معهد الخليج لدراسات التأمين
GULF INSURANCE INSTITUTE

Licentiate in Personal Financial Planning

Course Code	**Lic. GII (Personal Financial Planning)**
Course Jurisdiction	**Bahrain**
Content	**Unit 1: The Need for Financial Security and Insurance** **Unit 2: Legal Principles** **Unit 3: Developing a Personal Financial Plan** **Unit 4: Long Term Insurance Products** **Unit 5: Insurance Market and Practice** **Unit 6: Regulation and Consumer Protection**
Duration	30 hours of structured learning involving classroom sessions, quizzes and case studies.
Audience	New entrants to the industry, Appointed Representatives, Sales persons and all persons giving advice on long term insurance products.
Learning Objectives	At the end of this course participants will be able to:

UNIT 1 – The Need for Financial security and Insurance

1.01 *Be aware of* the hierarchy of needs of persons in society and how this evolves through the different stages of the lifetime of a client

1.02 *Define* the risks of loss that can result in financial difficulties and how these can vary with circumstances such as age, family status and employment.

1.03 *Explain* the common goals of financial planning :

- 1.03.1 Protection against premature death
- 1.03.2 Protection from poor health and disability
- 1.03.4 Protection from unemployment
- 1.03.5 Education for children
- 1.03.6 Higher Standard of Living
- 1.03.7 Managing debt
- 1.03.8 Increased personal wealth
- 1.03.9 Retirement
- 1.03.10 Inheritance tax planning

1.04 *Explain* the relationship of risk and insurance and which risks can be insured.

1.05 *Define* long term insurance and explain its objectives in respect of protection, savings and investment

1.06 *Distinguish* between Assurance and Insurance

1.07 *Explain* the economic basics of long term insurance; pooling, mortality, uncertainty, spread of risk, risk sharing, investment

1.08 *Outline* the typical inflows and outflows from a long term insurance pool

1.09 *Outline* the benefits of long term insurance to society in general

UNIT 2 - Legal principles

2.01 *Be aware of* elements of a valid contract in relation to long term insurance contracts

2.02 *Explain* contract fulfillment, void and voidable contracts and cancellation of contracts of insurance.

2.03 *Be aware of* the principles of the law of agency and its application to insurance

2.04 *Define* Insurable Interest and *explain*, with examples relating to long term insurance, how insurable interest may arise

2.05 *Define* Utmost Good faith

2.06 *Define* Material Facts and *explain* material facts in relation to moral and physical hazard, giving examples

2.07 *Distinguish* between facts which need to be disclosed and those which do not.

2.08 *Distinguish* between non-disclosure and misrepresentation and the effect on the contract of insurance when a breach by either party occurs

2.09 *Explain* proximate cause and its application in different situations

2.10 *Explain* the principle of indemnity and how it is applied in Long term Insurance

UNIT 3 – Developing a Personal Financial Plan

3.01 *Explain* the relationship between a client and a financial planning advisor

3.02 *Be aware of* the duty of disclosure of the advisor to the client regarding his business status, their relationship, responsibility for suitability of advice and product information, disclosure of commission

3.03 *Explain* the five steps in financial planning:-

- 3.03.1 Gathering important financial information
- 3.03.2 Analysing the present financial situation
- 3.03.3 Determine financial goals and objectives
- 3.03.4 Designing a financial plan for attaining these goals
- 3.03.5 Periodically reviewing and revising the plan

3.04 *Explain* the advantages of financial planning

3.05 *Be aware of* obstacles to financial planning

3.06 *Explain* the proposition of buying protection against risks resulting in personal financial loss and how to arrive at the amount of protection required

3.07 *Outline* the basics of investing to attain financial goals.

- 3.07.1 Investment Objectives
- 3.07.2 Investment risks
- 3.07.3 Types of Investments

3.08 *Be aware of* how inflation and common economic indicators affect savings and investments

UNIT 4 – Long Term Insurance Products

4.01 *Explain and distinguish between* the following basic products in Life Insurance

4.02
- 4.02.1 Mortgage Protection
- 4.02.2 Term Assurance
- 4.02.3 Whole of Life
- 4.02.4 Endowment
- 4.02.5 Universal Life

4.03 *Explain* "With Profits" policies and how they work

4.04 *Be aware of* the following riders to provide additional protection that be applied to Life Assurance

- 4.04.1 Waiver of Premium
- 4.04.2 Critical illness

4.04.3 Accidental Death Benefit

4.04.4 Permanent Total Disability

4.04.5 Guaranteed Insurability

4.05 *Explain* Permanent Health Insurance and the protection afforded in case of long term illness or disability

4.06 *Explain* Long term care insurance and its purpose.

4.07 *Distinguish* between Personal Accident and Permanent Health Insurance

4.08 *Explain* Annuities and *be aware of* their basic forms: Immediate or deferred; temporary or life; guaranteed and capital protected; level or escalating

4.09 *Explain* "Unit Linked" policies and how they work

4.10 *Explain* the purpose of collective investment funds

4.11 *Outline* the nature and structure of a collective investment fund and the parties involved: Fund manager; Fund Administrator; Trustees; Unit holders; Marketing and Distribution company

4.12 *Be aware of* the meaning of terminology used in Collective Investment Funds: Closed-end or Open End; Net Asset value; Gearing and Leverage; Switching; Public and private schemes; Limited Duration; Unit or Share class

4.13 *Be aware of* the investment types, investment strategies and investment mix employed by fund managers

4.14 *Be aware of* the charging, commission and fees structure of a collective investment fund

4.15 *Be aware of* the functions and features of pension schemes and products

4.16 *Distinguish* between occupational pensions, personal pensions, individual group and state pensions

4.17 *Explain* the circumstances, with examples, where each of the products mentioned above are suitable and how they fit in the client's financial plan.

UNIT 5 – Insurance Market and Practice

5.01 *Outline* the structure of the international long term insurance market and that in Bahrain

5.02 *Distinguish* between different types of long term insurance providers

5.03 *Distinguish* between the various types of insurance intermediaries and channels of distribution of long term insurance products and explain the main features in the context of the CBB Rule Book and market practice.

5.04 *Explain* the principles of "Best Practice" of selling long term insurance

5.05 *List* the common documentation related to long term insurance: proposal form, policy form, financial questionnaire,

5.06 *Explain* the consequences of withdrawing a proposal, cancellation, surrender, non-payment of premium, and switching of funds.

UNIT 6 –Regulation and Consumer Protection

6.01 *Be aware* of the global role of the International Association of insurance Supervisors

6.02 *List* the functions of the Central bank of Bahrain (CBB) as the insurance supervisory authority for insurance in Bahrain under the Central bank of Bahrain and Financial Institutions law 2006.

6.03 *Outline* the structure of Volume 3 - Insurance of the CBB Rule Book

6.04 *Be aware of* the types of Authorization that apply to long term insurance activities in Bahrain

6.05 *Outline* the fundamental obligations of insurance licensees and approved persons under the Principles of Business module of the CBB Rule Book

6.06 *Be aware* of the concepts applied as a means of controlling capital adequacy of insurance companies transacting long term insurance

6.07 *Be aware of* the obligations of insurance market practitioners for the prevention of insurance fraud and money laundering and be aware of common signs of transactions that may involve financial crime.

6.08 *Outline* the principles of data protection and privacy laws.

6.09 *Explain* the GII Code of Conduct for its members

6.10 *Outline* the powers of enforcement and redress available to the CBB.

6.11 *Be aware of* procedures and practice for the handling of complaints from insurance customers.

Language	Arabic and English
Private study	Students should undertake a minimum of 30 hours of private study throughout the course.
Assessment	Candidates must sit for a Two hour paper consisting of 100 Multiple Choice Questions. Certificates are only awarded to participants who pass the examination.
Course Material	Provided by GII.

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Definitions

The following definitions of italicized key words used in the learning objectives provide the learner with the extent of knowledge he or she is expected to have gained at the end of the course.

Be aware of
This term implies that the learner is aware of the existence of a particular fact, scenario, law, organization, principle etc., and is able to give a short non-technical interpretation. Questions which test the learners in this objective would typically be straightforward questions which start with the words "what" or "which"

Define
Implies that the learner is able to provide an authorative definition of a concept or principle, quoting from case law, universally or industry-wide accepted text or schools of thought. Whilst own words will be credited, the learner should seek to quote as nearly as possible the words used in the authorative definition. The learner should also include a brief reference to characteristics of the concept or principle or term being defined

List
Where the learner is expected to provide a list, he or she must be able to mention and be aware of the various components of a particular subject. The learner may be requested to explain the components of the list in which case a more thorough explanation is required (see Explain)

Outline
This term is typically used when the learner is expected to provide an overview of a structure or body of content of the subject. The learner should be able to map out the various sub headings, corollaries or branches which fall under the subject and give a brief explanation of each. A bullet point type of answer or graphical representation would be the best way to answer such a question.

Explain
The term "Explain" shall imply a sufficient understanding and grasp of the subject being learnt which enables the learner to describe it in non-technical and clear words as well as provide detail as to its various characteristics, its role, purpose or function (as applicable) advantages and disadvantages (if applicable).

Elaborate
The learner is expected to have a thorough understanding of the subject and is able to explain the concepts or theories of the subject as well as to provide detail using references to resources such as case law, conventions, industry clauses, standard terms and clauses etc. Dates and correct titles of such resources earn the learner more credit. Whilst detail is required, the learner should display an ability to use straightforward language and is expected to be able to stick with the subject.

Discuss
This term is used where the learner is expected to provide an argumentative essay in respect of a given situation. This term is used where the learner should show a thorough understanding of the subject and is able to analyze such issues as pros and cons of taking a particular position, liability under the law or under a policy in a given situation, and give advice in choosing a product or service. In making his or her case, the learner should be able to back up his or her arguments by quoting authorative case law or industry wide clauses as well as actual historical data or experiences.

Distinguish
This type of approach requires the learner to have a broad knowledge of the subjects between which he or she is asked to distinguish and be able to explain the differences between them indicating the areas of difference and if relevant the advantages and disadvantages for each.

Apply
This term is used where the learner is expected to provide a solution to a practical case study using theories learnt or methods learnt in the subject. The learner should outline the solution he is proposing and provide reasons for suggesting such solutions. Where mathematical formulas are required, all workings should be shown. The term Draw Up may be used interchangeably where the learner is expected to draw up a report.