

# Financial protection

## Purpose

At the end of this unit, candidates should be able to demonstrate an understanding of and ability to analyse:

- the purpose and scope of financial protection products and how they interact with State benefits;
- the main features and functions of the different types of contracts and how they are arranged in order to meet the individual client's protection needs;
- the main protection needs of businesses.

Summary of learning outcomes	Number of questions in the examination*
1. Understand the consumer and retail market factors and trends relevant to financial protection.	3
2. Understand the areas of need for protection planning and the main sources of financial protection.	3
3. Understand the role and limitations of State benefits and State/local authority funded solutions for financial protection.	3
4. Understand the range, structure and application of life assurance and pension based policies to meet financial protection needs.	8
5. Understand the taxation treatment of life assurance and pension based protection policies.	6
6. Understand the range, structure and application of income protection insurance and options to meet financial protection needs.	6
7. Understand the range, structure and application of critical illness insurance to meet financial protection needs.	6
8. Understand the range, structure and application of long-term care insurance to meet financial protection needs.	3
9. Understand the main features of other insurance based protection policies.	6
10. Evaluate the needs and priorities for financial protection and the relevant factors in selecting appropriate solutions.	6

\*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:** 50 multiple choice questions (MCQs). 1 hour is allowed for this examination.
- This syllabus will be examined from 1 September 2019 to 31 August 2020.
- Candidates will be examined on the basis of English law and practice in the tax year 2019/2020 unless otherwise stated.
- It should be assumed that all individuals are domiciled and resident in the UK 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/learning/qualifications/unit-financial-protection-r05/](http://www.cii.co.uk/learning/qualifications/unit-financial-protection-r05/)
  2. Select qualification update on the right hand side of the page.

- 1. Understand the consumer and retail market factors and trends relevant to financial protection.**
  - 1.1 Explain the role of insurance in mitigating personal financial risk.
  - 1.2 Describe consumer attitudes and behaviours to protection needs planning.
  - 1.3 Describe trends relevant to financial protection.
- 2. Understand the areas of need for protection planning and the main sources of financial protection.**
  - 2.1 Describe the need for protection planning for individuals and businesses.
  - 2.2 Explain the relationship between insurance and assets and liabilities.
  - 2.3 Describe the sources of financial protection.
- 3. Understand the role and limitations of State benefits and state/local authority funded solutions for financial protection.**
  - 3.1 Examine the role and limitations of State benefits and State/local authority funded solutions for financial protection.
- 4. Understand the range, structure and application of life assurance and pension based policies to meet financial protection needs.**
  - 4.1 Describe the types of life assurance policies, as well as pension based policies, their benefits, limitations, tax treatment and how they meet financial protection needs.
  - 4.2 Describe the underwriting and claims issues and processes associated with life assurance and pension based policies.
- 5. Understand the taxation treatment of life assurance and pension based protection policies.**
  - 5.1 Describe the taxation treatment of life assurance and pension based protection policies.
- 6. Understand the range, structure and application of income protection insurance and options to meet financial protection needs.**
  - 6.1 Describe the types of income protection policies, their benefits, limitations, tax treatment and how they meet financial protection needs.
  - 6.2 Explain the underwriting and claims issues and processes associated with income protection insurance.
- 7. Understand the range, structure and application of critical illness insurance to meet financial protection needs.**
  - 7.1 Describe the types of critical illness policies, their benefits, limitations, tax treatment and how they meet financial protection needs.
  - 7.2 Explain the underwriting and claims issues and processes associated with critical illness insurance.
- 8. Understand the range, structure and application of long-term care insurance to meet financial protection needs.**
  - 8.1 Describe the regulation which applies to long-term care insurance.
  - 8.2 Describe the main types of long-term care insurance policies and their features.
  - 8.3 Describe the long-term care planning process.
- 9. Understand the main features of other insurance based protection policies.**
  - 9.1 Describe the main features of other insurance based protection policies.
- 10. Evaluate the needs and priorities for financial protection and the relevant factors in selecting appropriate solutions.**
  - 10.1 Identify the priorities, risks and choices for individuals or business clients.
  - 10.2 Assess and quantify an individual's or business's future capital and income needs in real terms.
  - 10.3 Determine the suitability of product types and options.
  - 10.4 Explain planning considerations.
  - 10.5 Explain the importance of regular reviews.

## Reading list

The following list provides details of further reading 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 resources listed here will help you keep up-to-date with developments and provide a wider coverage of syllabus topics.

CII/PFS members can access most of the additional study materials below via the Knowledge Services webpage at <https://www.cii.co.uk/knowledge-services/>.

New resources are added frequently - for information about obtaining a copy of an article or book chapter, book loans, or help finding resources, please go to <https://www.cii.co.uk/knowledge-services/> or email [knowledge@cii.co.uk](mailto:knowledge@cii.co.uk).

### CII study texts

Financial protection. London: CII. Study text R05.

### Journals and magazines

Cover. London: Incisive Financial. Monthly. Available for free online at [www.covermagazine.co.uk](http://www.covermagazine.co.uk).

Protection review (previous e-Protection review). Great Rissington: Bank House Communications. Quaterly. Available at [www.protectionreview.co.uk](http://www.protectionreview.co.uk)

Personal finance professional (previously Financial solutions). London: CII. Six issues a year. Available online at [www.thepfs.org/financial-solutions-archive](http://www.thepfs.org/financial-solutions-archive) (CII/PFS members only).

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

Life insurance international. London: Timetric. Monthly.

Retirement strategy. Supplement to Money marketing. London: Centaur Communications. Monthly. Also available at [www.moneymarketing.co.uk](http://www.moneymarketing.co.uk).

Pensions age. London: Perspective. Monthly. Available at [www.pensionsage.com](http://www.pensionsage.com).

Pensions week. London: FT Finance. Weekly.

Pensions insight. Newsquest Specialist Media. Monthly. Available at [www.pensions-insight.co.uk](http://www.pensions-insight.co.uk).

Professional pensions. London: Incisive Media. Weekly. Available at [www.professionalpensions.com](http://www.professionalpensions.com).

### Reference materials

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

Dictionary of insurance. C Bennett. 2nd ed. London: Pearson Education, 2004.

International dictionary of banking and finance. John Clark. Hoboken, New Jersey: Routledge, 2005.\*

Harriman's financial dictionary: over 2,600 essential financial terms. Edited by Simon Briscoe and Jane Fuller. Petersfield: Harriman House, 2007.\*

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

## Examination guide

If you have a current study text enrolment, the current examination guide is included and is accessible via Revisionmate ([www.revisionmate.com](http://www.revisionmate.com)). Details of how to access Revisionmate are on the first page of your study text.

It is recommended that you only study from the most recent version of the examination guide.

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