



The Chartered Institute of Loss Adjusters

Associateship Examination 2009 (October)

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

1.

- i. Explain, with case law, what needs to be proved to succeed in an action for Negligence.

(15 marks)

- ii. Explain the tort of Rylands v Fletcher providing an example

(15 marks)

- iii. Explain the effects of the Law Reform (Contributory Negligence) Act 1945 on settlements for negligence.

(10 marks)

TOTAL 40 MARKS

2.

- i. What is the purpose and function of an acceptance form?

(5 marks)

- ii. What is the purpose of a mandate and give two examples when it could be used.

(5 marks)

- iii. What is meant by the term *uberrimae fides* and why is this significant in the formation of an insurance contract? In addition state how this differs from other contracts.



(5 marks)

- iv. In the event of a breach of *uberrimae fides* provide the criteria the Insurer or Underwriter might use to decide what, if any, punitive action should be taken when considering a claim.

(15 marks)

TOTAL 40 MARKS

3.

- i. Define Proximate Cause, with reference to case law.

(5 marks)

- ii. Define Indemnity using case law and give two examples of how an Insurer might indemnify a Policyholder.

(10 marks)

- iii. Explain, with the use of an example calculation, the Independent Liability method of apportioning a loss between Insurers in the event of Contribution.

(15 marks)

TOTAL 30 MARKS



4.

i. What is meant by Insurable Interest?

(10 marks)

ii. The FSA regulates the general insurance market; provide the FSA's definition of a complaint.

(10 marks)

iii. Who are the ABI and explain what their purpose is, provide one example of an ABI agreement that relates to the handling of Claims.

(10 marks)

TOTAL 30 MARKS

5.

Write notes on FIVE of the following to explain their impact on Claims handling:

- i. The Rehabilitation of Offenders Act 1974
- ii. The Water Industry Act (1991) Section 209
- iii. Third Parties (rights against Insurers Act (1974)
- iv. Financial Ombudsman Service
- v. Hotel Proprietors Act 1956
- vi. Operative Clause

Equal marks for each

TOTAL 30 MARKS



6.

- i. Explain the difference between an Underwriter and a Property Insurance Risk Manager

(10 marks)

- ii. Explain the difference between a moral and a physical hazard

(10 marks)

- iii. Provide two examples of recommendations a Loss Adjuster might make to reduce the physical hazard in relation to each of the following: **(NB no marks will be awarded where it is proposed that a peril is excluded from cover)**

- a. Stock of Computers in a warehouse close to a river
- b. A remote cottage with a high quantity of valuable antiques, the property is occupied by infirm Policyholders.
- c. An unoccupied Buy to Let property.
- d. A property located in an area well known for damage caused by graffiti
- e. An Off Licence located 200 meters from a Premier league football club

(10 marks)

TOTAL 30 MARKS