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Institute

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E86

Diploma in Insurance

Examination element of M86 Personal insurances

Based on the 2023/2024 syllabus
examined from 1 May 2023 until 30 April 2024

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Based on the 2023/2024 syllabus examined from 1 May 2023 until 30 April 2024

Introduction

This examination guide has been produced by the Qualifications and Assessment Department at the Chartered Insurance Institute to assist students in their preparation for the E86 examination. It contains a specimen examination with answer key.

Ideally, students should have completed the majority of their E86 studies before attempting the specimen examination. Students should allow themselves one hour to complete the examination. They should then review their performance to identify areas of weakness on which to concentrate the remainder of their study time. The examination must be successfully passed within 18 months of enrolment on M86.

Although the specimen examination in this guide is typical of an E86 examination, it should be noted that it is not possible to test every single aspect of the syllabus in any one particular examination. To prepare properly for the examination, candidates should make full use of the tuition options available and read as widely as possible to ensure that the whole syllabus has been covered. They should also endeavour to keep as up-to-date as possible with developments in the industry by reading the periodicals listed in the M86 reading list, which is located on the syllabus in this examination guide and on the CII website at **www.cii.co.uk**.

Background Information

CII examination questions undergo a rigorous writing and editing process before reaching an examination. The questions are written to strict guidelines by practitioners with relevant technical knowledge and experience. Questions are very carefully worded to ensure that all the information required to answer the question is provided in a clear and concise manner. They are then edited by an independent panel of experienced practitioners who have been specifically trained to ensure that questions are technically correct, clear and unambiguous. As a final check, each examination is scrutinised by the Senior Examiner and a CII assessment expert.

Occasionally a question will require amendment after the examination guide is first published. In such an event, the revised question will be published on the CII website:

- 1) Visit **www.cii.co.uk/learning/qualifications/diploma-in-insurance-qualification/unit-personal-insurances-m86/**
- 2) Select 'exam guide update' on the right hand side of the page

Candidates should also refer here for the latest information on changes to law and practice and when they will be examined.

Syllabus

The M86 syllabus is published on the CII website at www.cii.co.uk. **Candidates should note that the examination is based on the syllabus, rather than on any particular tuition material.** Of course, the CII tuition material will provide the vast majority of the information required to perform well in the examination, but the CII recommends that students consult other reference materials to supplement their studies.

Skill Specification

The examination syllabus categorises M86 learning outcomes into attainment levels. Each learning outcome specifies the level of skill required of candidates and thus the level at which candidates may be tested.

The syllabus requires that candidates have the ability to understand the subject matter. Each learning outcome begins with the following cognitive skill:

Understanding - Candidates must be able to link pieces of information together in cause and effect relationships. Typically questions may ask 'Why'. Questions set on an *understand* learning outcome can test either knowledge or understanding or both.

Examination Information

The method of assessment for the E86 examination is 50 multiple choice questions. One hour is allowed for this examination.

The M86 syllabus provided in this examination guide will be examined from 1 May 2023 until 30 April 2024.

Candidates will be examined on the basis of English law and practice unless otherwise stated.

The general rule is that legislative and industry changes will not be examined earlier than 3 months after they come into effect.

E86 examinations test the Financial Conduct Authority and Prudential Regulation Authority rules and regulations.

When preparing for the examination, candidates should ensure that they are aware of what typically constitutes each type of product listed in the syllabus and ascertain whether the products with which they come into contact during the normal course of their work deviate from the norm, since questions in the examination test generic product knowledge.

A multiple choice question consists of a problem followed by four options, labelled A, B, C and D, from which the candidate is asked to choose the correct response. Each question will contain only one correct response to the problem posed.

One mark is awarded for each correct response identified by the candidate. No mark is awarded if the candidate either chooses an incorrect response, chooses more than one response or fails to choose any response. No marks are deducted for candidates choosing an incorrect response.

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.

Candidates are permitted to make rough notes. Candidates are **not** permitted, in any circumstances, to remove any papers relating to the examination from the examination room.

Examination Technique: Multiple Choice Questions

The best approach to multiple choice examinations is to work methodically through the questions.

The questions are worded very carefully to ensure that all the information required is presented in a concise and clear manner. It cannot be emphasised too strongly that understanding the precise meaning of the question is vital. If candidates miss a crucial point when reading the question it could result in choosing the wrong option. Candidates should read carefully through the question and all the options before attempting to answer.

Candidates should pay particular attention to any words in the question which are emphasised in bold type, for example, **maximum**, **minimum**, **main**, **most**, **normally** and **usually**. Negative wording is further emphasised by the use of capital letters, for example **NOT**, **CANNOT**.

Candidates should not spend too much time on any one question. If they cannot make up their mind, they should leave the question and come back to it later.

When all of the questions have been answered, it is prudent to use any remaining time to go through each question again, carefully, to double-check that nothing has been missed. Altering just one incorrect response to a correct response could make the difference between passing and failing.

Before the Examination

Before sitting the examination, please visit the preparation page on the CII website to familiarise yourself with the different requirements for sittings via remote invigilation and at an exam centre www.cii.co.uk/learning/qualifications/assessment-information/before-the-exam/

After the Examination

Rigorous checks are made to ensure the correctness of the results issued. A pre-defined quota of passes to be awarded does not exist. If all candidates achieve a score of at least the pass mark, then all candidates will be awarded a pass grade. Individual feedback on the candidate's examination performance is automatically provided and will indicate the result achieved and, for each syllabus learning outcome, the percentage of questions in the examination that were answered correctly.

Personal insurances

Purpose

At the end of this unit, candidates should be able to demonstrate an understanding of market practices and the business environment for personal insurances. This excludes motor insurance.

Assumed knowledge

It is assumed that the candidate already has knowledge of the fundamental principles of insurance as covered in IF1 Insurance, legal and regulatory or equivalent examinations.

Summary of learning outcomes	Number of questions in the examination *
1. Understand the general market practices of personal insurances.	8
2. Understand the policy coverage, underwriting and rating considerations of household insurances.	14
3. Understand the policy coverage, underwriting and rating considerations of other personal insurance products.	6
4. Understand the claims notification, investigation and settlement procedures for personal insurances, including relevant case law.	13
5. Understand the main aspects of the business environment of personal insurances.	9

* The test specification has an in-built element of flexibility. It is designed to be used as a guide for study and is not a statement of actual number of questions that will appear in every exam. However, the number of questions testing each learning outcome will generally be within the range plus or minus 2 of the number indicated.

Important notes

- Method of assessment:
Mixed assessment consisting of two components, both of which must be passed. One component is a coursework assignment and one is a multiple choice question (MCQ) examination. The details are:
 - an online coursework assignment using RevisionMate consisting of 10 questions which sequentially follow the learning outcomes. This must be successfully completed within 6 months of enrolment; and
 - an MCQ exam consisting of 50 MCQs. 1 hour is allowed for this exam. This exam must be successfully passed within 18 months of enrolment.
- This syllabus will be examined from 1 May 2023 until 30 April 2024.
- Candidates will be examined on the basis of English law and practice unless otherwise stated.
- This PDF document is accessible through screen reader attachments to your web browser and has been designed to be read via the speechify extension available on Chrome. Speechify is an extension that is available from <https://speechify.com/>. If for accessibility reasons you require this document in an alternative format, please contact us on online.exams@cii.co.uk to discuss your needs.
- Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:
 - Visit www.cii.co.uk/qualifications
 - Select the appropriate qualification
 - Select your unit from the list provided
 - Select qualification update on the right hand side of the page

1. Understand the general market practices of personal insurances.

- 1.1 Explain the operation of the insurance market and the types of products available.
- 1.2 Describe the risk assessment process.
- 1.3 Outline the processes of policy management.
- 1.4 Describe the ways in which the terms of cover may be modified.

2. Understand the policy coverage, underwriting and rating considerations of household insurances.

- 2.1 Describe the scope of cover for buildings under a household policy.
- 2.2 Explain the basis of rating and underwriting under a household buildings insurance policy.
- 2.3 Describe the scope of cover for contents under a household insurance policy.
- 2.4 Explain the basis of rating and underwriting for contents under a household insurance policy.
- 2.5 Describe the scope of cover and the basis of rating and underwriting under common extensions to a household insurance policy.

3. Understand the policy coverage, underwriting and rating considerations of other personal insurance products.

- 3.1 Describe policy cover, underwriting and rating considerations for domestic animals.
- 3.2 Explain policy cover, underwriting and rating considerations for travel insurance.
- 3.3 Explain policy cover, underwriting and rating considerations for personal accident and sickness insurance.
- 3.4 Explain policy cover, underwriting and rating considerations for special risks.

4. Understand the claims notification, investigation and settlement procedures for personal insurances, including relevant case law.

- 4.1 Explain the duties of parties to the insurance contract.
- 4.2 Explain the process of notifying and investigating a claim.
- 4.3 Explain claims settlement.
- 4.4 Explain the legal and regulatory processes for dispute resolution.

5. Understand the main aspects of the business environment of personal insurances.

- 5.1 Discuss the different distribution channels for personal insurances.
- 5.2 Discuss the different information technology and information systems used in personal insurance.
- 5.3 Examine the social and ethical considerations within the business environment of personal insurances.
- 5.4 Examine the regulatory considerations within the business environment of personal insurances.

Reading list

The following list provides details of further reading which may assist you with your studies.

Note: The examination will test the syllabus alone.

The reading list is provided for guidance only and is not in itself the subject of the examination.

The resources listed here will help you keep up-to-date with developments and provide a wider coverage of syllabus topics.

CII study texts

Personal insurances. London: CII. Study text M86

Insurance, legal and regulatory. London: CII. Study text IF1

Books (and ebooks)

Bird's modern insurance law. 12th ed. John Birds. Sweet and Maxwell, 2022.

'Cover: causes of loss: Personal accident'. Chapter – The law of insurance contracts. 6th ed. Malcolm A Clarke et al. London: Informa, 2009.

Colinvaux's law of insurance. 13th ed. London: Sweet & Maxwell, 2022.

'Household buildings policies'. Chapter – The modern law of insurance. Andrew McGee. 3rd ed. London: LexisNexis, 2011.

'Household contents policies'. Chapter – The modern law of insurance. Andrew McGee. 3rd ed. London: LexisNexis, 2011.

'Housing disrepair claims'. Chapter – Claims handling law and practice: a practitioner's guide. Richard West et al et al. London: Witherby, 2008.

Insurance claims. 5th ed. Alison Padfield. Bloomsbury Professional, 2021.

Insurance law in the United Kingdom. 3rd ed. John Birds. The Netherlands: Kluwer Law International, 2015.

Insurance theory and practice. Rob Thoyts. Routledge, 2010.*

'Personal accident policies'. Chapter – MacGillivray on insurance law: relating to all risks other than marine. 13th ed. Sweet & Maxwell, 2015.

'Subsidence'. Chapter – Claims handling law and practice: a practitioner's guide. Richard West et al et al. London: Witherby, 2008.

The subsidence handbook. The Subsidence Forum. 4th ed. RSA, 2013.

'Travel insurance' Chapter – The modern law of insurance. 3rd ed. Andrew McGee. London: Informa, 2011.

Online resources

Household insurance in the UK, key trends and opportunities. ©Timetric Forecast Report. Annual. Available for members at www.cii.co.uk/forecastreports.

Personal accident and health insurance in the UK, key trends and opportunities. ©Timetric Forecast Reports. Annual. Available for members at www.cii.co.uk/forecastreports.

Pet insurance in the UK, key trends and opportunities. ©Timetric Forecast Reports. Annual. Available for members at www.cii.co.uk/forecastreports.

The fair treatment of customers. Financial Conduct Authority. Available online via www.fca.org.uk/firms/fair-treatment-customers.

Journals and magazines

The Journal. London: CII. Six issues a year. Post magazine. London: Incisive Financial Publishing. Monthly. Contents searchable online at www.postonline.co.uk.

Access to further periodical publications is available from the Knowledge website at www.cii.co.uk/journalmagazines (CII/PFS members only).

Reference materials

Concise encyclopedia of insurance terms. Laurence S. Silver, et al. New York: Routledge, 2010.*

Dictionary of insurance. C Bennett. 2nd ed. London: Pearson Education, 2004.

Insurance: Conduct of Business sourcebook (ICOBS). Available via www.handbook.fca.org.uk/handbook/ICOBS.

Exemplars

Exemplar papers are available for all mixed assessment units. Exemplars are available for both the coursework component and the MCQ exam component.

* Also available as an eBook through eLibrary via www.cii.co.uk/elibrary (CII/PFS members only).

These are available on the CII website under the unit number before purchasing the unit. They are available under the following link www.cii.co.uk/qualifications/diploma-in-insurance-qualification.

These exemplar papers are also available on the RevisionMate website (ciigroup.org/login) after you have purchased the unit.

Exam technique/study skills

There are many modestly priced guides available in bookshops. You should choose one which suits your requirements.

1. Optional extensions to a household buildings and contents policy **most commonly** include
 - A. domestic animals, money and credit cards and personal possessions.
 - B. frozen foods, payment protection and personal possessions.
 - C. legal expenses, pedal cycles and sports equipment.
 - D. money and credit cards and personal accident.
2. What cooling-off period, if any, is a consumer allowed when arranging travel insurance providing cover for 4 weeks?
 - A. There is no cooling-off period.
 - B. 7 days.
 - C. 14 days.
 - D. 21 days.
3. Terry has a household insurance policy. Three months after the policy's inception, Terry informs the insurer that the property has recently become unoccupied. In these circumstances, what action, if any, is the insurer **most likely** to take?
 - A. It will take no action until the next renewal date.
 - B. Immediately restrict cover under all sections.
 - C. Restrict cover 60 days after the unoccupancy began.
 - D. Void the policy from the date of unoccupancy.
4. An insurer that exercises its right to cancel a household insurance policy will **usually** notify the policyholder within what **maximum** period?
 - A. 14 days.
 - B. 21 days.
 - C. 28 days.
 - D. 30 days.
5. The policyholder's promise to pay the premium for an insurance policy is known as
 - A. acceptance.
 - B. consideration.
 - C. indemnity.
 - D. offer.
6. The owners of a property built before 2003 reside in and operate a bed and breakfast business at their home. In order to be eligible for cover under the Flood Re arrangements
 - A. the property must be occupied by fee-paying guests for 50% of the year.
 - B. the business must have an annual profit of less than £20,000.
 - C. at least two of the insured's family members must reside there.
 - D. the insured must pay Council Tax, not business rates.

7. What occurrence is evidence of a soft market in the insurance market cycle?
- A. A catastrophic loss.
 - B. Increased competition enters the market.
 - C. Overall capacity is reduced.
 - D. Premiums are higher.
8. When calculating the sum insured for household contents written on a new for old basis, on which items should the figure include an allowance for wear and tear?
- A. Clothing and linen.
 - B. Computers and electrical items.
 - C. Jewellery and valuables.
 - D. Landlords' fixtures and fittings.
9. Where inflation protection applies under a household contents policy, how is the sum insured **typically** increased?
- A. On a monthly basis in line with a specified index.
 - B. On a monthly basis assuming a 2.5% increase per annum.
 - C. On an annual basis in line with a specified index.
 - D. On an annual basis assuming a 2.5% increase per annum.
10. The Claims and Underwriting Exchange records details of which types of claims?
- A. Household, motor and personal injury only.
 - B. Household, personal injury and travel only.
 - C. Motor and personal injury only.
 - D. Household, motor, personal injury and travel only.
11. When submitting a proposal for a household insurance policy, Sarah declares that she is a childminder. An insurer is **most likely** to charge a higher premium due to the increased risk of
- A. accidental damage and public liability.
 - B. fire and public liability.
 - C. fire and employer's liability.
 - D. theft and employer's liability.
12. The sum insured for building insurance should be based on the
- A. market value of the property plus site demolition costs.
 - B. purchase price of the property, including taxes.
 - C. cost to rebuild the property including an allowance for the solicitors' fees.
 - D. cost to rebuild the property including an allowance for demolition costs, site clearance and professional fees.

13. Where a property is sold and the new owner has **NOT** yet arranged insurance, at what specific point does the existing buildings cover cease?
- A. When contracts are exchanged.
 - B. Upon completion.
 - C. On moving out.
 - D. When the keys are collected by the new owner.
14. Under a household insurance policy, cover for smoke damage
- A. can be added as an optional extension but excludes damage arising from any gradually operating cause.
 - B. can be added as an optional extension but excludes damage unless there is evidence of fire.
 - C. is normally covered as a standard peril but excludes damage arising from any gradually operating cause.
 - D. is normally covered as a standard peril but excludes damage unless there is evidence of fire.
15. Where a property is tenanted, a buildings insurance policy will **automatically** exclude damage caused by
- A. falling television aerials and masts.
 - B. fire and lightning.
 - C. malicious persons or vandals.
 - D. storm and flood.
16. Under a standard contents insurance policy, which item would be covered?
- A. A fireplace.
 - B. A fitted kitchen.
 - C. Fitted wardrobes.
 - D. A satellite dish.
17. Ben, a professional tennis player, damages his tennis racket just before a match and buys a replacement. What is his insurer's **most likely** response when Ben asks to extend his household insurance policy to cover this item?
- A. Cover will be declined.
 - B. It will be covered automatically.
 - C. It will be covered if it has been specified under the personal possessions section of the policy.
 - D. It will be covered subject to a higher policy excess.

18. On what basis will an underwriter **normally** calculate the premium for a contents insurance policy where an unlimited sum insured is offered?
- A. The number of occupants in residence and security features of the risk address.
 - B. The post code of the risk address and the number of bedrooms.
 - C. The security features and post code of the risk address.
 - D. The size of the house and the number of occupants in residence.
19. The insured wishes to claim against another party under the legal expenses extension of his household policy for two separate events, one for personal injury when he was injured in a car accident and the other for a contract dispute in relation to the boundary of the property. Which claim(s), if either, would be valid under his legal expenses cover?
- A. Both the personal injury claim and the contract dispute claim.
 - B. The contract dispute claim only.
 - C. The personal injury claim only.
 - D. Neither the personal injury claim nor the contract dispute claim.
20. An underwriter will **usually** calculate the premium for a pedal cycle by
- A. applying a flat rate premium.
 - B. applying a percentage of the sum insured.
 - C. setting an individual rate.
 - D. setting a rate based on the age of the cycle.
21. The storm or flood peril under a standard buildings policy has an exclusion which **usually** applies to damage caused to
- A. garden walls, patios and terraces.
 - B. gates and hedges only.
 - C. gates, hedges and fences.
 - D. patios and terraces only.
22. Cover under the money and credit cards section of a household contents policy will **normally** exclude
- A. bank notes.
 - B. cash.
 - C. debit cards.
 - D. stamp collections.

23. A claim for private medical expenses may be payable under an extension to a personal accident and sickness policy if a payment is also made for a
- A. capital sum due to the loss of use of the policyholder's dominant hand.
 - B. capital sum due to temporary disablement of the policyholder.
 - C. claim under the legal expenses extension of the same policy.
 - D. weekly benefit due to temporary partial disablement of the policyholder.
24. Under boats and small craft insurance policies, the limit of indemnity provided by an insurer in respect of liability to third parties and passengers for bodily injury is **most commonly** between
- A. £250,000 and £500,000.
 - B. £500,000 and £750,000.
 - C. £1,000,000 and £3,000,000.
 - D. £5,000,000 and £10,000,000.
25. Danielle is a 48-year-old architect travelling to the US for a 3-week holiday, which will include activities such as water skiing. She will be staying an additional 3 days at the end of her holiday to visit an architecture exhibition. Which aspect of her trip is **most likely** to give rise to an increase in the cost of her annual travel insurance?
- A. Attending the exhibition.
 - B. The duration of the trip.
 - C. Her age.
 - D. Water skiing.
26. Where a payment protection insurance policy is extended to provide carer cover, what typical levels of sum insured apply in respect of this extension?
- A. £5,000 to £10,000.
 - B. £10,000 to £20,000.
 - C. £25,000 to £50,000.
 - D. £100,000 to £250,000.
27. Holiday home insurance would **typically** attract a higher premium than household insurance due to an increased risk of
- A. an accidental damage claim.
 - B. a fire damage claim.
 - C. a malicious damage claim.
 - D. a personal effects claim.

28. Stand-alone policies providing specialist cover for home workers will **NOT usually** offer protection against
- A. directors' and officers' liability.
 - B. goods in transit.
 - C. personal accident.
 - D. products liability.
29. Under a **typical** pet insurance policy, when can a valid claim be made for the loss of a pet which has strayed?
- A. Once the animal has been missing for 24 hours.
 - B. Once the animal has been missing for 7 days.
 - C. Once the animal has been missing for 45 days.
 - D. There is usually no cover for a straying animal.
30. Which express duty placed on an insured in the event of a loss is reiterated in the case of *Bankers Insurance Company v South and Gardner (2003)*?
- A. Notification to other authorities.
 - B. Prompt notification of loss to the insurer.
 - C. Provision of information and assistance.
 - D. Reasonable prevention of further damage.
31. In what way does the modification of the common law right of subrogation, contained within the subrogation clause, benefit an insurer?
- A. It allows the insurer to take over the rights of the insured immediately.
 - B. It avoids the need for formal litigation.
 - C. It lowers the costs of claims settlements to the insured.
 - D. It reduces the chance of complaints from the insured.
32. An insurance claim has been made following damage being caused by two interdependent perils. One of the perils was an insured peril but the other was **NOT** and was **NOT** excluded. How would the insurer deal with the claim?
- A. It would reject the whole claim.
 - B. It would pay the whole claim.
 - C. It would pay only for the damaged caused by the insured peril.
 - D. It would only pay 50% of the damaged caused by the insured peril.

- 33.** An insured has two policies covering personal possessions. Policy X has a sum insured of £3,000 and a single article limit of £500. Policy Y has a sum insured of £5,000 and a single article limit of £1,000. A loss of an item occurs which is worth £750. Under the independent liability method, how much, if anything, will policy Y pay in respect of the loss?
- A.** Nil.
 - B.** £250
 - C.** £375
 - D.** £500
- 34.** A vehicle crashes into the wall of a policyholder's property. In accordance with the immobile property agreement and subject to a monetary limit, how would the insurer(s) deal with the claim?
- A.** The building insurer would cover the full value of the loss.
 - B.** The building insurer would pay 75% of the loss with the motor insurer paying the remaining 25%.
 - C.** The motor insurer would cover the full value of the loss.
 - D.** The motor insurer would pay 75% of the loss with the building insurer paying the remaining 25%.
- 35.** Under the Civil Procedure Rules, the upper claims limit under the small claims track for personal injury claims is
- A.** £1,000
 - B.** £5,000
 - C.** £10,000
 - D.** £25,000
- 36.** A painting is insured on an agreed value basis for £20,000. The painting suffers partial damage by an insured peril, prior to which its actual market value was £10,000, but following the damage its market value has been assessed at £6,000. For how much would the insurer settle the claim using the principle established in *Elcock v Thomson* (1949)?
- A.** £6,000
 - B.** £8,000
 - C.** £10,000
 - D.** £20,000

37. Under which form of dispute resolution, if any, does a policyholder **NOT** have the right to issue legal proceedings if she does **NOT** agree with the verdict?
- A. Arbitration.
 - B. The Financial Ombudsman Service.
 - C. Mediation.
 - D. The policyholder always has the right to issue legal proceedings.
38. Within what **maximum** time limit **must** an insurer provide a final response to a customer's complaint before the customer may refer the matter to the Financial Ombudsman Service?
- A. Five business days.
 - B. Two weeks.
 - C. Four weeks.
 - D. Eight weeks.
39. An implied duty imposed upon an insured is derived from
- A. common law.
 - B. custom or trade practice.
 - C. regulatory control.
 - D. statute law.
40. In which territories do the Civil Procedure Rules apply?
- A. England and Scotland only.
 - B. England and Wales only.
 - C. England, Northern Ireland and Wales.
 - D. England, Scotland and Wales.
41. Esther takes a laptop home to catch up on her work. This laptop, which is owned by her employer, is damaged when Esther accidentally drops it in her living room. Esther submits a claim under her contents insurance policy which has a personal possessions extension. How will her insurer deal with this claim?
- A. It will be rejected.
 - B. It will be paid in full under the personal possessions extension.
 - C. the insurer will request the original purchase receipt in order to value the loss.
 - D. the insurer will liaise with the business insurer to determine their proportion of the loss.

42. Through which distribution channel is a proposer **most likely** to obtain advice to assist in deciding which new policy to purchase?
- A. An aggregator.
 - B. A direct insurer.
 - C. An independent intermediary.
 - D. A network.
43. Which process in an insurer's office is used to enable electronic storage of documents?
- A. Document imaging.
 - B. Electronic data interchange.
 - C. Full cycle electronic data interchange.
 - D. Screen pop.
44. One of the **main** benefits to an insurer of an Automatic Call Distribution system is
- A. faster claims settlements.
 - B. more competitive premiums.
 - C. more effective staff availability planning.
 - D. targeting of market segments for new products.
45. Unless an insurer has the customer's express consent, telesales calls **must NOT** be made to
- A. any customer unless they have an existing relationship with the insurer.
 - B. customers registered with the Telephone Preference Service.
 - C. customers who have provided their contact details to the insurer.
 - D. vulnerable individuals.
46. Max is an intermediary who arranges household insurance. He is **NOT** authorised by the Financial Conduct Authority (FCA). In what circumstances, if any, will the FCA allow him to arrange insurance?
- A. In no circumstances.
 - B. Only if he is an appointed representative of an authorised firm.
 - C. Only if he holds a qualification from the Chartered Insurance Institute.
 - D. Only if he is authorised by the British Insurance Brokers' Association.
47. The Consumer Rights Act 2015 imposes specific requirements on insurers with regard to
- A. authorisation and regulation by the Financial Conduct Authority.
 - B. cooling-off periods.
 - C. the fair treatment of customers.
 - D. substandard service and unfair terms.

48. In order to assist the socially excluded, insurers may
- A. offer lower policy excesses.
 - B. offer reduced premiums to those in inner cities.
 - C. support initiatives to improve financial education.
 - D. waive security requirements on household policies.
49. When providing insurance to a personal lines customer over the internet, what **must** a broker inform the customer at the point of sale?
- A. The policy includes a 21-day cooling-off period.
 - B. The broker is covered by the Financial Ombudsman Service up to a limit of £100,000.
 - C. The broker is covered by the Financial Services Compensation Scheme up to a limit of £150,000.
 - D. The broker is authorised and regulated by the Financial Conduct Authority.
50. What is the definition of a consolidator in the insurance market?
- A. A company which is able to grow quickly by acquiring other established firms.
 - B. A firm which invites other authorised firms to join its network.
 - C. A third party administrator for a range of insurers.
 - D. A web-based insurance distribution service.

Specimen Examination Answers and Learning Outcomes Covered

Question	Answer	Learning Outcome	Question	Answer	Learning Outcome	Question	Answer	Learning Outcome
Learning Outcome 1			Learning Outcome 3			Learning Outcome 5		
1	C	1.1	23	D	3.3	42	C	5.1
2	A	1.3	24	C	3.4	43	A	5.2
3	C	1.3	25	D	3.2	44	C	5.2
4	A	1.3	26	C	3.4	45	B	5.4
5	B	1.3	27	C	3.4	46	B	5.4
6	D	1.2	28	A	3.4	47	D	5.4
7	B	1.1	29	C	3.1	48	C	5.3
8	A	1.1	7 questions			49	D	5.4
9	A	1.4				50	A	5.1
10	D	1.2				9 questions		
10 questions			Learning Outcome 4					
			30	B	4.1			
Learning Outcome 2			31	A	4.3			
11	A	2.4	32	B	4.3			
12	D	2.2	33	D	4.3			
13	B	2.1	34	D	4.3			
14	C	2.1	35	A	4.2			
15	C	2.2	36	B	4.3			
16	D	2.3	37	A	4.4			
17	A	2.5	38	D	4.4			
18	B	2.4	39	A	4.1			
19	B	2.5	40	B	4.2			
20	A	2.5	41	A	4.1			
21	C	2.1	12 questions					
22	D	2.5						
12 questions								