatory protocols, for:
– motor: private car, motorcycle, commercial vehicles;
– health: personal accident, sickness, medical expenses;
– personal: household, travel;
– property: fire and special perils, all risks, theft, glass, money;
– pecuniary: legal expenses, business interruption, creditor;
– liability: employers’, public, products, professional indemnity;
– extended warranties.

Insurance and related services
On completion, candidates should:
4.2 understand how the following are used as part of claims handling procedures:
– helplines and advice;
– authorised repairers;
– legal costs services;
– uninsured loss recovery services.

5. Claims settlement

On completion, candidates should:
5.1 know how claims can be settled by:
– payment of money;
– paying for repairs direct;
– replacement;
– reinstatement;
5.2 be able to apply the principle of proximate cause;
5.3 understand how the application of policy conditions can affect the payment of claims;
5.4 understand how the process of reserving operates;
5.5 understand why a claim may be invalid or only partially met;
5.6 know the methods of claims recovery open to insurers;
5.7 understand how salvage affects claim payments;
5.8 understand how average can affect claims settlements;
5.9 understand how market agreements affect claims settlements;
5.10 know how excesses, franchises and deductibles work;
5.11 know in outline the provisions of the Motor Insurers’ Bureau agreements for untraced and uninsured drivers;
5.12 know how arbitration clauses operate.

6. Management of expenses
On completion, candidates should:
6.1 understand the role of the claims manager;
6.2 understand what leakage is and how to identify and reduce it;
6.3 know in outline the types of internal and external financial monitoring of insurance companies and how this can impact on insurance company results;
6.4 know the basis and significance of reserving practice, including IBNR.

Reading list
The following list provides details of various publications which may assist with your studies. Periodicals and publications will be of value in ensuring candidates keep up to date with developments and in providing a wider coverage of syllabus topics. Any reference materials cited are authoritative, detailed works which should be used selectively as and when required.

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.

CII/PFS members can borrow most of the study materials from CII Knowledge Services and may be able to purchase some at a special discount. For further information on lending and discounts go to www.cii.co.uk/knowledge.


Reference materials

Periodicals
The Journal. London: CII. Six issues a year. Also available online (CII/PFS members only) at www.cii.co.uk/knowledge/journals.

Examination guides
You are strongly advised to study these before the examination. Please visit www.cii.co.uk to buy online or contact CII Customer Service for further information on +44 (0)20 8989 8464.

Exam technique/study skills
There are many modestly priced guides available in bookshops. You should choose one which suits your requirements. You will also find advice at www.cii.co.uk/knowledge/careersupport (CII/PFS members only).

For a more interactive approach, you should consider: Winning the brain game. London: CII, 2006. CD-ROM.