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The Chartered Institute of Loss Adjusters

Advanced Diploma Examination 2017 (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) Explain the principle of proximate cause using relevant statutes and case law. (20 Marks)
- b) Provide, with case law and other relevant sources, an appropriate definition of **two** of the following perils:
- Storm
 - Fire
 - Flood
 - Theft.

(20 Marks)

(40 MARKS)

QUESTION 2

- a) Explain the principle of subrogation. Your answer should include how insurance policies usually modify the principle.
- b) Explain the tort of negligence including what is meant by 'duty of care', 'the neighbour test' and one defence. Your answer should provide relevant case law.

(20 Marks)

(20 Marks)

(40 MARKS)



QUESTION 3

- a) Detail the requirements of a legally enforceable contract.
- b) Explain what is meant by and the effect of the contra proferentem rule in relation to contract.
- c) Explain the possible remedies for breach of contract.
- d) Explain the principle of capacity in relation to contract

(10 Marks each)

(40 MARKS)

QUESTION 4

- a) Explain the principle of indemnity. Your answer should include an explanation of the relationship between insurable interest and indemnity.
- b) Provide two examples of the ways in which insurance policies modify the principle of indemnity and explain how these operate.

(20 Marks)

(20 Marks)

(40 MARKS)

QUESTION 5

- a) Provide and explain two examples of Moral Hazard and two examples of Physical Hazard.
- b) Explain the options available to insurers on a Commercial Policy where there has been a failure to provide a fair presentation of the risk that affects the judgement of the insurer on whether to accept a risk and if so on what terms.

(20 Marks)

(40 MARKS)