



Chartered
Insurance
Institute

E85

Diploma in Insurance

Examination element of M85 Claims practice

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

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Contents

Introduction to Examination Guide	3
M85 Syllabus	7
Specimen Examination	10
Specimen Examination Answers and Learning Outcomes Covered	19

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The CII Qualifications accessibility and special circumstances policy and guidance document can be viewed on the CII Rules and Policies page www.cii.co.uk/learning/qualifications/assessment-information/before-the-exam/rules-and-policies/

Published in June 2023 by:

The Chartered Insurance Institute

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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 E85 examination. It contains a specimen examination with answer key.

Ideally, students should have completed the majority of their E85 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 M85.

Although the specimen examination in this guide is typical of an E85 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 M85 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-claims-practice-m85/**
- 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 M85 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 M85 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 E85 examination is 50 multiple choice questions. One hour is allowed for this examination.

The M85 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.

E85 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.

Claims practice

Purpose

At the end of this unit, candidates should be able to demonstrate an understanding of how claims are handled.

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 key aspects of claims handling.	25
2. Understand key aspects of handling personal lines claims.	7
3. Understand key aspects of handling property and business interruption claims.	7
4. Understand key aspects of handling third party liability claims.	11

* 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 key aspects of claims handling.

- 1.1 Explain the requirements and application of UK regulation affecting claims handling.
- 1.2 Describe how the existence of cover is determined under the policy.
- 1.3 Identify the importance and uses of claims information, including the underwriting file.
- 1.4 Explain the uses of and importance of claims reserving.
- 1.5 Explain the special requirements for handling international claims.
- 1.6 Describe common indicators of fraudulent claims and how fraud is investigated.
- 1.7 Explain the importance of identifying and pursuing potential recoveries.
- 1.8 Explain the particular requirements in handling reinsurance claims.

2. Understand key aspects of handling personal lines claims.

- 2.1 Explain how to investigate a personal lines claim.
- 2.2 Describe how the indemnity will be valued for a personal lines claim.
- 2.3 Describe how a personal lines claim will be settled.
- 2.4 Describe the process for declined personal lines claims that have been disputed by the policyholder.
- 2.5 Apply key aspects of handling personal lines claims to various claims scenarios.

3. Understand key aspects of handling property and business interruption claims.

- 3.1 Explain how to investigate a property and business interruption claims.
- 3.2 Describe how the indemnity for a property and business interruption claim will be valued.
- 3.3 Describe how a property and business interruption claim will be negotiated and settled.
- 3.4 Describe the process for declined property and business interruption claims that have been disputed by the policyholder.
- 3.5 Apply key aspects of handling property and business interruption claims to various claims scenarios.

4. Understand key aspects of handling third party liability claims.

- 4.1 Explain how to investigate a third party liability claim.
- 4.2 Describe how the indemnity for a third party liability claim will be valued.
- 4.3 Describe how a third party liability claim will be negotiated and settled.
- 4.4 Explain the provisions of the Civil Procedure Rules when dealing with third party liability claims.
- 4.5 Explain the key requirements in handling professional indemnity claims.
- 4.6 Apply key aspects of handling third party liability claims to various claims scenarios.

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

Claims practice. London: CII. Study text M85.

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

Books (and ebooks)

Bingham & Berryman's personal injury and motor claims cases. 15th revised ed. Ruth Graham et al (eds). London: LexisNexis, 2018.

Claims handling law and practice. Richard West et al. London: Kennedys Law LLP, 2018.

'Claims handling'. Chapter – Insurance theory and practice. Rob Thoyts. New York: Routledge, 2010.*

'Claims under the policy'. Chapter 14 in Bird's modern insurance law. 12th ed. John Birds. London: Sweet & Maxwell, 2022.

'Claims procedure'. 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.

Drafting insurance contracts: certainty, clarity, law and practice. Christopher Henley. London: Leadenhall press, 2010.

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

Insurance disputes. Jonathan Mance, Iain Goldrein, Robert Merkin. 3rd ed. London: Informa, 2011.

Subrogation: law and practice. Charles Mitchel et al. Oxford: Oxford University Press, 2007.

'Subrogation'. Chapter – Law of insurance contracts. 6th ed. Malcolm A Clarke. London: Informa, 2009.

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

Online resources

The Insurance Institute of London (IIL) podcast lecture series features leading industry figures and subject experts speaking on current issues and trends impacting insurance and financial services. Available online at www.cii.co.uk/insurance-institute-of-london/ (CII/PFS members only).

Civil procedure rules. Alan Peck.

Fraudulent claims. Beverley Lyn.

Subject gateway on insurance claims. Updated regularly. Available online via www.cii.co.uk/claims.

Further articles and technical bulletins are available at www.cii.co.uk/learning/elibrary/ (CII/PFS members only).

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.

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. An insurance claims handler has been allocated two new claims and is determining whether the policies are written on a claims occurring or claims made basis. The claims are for employers' liability (EL) and business interruption (BI) insurances. The claims handler is **most likely** to conclude that
 - A. EL are claims made and BI claims are occurring.
 - B. EL are claims occurring and BI are claims made.
 - C. both EL and BI are claims made.
 - D. both EL and BI are claims occurring.
2. Following investigation of a complaint, the Financial Ombudsman Service recommended a payment by the insurer to the policyholder of £480,000. The policyholder accepted the ruling within the specified time limit. What payment amount to the policyholder, if any, is therefore binding on the insurer?
 - A. None.
 - B. £300,000
 - C. £415,000
 - D. £450,000
3. An insurance claims handler makes a careful note of the date of which a commercial property policyholder first reports a claim for storm damage. This date is **always** of particular importance in
 - A. determining the exact location at which the storm damage has occurred.
 - B. establishing whether any claims notification conditions in the policy have been met.
 - C. obtaining external agency reports in relation to events occurring on the date of the storm.
 - D. reporting to the intermediary involved in the placement of the policy.
4. When, if at all, would an insurance claims handler be entitled to reject a consumer insurance claim for a breach of a policy warranty?
 - A. In all circumstances whether the breach of warranty is connected to the claim or not.
 - B. In no circumstances would it be possible to reject a claim for a breach of warranty.
 - C. Where the circumstances of the claim are directly connected to the breach of warranty.
 - D. Where the circumstances of the claim are indirectly connected to the breach of warranty.
5. A complaint relating to an insurance claim has been referred to the Financial Ombudsman Service (FOS). In determining what is fair and reasonable, what will the FOS take into account?
 - A. Any relevant law and codes of practice.
 - B. Any relevant regulations and legal precedent.
 - C. Any relevant regulations and the size of the insurer.
 - D. Good industry practice and legal precedent.
6. The prudent reserving of insurance claims by an insurance claims handler within the timescales prescribed by their insurance company is of **prime** importance when calculating
 - A. actuarial projections.
 - B. annual budget targets.
 - C. broker commissions.
 - D. investment risk.

7. An insurance claims handler in a personal lines claims department receives a phone call from a household policyholder with a query regarding a private legal matter. How will the claims handler **typically** respond?
- A. Advise that no assistance exists for private legal matters.
 - B. Open a claims file and record the conversation.
 - C. Provide contact details for local solicitors.
 - D. Provide the legal helpline telephone number for the policy.
8. A statement in a household insurance policy that expresses that a certain event is **NOT** covered is **most likely** to be expressed as a policy
- A. condition.
 - B. endorsement.
 - C. exclusion.
 - D. warranty.
9. A household insurer instructs its claims handlers to **always** set aside money to cover the direct replacement costs of electrical items that form all or part of a submitted claim. This instruction forms part of the insurers'
- A. corporate reserving philosophy.
 - B. reserving to exposure analysis.
 - C. statistical estimates for unexpired risks.
 - D. unearned premium reserves.
10. A **key** benefit of an insurance company adopting a reserving philosophy is that it will ensure that
- A. a consistent approach is taken by claims handlers.
 - B. it can reduce its reserves if an early settlement is anticipated.
 - C. litigation defence costs are always allowed for in its initial reserve.
 - D. step reserving is considered.
11. Within an employers' liability policy, under which section would an insurance claims handler first look to determine whether cover is provided for mental anguish of a policyholder's employee?
- A. The policy conditions.
 - B. The policy definitions.
 - C. The policy exclusions.
 - D. The policy extensions.
12. During the course of the handling of a personal injury claim, it has been necessary to increase the level of reserve on several occasions. What is this **most likely** to indicate?
- A. The claimant's court case has been postponed on a number of occasions.
 - B. The claimant's medical condition has shown an ongoing deterioration.
 - C. Incurred but not reported (IBNR) provisions were not correct.
 - D. The reserve has been reviewed by an actuary.

13. A claims handler is reserving £30,000 for a third party injury claim received from the policyholder for £120,000 in damages. This reserve is **most likely** to reflect the
- A. average settlement in respect of similar cases over a defined period.
 - B. belief that the claim will take four years to settle.
 - C. expectation of the third party's level of success.
 - D. period to run to the end of the policy year.
14. An insurer instructs a solicitor to provide a legal opinion on policy coverage where there is a dispute with the policyholder as to whether policy cover applies. What is the position regarding the solicitor's invoice and VAT?
- A. The invoice will not include VAT.
 - B. The invoice will include VAT and the VAT element is payable by the insurer.
 - C. The invoice will include VAT and the VAT element is payable by the policyholder.
 - D. The invoice will include VAT and the VAT element is payable equally between the insurer and policyholder.
15. To determine whether policy cover operates within an insurance policy the insurance claims handler would **first** need to review the
- A. claims notification condition and policy definitions.
 - B. claims notification condition and policy exclusions.
 - C. insuring clause and policy definitions.
 - D. insuring clause and policy exclusions.
16. Under the California Fair Claims Settlement Practice Regulations, within what **maximum** period **must** an insurer begin an investigation, following notification of a claim?
- A. 5 calendar days.
 - B. 10 calendar days.
 - C. 15 calendar days.
 - D. 20 calendar days.
17. The **most likely** fraud indicator when considering a fire at a commercial property is where the fire
- A. involved the use of an accelerant and had multiple ignition points.
 - B. occurred at night and the loss was reported promptly.
 - C. originated from an electrical source and the CCTV was not in operation at the time of the incident.
 - D. was at the premises of a successful business and there was a delay in reporting the loss.
18. A policyholder has cover for the same property under two policies. Policy X has a sum insured of £40,000 and policy Y a sum insured of £20,000. If a loss of £25,000 occurs, what will be the contribution from policy Y, using the independent liability method and assuming no excess?
- A. £8,333
 - B. £10,417
 - C. £11,111
 - D. £15,625

19. An insurer makes a payment of £6,000 to settle a first party claim after deduction of a £600 policy excess. The insurer subsequently recovers £5,000 from a negligent third party. What amount is the insurer entitled to retain?
- A. £4,400
 - B. £4,700
 - C. £4,900
 - D. £5,000
20. An insurer pays £5,750 to settle a first party claim after deduction of the £250 policy excess. The insurer recovers £6,100 from the negligent third party, which includes reimbursement of the claim plus £100 due to currency rate fluctuations. How much of the £6,100 should the insurer pay to the policyholder?
- A. Nil.
 - B. £250
 - C. £300
 - D. £350
21. In the event of a valid claim, a claims control provision in a reinsurance contract is used so that the reinsurer can always
- A. deal with the claimant directly in place of the insurer.
 - B. dictate only what experts the insurer can use.
 - C. take over the handling of the claim if it becomes litigated.
 - D. take over the decision making on the claim.
22. A policyholder referred a case to the Financial Ombudsman Service (FOS) and accepted the **maximum** award the FOS is permitted to make. If this award is less than the total loss, what further action, if any, can the policyholder now take?
- A. None.
 - B. Negotiate directly with the firm.
 - C. Seek the firm's agreement to enter into arbitration.
 - D. Seek the full balance via the courts.
23. A requirement on the policyholder to comply with a certain provision, such as payment of the insurance premium, is **most likely** to be expressed as a policy
- A. condition.
 - B. endorsement.
 - C. exclusion.
 - D. warranty.
24. Under the Insurance: Conduct of Business sourcebook (ICOBS), once claim settlement terms are agreed, an insurer is obliged to pay the settlement amount
- A. promptly.
 - B. within 14 days.
 - C. within 21 days.
 - D. within 28 days.

25. A household insurance policyholder is advised by the insurer that his claim is **NOT** covered. The policyholder does **NOT** accept the decision and makes a complaint to the insurer. Two weeks have elapsed since the complaint was received. In accordance with the Financial Conduct Authority's regulations, the insurer **must** issue a final response to this complaint within what **maximum** period from now?
- A. Two weeks.
 - B. Four weeks.
 - C. Six weeks.
 - D. Eight weeks.
26. Adam owns a pedal cycle that is insured under a typical household insurance policy. Adam submits an insurance claim to his insurer for damage to his pedal cycle due to a mechanical failure. In these circumstances, the claim would **typically** be
- A. covered, if the pedal cycle is within the manufacturer's warranty period.
 - B. covered, subject to an increased policy excess.
 - C. covered, subject to the standard policy excess.
 - D. declined, due to the application of a policy exclusion.
27. An expert witness instructed by an insurer in a personal injury claim has a statutory overriding duty to the
- A. court deciding the claim.
 - B. injured claimant.
 - C. insured policyholder.
 - D. insurer who instructed him.
28. A loss adjuster appointed by an insurer to investigate a claim made by a policyholder will be acting
- A. for the insurer only.
 - B. for the insurer and the reinsurer.
 - C. for the policyholder only.
 - D. impartially between the insurer and the policyholder.
29. A private motor policyholder has a comprehensive insurance policy which was arranged through a broker. Following an accident covered by the policy, in what circumstances, if any, is the policyholder **normally** permitted to use a garage to carry out the repairs, which is **NOT** on the insurer's approved list?
- A. In all circumstances.
 - B. Only with the broker's permission.
 - C. Only with the insurer's permission.
 - D. In no circumstances.

30. A personal lines policyholder has his expensive bicycle stolen from his garage and presents a claim to his insurer under his household insurance policy. If the policyholder wishes to replace the stolen bicycle with a more expensive model, how is the insurer **most likely** to respond?
- A. Allow the policyholder to replace the bicycle with the more expensive model, but not pay for the difference in cost.
 - B. Insist that the policyholder replaces the bicycle with the same model.
 - C. Pay for the more expensive model.
 - D. Refuse to deal with the claim.
31. A household insurance policy has a contents sum insured of £150,000 and a valuables limit of 5% of the sum insured. If an antique vase, valued at £12,000 is destroyed in a fire, what is the **maximum** the policyholder can recover under the policy for the destruction of the vase?
- A. £600
 - B. £6,250
 - C. £7,500
 - D. £12,000
32. An insurance claims handler has established that a claim for contents under a household insurance policy is **NOT** covered. In these circumstances it is good practice for the claims handler to
- A. contact the policyholder by telephone and explain the reasons for there being no cover under the policy.
 - B. contact the underwriter to ensure that all other relevant policy wordings will also exclude the items being claimed for.
 - C. lodge an immediate written complaint with the Financial Ombudsman Service (FOS) on behalf of the policyholder.
 - D. put lawyers acting for the insurer on immediate notice to ensure a defence can be mounted against a likely legal challenge from the policyholder.
33. An insurer has received a business interruption claim from a commercial customer and has indicated that it is reserving its rights. What does this mean?
- A. A forensic accountant will be appointed.
 - B. Further information is required before policy cover can be determined.
 - C. The provisions of the Insurance: Conduct of Business sourcebook (ICOBS) will not apply to the claim.
 - D. A warranty applies to the policy.
34. A commercial policyholder reports an insurance claim for fire damage and business interruption (BI), following a substantial fire at their restaurant. Upon investigation, the commercial property & BI insurer is concerned that the circumstances of the fire are suspicious. In this scenario, the insurer would **typically** obtain
- A. the fire brigade report and a report from a forensic expert only.
 - B. witness statements and background financial information only.
 - C. the fire brigade report, a report from a forensic expert and witness statements only.
 - D. the fire brigade report, a report from a forensic expert, background financial information and witness statements.

35. As a result of investigating a fire damage claim submitted by the owner of a new business, the loss adjuster discovers that the owner is a discharged bankrupt. Business records in respect of the new business appear to be in order. What is the next logical step that the insurance claims handler is **most likely** to take?
- A. Investigate the business records more thoroughly.
 - B. Refer the claim to the insurer's fraud department.
 - C. Review the details supplied at policy proposal stage.
 - D. Search industry databases for evidence of historic claims.

36. A commercial property insurance policyholder has a deductible of £40,000 and an aggregate deductible limit of £200,000. The policyholder has six losses in the policy year as follows

Claim 1	£52,000
Claim 2	£16,000
Claim 3	£70,000
Claim 4	£74,000
Claim 5	£10,000
Claim 6	£26,000

What is the insurer's total outlay and the erosion of the aggregate respectively?

- A. £48,000 and £200,000.
 - B. £76,000 and £172,000.
 - C. £172,000 and £76,000.
 - D. £200,000 and £48,000.
37. On what basis will a total loss claim for routine machinery **normally** be indemnified under a commercial property insurance policy?
- A. The cost of replacement.
 - B. The cost of replacement, less wear and tear.
 - C. The original purchase price.
 - D. The original purchase price, less wear and tear.
38. A building company has a commercial property insurance policy and has experienced a major loss of profits following an insured event. The **most appropriate** expert for the insurer to appoint enabling it to consider the ensuing loss of profits claim will be a
- A. forensic accountant.
 - B. loss adjuster.
 - C. solicitor.
 - D. surveyor.
39. Following a disagreement between the policyholder and insurer in relation to a commercial insurance claim, an alternative dispute resolution approach was adopted in the form of early neutral evaluation. On which party(ies), if either, is this resolution approach binding?
- A. Neither the insurer nor the policyholder.
 - B. The insurer only.
 - C. The policyholder only.
 - D. Both the insurer and the policyholder.

40. When adopting a pragmatic approach to the handling of a third party liability claim, a claims handler will
- A. always ensure that an expert is appointed to investigate liability.
 - B. always make an offer to the claimant before expert evidence is obtained.
 - C. deal with the claim in the most cost-efficient manner.
 - D. ensure that a reserve is recorded to the claim within 24 hours of receipt.
41. A solicitor appointed by an insurer to defend a claim for a policyholder will be representing the
- A. court only.
 - B. insurer only.
 - C. policyholder only.
 - D. insurer and the policyholder.
42. A Smith and Manchester claim is one that relates to
- A. the cost of care provided by family or friends.
 - B. the cost of care provided by professionals.
 - C. handicap in the labour market.
 - D. industrial disease.
43. The general damages reserve for pain, suffering and loss of amenity has been reduced by an insurance claims handler following review of the claimant's expert medical report. What is this action **most likely** to indicate?
- A. The claimant's medical condition has deteriorated.
 - B. Ongoing care is being provided gratuitously by a close relative.
 - C. Pre-existing medical conditions have been identified.
 - D. Reduced reliance on aids and appliances is anticipated.
44. During the negotiations in relation to a third party liability claim, a face-to-face settlement conference was convened to try and negotiate an agreement. It was held on a 'without prejudice' basis, so this specifically means that
- A. any offers made at this point are binding for two months only.
 - B. anything agreed at this stage must be ratified in court.
 - C. information disclosed in this meeting cannot be used in court without the consent of the party making the disclosure.
 - D. other methods of negotiation will run in parallel and supersede any agreement reached.
45. When would a judge be made aware of the existence of a rejected Part 36 offer?
- A. At the opening of a trial.
 - B. Immediately prior to making judgement in a trial.
 - C. Immediately following a judgement where the judgement amount is higher than the Part 36 offer.
 - D. Immediately following a judgement where the judgement amount is lower than the Part 36 offer.

46. A third party liability claim has been litigated. Its claims value is £22,500 and expert evidence from each party will be given. It is expected that the trial will be completed in one day. Under the Civil Procedure Rules, this case would **normally** be allocated to the
- A. small claims track only.
 - B. fast track only.
 - C. small claims or fast track.
 - D. multi-track.
47. A claims notification condition in a professional indemnity policy would **typically** require notification of
- A. actual claims only.
 - B. actual claims plus any written threat of a claim only.
 - C. actual claims plus any written or verbal threat of a claim only.
 - D. actual claims, any written or verbal threat of a claim and any circumstance that may give rise to a claim.
48. An employee is injured whilst undertaking an activity in connection with their employment. The employer's liability (EL) insurer decides to engage the assistance of a rehabilitation provider. In these circumstances, the rehabilitation provider would be expected to liaise with the injured party and with the
- A. EL insurer only.
 - B. doctor in charge of treatment only.
 - C. doctor in charge of treatment and the employer only.
 - D. doctor in charge of treatment, the employer and the EL insurer.
49. An employee suffers an accident at work, which required medical treatment and resulted in a 4-week absence from their employment. In these circumstances, a claim against the employer will **typically** include
- A. general damages only.
 - B. special damages only.
 - C. general damages and special damages only.
 - D. general damages, provisional damages and special damages.
50. A solicitor has a professional indemnity insurance policy. This kind of policy is in place to respond to claims made against the solicitor's firm by a client or a third party who alleges
- A. negligence only.
 - B. negligence or breach of trust only.
 - C. negligence, breach of trust or breach of confidentiality only.
 - D. negligence, breach of trust, breach of confidentiality or defamation.

Specimen Examination Answers and Learning Outcomes Covered

Question	Answer	Learning Outcome	Question	Answer	Learning Outcome	Question	Answer	Learning Outcome
Learning Outcome 1			Learning Outcome 2			Learning Outcomes 4		
1	D	1.2	26	D	2.5	40	C	4.1
2	C	1.1	27	A	2.1	41	D	4.1
3	B	1.3	28	D	2.1	42	C	4.2
4	C	1.2	29	C	2.1	43	C	4.2
5	A	1.1	30	A	2.3	44	C	4.4
6	A	1.4	31	C	2.2	45	D	4.4
7	D	1.1	32	A	2.4	46	B	4.4
8	C	1.2	7 Questions			47	D	4.5
9	A	1.4				48	D	4.3
10	A	1.4	Learning Outcome 3			49	C	4.6
11	B	1.2	33	B	3.1	50	D	4.5
12	B	1.4	34	D	3.5	11 Questions		
13	C	1.4	35	C	3.1			
14	B	1.4	36	B	3.2			
15	C	1.2	37	B	3.3			
16	C	1.5	38	A	3.1			
17	A	1.6	39	A	3.4			
18	C	1.7	7 Questions					
19	D	1.7						
20	D	1.7						
21	D	1.8						
22	A	1.1						
23	A	1.2						
24	A	1.1						
25	C	1.1						
25 Questions								