CII face-to-Face Training Courses

LIFE

Financial Advisers' International Qualification (3 days)

Objective: To provide knowledge and understanding of the financial planning process within a professional business environment and the core financial and life assurance products suitable to a client's needs.

Method of assessment: 75 multiple choice questions (MCQs). 2 hours are allowed for this examination.

Summary of learning outcomes

Providing professional advice
1. The client's needs;
2. The fact-finding process;
3. Good practice.

Product knowledge
4. Protection products;
5. Savings and investments products;
6. Pension products.

Providing professional advice

1. The client's needs
On completion, candidates should
1.1 *know* the seven typical lifestages of a client: childhood, young unmarried, young married, young married with children, married with older children, postfamily/ pre-retirement, retirement;
1.2 *understand* the financial planning requirements and constraints at each of the lifestages listed in 1.1 above and how these may vary with individual circumstances and available resources;

1.3 *be able to apply* financial planning criteria to potential needs arising in future lifestages;
1.4 *understand* how a client's needs at each lifestage are affected by his or her employment status, state of health and that of any dependants, the availability of resources, ethical preferences;
1.5 *know* that the seven typical lifestages listed in 1.1 above are inappropriate for clients who have remained unmarried or are widowed, divorced or separated;
1.6 *understand* that such clients may have different needs from clients in the seven typical lifestages who are of comparable age or have comparable family responsibilities;
1.7 *know* the four main steps in identifying a client's real financial needs: distinguishing between the client's perceived and real needs, distinguishing between the client's current and future needs, quantifying the client's needs, prioritising the client's needs;
1.8 *be able to apply* the principle of shortfall calculations as part of the process of quantifying clients' future needs;
1.9 *be able to apply* financial planning criteria to the information collected about a client in order to identify, quantify and prioritise a client's real financial needs;
1.10 *be able to apply* features of different types of product to the client's needs and understand the role of the financial adviser in recommending products which are a suitable means by which the client can achieve his or her financial objectives, affordable, appropriate to the client's risk profile and tax efficient.

2. The fact-finding process
On completion, candidates should
2.1 *know* what a fact-find is: an information-gathering exercise designed to collect and record, in a systematic way, the information about a client which is necessary to identify and quantify the client's needs;
2.2 *know* how to make suitable recommendations: collecting and using information that enables the adviser to take into account a client's present circumstances, financial objectives, future plans;
2.3 *know* the variety of ways a fact-find can be carried out: holding a structured meeting with the client, conducting a telephone interview with the client, corresponding with the client;
2.4 *understand* the strengths and weaknesses of each of the methods of conducting a fact-find listed in 2.3 above;
2.5 *be able to apply* the principles of conducting a fact-find by: drafting appropriate questions to ask the client, phrasing these questions so that the client understands them, asking for additional information from the client where appropriate;

2.6 *know* the main client and family details to be collected in a fact-find: date of birth, state of health, marital status, present and previous employment including current salary and benefits, relevant details of dependants;
2.7 *know* the main categories of financial details to be collected in a fact-find: assets and liabilities, regular savings and expenditure, life and health insurance, pension provision;
2.8 *know* the main planning and objective categories contained in a fact-find: future changes in circumstances, children's education, career aspirations and other ambitions;
2.9 *know* how to record accurately clients' personal and financial details;
2.10 *understand* how a client profile is affected by: marital and family status, employment status, regular income and accumulated capital, financial commitments, attitude to risk;
2.11 *know* the main areas of financial planning: life and health protection planning, savings and investment planning, retirement planning, inheritance planning;
2.12 *be able to apply* information collected in a fact-find to identify a client's financial objectives, short-term and long-term, within each of the main financial planning areas listed in 2.11 above;
2.13 *know* a client's financial objectives are likely to be determined by his or her current and future: housing needs and aspirations, marital status, family commitments, career plans, retirement plans.

3. Good practice
On completion, candidates should
3.1 *know* that the financial adviser has a duty, at all stages of the sales process, to ensure that the client understands fully all the implications of accepting the financial adviser's recommendations, including any inherent risks;
3.2 *know* the difference in status between different types of financial adviser e.g. tied, multi-tied and independent;
3.3 *understand* why it is essential for the status of the adviser and the remuneration method, e.g. commission or fees, to be disclosed to all prospective clients at the outset;
3.4 *be able to apply* structured recommendations using new and existing financial products appropriate to the client;
3.5 *know* the key features of financial services products that should be provided for clients and the stage in the sales process at which this information should be made available;

3.6 *understand* the supervisory methods that can be used to monitor sales performance of financial advisers and financial products;
3.7 *know* what steps the adviser should take when the client rejects the adviser's recommendations and instructs the adviser to effect a transaction which the adviser believes to be unsuitable;
3.8 *know* what the tied adviser must do when he or she does not have a product that would properly meet the needs of the client;
3.9 *understand* that it is the duty of the adviser to ensure that all reasonable steps have been taken to obtain the best terms available in the market for the client when conducting certain transactions;
3.10 *know* how to conduct a transaction on behalf of a client where no financial advice has been sought or given;
3.11 *understand* the need to request appropriate client identification and the source of the funds to be invested to avoid money laundering;
3.12 *understand* why it is unethical to advise a client to switch between the financial products of different providers, unless that switch is clearly in the client's interests;
3.13 *know* the main features of a cancellation arrangement;
3.14 *understand* the need for an effective complaints procedure to cover the sale of financial services products and know the essential features of such a procedure;
3.15 *know* the main features of compensation arrangements;
3.16 *understand* the importance of regular reviews of the client's arrangements and circumstances and advise on appropriate changes.

Product knowledge
4. Protection products
On completion, candidates should
4.1 *know* the circumstances in which and when protection needs arise;
4.2 *know* the main personal and financial details on which a client's protection requirements depend: age, dependants, income, assets and liabilities;
4.3 *know* the policy features of protection products which affect their suitability for a client: premium levels, charging and commission structure, policy options, policy guarantees, flexibility, policy benefits and their possible limitations, past investment performance (where appropriate), surrender values;
4.4 *understand* how to prioritise and evaluate the significance of the features listed in 4.3 above in a given set of client circumstances;
4.5 *understand* how the tax treatment of protection

products affects their suitability for a client;
4.6 *know*, in a generic sense, the policy features of these protection products: term assurance: level, decreasing, increasing and increasable, convertible, renewable, family income benefit; whole of life assurance: unitlinked with-profits, without-profits; health insurance: income protection insurance (PHI), critical illness insurance, private medical insurance, long-term care insurance; sickness and accident insurance;
4.7 *be able to apply* the products listed in 4.6 to satisfy the client's needs in particular circumstances.

5 Savings and investment products
On completion, candidates should
5.1 *know* the circumstances in which there is a need for savings and investment advice;
5.2 *know* the main personal and financial details on which a client's savings and investment requirements depend: disposable income and capital available, assets and liabilities, expectation of inheritance, time available to achieve objective;
5.3 *know* the features of savings and investment products which affect their suitability for a client: income and capital growth prospects, guarantees, accessibility, penalties, contribution limits, risk, buying and selling mechanisms, charging and commission structure, past investment performance (where appropriate), flexibility;
5.4 *understand* how to prioritise and evaluate the significance of the features listed in 5.3 above in a given set of client circumstances;
5.5 *understand* how the tax treatment of savings and investment products affects their suitability for a client;
5.6 *know*, in a generic sense, the features of these savings and investment products: deposit savings accounts, government securities; shares: quoted and unquoted, ordinary and preference; endowments: with-profits, without-profits, unit-linked; annuities: immediate, deferred, temporary, life, guaranteed, capital-protected, escalating, level; collective investments: investment trusts, unit trusts, openended investment companies (OEICS); investment bonds; corporate bonds; structured products, including protected equity bonds; property investment: direct and indirect, residential and commercial;
5.7 *be able to apply* the savings and investment products listed in 5.6 above to satisfy clients' needs in particular circumstances;
5.8 *understand* the relationship between level of risk and level of return;
5.9 *understand* how collective investments spread risk;
5.10 *understand* how inflation affects savings and

investment products;
5.11 *understand* how changes in interest rates affect the future performance of savings and investment products;
5.12 *understand* the importance of an emergency fund and sensible debt management including the advantages and disadvantages of debt repayment compared to additional saving.

6. Pension products
On completion, candidates should
6.1 *know* the circumstances in which, and when, there is a need for pension advice;
6.2 *know* how to evaluate a client's pension requirements;
6.3 *know* the main personal and financial details on which a client's pension requirements depend: age, dependants, income, other assets and liabilities, previous and current pension arrangements, State Pension provision (where applicable);
6.4 *know* the features of a pension scheme which affect its suitability for a client: eligibility, contribution level and any limits, investment options, benefits, charging and commission structure (if applicable), withdrawal arrangements and transfer value, flexibility, guarantees;
6.5 *understand* how to prioritise and evaluate the features listed in 6.4 above in a given set of client circumstances;
6.6 *understand* how the tax treatment of pension contributions and pension benefits affects the suitability of a pension scheme for a particular client;
6.7 *know*, in a generic sense, the features of these types of pension scheme, occupational pension scheme (money purchase and final salary), personal pension scheme: individual, group, State Pension provision;
6.8 *be able to apply* the pension schemes listed in 6.7 above to satisfy clients' needs in particular circumstances;
6.9 *understand* the difference between a defined benefits pension scheme and a defined contributions pension scheme;
6.10 *understand* how inflation affects pension schemes and annuities;
6.11 *understand* how changes in interest rates affect the future value of pension schemes and annuities.

Healthcare insurance products - IF7 (3 days)

Objective: To provide knowledge and understanding of the fundamental principles and practices relating to healthcare insurance.

Summary of learning outcomes
1. Healthcare product types;
2. Risk assessment, rating and underwriting;
3. Claims.

1. Healthcare product types

On completion, candidates should

1.1 *understand* the main features of the following core products:
– private medical insurance;
– health cash plans;
– dental insurance;

1.2 *know* the main features of the following related products and services:
– cover for major medical expenses;
– sickness and accident policies, including payment protection insurance and mortgage payment protection insurance;
– international medical insurance for expatriates;
– overseas medical expenses;
– travel insurance;
– dental capitation plans;
– employee assistance programmes;
– treatment advice services;
– health screening;
– private GP services;

1.3 *understand* the main features of the following long-term protection products:
– long-term care insurance;
– income protection insurance (PHI);
– critical illness insurance;

1.4 *understand* the circumstances in which each of the above products would be appropriate.

2. Risk assessment, rating and underwriting

On completion, candidates should

2.1 *understand* the main risk considerations and general underwriting principles of private medical insurance with specific reference to:
– general exclusions and exceptions;
– medical conditions and procedures;
– acute and chronic conditions;
– hospital banding, postcode rating and restricted hospital networks;
– excesses and co-payments;

2.2 *understand* the following styles of underwriting medical history:
– moratorium;
– full medical underwriting;
– continued personal medical exclusions (CPME);
– medical history disregarded (MHD);
– premium ratings;
2.3 *know* the rating and underwriting considerations for the core healthcare products specific to:
– corporate schemes;
– Small and Medium Enterprises schemes (SMEs);
– voluntary schemes;
– individual plans;
2.4 *understand* the use of customer loyalty mechanisms that operate in the healthcare market;
2.5 *be able to apply* the principles defined in learning outcome 5 to a given set of circumstances.

3. Claims
On completion, candidates should
3.1 *know* the principles of claims assessment applied to core healthcare insurance products;
3.2 *know* the processes involved in a claim under:
– private medical insurance policies;
– other core product policies;
3.3 *understand* the elements of and the factors that contribute to healthcare claims costs;
3.4 *know* the main methods by which claims costs may be controlled;
3.5 *be able to apply* the principles defined in learning outcome 6 to a given set of circumstances.