

Life assurance

Objective: To provide a knowledge and understanding of the scope of life assurance, its appropriate uses and administration and the legal and regulatory influences on the conduct of this type of business.

Knowledge ratings:

Each sub-topic has been designated a numerical knowledge rating as follows:

- 1 General background awareness necessary.
- 2 Requires a knowledge of the major elements of procedures or concepts and their uses.
- 3 Requires the ability to evaluate concepts, issues, policies and procedures, together with an understanding of associated aspects of these items and their application to various situations.

	<i>Knowledge rating</i>		<i>Knowledge rating</i>
Method of assessment: See page 7 in the 2004 Advanced Diploma in Insurance 'Information for candidates' brochure.		Principles of assignment and reassignment and the treatment of assigned policies.	1
Notes:		Conversion and renewal options.	3
– The syllabus will be based on UK law and practice.		Treatment of paid-up policies.	2
– The April session will test the legal position as of 31st August of the preceding year.		Sale of policies.	2
– The October session will test the legal position as of 28th February of the same year.		Nature and types of trust and their use.	3
		Group life assurance, including the cover and advantages provided by flexible benefit packages.	3
		Group critical illness and income protection benefit policies.	3
		Cover provided by keyperson, director share purchase and partnership insurances.	3
Development of life assurance market		Risk assessment and control	
Underwriting of early life assurance policies, including the development of basic term assurance and the growth of industrial insurances.	1	Types of proposal form and information required to assess the risk and its significance to rating.	3
Construction and nature of mortality tables and their impact on life assurance business.	2	Principles of medical underwriting.	3
Nature and development of purchased life annuities.	1	Principles of financial underwriting.	3
Implication of state intervention, up to and including the Friendly Societies Act 1992 and the Financial Services and Markets Act 2000, for the growth of life assurance.	1	Need for utmost good faith.	2
The structure of the life assurance market.	1	Options available to the assurer in the event of non-disclosure and misrepresentation.	3
		Options available to the underwriter when assessing substandard risk.	2
Cover and life assurance contracts		Application of mortality rates.	2
Scope of cover provided including cover in the event of death, disability, critical illness.	3	Access to medical reports and the Access to Medical Reports Act 1988.	1
Single and joint life policies.	2	Reinstatement options available, including the use of declaration of continued good health and days of grace.	2
Types of term assurance and their use.	3		
Types of whole of life assurance, including limited payment policies and their use.	3	Reassurance	
Types of endowment assurance and their use.	3	Need for reassurance.	2
Investment choice, including unit-linked and with-profit policies.	3	Types of reassurance and their application.	2
Insurable interest.	3	Original terms and risk premium bases of reassurance.	2
Ownership of policies.	3		

Policy construction

Structure of the policy including the content and significance of the preamble, conditions, the policy schedule and signature.	2
Nature and use of policy endorsements.	1
Sum payable on death, critical illness, maturity.	2
Additional benefits, including accidental death, waiver of premium and health care benefits.	2

Claims administration

Types of claim, their characteristics and treatment.	3
Means of establishing title to policies.	3
Grant of representation:	
– letters of administration;	2
– grant of probate.	2
Methods of discharge.	2
Waiver of grant of representation for small estates.	2
Methods for dealing with instances of missing title documents, including indemnity bonds and simple indemnity.	3
Settlement of disputes and the role of the Financial Ombudsman Service.	2

Legal and regulatory considerations

Main provisions and implications of the Financial Services and Markets Act 2000 for transacting life assurance business.	2
The scope and effects of the FSA Conduct of Business Rules.	3
Main recommendations and implications of the ABI Statement of Long-Term Insurance Practice.	3
Effects of FSA regulation on UK life assurance business practice.	2
Effects of European single market legislation, and in particular the Third Life Directive, on transacting life assurance business.	2
Provisions and effect on life assurance of the:	
– Policies of Assurance Act 1867;	1
– Married Women's Property Act 1882;	1
– Insolvency Act 1986;	2
– Current Money Laundering Regulations.	2

Consumer protection

The Data Protection Act 1998.	3
Financial Services Compensation Scheme.	2
The need and requirements for the establishment and maintenance of best practice in life assurance.	2

Taxation considerations

Eligibility for Life Assurance Premium Relief.	1
Qualifying and non-qualifying policies.	3
Application of inheritance tax, capital gains tax, income tax and corporation tax.	3

Information technology

The use of information technology in transacting life assurance business.	1
Growth of direct marketing of life assurance and the contribution of information technology.	1

Reading list

The following list provides details of various publications which may assist with your studies. The primary text for this syllabus is shown first. Periodicals and publications listed as additional reading will be of value in ensuring candidates keep up-to-date with developments and in providing a wider coverage of syllabus topics. The 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.

Most of these additional study materials can be borrowed or purchased from CII Information Services at www.cii.co.uk/is

Primary text

Life assurance. London: The CII. Coursebook 735.

Reference materials

Financial Services and Markets Act 2000. London. HMSO, 2000.
Allied Dunbar Tax Handbook. A. Foreman. 1993/94.
London: Longman 2001/2002. Annual.

Periodicals

The Journal. London: The Chartered Insurance Institute. Six issues a year.
Post Magazine. London: Timothy Benn. Weekly.
Money Management. London: Financial Times Enterprises. Monthly.
Money Marketing. London: Centaur Communications. Weekly.
Planned Savings. London: EMAP Business Publishing Ltd. Monthly.
Financial Adviser. London: (Financial Times). Weekly.
Investment Week. London: City Financial Communications. Weekly.
Business pages of quality newspapers.

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 020 8989 8464.