



**THE CHARTERED INSURANCE INSTITUTE**

**DIPLOMA**

**OCTOBER 2009 EXAMINATION PAPER**

**UNIT P11  
PERSONAL INSURANCE PRACTICE**

**INSTRUCTIONS**

- Three hours are allowed for this paper.
- Fill in the information requested on the answer booklet and on form B.
- You are allowed to write on the inside pages of this question paper but you must **NOT** write your name, candidate number, PIN or any other identification anywhere on this question paper.
- **The answer booklet and this question paper must be handed in personally by you to the invigilator before you leave the examination. Failure to do this may result in your paper not being marked and you may be prevented from entering this examination in future.**

**READ THE INSTRUCTIONS OVERLEAF CAREFULLY BEFORE ANSWERING ANY QUESTIONS.**



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**P11 – Personal insurance practice**

**CANDIDATE INSTRUCTIONS**

**READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS.**

Three hours are allowed for this paper. You should answer all questions in Part I and two out of the four questions in Part II.

The paper carries a total of 200 marks, as follows:

Part I	14 compulsory questions	140 marks
Part II	2 questions selected from 4	60 marks

You are advised to spend no more than two hours on Part I.

Answer each question on a new page. If a question has more than one part, leave several lines blank after each part.

It is important to show each step in any calculation, even if you have used a calculator.

You may find it helpful in some places to make rough notes in the answer booklet. If you do this, you should cross through these notes before you hand in the booklet.

## **PART I**

**Answer ALL questions in Part I.  
Each question is worth 10 marks.**

**Note form is acceptable where this conveys all the necessary information.**

1. (a) Describe the characteristics you would associate with high net worth clients. (6)
- (b) Explain the level of customer service that should be provided for such clients. (4)
  
2. (a) Outline the meaning of the term 'subrogation'. (4)
- (b) Explain how subrogation rights may arise under contract and statute. (6)
  
3. State the general questions you would normally find in a household insurance proposal form and outline the reasons for these questions. (10)
  
4. Explain briefly what is meant by the term 'micro environment', in relation to personal insurances. (10)
  
5. Explain briefly the extended warranty insurance cover applicable to electrical goods. (10)

6. (a) Explain the reason for the car sharing clause in private car insurance policies. (2)
- (b) Outline the provisions that must be met to allow a car sharing clause to operate. (8)
7. State the exclusions you would expect to see in an accidental damage extension to a household buildings insurance policy. (10)
8. Outline the main legal liability cover as set out in a typical household buildings insurance policy. (10)
9. Explain the classes of use applicable to private car insurance. (10)
10. Explain the insurer's rights condition which is found in a private car motor insurance policy. (10)
11. (a) Describe the Claims and Underwriting Exchange (CUE). (4)
- (b) Name two other measures used by insurers to tackle fraud in connection with household insurance policies. (6)

- 12.** Explain briefly the Financial Services Compensation Scheme. **(10)**
  
- 13.** Outline five general exclusions that would normally be found in a typical household buildings and contents insurance policy. **(10)**
  
- 14.** Explain briefly, with examples, how an insurer may promote its products. **(10)**

## PART II

**Answer TWO of the following FOUR questions.  
Each question is worth 30 marks.**

- 15.** Mr White is not happy with the way his claim has been dealt with by his motor insurer. Explain the action he can take. **(30)**
- 16.** Mr and Mrs Smith are on holiday when thieves break into their house. Several valuable items are stolen including jewellery. In addition, cash and a stamp collection are also taken. A loss adjuster is appointed to investigate the loss.
- Explain:
- (a) the relevant cover provided by a typical household buildings and contents insurance policy; **(20)**
- (b) how the loss adjuster can assist Mr and Mrs Smith with their claim. **(10)**
- 17.** The WYZ Insurance Company decides to launch a personal accident insurance policy, excluding sickness cover.
- (a) Explain the cover provided by the policy. **(20)**
- (b) Outline how the product could be marketed electronically. **(10)**
- 18.** Mr and Mrs Green and their children decided to take a winter sports holiday in Austria. Things did not go well. Some of their baggage was lost at the airport and did not reach them for 24 hours. While in the hotel some money and passports were stolen from their room. To make matters worse, Mr Green was injured while skiing and broke a leg.
- In respect of all these incidents, explain the cover provided by a typical travel insurance policy or by an extension to a travel insurance policy. **(30)**

