

P86

Diploma in Insurance

Unit P86 – Personal insurances

April 2017 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 **seven** optional extensions which could be added to a typical travel insurance policy. (7)

2. (a) Outline **three** factors to be considered when assessing the risk of subsidence to domestic properties. (6)
- (b) Explain briefly the operation of the Association of British Insurers subsidence agreement. (3)

3. Explain briefly the underlying faith principles that have influenced the development of Takaful insurance products in the UK insurance market, highlighting why traditional insurance is considered inappropriate. (6)

4. Explain the cover provided by the third party liability section found in a typical pet insurance policy. (8)

5. Describe the cover and exclusions under a typical mobile phone insurance policy. (8)

6. Outline **five** discounts insurers may apply to reduce the cost of a household insurance premium. (10)

7. (a) Explain the cover for accidental damage automatically included under a standard buildings policy. (6)
- (b) Describe briefly the cover and exclusions under the accidental damage extension to a household buildings policy. (6)

8. List **eight** major headings that form the structure of a policy issued in a scheduled form. (8)
9. (a) Explain briefly the meaning and intention of the common law principle of subrogation, with reference to case law. (8)
- (b) State **four** situations in which this principle may be modified. (4)
10. Describe the cover and exclusions under the home emergency extension of a typical household policy. (12)
11. Identify the **seven** optional extensions to standard household contents cover automatically included in a high net worth policy. (7)
12. (a) Explain briefly the rights given to insurers under the claims condition. (6)
- (b) Outline **three** further policy conditions which may affect the settlement of a household claim. (6)
13. State the **six** consumer outcomes that firms should strive to achieve through Treating Customers Fairly. (6)
14. Describe briefly the cover and exclusions in respect of liability to third parties under a typical small craft policy. (8)
15. List **five** available extensions which can be added to a 'blocks of flats' policy. (5)

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