



Chartered
Insurance
Institute

P86

Diploma in Insurance

Unit P86 – Personal insurances

October 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. State **seven** exclusions that may be found in a personal accident and sickness insurance policy. (7)

2. (a) Explain briefly how the fraud condition is used by insurers. (4)
(b) Outline the use of **three** databases used by insurers to prevent fraudulent claims. (6)

3. Outline **three** different types of indirect distribution channel. (6)

4. Explain the role of a loss adjuster in the investigation of a household claim. (12)

5. (a) Explain the cover given under a small craft policy for damage to the craft itself. (6)
(b) List **five** specific exclusions found under the property damage section of a small craft policy. (5)

6. Explain briefly the benefits of electronic document storage in the insurance industry. (5)

7. Explain the risk assessment factors for caravan insurance cover. (10)

8. Outline **six** benefits to an insurance business of a management information system. (12)

9. Outline why a household contents insurer may choose to replace damaged items in preference to other methods of claims settlement. (5)

10. Outline **five** implied duties of the policyholder when making a claim under their household insurance policy. (10)

11. Explain briefly **three** optional extensions to a typical travel insurance policy. (9)

12. Describe the cover and exclusions under the subsidence section of a household buildings insurance policy. (9)

13. Explain the cover for business risks provided by a typical household contents policy. (7)

14. Explain the operation of a franchise and a policy excess, in insurance policies, **and** state the differences between them. (9)

15. When completing a quote for household insurance on the internet, there is usually a set of questions to confirm the risk is eligible for the cover available.

Identify **eight** items included in this eligibility statement. (8)

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