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The Chartered Institute of Loss Adjusters
Advanced Diploma Examination 2017 (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.**

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QUESTION 1

- a) Explain in detail, using examples and case law, the principle of insurable interest. *(20 Marks)*
- b) Explain, with reference to the principle of insurable interest, the terms “bailee for reward” and “gratuitous bailee”. Provide an example of each term. *(10 Marks)*
- c) Discuss the differences between an insurance contract and a wagering contract. *(10 Marks)*

40 MARKS

QUESTION 2

- a) Explain, with reference to case law, the principle of contribution. *(15 Marks)*
- b) Identify and explain two contribution conditions or clauses found in policy wordings that amend the common law principle of contribution. *(10 Marks)*
- c) Detail, using worked examples, two common methods that are used to apportion losses between insurers when contribution arises. *(15 Marks)*

40 MARKS

QUESTION 3

- a) With reference to case law and statute, explain the principle of fair presentation. *(15 Marks)*
- b) Detail the key features of the Rehabilitation of Offenders Act 1974 and its relevance to the principle of fair presentation. *(10 Marks)*
- c) Explain the role of a risk manager. *(5 Marks)*
- d) Compare and contrast the role of a loss adjuster and a loss assessor. *(10 Marks)*

40 MARKS



QUESTION 4

- a) Outline the following legislation and explain its relevance to the handling of insurance claims:
- i) Fires Prevention (Metropolis) Act 1774 (8 Marks)
 - ii) Water Industry Act 1991 (8 Marks)
 - iii) Insurance Act 2015 (8 Marks)
 - iv) Third Parties (Rights against Insurers) Act 2010. (8 Marks)
- b) Explain the role and responsibilities of an insurance intermediary. (8 Marks)
- 40 MARKS**

QUESTION 5

- a) Briefly explain the principle of indemnity. (10 Marks)
- b) Detail, using examples, how a contract of insurance can modify the principle of indemnity. (14 Marks)
- c) Define the following:
- i) Risk (4 Marks)
 - ii) Peril (4 Marks)
 - iii) Nuisance (4 Marks)
 - iv) Underwriter. (4 Marks)
- 40 MARKS**