



Chartered  
Insurance  
Institute

# P86

## Diploma in Insurance

### Unit P86 – Personal insurances

April 2018 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** factors used to calculate a premium for a household contents insurance policy. (6)
2. Identify **six** areas covered by the Privacy and Electronic Communications (EC Directive) 2003 and 2011. (6)
3. Describe the procedures for the investigation of claims under personal accident and sickness policies. (10)
4. State **six** specific exclusions found in a caravan insurance policy, in respect of damage to the caravan and its contents. (6)
5. List the **five** factors used in the underwriting and rating of payment protection insurance. (5)
6. (a) Define indemnity. (2)  
(b) Outline **four** circumstances where a claim under a 'new for old' policy would be settled on an indemnity basis. (8)
7. Describe the cover available under the cancellation or curtailment section of a typical travel insurance policy. (12)
8. 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)

9. Describe the cover and exclusions under the occupiers' and personal liability section of a household contents policy. (10)
10. Outline **eight** requirements placed on authorised insurers by the Dispute Resolution Sourcebook of the Financial Conduct Authority Handbook. (8)
11. (a) State the obligations the Consumer Insurance (Disclosure and Representations) Act 2012 places on both the consumer and insurer. (3)
- (b) Outline the remedies available to the insurer in the event of misrepresentation by the consumer. (6)
12. Describe the rights of the insurer following a claim. (12)
13. (a) Describe the cover under an extended warranty policy for motor vehicles. (6)
- (b) State **two** exclusions to this cover. (2)
14. Explain the cover available for 'loss of rent' under a typical household buildings policy. (6)
15. Outline **five** factors household insurers use as indicators of moral hazard. (10)

**BLANK PAGE**



