London Market insurance essentials

Objective

To provide an essential grounding in the operation of the London insurance market.

Summary of learning outcomes		Number of questions in the examination*
1.	Understand basic terminology used within the general insurance market	6
2.	Understand the fundamental principles of insurance	10
3.	Understand the main classes of insurance written in the London Market	4
4.	Understand the insurance cycle	1
5.	Understand reinsurance within the insurance market	3
6.	Understand the structure of the London Market	5
7.	Understand the London Market regulatory and legal environment	10
8.	Understand the importance of appropriate systems and controls	2
9.	Understand data protection and money laundering legislation and requirements	2
10.	Understand the broker's role in the way that business is conducted in the London Market	4
11.	Understand the underwriter's role in the way that business is conducted in the London Market	3

* 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 January 2026 to 31 December 2026.
- Candidates will be examined on the basis of English law and practice unless otherwise stated.
- This PDF document has been designed to be accessible with screen reader technology. If for accessibility reasons you require this document in an alternative format, please contact us on online.exams@cii.co.uk to discuss your needs.

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1. Understand basic terminology used within the general insurance market

1.1 Explain the principle of good faith and fair presentation.

1.2 Explain the meaning and application of proximate cause.

1.3 Describe the principle of indemnity and how it is modified.

1.4 Explain the concept of contribution and how it is applied.

1.5 Explain what is meant by subrogation.

2. Understand the fundamental principles of insurance

2.1 Describe the concept of risk.

2.2 Explain the categories of risk.

2.3 Explain the principle of the pooling of risks.

2.4 Explain the difference between a peril and a hazard as this relates to insurance.

2.5 Explain what moral and physical hazard is and identify good and poor examples of each.

2.6 List the types of insurable and uninsurable risks.

2.7 Explain the basic purpose of insurance.

2.8 Explain the primary and secondary functions of insurance.

2.9 Explain the importance of the claims handling process.

3. Understand the main classes of insurance written in the London Market

3.1 Describe the main classes of insurance written in the London Market and their main features.

4. Understand the insurance cycle

4.1 Outline and explain the insurance cycle.

5. Understand reinsurance within the insurance market

5.1 Explain the purpose of reinsurance.

5.2 Describe the main terminology used in connection with reinsurance transactions and know their meaning.

6. Understand the structure of the London Market

6.1 Describe the main participants in the London Market and the implications of their participation.

6.2 Explain the importance of the London Market and why clients may decide to place their business within this market.

6.3 Explain the role of the London Market associations.

6.4 Explain the way that business is transacted in the London Market.

7. Understand the London Market regulatory and legal environment

7.1 Describe the role, aims, approach to regulation; and principles for business of the industry regulator.

7.2 Describe the role of major international regulators, including licensing.

7.3 Explain the governance of the Lloyd's Market.

7.4 Examine and explain the role of the Financial Ombudsman Service and the Financial Services Compensation Scheme.

7.5 Explain the basic powers of the industry regulator for the authorisation, supervision and regulation of insurers.

7.6 Explain the basic powers of the industry regulator for the authorisation, supervision and regulation of insurance intermediaries.

7.7 Describe the essentials of a valid contract of insurance.

8. Understand the importance of appropriate systems and controls

8.1 Explain the purpose of sanctions.

8.2 Examine and describe the basic systems and controls to ensure adherence to EU, US and UK legislation.

9. Understand data protection and money laundering legislation and requirements

9.1 Explain the principles, rights and restrictions of data protection legislation and its impact on transacting business.

9.2 Explain the various requirements to ensure money laundering compliance when dealing with clients.

10. Understand the broker's role in the way that business is conducted in the London Market

10.1 Explain the role and responsibilities of brokers.

10.2 Explain the business process of broking and the parties involved.

10.3 Explain the broker's role in the handling of premiums.

10.4 Explain the broker's role in claims notification, investigation and settlement.

11. Understand the underwriter's role in the way that business is conducted in the London Market

11.1 Explain the role and responsibilities of underwriters.

11.2 Explain the role and responsibilities of the lead and following underwriters within the London Market.

Additional resources

The following resources may assist you with your studies.

Note: The examination will test the syllabus alone.

Supporting information for the syllabus can be found on the unit page via the CII website. The resources found here: *www.cii.co.uk/learning* will help you keep up-to-date with developments and provide a wider coverage of syllabus topics.

Additional reading material can also be found referenced in an appendix within the study text.

Learning support

London Market insurance essentials. London: CII. Study text LM1.

Knowledge Checker and Key Facts Booklet are included with Enrolment plus (excluding Revision Extra and Video Revision), or available at an additional cost (delivered via RevisionMate).

Assessment information

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 from the list provided
4. Select qualification update on the right hand side of the page

Examination guide

The examination guide is available on the unit page via the CII website.

If you have a current study text enrolment, the current examination guide is included and is accessible via **RevisionMate** (*www.cii.co.uk/login*). Details of how to access RevisionMate are on the first page of your study text.

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

Exam preparation

Exam preparation guidance and supporting exam documentation are available via the CII website: *www.cii.co.uk/learning/qualifications/assessment-information*