

The Chartered Institute of Loss Adjusters

Associateship Examination 2005

Paper C1

The Principles of Insurance

3½ Hours

Maximum Marks 200

Answer all questions

QUESTION 1

- (a) Using appropriate case law to illustrate your answer, define the principle of subrogation and explain why it is essential in insurance.
- (b) Define the four ways in which subrogation may arise in insurance.
- (c) Describe the common law position for liability for spreading fire.
 - (i) How is this modified by the Fire Prevention (Metropolis) Act [1774]
 - (ii) What aspect of this statute was clarified in the case of Johnson Brothers v B J W Developments Ltd [2002]

40 MARKS

QUESTION 2

- (a) Describe the three essential elements necessary to establish insurable interest.
- (b) Describe four ways in which insurable interest may arise.
- (c) At what point should an insurable interest exist?

40 MARKS

QUESTION 3

- (a) Providing appropriate case law as illustration define proximate cause.
- (b) Comment both on the onus of proof and the level of proof necessary with regards to establishing the operation of:
 - (i) An insured peril
 - (ii) Policy exceptions

30 MARKS

QUESTION 4

List the seven claims conditions under the Standard ABI Fire Policy.

30 MARKS

QUESTION 5

- (a) What is the principle of utmost good faith and why is it a necessary element in the formation of a contract of insurance?
- (b) Under the definition provided by the Marine Insurance Act [1906] which facts should be, and which facts do not need to be, disclosed?
- (c) How did the decision in the case of Pan Atlantic v. Pine Top (1994) expand the criteria necessary for a fact to be material?
- (d) What are the periods of rehabilitation necessary for a conviction to become “spent “ under the terms of the Rehabilitation of Offenders Act [1974]

30 MARKS

QUESTION 6

Summarise the circumstances, and their relevance to the principles of insurance, of FOUR of the following six cases:

- (a) Harbutts Plasticine v Wayne Tank and Pump Co Ltd (1970)
- (b) Lucena v Crauford (1806)
- (c) Aluminum Industrie Vaassen Bv v Romalpa Aluminum (1976)
- (d) Austin v Drewe (1815)
- (e) Pleasurama Ltd v Sun Alliance & London Insurance Ltd (1979)
- (f) Bacon v Cooper (Metals) Ltd (1982)

30 MARKS