

Group risk

At the end of this unit, candidates should understand the:

- nature and purpose of employee benefits;
- main elements of the State benefits system in the UK;
- legislative and regulatory context in which group risk operates;
- principles of operation of group risk schemes;
- group risk product features and the taxation of premiums and benefits;
- role of an intermediary, insurer and the reinsurer.

Summary of learning outcomes	Number of questions in the examination*
1. Understand the fundamental nature of the group risk market	2
2. Understand the main purpose and nature of the different types of employee benefits	2
3. Understand the main elements of the State benefit system in the UK	3
4. Understand the UK taxation of individuals, companies, partnerships and trustees	5
5. Understand the legislative context in which group risk operates	6
6. Understand the regulatory context in which group risk operates	5
7. Understand the principles of operation of group risk schemes	5
8. Understand group risk product features and the taxation of premiums and benefits	4
9. Understand the roles and responsibilities of an intermediary arranging group risk cover	8
10. Understand the main functions of an insurer in providing group risk cover	8
11. Understand the main functions of a reinsurer and their relationship with insurers in the group risk market	2

*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 2017 to 31 August 2018.
- Candidates will be examined on the basis of English law and practice in the tax year 2017/2018 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/qualifications
 2. Select the appropriate qualification
 3. Select your unit on the right hand side of the page

- 1. Understand the fundamental nature of the group risk market**
 - 1.1 Describe the background to the group risk market and the main participants.
 - 1.2 Describe the operation of the group risk market outside the UK.
- 2. Understand the main purpose and nature of the different types of employee benefits**
 - 2.1 Explain the main purpose and nature of the different types of:
 - Pension provision;
 - Group arrangements;
 - Healthcare and wellbeing;
 - Other employee benefits.
 - 2.2 Describe how different types of employee benefit interact.
- 3. Understand the main elements of the State benefit system in the UK**
 - 3.1 Describe the government's approach to State benefits.
 - 3.2 Explain the main elements of National Insurance Contribution.
 - 3.3 Explain the main elements of State benefits.
- 4. Understand the UK taxation of individuals, companies, partnerships and trustees**
 - 4.1 Describe the UK taxation treatment of individuals, companies, partnerships and trustees.
- 5. Understand the legislative context in which group risk operates**
 - 5.1 Describe the contract relationships that exist within group risk operations.
 - 5.2 Describe insurance and contract law relevant to group risk operations.
 - 5.3 Explain the pensions tax regime.
 - 5.4 Describe Pensions, Discrimination and Privacy laws relevant to group risk operations.
- 6. Understand the regulatory context in which group risk operates**
 - 6.1 Describe the regulatory regime applicable to firms and individuals.
 - 6.2 Describe the specific regulations applicable to firms and additional industry guidance.
- 7. Understand the principles of operation of group risk schemes**
 - 7.1 Describe the eligibility criteria for coverage within a group risk scheme.
 - 7.2 Describe the conditions for the cessation of cover within a group risk scheme.
 - 7.3 Explain the evidence of health required from individual members of group risk schemes.
 - 7.4 Describe actively at work requirements and pre-existing condition exclusions.
 - 7.5 Explain flexible benefits and the special problems posed by them.
- 8. Understand group risk product features and the taxation of premiums and benefits**
 - 8.1 Describe group risk product features.
 - 8.2 Explain the taxation of premiums and benefits of group risk products.
- 9. Understand the roles and responsibilities of an intermediary arranging group risk cover**
 - 9.1 Describe the role and responsibilities of an intermediary arranging group risk cover.
 - 9.2 Describe the process for obtaining a quote for group risk cover.
 - 9.3 Explain the factors to consider when assuming risk with the insurer.
 - 9.4 Explain the intermediary's responsibilities with regard to maintaining administration of the cover.
- 10. Understand the main functions of an insurer in providing group risk cover**
 - 10.1 Explain the risk assessment process with regards to providing group risk cover.
 - 10.2 Describe the quotation process for group risk.
 - 10.3 Calculate group risk premiums.
 - 10.4 Describe the process of accepting risk.
 - 10.5 Explain the insurer's responsibilities with regard to maintaining administration over the cover.
- 11. Understand the main functions of a reinsurer and their relationship with insurers in the group risk market**
 - 11.1 Describe the fundamental aspects of reinsurance and typical reinsurance arrangements in the group risk market, their set up and administration.
 - 11.2 Explain how coinsurance can be used as an alternative to reinsurance.

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 or email knowledge@cii.co.uk.

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 (CII/PFS members only).

CII study texts

Group risk. London: CII. Study text GR1.

Books

Managing group risk attitude. Ruth Murray-Webster and David Hillson. Aldershot: Gower, 2008.

Journals and magazines

Personal finance professional (previously Financial solutions). London: CII. Six issues a year. Also available at www.thepfs.org/knowledge (CII/PFS members only).

Reference materials

Dictionary of banking and finance. P H Collin. A&C Black, 2005.*

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

Lamont's glossary: the definitive plain English money and investment dictionary. Barclay W Lamont. 10th ed. London: Taxbriefs, 2009. Also available online via www.cii.co.uk/lamont (CII/PFS members only).

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

Examination guides

An examination guide, which includes a specimen paper, is available to purchase via www.cii.co.uk.

If you have a current study text enrolment, the current examination guide is included and is accessible via Revisionmate (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 versions of the examination guides.

Exam technique/study skills

There are many modestly priced guides available in bookshops. You should choose one which suits your requirements.