



THE CHARTERED INSURANCE INSTITUTE

DIPLOMA

OCTOBER 2009 EXAMINATION PAPER

**UNIT P86
PERSONAL INSURANCES**

INSTRUCTIONS

- Two 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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P86 – Personal insurances

CANDIDATE INSTRUCTIONS

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS.

Two hours are allowed for this paper which contains 15 short answer questions and carries a total of 130 marks.

The number of marks allocated to each question part is shown next to the question and you should spend your time in accordance with that allocation.

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.

Answer ALL questions.

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

1. List four factors used in rating a personal accident insurance policy. (4)
2. Explain briefly the role of loss adjusters. (11)
3. List the main standard exclusions to subsidence cover. (8)
4. Outline the five main covers under a travel insurance policy. (10)
5. Outline four ways in which a standard household contents insurance policy can be extended. (8)
6. List five distribution channels a personal lines insurer may use. (5)
7. One afternoon, Mr Smith was using his new quad bike in a local park. A dog ran out in front of him, causing him to swerve. He collided with a tree, hitting his head and breaking his ankle. The dog's owner heard the collision and telephoned for an ambulance. Mr Smith was taken to hospital, where he remained for a week. During this time, he unfortunately contracted a serious illness and needed to remain in hospital for a further four months.

Mr Smith has a typical personal accident insurance policy which has not been extended.

Explain how you, the claims handler, would deal with this claim. Use relevant case law to illustrate your answer. (13)

- 8.** Explain how the duty of disclosure affects a customer's obligations to an insurer at the various stages of the policy life cycle. **(8)**
- 9.** Describe briefly the reasons for the application of index-linking in household insurance and how this can be calculated. **(10)**
- 10.** List the four main rules in the Insurance: New Conduct of Business Sourcebook relating to claims handling. **(4)**
- 11.** Outline five reasons for the use of a survey in household insurance. **(10)**
- 12.** Describe briefly the three processes which may be used to resolve disputes between insurers and claimants over quantum. **(12)**
- 13.** Outline the various policy limits often applied in a standard contents insurance policy. **(9)**
- 14.** List five exclusions under a typical pet insurance policy. **(5)**
- 15.** Explain briefly the cover given under the personal possessions extension to a contents insurance policy. **(13)**

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