



# **The Chartered Institute of Loss Adjusters**

**Associateship Examination 2010 (April)**

**Paper C1**

**The Principles of Insurance**

**3 ½ Hours**

**Maximum Marks 200**

**Answer ALL questions**

*Where appropriate, answers should make reference to relevant case law or statute*

**PLEASE ENSURE THAT QUESTION NUMBERS ARE ENTERED CLEARLY AND IN FULL ON THE COVER OF YOUR ANSWER BOOK AND IN YOUR ANSWER BOOK**



**ANSWER ALL QUESTIONS**

**QUESTION 1**

Outline, with two examples of each, what is meant by each of the following:

- a) Risk
- b) Physical hazard
- c) Moral hazard
- d) Onus of proof

*(10 marks for each)*

**40 MARKS**

**QUESTION 2**

- a) The Water Industry Act 1991 Section 209 states that “a water undertaker has no liability when damage results from an escape of water from a pipe vested in the water undertaker” in certain circumstances. Give one example of these circumstances.
- b) Explain the relevance of the Hotel Proprietors Act (1956) to Insurable interest.
- c) Outline the role of a Risk Manager
- d) Explain what is meant by bailment and provide one example of a gratuitous bailee and one example of a bailee for reward.

*(10 marks for each)*

**40 MARKS**



### QUESTION 3

- a) Detail the essentials of a Contract (10 marks)
- b) Explain what is meant by the “*contra proferentem* rule” (10 marks)
- c) Provide a definition of *tort* and explain what is meant by Negligence, your answer should include what is meant by duty of care and to whom a duty of care is owed. (20 marks)

**40 MARKS**

### QUESTION 4

Provide a description of the role of a Loss Adjuster including the role of The Chartered Institute of Loss Adjusters. In doing so, contrast the role of a Loss Adjuster representing an Insurer to that of a Loss Adjuster representing a Policyholder.

**40 MARKS**

### QUESTION 5

Explain with case law and statutes as applicable all of the follow:

- a) Proximate Cause
- b) Indemnity
- c) Statutory Liability
- d) The Financial Services Authority

(10 marks each)

**40 MARKS**