

## **SQA Advanced Unit specification: general information**

**Unit title:** General Insurance Business

**Unit code:** HR2X 46

**Superclass:** AL

**Publication date:** August 2017

**Source:** Scottish Qualifications Authority

**Version:** 01

### **Unit purpose**

This Unit is designed to introduce candidates to basic insurance products and practice, including underwriting and policy wordings, claims, customer service and information and communication technology. It has been designed to prepare candidates seeking employment, or who are already employed, in the general insurance sector.

On completion of the Unit the candidate should be able to:

- 1 Describe insurance products and related services.
- 2 Describe the underwriting process and explain policy wordings.
- 3 Describe the main principles of claims handling.
- 4 Describe the main uses of information and communication technology.
- 5 Describe the main methods of providing customer service.

### **Recommended prior knowledge and skills**

Candidates should have good communication and numeracy skills. This could be demonstrated by the achievement of the Core Skill Communication and Core Skill Numeracy at SCQF level 5 or equivalent. It is not necessary for candidates to have prior knowledge of the insurance industry.

### **Credit points and level**

1 SQA Credit at SCQF level 6: (8 SCQF credit points at SCQF level 6\*)

*\*SCQF credit points are used to allocate credit to qualifications in the Scottish Credit and Qualifications Framework (SCQF). Each qualification in the Framework is allocated a number of SCQF credit points at an SCQF level. There are 12 SCQF levels, ranging from National 1 to Doctorates.*

## **Core Skills**

There are opportunities to develop the Core Skill of *Communication* at SCQF level 6 in this Unit, although there is no automatic certification of Core Skills or Core Skills components.

## **Context for delivery**

If this Unit is delivered as part of a Group Award, it is recommended that it should be taught and assessed within the subject area of the Group Award to which it contributes.

## **Assessment**

This Unit could be assessed by two instruments of assessment. Outcomes 1, 2 and 3 could be assessed in one instrument of assessment and Outcomes 4 and 5 could also be assessed in one instrument of assessment. Alternatively, each Outcome can be assessed separately.

Assessment will be carried out under open-book controlled conditions. If Outcomes 1, 2 and 3 are assessed in one instrument of assessment it is recommended that the assessment be completed within two hours. If Outcomes 4 and 5 are assessed in one instrument of assessment it is recommended that the assessment be completed within one and a half hours.

## SQA Advanced Unit specification: statement of standards

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The sections of the Unit stating the Outcomes, Knowledge and/or Skills, and Evidence Requirements are mandatory.

Where evidence for Outcomes is assessed on a sample basis, the whole of the content listed in the Knowledge and/or Skills section must be taught and available for assessment. Candidates should not know in advance the items on which they will be assessed and different items should be sampled on each assessment occasion.

### Outcome 1

Describe insurance products and related services

#### Knowledge and/or Skills

- ◆ Insurance and associated products
- ◆ Insurance related services

#### Evidence Requirements

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can describe:

- ◆ Four insurance and associated products from:
  - Motor insurance — private car, motorcycle, commercial
  - Health insurance — personal accident, sickness, medical expenses
  - Combined comprehensive or packaged policies — household, travel and commercial packages
  - Property insurance — fire and special perils, all risks, theft, glass, money
  - Pecuniary insurance — legal expenses, business interruption
  - Liability insurance — employers, public, products, directors and officers, professional indemnity, trustees indemnity
  - Extended warranties
- ◆ Two insurance related services from:
  - Helplines and advice
  - Authorised repairers and suppliers
  - Risk control/advice
  - Uninsured loss recovery services

The assessment should be carried out under open-book controlled conditions.

#### Assessment Guidelines

The assessment of this Outcome can be combined with Outcomes 2 and 3 as part of a single instrument of assessment covering the three Outcomes. If this method is used it is recommended that the combined assessment take two hours to complete.

Evidence may be presented in responses to specific questions.

## Outcome 2

Describe the underwriting process and explain policy wordings

### Knowledge and/or Skills

- ◆ Material facts
- ◆ Underwriting procedures
- ◆ Premium payment
- ◆ Policy wordings
- ◆ Renewals and cancellations

### Evidence Requirements

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can describe:

- ◆ The importance of material facts making reference to:
  - Why an underwriter has to be aware of material facts in assessing a risk
  - The significance of moral and physical hazards for underwriters and how they are manifested
  - The methods used by underwriters to obtain material facts
  - The questions usually asked of proposers
- ◆ Underwriting procedures making reference to:
  - The legal and regulatory significance of procedures relating to quotations
  - The legal significance of procedures relating to proposals
  - The principles of premium calculation
  - The legal significance of procedures relating to the issue of cover notes, policies and certificates of insurance
- The relevance of premium payment for valid cover, the methods used by insurers to collect premiums and the features of Insurance Premium Tax
- ◆ The wording, structure, functions and contents of a policy form and policy schedule including:
  - The meaning and use of common policy conditions and exclusions
  - How excesses and franchises are used
  - The distinction between warranties, conditions, representations and exclusions
- ◆ The legal and regulatory significance of procedures relating to renewals and how cancellation clauses operate

The assessment will be carried out under open-book controlled conditions.

### Assessment Guidelines

The assessment of this Outcome can be combined with Outcomes 1 and 3 as part of a single instrument of assessment covering the three Outcomes. If this method is used it is recommended that the combined assessment take two hours to complete.

Evidence may be presented in responses to specific questions.

## Outcome 3

Describe the main principles of claims handling

### Knowledge and/or Skills

- ◆ Valid claims
- ◆ Claims settlement
- ◆ Fraudulent claims

### Evidence Requirements

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can describe:

- ◆ Valid claims making reference to:
  - The legal requirements for a valid claim
  - Why a claim may be invalid or only partially met
  - Applying the principles concerning the operation of policy conditions affecting claims
  - The insured's duties after a loss
  - The documentary evidence needed relating to claims
- ◆ Claims settlement making reference to:
  - How alternative dispute resolutions operate, including arbitration clauses
  - The ways in which a claim can be settled — cash payment to insured, repair, replacement, reinstatement
  - The role of the Motor Insurers' Bureau in relation to claims
  - The general principle of the reserving process in claims
  - The role salvage plays in claim settlement
  - The means of claims recovery open to insurers
- ◆ The procedures commonly used to discourage and detect fraudulent claims and the consequences of fraudulent claims on insurers, policyholders and fraudulent claimants

The assessment will be carried out under open-book controlled conditions.

### Assessment Guidelines

The assessment of this Outcome can be combined with Outcomes 1 and 2 as part of a single instrument of assessment covering the three Outcomes. If this method is used it is recommended that the combined assessment take two hours to complete.

Evidence may be presented in responses to specific questions.

## Outcome 4

Describe the main uses and benefits of information and communications technology

### Knowledge and/or Skills

- ◆ Uses and benefits of information and communication technology
- ◆ Requirement for systems security
- ◆ Handling of confidential information
- ◆ Data Protection Act 1998

## **Evidence Requirements**

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can describe:

- ◆ The uses and benefits of information and communication technology within the insurance industry making reference to the use of computers and the internet
- ◆ The requirements for systems security to ensure security and confidentiality of information
- ◆ The handling of confidential information — the principles of secure storage and disposal of documents
- ◆ The principles of the Data Protection Act 1998 relating to data protection and the types of confidential information and the regulations relating to the use of confidential information, its storage and disclosure

The assessment will be carried out under open-book controlled conditions.

## **Assessment Guidelines**

The assessment of this Outcome can be combined with Outcomes 5 as part of a single instrument of assessment covering the two Outcomes. If this method is used it is recommended that the combined assessment take one and a half hours to complete.

Evidence may be presented in responses to specific questions.

## **Outcome 5**

Describe the main methods of providing customer service

### **Knowledge and/or Skills**

- ◆ Customer service standards
- ◆ Legal and regulatory obligations for customer service

### **Evidence Requirements**

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can describe:

- ◆ Customer service standards and how they should be implemented
- ◆ The legal and regulatory obligations of organisations in the insurance industry in relation to customer service

The assessment will be carried out under open-book controlled conditions.

### **Assessment Guidelines**

The assessment of this Outcome can be combined with Outcomes 4 as part of a single instrument of assessment covering the two Outcomes. If this method is used it is recommended that the combined assessment take one and a half hours to complete.

Evidence may be presented in responses to specific questions.

## SQA Advanced Unit specification: support notes

### Unit title: General Insurance Business

This part of the Unit specification is offered as guidance. The support notes are not mandatory.

While the exact time allocated to this Unit is at the discretion of the centre, the notional design length is 40 hours.

### Guidance on the content and context for this Unit

This Unit is primarily intended for candidates who expect to take up a career or further study in insurance.

This Unit is designed to introduce candidates to the basic insurance products and practice, including underwriting and policy wordings, claims, customer service and information and communication technology. It has been designed to prepare candidates who wish to apply for positions of employment or who are already in employment in the general insurance sector.

On completion of the Unit the candidate should be able to describe various insurance products and related services, describe the underwriting process and explain policy wordings, describe the main principles of claims handling, describe the main uses and benefits of information and communication technology and describe the requirements of security, confidential information and data protection and describe the main methods of providing customer service

This Unit may be used to prepare candidates for the Chartered Insurance Institute's (CII) Certificate in Insurance.

The Unit content and assessment should relate to legislation and practice that is current at the time of delivery.

Outcome 1 looks at various insurance products and related services including the following topics:

- ◆ Insurance products and associated services:
  - Motor: private car, motorcycle, commercial
  - Health: personal accident, sickness, medical expenses
  - Combined comprehensive or packaged policies: household, travel and commercial packages
  - Property: fire and special perils, all risks, theft, glass, money
  - Pecuniary: legal expenses, business interruption
  - Liability: employers, public, products, directors and officers, professional indemnity, trustees indemnity
  - Extended warranties
- ◆ Insurance related services
  - Helplines and advice
  - Authorised repairers and suppliers
  - Risk control/advice
  - Uninsured loss recovery services

## SQA Advanced Unit Specification

Outcome 2 covers the underwriting process and policy wordings including the following topics:

- ◆ Importance of material facts
  - Why an underwriter wishes to be aware of material facts in assessing a risk
  - The significance of moral and physical hazards for underwriters and how they are manifested
  - The methods used by underwriters to obtain material facts
  - The questions usually asked of proposers
- ◆ Underwriting procedures
  - The legal and regulatory significance of procedures relating to quotations
  - The legal significance of procedures relating to proposals
  - The principles of premium calculation
  - The legal significance of procedures relating to the issue of cover notes, policies and certificates of insurance
- ◆ Premium payment
  - The relevance of premium payment for valid cover
  - The methods used by insurers to collect premiums
  - The features of Insurance Premium Tax
- ◆ Policy wordings
  - The structure, functions and contents of a policy form, including policy schedule
  - The meaning and use of common policy conditions and exclusions
  - How excesses and franchises are used
  - The distinction between warranties, conditions, representations and exclusions
- ◆ Renewals and cancellations
  - The legal and regulatory significance of procedures relating to renewals
  - How cancellation clauses operate

Outcome 3 covers the main principles of claims handling including the following topics:

- ◆ Valid claims
  - The legal requirements for a valid claim
  - Why a claim may be invalid or only partially met
  - Applying the principles concerning the operation of policy conditions affecting claims
  - The insured's duties after a loss
  - The documentary evidence needed relating to claims
- ◆ Claims settlement
  - How alternative dispute resolutions operate, including arbitration clauses
  - The ways in which a claim can be settled — cash payment to insured, repair, replacement, reinstatement
  - The role of the Motor Insurers' Bureau in relation to claims
  - The general principle of the reserving process in claims
  - The role salvage plays in claim settlement
  - The means of claims recovery open to insurers
- ◆ Fraudulent claims
  - The procedures commonly used to discourage and detect fraudulent claims
  - The consequences of fraudulent claims on insurers, policyholders and fraudulent claimants

Outcome 4 looks at the main uses and benefits of information and communication technology including the following topics:

## SQA Advanced Unit Specification

- ◆ Uses and benefits of information and communication technology
  - How computers and the internet are used in the insurance industry
- ◆ Requirement for systems security
  - The need for security and confidentiality of information
- ◆ Handling of confidential information
  - The principles of secure storage and disposal of documents
- ◆ Data Protection Act 1998
  - The principles of data protection and the types of confidential information
  - The regulations relating to the use of confidential information, its storage and disclosure

Outcome 5 considers the main methods of providing customer service including the following topics:

- ◆ Customer service standards
  - What a customer service standard is and how service standards should be implemented
- ◆ Legal and regulatory obligations for customer service
  - The legal and regulatory obligations of organisations in the insurance industry in relation to customer service

## Guidance on the delivery and assessment of this Unit

This Unit is likely to form part of a Professional Development Award for new or potential entrants to the general insurance sector. It can also be used to formalise the training of existing employees with the general insurance sector. As added value to candidates it may be used as preparation towards the CII Certificate in Insurance.

Delivery of this Unit will allow candidates to acquire the underpinning knowledge relevant to the subject area. In this respect the Unit is ideally suited to distance learning. However, candidates must be able to apply the knowledge they have acquired to identify and understand the workings of the general insurance business. Assessment may be combined for Outcomes 1, 2 and 3 and for Outcomes 4 and 5. Alternatively, each Outcome may be assessed separately.

Assessment will be carried out under open-book controlled conditions.

## Opportunities for developing Core Skills

There are opportunities to develop the Core Skill of *Communication* at SCQF level 6 in this Unit, although there is no automatic certification of Core Skills or Core Skills components.

Candidates are expected to read, understand and evaluate written communication. The material may deal with topics and vocabulary which are unfamiliar to candidates. The text may use complex/specialist vocabulary and could include diagrams, charts as well as words.

Candidates should be able to identify and summarise all significant information, ideas and supporting details within the communication and evaluate its effectiveness.

Candidates can provide written evidence to meet the Evidence Requirements for all Outcomes. Candidates could provide a response in which all essential ideas/information and supporting details is presented in a logical and effective order. By doing this, they could provide evidence for the general skill of 'Produce well-structured written communication on complex topics'.

## Open learning

This Unit could be delivered by distance learning. However it would require planning by the centre to ensure the authenticity of candidate evidence. Arrangements would have to be made to ensure that evidence is generated under the assessment conditions specified for each Outcome.

Further advice can be found on SQA's website — [www.sqa.org.uk](http://www.sqa.org.uk)

## Equality and inclusion

This unit specification has been designed to ensure that there are no unnecessary barriers to learning or assessment. The individual needs of learners should be taken into account when planning learning experiences, selecting assessment methods or considering alternative evidence.

Further advice can be found on our website [www.sqa.org.uk/assessmentarrangements](http://www.sqa.org.uk/assessmentarrangements).

## History of changes to Unit

Version	Description of change	Date

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SQA acknowledges the valuable contribution that Scotland's colleges have made to the development of SQA Advanced Qualifications.

**FURTHER INFORMATION:** Call SQA's Customer Contact Centre on 44 (0) 141 500 5030 or 0345 279 1000. Alternatively, complete our [Centre Feedback Form](#).

## General information for candidates

### Unit title: General Insurance Business

This Unit is designed to introduce you to general insurance business including insurance products and related services, underwriting and policy wordings, and claims handling. It also covers the use of Information and Communication Technology (ICT) and methods of providing customer service within the industry sector.

In Outcome 1 you will become familiar with insurance products and related services including motor, health and property insurance and extended warranties and helplines.

Outcome 2 looks at the underwriting process and explains policy wordings.

Outcome 3 is about the principles of claims handling.

In Outcome 4 you will look at the use of Information and Communication Technology within the industry including security and confidentiality, Data Protection and system requirements.

In Outcome 5 you will look at methods of providing customer service making reference to legal and regulatory obligations.

The assessments may take the form of restricted response questions, with all assessments being carried out under open-book controlled conditions. The assessment of Outcomes may be combined — Outcomes 1, 2 and 3 may be assessed together and Outcomes 4 and 5 could be jointly assessed.

The Unit content will prepare you for positions of employment in the general insurance sector. If you are already in employment in the general insurance sector this Unit may help you progress in your chosen career.

You may choose to use this Unit to prepare for CII online examinations. If this is the case, you should refer to the CII website for further information.