

P86

Diploma in Insurance

Unit P86 – Personal insurances

October 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** exclusions from a typical personal accident policy. (6)

2. Outline the major differences between 'after the event' and 'before the event' legal expenses products. (8)

3. (a) Identify the **six** conditions that must be fulfilled for contribution to arise between two or more policies of insurance. (6)

(b) Describe the purpose of the personal effects contribution agreement put in place by the Association of British Insurers (ABI), and how it operates. (9)

4. Explain the cover and exclusions for theft and malicious damage under a typical household buildings policy. (9)

5. Describe the issues that social exclusion causes in the insurance market. (10)

6. Explain the operation of a franchise and a policy excess in respect of insurance policies, outlining the differences between them. (8)

7. (a) State the definition of 'buildings' as used in a typical home insurance policy. (7)

(b) List **eight** perils covered under a typical buildings policy. (8)

8. Explain briefly the benefits of electronic document storage in the insurance industry. (6)

9. Outline the risk assessment factors for caravan insurance cover. (9)
10. State **eight** pieces of information the underwriter will need in order to consider the risk under a typical personal accident and sickness policy. (8)
11. Outline **three** reasons an insurer might require minimum levels of security to be applied to an insured property. (6)
12. Outline briefly why an insurer may choose to replace damaged items in preference to other methods of claims settlement. (6)
13. Describe briefly the **four** different types of excess that may be applied to a typical household buildings policy. (12)
14. You are a claims handler and receive notification of a claim for flood damage under a typical household buildings policy.

Identify **six** actions you will take to validate and progress the claim. (6)
15. List **six** reasons why a typical household contents insurance policy may not meet the needs of a home worker. (6)

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