



STRICTLY PRIVATE & CONFIDENTIAL
for internal use only

The Chartered Institute of Loss Adjusters
Associateship Examination 2016 (April)

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.

Notice of Copyright

This document and any information contained therein remains the confidential and copyright property of the CIL A. Without infringement neither the whole, nor any extract, may be disclosed, loaned, copied or used for manufacturing, the provision of services or any other purpose whatsoever without the express permission and written consent of the CIL A. No liability is accepted for any loss or damages from any cause whatsoever arising out of the use of this document or its contents.

COPYRIGHT © CIL A 2016



ANSWER ALL QUESTIONS

QUESTION 1

- a) Explain the principle of the *contra proferentem* rule. (10 Marks)
- b) With regard to the law of bailment, explain what is meant by the terms “bailee for reward” and “gratuitous bailee” provide two examples of each. (10 Marks)
- c) With regard to the common law tort of negligence, explain, using relevant case law and or statute law, the principles of “duty of care”, the “neighbour test”, “contributory negligence” and “res ipsa loquitur”. (20 Marks)
- 40 MARKS**

QUESTION 2

- a) With reference to the Theft Act 1968, explain the definition of Theft including the elements of the offence. (10 Marks)
- b) Detail the relevance of the Rehabilitation of Offenders Act 1974 in relation to disclosure of material facts at inception or renewal of an insurance policy. Note there is no requirement to explain the effects of the Insurance Act 2015. (10 Marks)
- c) Provide the definition of Riot. Explain the relevance of the Riot (Damages) Act 1886 in relation to an insurance claim for Riot. (10 Marks)
- d) Detail the relevance of the Hotel Proprietors Act 1956 in relation to a claim for the loss of property at a hotel in England. *You may answer this based on the jurisdiction where you operate but you must state the Act and the jurisdiction.* (10 Marks)
- 40 MARKS**



QUESTION 3

a) Explain the role of the following organisations:

1. The Chartered Institute of Loss Adjusters
2. The Financial Conduct Authority
3. The Association of British Insurers
4. The British Insurance Brokers Association.

(12 Marks)

b) Explain the use of Acceptance Forms and Mandates.

(12 Marks)

c) Explain the terms “validation of quantum”, “validation of circumstances”, “insured peril” and “onus of proof” relating to an insurance claim.

(16 Marks)

40 MARKS

QUESTION 4

a) Explain, using examples and case law, the principle of proximate cause.

(20 Marks)

b) Explain, using examples and case law, the principle of insurable interest.

(20 Marks)

40 MARKS



QUESTION 5

- a) Provide a legally correct detailed definition and explanation of indemnity.
(20 Marks)
- b) Using examples, explain the common law principle of Contribution. Your answer should include two examples of accepted practice used to apportion losses between insurers when contribution arises.

(20 Marks)

40 MARKS