



The  
Insurance Brokers'  
Standards Council

A Discussion Paper on  
a Syllabus for an entry standard  
introduction to the profession of  
Insurance Broking

Approved by

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Chairman of the IBSC

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The IBSC

# DISCUSSION PAPER DP1031

13th October 2014

## **Introduction:**

This is a Discussion Paper on the IBSC plans to inaugurate a certificate of knowledge and understanding for members (and practitioners generally) of the insurance broking profession. This will lead to a formal consultation paper once the Syllabus is set and the format and methodology is agreed by members of the IBSC.

Over the years, the manner in which a new entrant or an experienced practitioner starts the process of assessment of knowledge and understanding of the profession has been by studying, what historically has been termed, the 'elements of insurance'.

This incorporated a basic journey around the structure of the insurance market, the principles of insurance, basic information on the classes of business, and a simplified visit to relevant law.

The IBSC has no desire to interrupt the academic process that has been in place for generations. The only caveat to that statement is that the feedback from IBSC members is that they would like to see a far greater relevance to the insurance broking profession in all levels of study and qualifications.

Where the IBSC wants to set a new syllabus is for a certificate of knowledge and understanding that focuses on "the rights and obligations of being a member of the insurance broking profession".

It is clear from negligence cases, FOS cases and general complaints from the customer, that technical ability is often not the issue (and if it is, it is the role of the employer and the educational specialists to fill those gaps).

The real threat to the public and insurance broking firms is that standards and duties are not gathered together in a way that someone new or someone already in the profession can, with relative ease, study and absorb.

The syllabus structure that the Council wishes to discuss with its members and members of the profession generally is based on three fundamental premises:

- 1) Protection of the Client
- 2) Protection of the employing firm
- 3) Protection of the Practising Insurance Broker

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# A Proposed Syllabus for an “Introduction to the Profession of Insurance Broking”

## Part 1: The Authorities Defining the Duties of an Insurance Broker

- The Law
- Regulation
- The Codes of Conduct and other evidence of expected standards of behaviour
- The principle of Treating Customers/Clients Fairly

## Part 2: The Insurance Broking Profession

- What is a profession
- A brief history of insurance broking
- Insurance broking in the insurance market
- Professional Bodies and their role and objectives for the profession

## Part 3: The Duties and Obligations for a Member of the Profession of Insurance Brokers

**(This section will address both ‘face to face’ and ‘distant’ client relationships and will distinguish between retail and commercial client relationships)**

- Being a member of a profession
- The duty to remain competent to do a job
- Keeping competence to do a job up to date
- The duty to keep records and make notes
- Keeping a diary system
- Public Promotion and Advertising
- How to deal with a potential client
- Explaining the services one offers
- The agreement to work for the client
- Advised and non-advised sales
- Gathering information
- Making a fair presentation of the risk to the market
- Presenting the advice or quotation to the client
- Explaining the recommendation or quotation
- Evaluating the client’s knowledge and understanding of the recommendations being made
- Documents the client should be sent, given, or have access to
- Suitability and Demands and Needs
- Duties during the course of a policy term
- Duties at renewal
- Rebroking a risk
- Transferring a case to or from another insurance broker
- Duties to a client at the time of a claim
- Duties on gaining or losing a client



### **If the Syllabus is accepted by members then what happens next?**

With the syllabus agreed, it is the intention of the IBSC to listen to the opinions of members and other specialists as to how this syllabus might be used.

In the first place it is a framework for any insurance broker to use to learn about the profession of insurance broking and the duties that exists for the Practising Insurance Broker and for their employers and to assess their knowledge and understanding of the subject.

But do the Practitioners themselves want there to be some form of certification or qualification attaching to that assessment of knowledge and understanding contained in this syllabus? If the answer to that is in the affirmative, then the IBSC will invite proposals from educational bodies to create such an award based on the syllabus.

If the majority view is that this is not the way forward, then it is likely that the IBSC will simply accredit any learning and assessment material so that members have a choice between unaccredited learning and assessment which may or may not cover the syllabus to an adequate standard and accredited learning and assessment which does. (Remember that the FCA has highlighted the need for regular assessment of competence).

### **CPD**

The majority of practising insurance brokers are not a member of a professional body and therefore have no duty to report continuing professional development (CPD). The duties of an insurance broker change on a daily basis and it would be unacceptable to the Council to have a Syllabus of this nature without a CPD requirement attached to it.

We therefore propose that there will be a separate consultation paper on the subject of compulsory CPD for all IBSC members to be specifically linked to keeping up to date with this Syllabus.

### **Compulsion**

A number of members have suggested a preference for a compulsory certificate/qualification for all members who use the letters "MIBSC".

This is a matter for members to consider. If there is majority support then the Council will hold discussions with educational/qualification bodies to consider the possibilities.



# IBSC Discussion Paper DP1031

**The purpose of a discussion paper is to open the subject to all practising insurance brokers who have ideas or opinions.**

This discussion paper will remain open until 30th November 2014.

Please email any thoughts, ideas or opinions to:  
[myopinioncounts@theibsc.org.uk](mailto:myopinioncounts@theibsc.org.uk)

Or there is a discussion forum on the IBSC Members' website or the IBSC LinkedIn forum.

**The key questions are:**

- 1) Is the Syllabus, as designed, the right one?
- 2) If not, what amendments would you propose? (additions or subtractions)
- 3) Should there be a qualification attached to the Syllabus?
- 4) Should there be a preferred qualification provider or providers?
- 5) Should the IBSC accredit learning material and assessments?
- 6) Should the usage of the letters MIBSC be linked to attainment of some level of certification of knowledge and understanding?
- 7) Should any certification mean compulsory CPD based solely on keeping up to date with the duties and obligations of an insurance broker?
- 8) If formal certification is preferred, should there be formal re-assessment at regular intervals (say every 4 years)?

**Remember, the purpose of the IBSC is to define standards and to reasonably ensure that clients receive the minimum legal standard of advice and service. There are other formal qualifications in existence. The IBSC "Certificate of Insurance Broking" is designed as a minimum for all insurance brokers and as a stepping stone to other formal qualifications not as a replacement.**

