

P86

Diploma in Insurance

Unit P86 – Personal insurances

October 2014 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. List **six** pieces of information found within a household policy schedule. (6)

2. (a) Explain the cover given under the property damage section of a small craft policy. (6)

(b) State **four** principal exclusions found under the property damage section of the policy. (4)

3. (a) Define subsidence under a typical household buildings policy. (2)

(b) Outline **five** exclusions found under the peril of subsidence. (5)

4. Explain why special consideration is given to the underwriting of insurance for holiday homes in the UK and overseas, including the conditions that are often attached to such policies. (12)

5. Explain how the Treating Customers Fairly principles support the Financial Conduct Authority's statutory objective of 'delivering customer protection'. (8)

6. (a) Define the concept of proximate cause. (2)

(b) During a storm, lightning damages a building, weakening a structural wall. The wall subsequently falls down in high winds.

Explain how the policy wording could operate, using **two** relevant case law examples. (8)

7. Describe the procedures for the investigation of claims under personal accident and sickness policies. (10)

8. Explain the factors that must be considered when determining the sum insured of a building. (8)
9. When completing a quote for household insurance on the internet, there is usually a set of questions to confirm the risk is eligible for the cover available.
Identify **eight** items included in this eligibility statement. (8)
10. Describe the cover provided under the medical expenses section of a travel insurance policy. (10)
11. (a) Outline the arbitration condition found in some household policies. (3)
(b) Identify **three** circumstances in which an insured may apply to have an award at arbitration set aside. (3)
12. Describe **three** main areas of cover usually provided under a pet insurance policy. (9)
13. (a) An optional extension of accidental damage cover can be added to a household contents policy.
Define accidental damage cover and provide **two** examples of how a claim could arise. (5)
(b) List **five** specific exclusions to the accidental damage extension. (5)
14. Outline **five** implied duties of the policyholder wishing to pursue a claim under their household policy. (10)
15. List **six** criteria that will be considered to determine whether a potential policyholder would be eligible for cover under a payment protection policy. (6)

BLANK PAGE

