

Examiner's comments

CILA C1 Principles of Insurance - April 2015

Overview

The exam comprises 5 compulsory questions of equal marks.

The exam, as a three and a half hour written paper, presents a particular challenge to candidates who have progressed through the on line test examination route. This is reflected in the pass rate for candidates.

From a review of the examination scripts the examiner recommends that candidates:

- Take account of the allocated marks and provide an appropriate level of detail and information in their answer. See comments below related to Question 1.
- Avoid the tendency to evidence their knowledge and understanding of topics with which they are most familiar.
- Clearly identify the requirements of the question and ensure that the answer includes all of the requirements.
- It was encouraging to see that a number of candidates answered the questions in their preferred order rather than the set order of the examination. This suggests that candidates have reviewed the exam paper.

Comments on specific questions.

The comments below give an indication of the approach and topics that should be included in an answer. They are not however presented as complete or model answers.

Q1 a	<p>Many candidates provided too much detail noting that a maximum 10 marks was available for all 4 elements. The question asked for a brief explanation of the role of the parties in relation to the insurance market. Some candidates also provided the background, processes and/or history to the parties rather than focussing upon the role.</p>
Q1 b	<p>This is an example of a question where candidates would benefit from breaking down the specific requirements of the question. The question, 20 marks, referred to subrogation in relation to insurance claims and required an answer covering:</p> <ol style="list-style-type: none"> 1. Definition 2. Explanation of its working 3. Two examples 4. Details of relevant case law
Q2 b	<p>This is an example of a question where candidates provided a limited answer including a definition but made no reference to the working of the principle.</p> <p>To achieve a pass the question required candidates to include:</p> <ul style="list-style-type: none"> • Operation of the doctrine. • Identifying the proximate cause. • Immediate and Intervening Causes. • Concurrent Causes. • Financial Ombudsman Service "But for Test".

Q3a	<p>Candidates should be aware of the mark allocation, 5 marks for each of the 4 parts of the question. Some candidates provided lengthy answers. Generally a well answered question asking candidates to demonstrate their knowledge and understanding of contract, negligence and strict liability.</p>
Q3b	<p>Some candidates found this a particularly challenging question. The key areas to be included were: Reference to the law of contract and the elements of purchasing a building – offer, acceptance, exchange of contracts and completion. The ownership/insurable interest throughout the process. Reference to relevant statutes e.g. Law of Property Act 1925. Difference between the purchase of domestic and commercial property e.g. Law Society Standard Conditions of Sale.</p> <p>Candidates were also required to include relevant examples</p>
Q3c	<p>Some candidates found this a particularly challenging question. The key areas to be included were: Ownership of goods delivered but not paid for. Reference to contract law Insurance cover/insurable interest Identify the specific contract terms and conditions Explain the impact of the Retention of Title Clause.</p> <p>In addition candidates were required to include relevant examples.</p>
Q4a	<p>Some candidates provided a detailed explanation of ICOBS in general and the wider implication of financial services regulation, for which limited marks were awarded.</p> <p>The question required candidates to explain Insurer's obligations with specific reference to claims.</p>
Q4b	<p>This question was answered well.</p>
Q4c	<p>The majority of candidates focused upon the changes in market practice which have widened scope of indemnity/claim settlement e.g. replacement as new, reinstatement condition etc.</p> <p>The candidates were also however required to include elements that may restrict indemnity/claim settlement such as; limitations in cover, Average Condition etc.</p>
Q5 a -c	<p>In general candidates performed well on these elements of the question.</p>
Q5 d	<p>There were a range of answers provided including reference to misrepresentation and non-disclosure and a list of insurable perils e.g. flood.</p> <p>The question however required candidates to provide examples such as: located near to a river, the construction of the building, previous claims history, demeanour etc.</p>