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The Chartered Institute of Loss Adjusters

Associateship Examination 2014 (October)

Paper C1

The Principles of Insurance

3½ 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.

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ANSWER ALL QUESTIONS

QUESTION 1

a) Briefly explain the role of FIVE of the following parties in relation to the insurance market:

1. Lead insurers
2. Reinsurers
3. Chartered Institute of Loss Adjusters
4. Underwriter
5. Loss Adjusters
6. Insurance Broker.

(4 Marks each)

b) Define Proximate Cause and explain its importance in the validation of insurance claims. Your answer should include two examples and details of any relevant statutes and case law.

(20 Marks)

(40 MARKS)

QUESTION 2

a) Explain, giving examples, the significance of the following in relation to the handling of insurance claims:

1. Gradually operating cause
2. Validation of quantum
3. Delegated authority
4. Validation of circumstances.

(5 Marks each)

b) Explain the difference between Warranties, Conditions and Endorsements within an insurance policy. Draft an example of a typical Policy condition.

(20 Marks)

(40 MARKS)



QUESTION 3

1. Define Contribution. Include legal cases to explain the position.
 2. Provide details of two methods of the apportionment of a claim where dual insurance exists. Provide the correct calculation of an example for each method using your own figures.
 3. Explain the restrictions and or limitations when a claim has been made where dual Insurance exists.
 4. Explain the meaning of the terms Concurrent and Non-Concurrent Insurance.
(10 Marks each)
- (40 MARKS)**

QUESTION 4

1. Explain with case law the relevance of proximate cause to insurance.
(20 Marks)
 2. Detail how the principle of proximate cause is affected where an excluded peril leads to an insured peril and damaged results from both perils.
(20 Marks)
- (40 MARKS)**

QUESTION 5

With reference to the law of contract, explain the following terms:

1. Void and Voidable contracts
 2. Acceptance
 3. Privity of contract
 4. Contra Proferentem Rule.
(10 Marks each)
- (40 MARKS)**