



Learning Outcome

Assessment Criteria

Indicative Content

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1 7 Questions	Know the basic product types.	1.1	Describe the main functions and structure of life policies and other protection policies.	1.1.1	Functions of policies – payment on death, maturity, partial and full surrender, illness and other events.
				1.1.2	The need for policies – regarding dependants, loans, savings, inheritance tax planning, income and capital needs.
				1.1.3	How policies are structured with regard to lives assured – single, joint, life of another – and with regard to the assured and the types of ownership.
				1.1.4	The nature of segmentation.
		1.2	Describe the types of life policies and other protection policies.	1.2.1	Types of policies – whole of life, term protection, endowment, income protection and critical illness, personal accident and sickness, single premium assurance bonds, mortgage protection.
				1.2.2	Types of business assurance policies – key person, partnership, shareholder protection.
2 2 Questions	Know the key features of group life policies and other protection policies.	2.1	Describe the key features of group life policies and other protection policies, including the advantages and disadvantages of group policies compared with individual policies.	2.1.1	The key features of group life policies and other protection policies.
				2.1.2	The advantages and disadvantages of group policies compared with individual policies.
				2.1.3	Employer and employee contributions and their relationship.
3 7 Questions	Know the basic principles of taxation of life policies.	3.1	Describe the distinction between qualifying and non-qualifying policies.	3.1.1	The distinction between qualifying and non-qualifying policies.
		3.2	Describe the respective tax treatment of premiums and benefits and calculate tax liabilities where appropriate.	3.2.1	The tax treatment of premiums and benefits of qualifying policies, both individual and group.
				3.2.2	The tax treatment of premiums and benefits of non-qualifying policies, both individual and group, and awareness of the different tax treatment of benefits from onshore and offshore policies.
				3.2.3	The nature of chargeable events and of chargeable gains.
				3.2.4	The nature and tax implications of assignments and trading of policies.
		3.3	Describe the nature and tax treatment of the funds underlying the policies.	3.3.1	The types of investments of the underlying funds.
				3.3.2	The tax treatment of the underlying funds, both onshore and offshore, with regard to the different investments held.

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4 1 Question	Understand the principles of financial underwriting.	4.1	Describe the main principles of financial underwriting including insurable interest.	4.1.1	Managing risk and establishing the existence of financial risk, for example, limiting sums assured, purchasing reinsurance.
				4.1.2	Insurable interest, its nature and relevance.
5 3 Questions	Know the principles of medical underwriting.	5.1	Describe disclosure requirements and consequences of non-disclosure.	5.1.1	Disclosure: misrepresentations, reasonable care.
				5.1.2	The consequences of non-disclosure and remedies.
		5.2	Describe the treatment of non-standard risks.	5.2.1	The treatment of non-standard risks, including ratings, declinatures, and exclusions.
				5.3.1	Types of questionnaire.
				5.3.2	Types of evidence sought, for example, General Practitioner's Reports, Medical Examiner's Reports, and other tests.
6 2 Questions	Know the limits of authority and relevant legislation.	5.3	Describe the underwriting information required and the relevant acts applicable to medical records.	5.3.3	Access to Medical Reports Act 1988 and Access to Medical Records Act 1990.
		6.1	Describe the limits of authority and the consequences of acting outside them.	6.1.1	The limits of authority and the consequences of acting outside them – medical information.
				6.1.2	The restrictions placed because of data protection considerations.
		6.2	Describe the nature and consequences of advised and non-advised customer services.	6.1.3	The use of powers of attorney.
				6.2.1	The nature and consequences of advice-based sales.
				6.2.2	The nature and consequences of execution-only sales.
				6.2.3	The distinction between providing advice and providing information.
				6.2.4	Financial Conduct Authority's (FCA) Consumer Duty as it affects staff dealing with customers.

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7 6 Questions	Know the main stages and significance relating to the arrangement of life policies and other protection policies.	7.1	Describe the key stages in the arrangement of policies for customers and the relevant legal, residence and documentation issues that arise in arranging life policies and other protection policies.	7.1.1	Key stages from proposal to policy, including pre-sales and sale considerations.
				7.1.2	The nature and requirements of offer, counter-offer, consideration and acceptance.
				7.1.3	The relevant factors when effecting policies, concerning, single life, joint life, life of another.
				7.1.4	The relevant factors regarding insurable interest.
				7.1.5	The legal capacity to effect policies, including minimum ages.
				7.1.6	The relevant factors raised by residence – the Statutory Residence Test (SRT).
				7.1.7	The use of assignments – through sale, gift, mortgage-related assignments.
				7.1.8	The requirements concerning proper documentation for all of the above.
		7.2	Describe the key terms and conditions used in life policies and other protection policies.	7.2.1	Terms and conditions of policies, for example, concerning jurisdiction, exclusions, suicide clauses.
8 6 Questions	Know the processes and procedures relating to policy administration.	8.1	Describe the key processes and procedures relating to the administration of life policies and other protection policies.	8.1.1	Alterations, endorsements and typical variations.
				8.1.2	Fund switching and redirection.
				8.1.3	Deeds of assignment.
				8.1.4	Dealing with late payments and non-payments.
				8.1.5	Paid up policies, lapses and surrenders, partial and total.
				8.1.6	Policy loans and security for loans.
				8.1.7	Writing policies in trust: trust requests and trust declarations and alterations, for example concerning trustees and beneficiaries.
9 4 Questions	Understand the use of trusts in life policies and related policies.	9.1	Describe how trusts are used in life policies and other protection policies and the consequences of their use, including Inheritance Tax liabilities.	9.1.1	The nature of the different types of trust: interest in possession, discretionary, and the use of split trusts.
				9.1.2	The rights and responsibilities of the different parties to a trust.
				9.1.3	Basic terms and conditions of trusts and the exercise of options.
				9.1.4	The consequences of writing policies in trust.
				9.1.5	Taxation of policies held within a trust or transferred to or from a trust including Inheritance Tax.

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10 2 Questions	Know the different methods of premium payments and the consequences of non-payment.	10.1	Describe the different methods of payment and the relevant anti-money laundering requirements.	10.1.1	Methods and comparison of premium collection – direct debits, standing orders, direct debit guarantees, debit cards, payment by cheque, cash.
				10.1.2	Single premiums and regular premium payments.
				10.1.3	Significance of different types of payment method.
				10.1.4	Anti-money laundering requirements.
		10.2	Describe the consequences of non-payment.	10.2.1	Consequences of non-payment, including the differences between paid up policies and lapsed policies.
11 2 Questions	Understand the main features of unit linking.	11.1	Describe the main features of unit-linked life policies and other protection policies.	11.1.1	The principles of how unit linking works.
				11.1.2	Different pricing bases, including exit penalties and valuation of policies.
				11.1.3	Allocation rates, charges, capital units and accumulation units.
				11.1.4	The effect of charges on investment returns – reduction in yield.
12 2 Questions	Understand the main features of with-profits.	12.1	Describe the main features of with-profits life policies.	12.1.1	The principle of smoothing, in both traditional with profits and unit-linked with profits.
				12.1.2	Market value reductions.
				12.1.3	Operating structure – interim, reversionary and terminal bonuses.
				12.1.4	The effect of charges on investment returns – reductions in yield.
				12.1.5	The distinction between fees and commission and regulatory requirements.
13 6 Questions	Understand the principles and procedures of policy claims.	13.1	Describe how key principles and procedures apply in the payment of a life policy claim and other protection claims.	13.1.1	Proof of title and ownership – whether assigned, in trust – and awareness of the possibility of fraud.
				13.1.2	Options and documentation required on death, maturity, disability, terminal illness and surrender.
				13.1.3	The nature and relevance of intestacy and wills, including relevance of marriage and divorce and awareness of probate and letters of administration.
				13.1.4	Segmentation – the distinction between the significance of partial withdrawals and total encashment.
				13.1.5	The relevance of death / disability occurring within / outside the UK and of accident death and suicide.
				13.1.6	The procedures and documentation for dealing with the above and with lost policies.