

**OBJECTIVES:** To provide an understanding of the principles and procedures applicable to long-term insurance business and how the market is supervised.

	<i>Knowledge rating</i>		
<b>THE NATURE OF INSURANCE</b>		<b>OPERATION OF LONG-TERM INSURANCE</b>	
Characteristics of insurable risks.	2	Characteristics of utmost good faith, indemnity, insurable interest, subrogation, contribution and proximate cause as applied to long-term insurance.	2
Risk transfer, the common pool and equitable premiums as functions of insurance.	2	Purpose, use, structure and content of proposal forms.	2
Benefits of insurance to the insured, society and the economy.	2	Role and content of acceptance letters and product particulars.	2
Ethical issues in insurance.	2	Characteristics of cancellation notices and cooling-off periods.	1
Ethical standards, consumer attitude and professional status: professional discipline.	2	Role and structure of scheduled policy forms.	2
CII Code of Conduct.	2	Use and general features of exceptions and conditions in policies.	2
<b>FEATURES OF THE LONG-TERM INSURANCE MARKET</b>		General features of procedures for payment of premiums.	2
Concept of a market.	1	Methods of dealing with renewal premiums.	2
Structure of the long-term insurance market.	2	Procedures for dealing with non-payment of premiums and reinstatement.	1
Nature and functions of organisations offering financial services: mutual companies, proprietary companies, Lloyd's, friendly societies, direct selling companies.	2	Nature of paid-up policies.	1
Categories of the insurance intermediaries and distinctions between them.	2	Characteristics of assignments including assignment of pension rights.	1
Requirements for approval of agencies.	2	Reasons and procedures for amending and/or converting policies and schemes.	1
Characteristics of main types of insurer.	2	<b>UNDERWRITING LONG-TERM BUSINESS</b>	
Classification, formation and organisation of insurance companies.	2	Statistical basis of long-term insurance.	2
Role and functions of life assurers' administrative departments.	2	Role of the underwriter.	1
Role and functions of life assurers' investment departments.	2	Factors in the theoretical calculation of premiums.	2
Role of the actuary and auditor.	2	Basic principles of underwriting long-term insurance.	1
Organisations representing sections of the insurance market.	1	Nature of methods of rating long-term products.	1
<b>LONG-TERM INSURANCE COVERAGE</b>		Purpose and use of medical examinations and reports.	2
Features and benefits of insurance related products and services.	1	Characteristics of body systems and medical conditions relevant to life assurance underwriting.	1
Features and benefits of State benefit schemes.	1	Characteristics of occupational, vocational, residential and financial factors affecting the underwriting of long-term insurance.	1
Relationship of State benefit schemes to long-term insurance products.	1	Nature of underwriting methods for dealing with under-average lives.	1
Characteristics and scope of the main classes of long-term insurance, also including disability, critical illness, long-term care, PHI, group and personal pensions and stake holder pensions.	2	<b>CLAIMS HANDLING IN LONG-TERM INSURANCE</b>	
Characteristics of the main types of annuity.	2	General procedures for notification and processing of claims.	1
		Nature of claims by maturity and death.	2
		Documentation required for proof of age, title and death.	2
		Principles relating to claims payment following suicide or unlawful acts.	2
		Procedures for dealing with lost policies in claims applications.	2
		Nature of surrenders and loans as 'claims' against policies.	1
		General procedures and documentary requirements for dealing with personal pension claims.	2
		Characteristics of voluntary arbitration schemes to settle disputes about claims.	2
		Principles and procedures for dealing with disability claims.	2

## MARKETING AND SALES

Methods of marketing insurance.	1
General procedures to sell and/or obtain insurance cover.	1
Nature of distribution channels used by life assurers.	2
Procedures and regulations to be followed in selling long-term insurance products.	2

## SUPERVISION OF LONG-TERM INSURANCE

Grouping of insurance into classes.	1
Development, role and need for government supervision of insurance.	2
Major aspects of current regulations relating to control of insurers including direct selling insurers and intermediaries.	2
Statutory means of protecting consumers in insurance investment business.	2
Role, purpose and operation of codes of practice in insurance.	2
Main requirements of codes of practice.	2

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## 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.

## Study materials

The following list provides details of various publications which may assist with your studies. The primary text for this syllabus is shown in bold type. 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.

Most of these additional study materials can be borrowed or purchased from the CII library.

### Primary text

**Coursebook P02: Long-term insurance practice. The Chartered Insurance Institute.**

### Additional reading

*Introduction to life assurance and pensions: the newcomer's guide.* 1st edition. Chris Marshall. London: Taxbriefs, 1993.

*You sign.* 2nd edition. T. O'Halloran. London: Witherby, 1992.

*The Allied Dunbar Pensions Handbook.* Pitman Publishing.

### Reference materials

*Life assurance and pensions handbook.* Chris Marshall. London: Taxbriefs, annual.

### Periodicals

*The Journal.* London: The Chartered Insurance Institute. Six issues a year.

*Post Magazine.* London: Timothy Benn Publishing. Weekly.

*Life assurance market.* London: DYP Insurance and Reinsurance Research Group. Monthly.

*Pensions management.* London: FT Business Information. Monthly.

*Money Marketing.*

*Financial Adviser.*