

P86

Diploma in Insurance

Unit P86 – Personal insurances

April 2013 examination

Instructions

- Two hours are allowed for this paper.
- **Do not begin writing until the invigilator instructs you to.**
- **Read the instructions on page 3 carefully before answering any questions.**
- Provide the information requested on the answer book and 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 book and this question paper must **both be handed in personally by you** to the invigilator before you leave the examination room. **Failure to comply with this regulation will result in your paper not being marked and you may be prevented from entering this examination in the future.**

Unit P86 – Personal insurances

Instructions to candidates

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.
- Read carefully all questions and information provided before starting to answer. Your answer will be marked strictly in accordance with the question set.
- The number of marks allocated to each question part is given next to the question and you should spend your time in accordance with that allocation.
- 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.
- It is important to show each step in any calculation, even if you have used a calculator.
- If you bring a calculator into the examination room, it must be a silent battery or solar-powered non-programmable calculator. The use of electronic equipment capable of being programmed to hold alphabetic or numerical data and/or formulae is prohibited. You may use a financial or scientific calculator, provided it meets these requirements.
- Answer each question on a new page. If a question has more than one part, leave six lines blank after each part.

Answer ALL questions**Note form is acceptable where this conveys all the necessary information**

1. Outline **five** discounts that may be applied to a typical household insurance premium. (10)
2. Describe the cover and exclusions for theft and malicious damage under a typical household buildings policy. (8)
3. Explain the problems arising for insurers through the use of 'aggregators'. (10)
4. State **six** of the dispute resolution requirements from the Financial Services Authority Handbook. (6)
5. (a) Outline the **three** main styles of mediation that are used in personal insurances. (6)
(b) Explain the reasons why the mediation process is used in personal insurances. (6)
6. Explain the cover and state the exclusions under the student belongings extension of a household contents policy. (11)
7. Describe the benefits to the insurer of using a loss adjuster in the household claims process. (10)
8. List **six** extensions to a typical travel insurance policy. (6)
9. Identify the initial actions a claims handler would take on receipt of a telephone call from an insured advising of fire damage under a household buildings policy. (7)
10. Describe the recommended changes in the extended warranty market in recent years due to some criticism by the Competition Commission. (8)

11. State **six** risk assessment factors used in the underwriting and rating of small craft. (6)

12. Describe the cover in a typical personal accident policy under the medical expenses, legal expenses and personal accident sections. (12)

13. Explain briefly the cover and exclusions under the legal liability section of a caravan policy. (6)

14. Describe briefly **four** sources from which an insurer may obtain business using the indirect distribution channel. (12)

15. Identify **six** risk assessment factors for pet insurance. (6)

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