

M93 Commercial property & business interruption insurance 2024-2025



Learning Outcome

Assessment Criteria

Indicative Content

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1 24 Questions	Understand the risk and control of fire, theft and other contingencies to property and business interruption.	1.1	Explain the causes of fire.	1.1.1	The fire triangle.
				1.1.2	Arson.
				1.1.3	Contractors.
				1.1.4	Electrical.
				1.1.5	Other causes of fire, including smoking, spontaneous combustion, housekeeping and waste management, heating (portable and fixed), trade processes hazardous materials.
		1.2	Explain the inception and propagation of fire.	1.2.1	Conduction, convection and radiation.
				1.2.2	Fire load.
				1.2.3	Inception hazards.
				1.2.4	Propagation hazards.
				1.2.5	Fire spread, vertically and laterally.
		1.3	Explain the relative fire hazards of trade processes and materials.	1.3.1	Machinery types and other electrical apparatus and uses in industry.
				1.3.2	Hazards associated with multi-tenure buildings.
				1.3.3	Manufacturing processes commonly used.
				1.3.4	Materials used in manufacture, warehousing and storage.
		1.4	Explain the relative fire hazards of building construction.	1.4.1	Relative combustibility of differing building materials, including use of composite panels.
				1.4.2	Building design, including structural frameworks, multi-story buildings.
				1.4.3	Importance of fire separation.
		1.5	Explain the methods of fire detection, protection and control.	1.5.1	Differing types of portable fire extinguisher appliances.
				1.5.2	Manual and automatic fire alarms.
				1.5.3	Fire brigade and water supply.
1.5.4	Automatic Sprinkler Systems (by type and by occupation) and drenchers.				
1.5.5	Legislation relative to fire safety and electrical systems.				
1.5.6	Protection of computer suites.				
1.5.7	Protection for hazardous trades.				
1.6	Explain the definitions of theft.	1.6.1	The legal definition of theft.		



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		1.6.2 Insurers' definition of theft.	
		1.6.3 Patterns of theft losses.	
	1.7	Explain the inherent risk features of theft.	1.7.1 Examples of Target goods.
			1.7.2 Geographical area and relevance of postcode rating.
			1.7.3 Physical security measures which may be deployed.
			1.7.4 Electronic security measures which may be deployed, for example intruder alarms.
			1.7.5 Protection of money.
			1.7.6 Protection of good whilst in transit.
	1.8	Explain the hazards arising from other contingencies and the methods of control.	1.8.1 Explosion.
			1.8.2 Lightning.
			1.8.3 Aircraft.
			1.8.4 Riot and civil commotion.
			1.8.5 Malicious damage.
			1.8.6 Earthquake.
			1.8.7 Storm and flood.
			1.8.8 Burst pipes and escape or water.
			1.8.9 Subsidence.
			1.8.10 Sprinkler leakage.
			1.8.11 Impact.
		1.8.12 Breakdown and associated engineering perils.	
		1.8.13 Terrorism.	
1.9	Apply the principles and practices of risk and control of fire, theft and other contingencies to property and business interruption to various scenarios.	1.9.1 Apply to a given set of circumstances.	
2	2.1	2.1.1 Types of property insured.	

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8 Questions	Understand the cover provided by and main practices of property insurance.	Explain the cover provided by property insurance policies.		
		2.1.2	Property damage and perils insured.	
		2.1.3	Policy definitions covers and exceptions.	
		2.1.4	Basis of claims settlement.	
		2.1.5	Money.	
		2.1.6	Fidelity guarantee.	
		2.1.7	Goods in transit.	
		2.1.8	Computers.	
		2.1.9	Theft, including theft extensions.	
		2.1.10	Commercial all risks.	
		2.1.11	Terrorism.	
		2.2 Explain the clauses commonly used in property insurance policies.	2.2.1	Property extensions in cover.
		2.2.2	Conditions precedent and warranties.	
		2.2.3	Explain the application of excesses, deductibles and franchises.	
2.2.4		Loss limits, first loss, floating and blanket insurances.		
	2.3 Apply the principles and practices of property insurance cover to various scenarios.	2.3.1	Apply to a given set of circumstances.	

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3 5 Questions	Understand the cover provided by and main practices of business interruption insurance.	3.1	Explain the cover provided by business interruption insurance policies.	3.1.1	Function of business interruption insurance.
				3.1.2	How gross profit is calculated.
				3.1.3	Indemnity periods.
				3.1.4	Clauses applicable to business interruption insurance.
				3.1.5	Claims Procedure Condition.
				3.1.6	Additional increase in cost of working.
				3.1.7	Other types of business interruption insurance, including gross revenue, flexible limit of loss, research expenditure, increased costs of working only, advanced profits, book debts and rent.
				3.1.8	Contingent business interruption extensions.
				3.1.9	Special types of risks, including manufacturing agents, solicitors and property owners.
		3.2	Explain the methods of control relating to business interruption.	3.2.1	Business continuity planning.
3.3	Apply the principles and practices of business interruption insurance cover to various scenarios.	3.3.1	Apply to a given set of circumstances.		

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4 11 Questions	Understand the underwriting of property and business interruption insurance.	4.1 Explain the use and content of survey reports in the underwriting process.	
		4.1.1 Objectives and purpose of survey reports for property damage risks. 4.1.2 Objectives and purpose of survey reports for business interruption risks. 4.1.3 Specialist surveys, for example sprinklers, crime and post lost. 4.1.4 Risk factor which can and cannot easily be changed.	
		4.2 Explain the importance of and the factors used to calculate an estimated maximum loss (EML).	4.2.1 Definition of EML. 4.2.2 Relevant factors used to determine a property damage EML. 4.2.3 Relevant factors used to determine a business interruption EML.
		4.3 Explain the application and deployment of capacity in relation to property damage and business interruption insurance.	4.3.1 Insurers' maximum gross acceptance. 4.3.2 Insurers' net retention. 4.3.3 Deployment of capacity relative to the size of the risk or the EML and associated risk features of the risk. 4.3.4 Accumulation of risks.
		4.4 Explain the risk and pricing criteria used in underwriting property and business interruption insurance.	4.4.1 Standard risk pricing profiles. 4.4.2 Trade classification. 4.4.3 Theory of rating. 4.4.4 Methods of calculating premiums.
		4.5 Describe the key underwriting considerations in managing a property and business interruption insurance portfolio.	4.5.1 Portfolio management key performance indicators. 4.5.2 Renewal procedures.
		4.6 Explain the importance of reinsurance and co-insurance with specific reference to property and business interruption.	4.6.1 Reinsurance as it applies to property damage and business interruption insurance. 4.6.2 Co-insurance as it applies to property damage and business interruption insurance.
		4.7 Apply the principles and practices of underwriting of property and business interruption insurance to various scenarios.	4.7.1 Apply to a given set of circumstances.

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Learning Outcome		Assessment Criteria		Indicative Content	
5 2 Questions	Understand how property and business interruption insurance claims are handled.	5.1	Explain how property and business interruption claims are handled.	5.1.1	Claims procedures and use of claims forms.
				5.1.2	Calculation and settlement of property damage claims.
				5.1.3	Calculation and settlement of business interruption claims.
		5.2	Apply the principles and practices of property and business interruption insurance claims to various scenarios.	5.2.1	Apply to a given set of circumstances.