

P86

Diploma in Insurance

Unit P86 – Personal insurances

April 2016 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** items that are excluded under the personal possessions extension of a household contents policy. (6)

2. Outline **three** optional extensions to a payment protection insurance policy. (9)

3. Outline **five** different sum insured limits in a household contents policy. (15)

4. Describe briefly the cover and exclusions under the legal liability sections of a household buildings policy. (8)

5. State **six** specific exclusions found in a typical extended warranty insurance policy. (6)

6. Describe briefly the important information included in the 'information and facilities' section of a policy document. (12)

7. Describe briefly **three** methods of claims notification commonly in use in the insurance market. (9)

8. Explain briefly the benefits to the insurer of using indirect distribution channels. (5)

9. Describe briefly **three** types of cover provided under a typical pet insurance policy. (12)

- 10. (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)**
- 11.** List **six** risk assessment factors used in the underwriting and rating of small craft. **(6)**
- 12.** Discuss the advantages to insurers of offering quotations through the internet rather than through a call centre. **(9)**
- 13. (a)** State the usual definition of 'contents' included in the contents section of a typical household policy. **(3)**
- (b)** List **six** perils that are covered under a standard household contents policy. **(6)**
- 14.** Explain briefly how new for old cover differs from indemnity and why it is commonly offered in home insurance policies. **(6)**
- 15.** Describe briefly the cover available under the catastrophe or disaster extension of a typical travel insurance policy. **(6)**

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