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The Chartered Institute of Loss Adjusters
Associateship Examination 2015 (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) Detail the six elements required for the formation of a legal contract. *(15 Marks)*

- b) Provide two examples of Statutory Liability. *(10 Marks)*

- c) Explain the differences between nuisance and negligence. *(15 Marks)*

40 MARKS

QUESTION 2

Explain, with relevant case law and statutes, the following:

- a) Indemnity
 - b) Subrogation
 - c) The Financial Conduct Authority
 - d) Proximate cause.
- (10 Marks each)*

40 MARKS

QUESTION 3

Explain the following terms, using simple language that would be appropriate to a Policyholder with no insurance knowledge:

- a) Moral hazard
 - b) Utmost good faith
 - c) Peril
 - d) Physical hazard.
- (10 Marks each)*

40 MARKS



QUESTION 4

- a) List the principal perils covered under a typical household insurance policy.
(10 Marks)
- b) Explain two of these perils.
(10 Marks)
- c) Detail the general exclusions to a typical household insurance policy.
(10 Marks)
- d) Explain a condition precedent to liability?
(10 Marks)
- 40 MARKS**

QUESTION 5

- a) Using an example calculation, explain the Independent Liability method of apportioning a loss between insurers in the event of Contribution.
(15 Marks)
- b) Explain the process in handling an impact damage claim to their house. Include the details and information required from them to enable you to consider quantum and any potential recovery.
(25 Marks)
- 40 MARKS**