

Searchlight Solutions
IDD Minimum Necessary Knowledge – General Insurance
Example Syllabus

Module 1: Claims Handling

The module will explain the basic claims handling process and the regulatory requirements that relate to this, with reference to FCA rules and guidance, as well as Lloyd’s minimum standards. It will examine the measures that firms and their employees should take to reduce the risk of claims-related fraud, along with the action that must be taken when it is identified.

Objective:

The learner should be able to demonstrate an understanding of the basic insurance claims handling process and the regulatory requirements that surround it.

Structure:

The module will be structured as follows:

<p>1. Introduction</p>	<ul style="list-style-type: none"> • Overview and claims-related statistics • Terminology commonly used in claims handling
<p>2. Claims handling – regulatory requirements</p>	<ul style="list-style-type: none"> • FCA’s requirements: <ul style="list-style-type: none"> – ICOBS – PRIN – SYSC • Treating Claimants Fairly • Lloyd’s minimum standards
<p>3. Claims handling – how it works</p>	<ul style="list-style-type: none"> • The basic process • Third Party claims • Double Insurance • Claims settlement • Rejecting a claim • Use of IT • Claims fraud <ul style="list-style-type: none"> – Fraud Act 2006 – Reducing the risk of claims fraud
<p>4. Handling claims related complaints</p>	<ul style="list-style-type: none"> • Financial Ombudsman Service (FOS) • Lloyd’s

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Module 2: Complaints Handling

The module will consider the commercial importance of dealing with complaints efficiently and effectively. It will examine the regulatory requirements that relate to complaints handling, with reference to FCA rules and procedures laid down by Lloyd’s, as well as taking into account the systems and controls necessary to ensure accurate recording and timely reporting of complaints. The Financial Ombudsman Service’s role will also be examined.

Objective:

The learner should be able to demonstrate an understanding of the basic principles of complaint handling and the importance of effective and efficient dispute resolution, familiarising themselves with the specific and more general regulatory requirements relating to the subject, including the function of the Financial Ombudsman Service.

Structure:

The module will be structured as follows:

<p>1. Introduction</p>	<ul style="list-style-type: none"> • What is ‘a complaint’? • The importance of handling complaints efficiently and effectively • Business improvement through root cause analysis and reporting
<p>2. Dispute resolution – the regulatory requirements</p>	<ul style="list-style-type: none"> • FCA’s Dispute Resolution: Complaints sourcebook (DISP) • Mandatory time limits • Treating complainants fairly • Recording complaints • Reporting complaints • Lloyd’s complaints handling requirements • Accountability for and ownership of complaints resolution • The role of the broker in complaints handling
<p>3. The Financial Ombudsman Service</p>	<ul style="list-style-type: none"> • Purpose and operational remit • Responsibilities • Influence

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Module 3: Assessing Customer Needs

The module will consider the importance of ensuring that customer needs are properly identified and assessed in order to allow an appropriate type and level of insurance cover to be provided to them. It will examine the general factors that need to be taken into account when assessing customer needs and the regulations that apply to the process. It will also explore the importance of assessing and addressing customer need during the product development process and the mechanisms that can be used to do this.

Objective:

The learner should be able to demonstrate an understanding of the process of assessing customer needs and how this information should be used appropriately from a tactical and a strategic perspective.

Structure:

The module will be structured as follows:

1. Introduction	<ul style="list-style-type: none"> • Why it's important to assess customer needs • Interactions between brokers and insurers • Making sure a product is fit for purpose
2. Assessing customer need	<ul style="list-style-type: none"> • Tactical <ul style="list-style-type: none"> – Day-to-day provision of insurance – The role of the broker • Strategic <ul style="list-style-type: none"> – Business planning – Customer research – Developing products and targeting customer groups
3. Regulatory requirements and expectations	<ul style="list-style-type: none"> • The application of FCA's Principles and the fair treatment of customers • FCA's ICOBS requirements • Lloyd's minimum standards

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Module 4: The Insurance Market

The module will provide an overview of the UK’s general insurance market – who uses it, how it operates, how its products are distributed, the primary laws that apply to it and the way in which it is regulated. The module will examine the three main stakeholder groups: Purchasers, Manufacturers and Distributors, whilst also exploring the most commonly found product types. Consideration will also be given to the legal and regulatory framework surrounding the UK insurance industry, taking into account key regulatory and legislative developments.

Objective:

The learner should be able to demonstrate an understanding of the general insurance market and the regulatory and legislative framework that surrounds it.

Structure:

The module will be structured as follows:

<p>1. Introduction</p>	<ul style="list-style-type: none"> • What is insurance and why is it important? • The principle forms of insurance • The insurance market’s structure • UK insurance industry - key facts & stats
<p>2. How insurance is bought and sold</p>	<ul style="list-style-type: none"> • Purchasers and their classification • Channels used to distribute insurance • Difference between advised and non-advised sales • The role of insurance brokers / intermediaries • The application of Insurance Premium Tax and VAT
<p>3. The regulatory framework</p>	<ul style="list-style-type: none"> • The role and function of the: • PRA • FCA • Council of Lloyd’s
<p>4. Legislation and regulation applicable to insurance distribution</p>	<ul style="list-style-type: none"> • Financial Services and Markets Act 2000 • FCA’s ICOBS • Lloyd’s Minimum Standards • Consumer Insurance (Disclosure and Representations) Act • Consumer Rights Act • Insurance Act • Insurance Distribution Directive • Data Protection Act

For more information contact Searchlight Insurance Training:
T: +44 (0)1372 361177
E: training@ssluk.net

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Module 5: Business Ethics and Standards

The module will examine the importance of maintaining and enforcing effective business practices and robust systems and controls which are aligned to an organisation’s values and ethics. It will explore the ways in which sound business ethics and the application of standards may be evidenced in line with the regulator’s expectations, particularly with reference to: organisational culture, Conduct Risk, client centricity, Approved Persons regime / SIMR and principles based regulation. Consideration will be given to the vitally important issue of individual accountability.

Objective:

The learner should be able to demonstrate an understanding of the importance of sound business ethics and the maintenance of appropriate standards in the development of an appropriate, client-centric organisational culture; familiarising themselves with the concept of Conduct Risk and how the fair treatment of clients should be best addressed, achieved and evidenced.

Structure:

The module will be structured as follows:

<p>1. Introduction</p>	<ul style="list-style-type: none"> • What is meant by the term ‘Business Ethics’ • Why are business ethics important? • FCA’s 11 Principles for Businesses and their relevance to ‘Good Business Practice’ • Lloyd’s minimum standards
<p>2. Governance and culture</p>	<ul style="list-style-type: none"> • Core business values – ‘doing the right things right’ • Holistic compliance and applying the spirit of the law • Individual accountability • Developing and maintaining standards • Risk-based monitoring of individual and collective performance against defined standards
<p>3. Regulatory expectations</p>	<ul style="list-style-type: none"> • Systems and controls • Individual and organisational fitness and propriety • Promoting and evidencing client centricity • Understanding and managing conduct risk • Accountability for setting organisational tone and culture

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Module 6: Financial Competence

The module will examine basic financial principles as applied to insurance businesses, including an explanation of the related terminology that is commonly used throughout the industry. It will explore the reasons why capital adequacy and solvency are important and how pricing, underwriting and claims reserving can impact on the solvency of insurers. It will consider the concept of prudence and how this should be applied to effective risk management within insurance businesses, referring to the regulatory framework relating to this.

Objective:

The learner should be able to demonstrate an understanding of the operation of insurance businesses in financial terms.

Structure:

The module will be structured as follows:

<p>1. Introduction</p>	<ul style="list-style-type: none"> • Basic financial principles found in insurance • Financial / risk-related terminology commonly used in the insurance industry
<p>2. Capital Adequacy and Solvency</p>	<ul style="list-style-type: none"> • Capital adequacy and solvency explained • Factors affecting capital adequacy and solvency: <ul style="list-style-type: none"> – Pricing – Underwriting – Claims payment and reserving – Business strategy
<p>3. Prudence and risk management</p>	<ul style="list-style-type: none"> • Risk and its management • Types of risk • The relationship between prudence and effective risk management • Mitigating the risk of financial crime
<p>4. Prudential regulation</p>	<ul style="list-style-type: none"> • The respective roles of the PRA and FCA • How prudential regulation is enforced • Solvency II – impact and implications • Protecting client assets