



The Chartered Institute of Loss Adjusters

Associateship Examination 2010 (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

QUESTION 1

Outline, with two examples of each, what is meant by the following in relation to the law of contract:

- a) *contra proferentem* rule
- b) Acceptance
- c) Consideration
- d) Offer

(10 marks for each)

40 MARKS

QUESTION 2

- a) Provide, using examples, defences to an action in Negligence.
- b) Explain the relevance, to insurance, of the Rehabilitation of Offenders Act (1974).
- c) Outline the role of an underwriter.
- d) Explain what is meant by the terms *volenti non fit injuria* and *Act of God*.

(10 marks for each)

40 MARKS

QUESTION 3

Explain in detail, using statutes and case law appropriate to each, what is meant by Indemnity, Subrogation and Contribution.

40 MARKS



QUESTION 4

Provide an explanation of each of the following terms, using language appropriate to a Policyholder with no insurance knowledge:

- a) Utmost Good faith
- b) Moral Hazard
- c) Peril
- d) Physical Hazard

(10 marks for each)

40 MARKS

QUESTION 5

Provide an explanation of the following in relation to insurance claims; your answer should include a critical assessment of the importance and benefits of each.

- a) Delegated Authority
- b) Validation of quantum
- c) Validation of circumstances
- d) Calculation of the value at risk

(10 marks each)

40 MARKS