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The Chartered Institute of Loss Adjusters
Associateship Examination 2016 (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) Compare and contrast moral and physical hazard. *(10 Marks)*
- b) Explain in brief terms what is meant by common law. *(5 Marks)*
- c) Define “tort” in its legal sense. *(5 Marks)*
- d) Provide two examples of torts and explain the legal principles of each. *(20 Marks)*
- 40 MARKS**

QUESTION 2

- a) Explain, using examples and case law, the principle of proximate cause in relation to insurance claims. Your answer should include the relevance to insured and excluded perils as well as burden of proof. *(20 Marks)*
- b) Explain, with the use of examples, the principle of indemnity in connection with insurance claims. *(20 Marks)*
- 40 MARKS**

QUESTION 3

- a) Explain the following in relation to contract law:
- I. Contra proferentem rule
 - II. Offer
 - III. Acceptance
 - IV. Consideration.
- (20 Marks)*



b) Explain, in detail, the principle of insurable interest.

(20 Marks)
40 MARKS

QUESTION 4

a) For each of the following, provide details of their relevance to insurance claims:

- I. Public Order Act 1986
- II. Consumer Insurance (Disclosure and Representations) Act 2012
- III. Theft Act 1968
- IV. Fires Prevention (Metropolis) Act 1774
- V. Hotel Proprietors Act 1956.

(20 Marks)

b) Explain the operation of the Financial Ombudsman Service in relation to a complaint concerning an insurance claim. Your answer should include details of monetary limits, under what circumstances complaints will be considered and the binding authority of the Financial Ombudsman Service.

(20 Marks)
40 MARKS



QUESTION 5

a) Provide a legally correct detailed definition and explanation of subrogation.

(20 Marks)

b) Explain the purpose of **four** of the following bodies:

- I. The Association of British Insurers
- II. The British Insurance Brokers' Association
- III. The Chartered Insurance Institute
- IV. Airmic
- V. FUED I
- VI. IFAA.

(20 Marks)

40 MARKS