

## Sample Questions CH1

1. In relation to Insurance what is Risk?
  - a) Possibility of danger, Loss or Injury
  - b) A board game
  - c) The terms and conditions
  - d) The premium
  
2. FUEDI is an organisation which seeks to do which of the following?
  - a) Promote independent and impartial professions within Insurance in Europe
  - b) Promote Loss Adjusting Worldwide
  - c) Promote independent and impartial loss adjusting in Europe
  - d) Promote independent and impartial Brokers
  
3. The contra proferentem rule relates to ?
  - a) Calculation of indemnity
  - b) Utmost good faith
  - c) Contracts that are voidable at insurers option
  - d) Interpretation of ambiguous terms
  
4. Insurable Interest was defined in which of the following
  - a) *Castellain v Preston* and the Marine Insurance Act 1906
  - b) *Hedley Byrne v Heller & Partners* and the Marine Insurance Act 1906
  - c) *Castellain v Preston* and the Fire Metropolis Act 1774
  - d) *Hyde v Wrench* and the Marine Insurance Act 1906
  
5. Which of the following facts need NOT be disclosed to an Underwriter
  - a) Facts that make a risk greater than usual
  - b) Facts of Law
  - c) Previous Claims or Losses
  - d) Facts which reduce Insurer's subrogation rights
  
6. Which of the following cases provided a definition of Proximate Cause?
  - a) *Pawsey v Scottish Union*
  - b) *Lucena v Crawford*
  - c) *Donoghue v Stephenson*
  - d) *Godin v London Assurance Co*

7. Which of the following words do NOT appear in the definition of Proximate Cause?

- a) efficient
- b) active
- c) motion
- d) with

8. Subrogation concerns which of the following?

- a) Recoveries
- b) Indemnity
- c) Dual Insurance
- d) Under Insurance

9. Which of the following must exist for fire as meant by an Insurance Policy to exist?

- a) Actual heat
- b) Actual Smoke
- c) Actual ignition
- d) Actual burn

1. Answers

- 1. A
- 2. C
- 3. D
- 4. A
- 5. B
- 6. A
- 7. D
- 8. A
- 9. C

## Sample Questions CH2

1. When it comes to reasonable care in a domestic claim, which of the following could make the ultimate binding decision as to whether there has been a breach of the condition:
  - A. The Underwriter
  - B. The Chartered Loss Adjuster
  - C. The Association of British Insurers
  - D. Financial Ombudsman Service
  
2. The term Average is best associated with which of the following?
  - A. Underinsurance
  - B. Overinsurance
  - C. Fraud
  - D. Negotiation
  
3. The Fraud Act 2006 states that fraud may arise in which of the following:
  - A. Misrepresentation, by failing to disclose information, abuse of position, by making or supplying items for use in frauds
  - B. Breach of utmost goodfaith and abuse of position
  - C. Supplying items for use in frauds, and breach of utmost good faith, abuse of position
  - D. Dishonestly appropriating property belonging to another with the intention of permanently depriving the owner of the property

*(answers on next page)*

## Answers

- 1) D
- 2) A
- 3) A

### Sample Questions CH3

1) Sarah works as a school secretary and on the day before the school breaks up for the summer holiday there is a parent teacher football match. Sarah previously played for the Luton Belles as a goal keeper and is asked to play in goal for the teacher team. The match is to be played at 4:00 pm which is half an hour after Sarah usually ends her working day. During the match Sarah dives at the feet of a parent to take the ball. Sarah wins the ball and as a precaution the referee Edmond Jolly blows his whistle and awards a “free kick” to Sarah’s team. The parent is bemused by the decision and argues the point with the referee. The referee’s attention and that of most present is occupied by the discussion. In the interim Sarah walks back to the goal line and her foot tangles in the net. Whilst pulling her foot free the cross bar becomes dislodged and strikes Sarah on the head. Fortunately Jamal, one of the other teachers sees this and administers first aid to a cut on Sarah’s forehead.

- i. Sarah decides to claim against the school for her injury and appoints Kennilworth, Oak and Maple Solicitors. The first action they would correctly take with regard to the claim process is to:
  - A. Provide a decision on liability
  - B. Issue a letter of Claim
  - C. Make a Part 36 offer to prevent the school from doing so
  - D. Allocate costs
  
- ii. The school immediately provides an admission of legal liability. However, it later establishes facts that mean that they may not have been liable. Which of the following BEST summarises their position:
  - A. Providing it is a Pre-Action admission the admission can be withdrawn with the consent of Sarah.
  - B. The admission cannot be withdrawn
  - C. The admission can be withdrawn - it is meaningless
  - D. The Civil Procedure Rules are intended to speed matters up. The school did so and if they can prove they are not liable they will be entitled to compensation from Sarah.

2) Aston, Horton and West are a partnership who operates a shop selling sports equipment in a busy high street. Following a disturbance involving rival football fans their shop front is damaged and the shop is unable to open for three days due to the extent of damage. After three days the shop re-opens but half of the shop front remains boarded and as a result trade is reduced as many potential customers believe the shop must be closed.

- i. To consider the extent of the amount payable under the terms of the Policy the rate of Gross profit needs to be established. This is calculated by:

A. Turnover = Rate of Gross Profit

Gross Profit

B. Gross Profit = Rate of Gross Profit

Turnover

C. Sum Insured = Rate of Gross Profit

a. Value at Risk

D. Value at Risk = Rate of Gross Profit

a. Sum Insured

- ii. The partners ask you for advice regarding increased costs of working. They believe that it would be profitable to advertise in the local paper stating that the shop is open. Which of the following summarises the most likely cover:

A. There would be no cover for this additional expenditure

B. There would be unlimited cover for increase cost of working

C. Providing the additional spend is economic it will be covered

D. There is cover but the action should be discouraged in case it does not work out

3) Sandra and Gary share a 1920's 2 bedroom house in Surrey; they suffer a burst pipe such that their bathroom, kitchen and both bedrooms are out of use. Sandra often works away from home and Gary states that he may move into his parents' house for a short time. However, initially they move into a hotel "The Extravagant Lodge" which is frequented by politicians and film stars. The hotel is in central London but is easier for Gary to get to work as he is based in central London.

- i. Gary states that he is keen to stay in the hotel having settled there. The repairs works are likely to take around ten weeks and the cost is £300 per night. Gary points out that he can reduce his commuting cost by almost £200 per month which means he'll have extra money to make improvements to the house when it is repaired. You are initially asked to explain your measure of whether the house is habitable. Which of the following is the most appropriate measurement?

A. There has been an Insured Peril so if the Policyholder wishes to move out the cost is covered

B. There is only cover if the property is structurally unsound

C. There are no bathroom facilities, cooking facilities or sleeping accommodation and this suggests the property is uninhabitable.

D. The Policyholder must be questioned as to what they would have done if this had been planned work. The property is only uninhabitable if they confirm that they would have moved out in such circumstances.

- ii. You are now asked what guidance should be given about the nature of the accommodation Gary and Sandra should occupy during the period of unoccupancy. The most appropriate guidance you could provide is which of the following?

A. The cheapest accommodation i.e. staying with relatives is the most appropriate

B. The economics of the situation should be considered as a priority

C. Gary and Sandra have indicated that they could move in with parents, this must therefore be the procedure

D. The sum insured for Alternative Accommodation is usually a percentage of the sum insured. Providing this is not exceeded there is no issue with the costs incurred.

*(answers on next page)*

## **Answers**

1 i) **B**

1 ii) **A**

2 i) **B**

2 ii) **C**

3 i) **C**

3 ii) **B**