



# HAZELEY 6TH FORM

CHARACTER, CONFIDENCE & CREATIVITY

## Year 12 Summer Induction Work- Financial Studies



Deadline: Friday 10<sup>th</sup>  
September 2021

The Hazeley Academy

# The London Institute of Banking & Finance (LIBF)

## Certificate in Financial Studies (CeFs)

CeFS is made up of two mandatory units which need to be successfully completed in order for you to achieve the certificate at the end of Year 12. You cannot proceed to Year 13 if you do not pass both Units (tested Jan 2022 & May 2022)

### Objectives:

***Students Must be able to understand the range of financial services products: mortgages, student loans & investment products***

***Students Should understand the failings of the global banking system***

***Students Could complete the enrichment online Open University on “Managing My Money for Young Adults”***

### **TASK ONE: 2 hours**

- Log on & register for The Open University 2 hour course: [“Understanding Mortgages”](#)
- What do I need to submit: You need to enrol and complete the 2 hour course. You will be expected to show your Completion Certificate from the Open University

**(20 marks)**

### **TASK TWO: 2 hours**

- Watch the Crash Course Economics video on [“How it happened; the 2008 Global Financial Crisis”](#) and summarise:
  - The causes of the crisis
  - Who you think was to blame for the crisis?
- What do I need to submit: 1 side of A4 max (you can complete additional research)
- Assessment criteria:

Marks	
0 to 10 marks	Limited attempt to explain the causes of the GFC
11 to 15 marks	Good attempt at producing an informative explanation
16 to 20 marks	Comprehensive account of causes & blame including evidence of additional research material

**(20 marks)**

### **TASK THREE: 3 hours**

- Read the past case study from the LIBF (below) and complete the knowledge exam questions on the worksheet below
- What do I need to submit: Completed worksheet of exam style questions & definitions
- Assessment criteria – mark allocation on worksheet

**(40 marks)**

### **Optional Extension Work:**

Open University Managing my Money Online Course (up to 24 hours of online learning) - see link below in Resources. You can choose to complete *part* of this course as it will be an excellent foundation to your LIBF Financial Studies course.

## Assessment:

Task One 25% - 20 marks on production of Certificate of Completion from OU

Task Two 25% - 20 marks

Task Three 50% - 40 marks

**Total raw marks available 80**

UMS									
Qualification	Unit	Session	Date	A*	A	B	C	D	E
CeFS	FCIS	all	n/a	171	152	133	114	95	76
Raw (variable boundaries)									
Qualification	Unit	Session	Date	A*	A	B	C	D	E
CeFS	FCIS	S18319	Mar-18	73	64	57	49	42	33

## Resources/Research:

OU course "[Managing my money for young adults](#)"

## Wider Reading:

[Money saving expert](#)

[LIBF](#)

[The Financial Times](#)

[The FCA](#)

[Money Facts](#)

---

**TASK THREE: Study the case study information and then answer the exam style questions below in the spaces provided. This is an example of the case study material that you will receive from the LIBF. It is long ... so you know what to expect when you start the course!**

**Guide time: 3 hours**

### **Ralph needs insurance for university**

Ralph, aged 18, will soon be going to university to study. He will be living off campus in a house with three other students. He is quite happy to live in private accommodation. He realises that he will probably need to take out a **contents insurance policy** while he is there.

He had hoped that he would be covered by his parents' **home insurance** policy but, when they checked, they discovered that the policy did not cover children living away from home for any reason. Ralph intends to take his laptop, Samsung mobile phone, television, Sony games console and sports bicycle with him. Each of these cost quite a lot of money. He plays classical guitar and has an expensive rare guitar, which he intends to take with him to university. He knows, therefore, that he will need to take out a reasonably comprehensive policy that will cover all of these items. This is especially the case as the area where he is going to live has a reputation for having a high level of theft. This is because students, who form a large part of the population in that area, are often not very good at looking after their possessions.

Ralph is concerned, however, about how much the contents insurance policy will cost. He is not sure how much his belongings are worth. He will have to spend a lot of money to go to university and also knows that paying for an insurance policy as well is going to be very difficult for him, and so he will need to look for the cheapest price possible. He may be able to pay in one lump sum but is willing to pay monthly. He knows that there are likely to be different ways to apply for an insurance policy, including post, telephone and online. He is concerned, however, about the security issues of providing personal and financial information through the internet. His parents do not bank online and have said that they do not trust the internet.

Ralph will be working part-time on Saturday and Sunday to cover his premiums. Ralph realises that he needs some more information about the various contents insurance policies available. There is a **certificate of insurance** and a policy document that are issued when someone takes out insurance. Ralph knows that he will need to find out about these.

## The Research

### Contents insurance

Contents insurance provides cover that protects against damage to, or loss of, an individual's personal belongings while they are located within that individual's home. Some policies also provide restricted cover for personal belongings temporarily taken away from the home by the policyholder.

Table 1 shows the extent of contents insurance policies in the UK.

**Table 1: Contents insurance in the UK 2018**

Households with contents insurance policies	Over 3 in 4 in the UK
Total contents insurance claims	2.3m
Average theft claim	£1,670
Amount paid out on average each day	£8.1m

Source: Association of British Insurers, [www.abi.org.uk](http://www.abi.org.uk)

### Student insurance

Gocompare.com contains some useful information on student insurance:

***“Starting university is exciting but it can be a daunting experience too. With so much of your focus on meeting new friends, surviving freshers’ week, starting your studies or simply finding your way round a new city, protecting your belongings might not be top of your list of priorities. However, if you take just a minute or two to think about the things you own, and in many cases rely upon, such as your laptop, mobile phone, TV, clothes, iPod or camera, the value is probably greater than you think. So, while buying insurance may seem dull, it’s one of the most sensible investments you can make as a student, particularly since young people in the 16–24 age group are three times more likely to be victims of burglary and one in every three students becomes a victim of crime”***

(Source: Home Office Report Crime in England and Wales).

The average value of belongings that students take with them to university could be around £3,000. Students often underestimate the value of their belongings.

Prospects.ac.uk says that belongings at university could include:

- Bedding and towels.
- Clothing and personal items such as toiletries.
- Kitchen items and some food to keep you going for the first week.
- PC/laptop, games consoles and any cables and chargers.
- Mobile phone and charger.
- A desk fan and lamp.
- Music speakers.

It also has this to say about insurance:

***“Your university accommodation may include the cost of basic insurance for your possessions. However, if this is the case and you have some hi-tech or expensive equipment, you'll need to check the level of cover provided.***

### The cost of contents insurance at university

UCAS has this advice: ***“Before you fork out on cover, you could check your parents' home insurance policy, as you may automatically be covered against theft or loss under its 'temporarily removed from the home' section while you're a student.***

***The cover only applies while your contents are in your accommodation, and as long as your parents' home is your main permanent address. Many policies allow this, but you'll need to check they don't mind you using their policy, as they'd have to submit any future claims.***

***If you need cover for any mobiles or laptops, or items you normally wear or carry away from your home, you could ask your parents – if they haven't already – to pay for an 'add on' to their existing home contents policy. This covers your stuff while it's out of your rented home.***

***If you can't use your parents' insurance, your next port of call is a specialist or local **insurance broker**. Make sure you let the insurer know if you're taking a bike to uni when applying for cover. It may be covered as part of the policy, but if not, you'll need to find out how much extra it is to add”*** (Source: [www.ucas.com](http://www.ucas.com)).

Table 2: Student insurance policies

Provider	Cost	Policy
Admiral	£95 p.a.	£50,000, emergency cover available for additional £45 p.a.
Post Office	£124 p.a.	£50,000, emergency cover not available
Endsleigh	£154 p.a.	£15,000, emergency cover available for additional £35 p.a.
Dial Direct	£127 p.a.	£15,000, emergency cover not available

Source: [www.comparethemarket.com](http://www.comparethemarket.com)

The cost of contents insurance has increased by 0.8% in the past year

(Source: AA contents insurance index).

The increases each year have greatly slowed since a peak in 2011.

### Insurance fraud

The cost of insurance has been increasing in recent years and one reason for this is the increase in insurance fraud. In particular, insurance fraud also tends to increase in times of economic difficulty. It is widely reported that the number of attempted fraudulent claims increased since the so-called **'credit crunch'**, but increases are starting to slow.

In 2019, James Maycock of KPMG observed:

***“Insurance fraud has a massive impact on many people: the victims, insurance companies and of course everyone else who is left to pick up the cost through higher insurance premiums. Despite the progress that has been made, particularly with the number of people now using in-car technology to record events in real time, fraudsters will continue to come up with new and improved ways to scam the system.***

***“**Insurance scams** are no longer the domain of claiming for a 'lost' camera on holiday, but like many areas of fraud have turned into a very lucrative income stream for professional criminals. The increase in professional insurance scammers coming to court goes to show the complexity of the task that the industry is tackling. Fraudsters will move quickly to new methods and exploit any area they can, staying ahead of them is a difficult challenge.”***

### Insurance excess costs

Insurance companies have been increasing the amount that customers have to pay when they make a claim. Excess limits may be negotiable with the provider and generally the higher the excess the lower the premium.

Customers of insurance companies have been told in the recent past by price comparison websites that price seems to be the most important factor when purchasing insurance. However, customers need to know that the premiums paid are affected by the level of excess they are willing or able to pay.

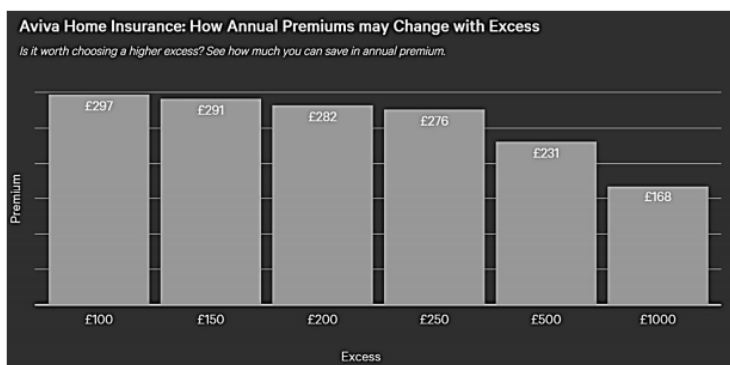
In the last few years, websites have allowed customers to define their **optional extra excess** over and above the **mandatory excess**. This has seen clever consumers slowly increasing their additional excess.

The graph below prepared by the company NimbleFins, shows how the premiums for home insurance were affected by an increase in the excess accepted by customers.

Graph 1: How Aviva’s Annual Premiums may Change with Excess

(Source: [www.nimblefins.co.uk](http://www.nimblefins.co.uk))

Graph 1: How Aviva’s Annual Premiums may Change with Excess



(Source: [www.nimblefins.co.uk](http://www.nimblefins.co.uk))

The Financial Ombudsman Service (FOS), which investigates complaints against financial services providers, has stated that it gets hundreds of complaints about excess charges every year. Often, they relate to several excess charges being applied to a single claim.

Money Supermarket have this warning: “Choosing a higher voluntary excess to add to the compulsory excess will help to bring down the cost of your contents insurance premiums because the insurer won't have to pay out so much in the event of a claim.

But, on the downside, this means that you'll be the one coughing up the extra cost if you have to claim, so keep the voluntary excess realistic”

(Source: [www.moneysupermarket.com](http://www.moneysupermarket.com)).

Table 3: Excess on contents insurance policies

Provider	Excess
Admiral	Compulsory £100
	Voluntary up to £250
Post Office	Compulsory £100
	Voluntary up to £250
Endsleigh	Compulsory £100
	Voluntary up to £150
Dial Direct	Compulsory £100
	Voluntary up to £250

Source: [www.comparethemarket.com](http://www.comparethemarket.com)

Table 3 shows a selection of excesses on contents insurance policies:

Ralph has found two providers online, but really wants to find a third company to compare them with. The product information about the first two providers are listed below:

### **Product information**

#### HSBC Student Insurance

The website of HSBC Insurance uses the slogan: 'We take care of your personal possessions while you focus on your studies'.

The site states this about their specialist student insurance:

"While you concentrate on your studies, you can trust HSBC Student Insurance to take care of your personal possessions.

- 4 levels of cover. Choose the level of cover that suits you – £2,000, £3,000, £4,000 or £5,000.
- Up to £500 per item. You can claim up to £500 for each individual item that is lost or damaged.
- **Accidental damage protection**. Cover included for your home entertainment equipment, mirrors and glass – up to £250 per incident.
- Covers your cash. Get up to £100 if your cash is lost or stolen.
- Optional extras. Tailor your cover to include pedal cycles, computers and more.

(Source: [www.hsbc.co.uk](http://www.hsbc.co.uk))

#### Endsleigh Insurance

Its student insurance includes:

- "Your student contents are protected against a range of perils, including fire, theft and flood. Our approved supplier will replace your lost, stolen or unrepairable gadgets with a brand-new model – or the nearest equivalent model if yours is no longer available."
- "Up to £250 for replacement locks and lost keys."
- "Up to £2,500 **tenants liability insurance** to cover any items you're legally responsible for in your student property.
- Accidental damage.
- Theft cover.
- 30 days worldwide cover."

It is also possible to add a range of extra protection tailored to your studies, including the following:

***"Whether it's a quick trip abroad or a lap around the world, our gap year travel insurance will cover you wherever you go."***

Cover4students.com

The slogan used is 'specialist student possessions insurance'. Its website has this to say about its specialist insurance for students:

"Why choose Cover4Students for your student contents insurance?"

- Specialist Student Possessions Insurance.
- Award winning claims service.
- Includes 'Walk in Theft' Cover. (No forcible entry needed and no locks on your room required.)

### **Command Words:**

**Analyse:** Break an issue into parts. Look in depth at each part using supporting arguments and evidence for and against as well as how these relate to one another

**Describe:** Provide a detailed explanation of the main features of something and how and why something happens

**Evaluate:** Give a verdict as to what extent a statement or findings within a piece of research are true, or to what extent you agree with them. Come to a conclusion which sums up the main points being discussed, weighs up the advantages and disadvantages or benefits and drawbacks of what is being considered, and fully and logically justifies how you have made your choice or decision.

**Case study questions TO COMPLETE:**

1 Complete the table below **of key terms** from the case study:

**(10 marks)**

<b>TERM</b>	<b>DEFINITION</b>
<b>Contents insurance policy</b>	
<b>Home insurance</b>	
<b>Building insurance policy</b>	
<b>Insurance premium</b>	
<b>Credit Crunch</b>	
<b>Insurance scams</b>	
<b>Optional extra excess</b>	
<b>Mandatory excess</b>	
<b>Accidental damage protection</b>	
<b>Tenant's liability insurance</b>	







