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PL4

Award in Pet Insurance

Introduction to pet insurance

Based on the 2020/2021 syllabus
examined from 30 March 2020 until 31 December 2021

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Introduction to pet insurance

Based on the 2020/2021 syllabus tested from 30 March 2020 until 31 December 2021

Introduction

This examination guide has been produced by the Qualifications and Assessments Department at the Chartered Insurance Institute to assist students in their preparation for the PL4 examination. It contains a specimen examination with answer key.

Ideally, students should have completed the majority of their 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.

Although the specimen examination in this guide is typical of a PL4 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 PL4 reading list, which is located on the syllabus in this examination guide and on the CII website at www.cii.co.uk.

Background Information

Questions included in PL4 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
- 2) Select 'exam guide update' on the right-hand side of the PL4 unit page

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

Syllabus

The PL4 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 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 skill level tested in each examination question is determined by the syllabus. Each learning outcome specifies the level of skill required of candidates and thus the level at which candidates may be tested. Learning outcomes for PL4 begin with *understand*.

Understand - To answer questions based on understanding, the candidate 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 PL4 is 50 multiple choice questions (MCQs). One hour is allowed for this examination.

The PL4 syllabus provided in this examination guide will be examined from 30 March 2020 until 31 December 2021.

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

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

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 or best 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.

While no questions involve complex calculations, candidates are permitted to use calculators during the examination. 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 tests 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.

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.

Introduction to pet insurance

Objective

To provide a broad knowledge and understanding of pet insurance, including:

- the need for cover and its benefits;
- insurance legal principles and duties;
- product features;
- how cover is arranged and provided;
- the principles of delivering good customer service.

Summary of learning outcomes	Number of questions in the examination*
1. Understand the need for and benefit of pet insurance	4
2. Understand the insurance legal principles and duties relating to pet insurance	10
3. Understand the main features of pet insurance products and the market	14
4. Understand how pet insurance is arranged and provided	15
5. Understand the key principles of delivering good customer service	7

* 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: 50 multiple choice questions (MCQs). 1 hour is allowed for this examination.
- This syllabus will be examined from 30 March 2020 until 31 December 2021.
- Candidates will be examined on the basis of English law and practice unless otherwise stated.
- Candidates should refer to the CII website for further details of assessment content, along with the latest information on changes to law and practice and when they will be examined:
 1. Visit www.cii.co.uk
 2. Find the qualification update on the right hand side of the unit page.

1. Understand the need for and benefit of pet insurance

- 1.1 Explain why pet insurance is needed
- 1.2 Describe the pooling of risk and the social value of insurance

2. Understand the insurance legal principles and duties relating to pet insurance

- 2.1 Describe what insurable interest is and how it arises
- 2.2 Describe the information gathered from the customer and its purpose
- 2.3 Explain the importance of selecting the right cover and providing the correct information

3. Understand the main features of pet insurance products and the market

- 3.1 Describe the different types of pet insurance cover
- 3.2 Describe the different core sections of pet cover and the key cover exclusions
- 3.3 Explain the general policy conditions and exclusions

4. Understand how pet insurance is arranged and provided

- 4.1 Describe the different methods of arranging pet insurance
- 4.2 Explain the sales and underwriting process
- 4.3 Describe the documentation issued when arranging pet insurance
- 4.4 Explain the process of renewals
- 4.5 Explain the claims process

5. Understand the key principles of delivering good customer service

- 5.1 Describe the main communication approaches and techniques when dealing with customers
- 5.2 Describe the complaints process
- 5.3 Describe the fair treatment of customers
- 5.4 Describe the pet insurance regulator and ombudsman

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/PFS members can access most of the additional study materials below via the Knowledge Services webpage at <https://www.cii.co.uk/knowledge-services/>.

New resources are added frequently - for information about obtaining a copy of an article or book chapter, book loans, or help finding resources, please go to <https://www.cii.co.uk/knowledge-services/> or email knowledge@cii.co.uk.

CII study texts

Introduction to pet insurance. London: CII. Study text PL4.

Books (and ebooks)

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

Periodicals

The Journal. London: CII. Six issues a year. Archive available online at <https://www.thepfs.org/search-results/?q=the+journal> (CII/PFS members only).

Reference materials

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

Examination guide

If you have a current study text enrolment, the current examination guide is included and is accessible via Revisionmate (www.revisionmate.com). Details of how to access Revisionmate are on the first page of your study text.

It is recommended that you only study from the most recent version of the examination guide.

* Also available as an ebook through Discovery via www.cii.co.uk/discovery (CII/PFS members only).

Exam technique/study skills

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

The Insurance Institute of London holds a lecture on revision techniques for CII exams approximately three times a year. The slides from their most recent lectures can be found at www.cii.co.uk/iilrevision (CII/PFS members only).

1. A benefit to an individual when taking out a pet insurance policy is
 - A. being able to budget for routine vet costs.
 - B. covering the cost of large vet and treatment bills.
 - C. covering the cost of replacing damaged property in the individual's house.
 - D. a guaranteed reduction in his home insurance premium.

2. Shirley's puppy accidentally tripped up the postman, causing injury. What cover, if any, would be provided by her pet insurance policy?
 - A. Liability cover is provided.
 - B. No cover is provided as it was accidental.
 - C. No cover is provided as the postman was at fault.
 - D. No cover is provided as the puppy was at fault.

3. The majority of valid claims under a pet insurance policy will be as a result of
 - A. death of the pet from accident or illness.
 - B. theft of the pet.
 - C. third party public liability.
 - D. vet fees.

4. What is the **main** reason someone would buy pet insurance?
 - A. To comply with the law.
 - B. To cover all routine vet costs.
 - C. To prevent a loss from occurring.
 - D. To transfer the financial risk to the insurer.

5. When would a customer **most commonly** be asked whether his large dog has ever shown signs of aggression?
 - A. When making a proposal.
 - B. On receipt of the policy document.
 - C. When the first premium has been paid.
 - D. When making a claim.

6. How does the Consumer Insurance (Disclosure and Representations) Act 2012 offer protection to a pet insurance policyholder?
 - A. By directly regulating the claims process of the insurer.
 - B. By protecting the level of policy premium to a reasonable level.
 - C. By providing protection from the imposition of a compulsory excess.
 - D. By providing protection where she is unaware that a duty to disclose fully exists.

7. When applying for pet insurance, Trudi made a reckless misrepresentation. How is the insurer **most likely** to respond?
- A. It may decline any claims made.
 - B. It will always charge a higher premium.
 - C. It will always have to pay any claims.
 - D. It will provide a compensatory remedy.
8. If there is no insurable interest, a pet insurance policy would be classed as
- A. lapsed.
 - B. rejected.
 - C. valid.
 - D. void.
9. Under a pet insurance policy, at what stage(s) is it expected that the policyholder will have an insurable interest in the subject matter of the insurance?
- A. Only at the quotation stage.
 - B. Only at the commencement of the policy.
 - C. At quotation stage and at the time of any loss.
 - D. At the commencement of the policy and at the time of any loss.
10. John arranges pet insurance for his cat and two dogs. The insurer will deem the subject matter of the insurance to be
- A. John.
 - B. John's cat only.
 - C. John's dogs only.
 - D. John's cat and dogs.
11. Where an individual is legally responsible for an incident caused by her pet, this is known as
- A. consideration.
 - B. insurable interest.
 - C. liability.
 - D. subrogation.
12. What information is used by a pet insurer to determine the cover offered to a policyholder in respect of his pedigree cat?
- A. The address of the breeder.
 - B. The address of the cattery at which the cat is homed during holidays.
 - C. The age of the cat.
 - D. The age of the policyholder.

13. A pet insurer may agree to provide cover for a pet's pre-existing conditions in return for
- A. an arbitration condition.
 - B. a co-payment.
 - C. an ex-gratia payment.
 - D. a subrogation condition.
14. An insurer has cancelled a pet insurance policy from the start date and refunded all the premiums. This means the policy is now considered as
- A. lapsed.
 - B. renewed.
 - C. valid.
 - D. void.
15. What would the third party liability section of a pet insurance policy exclude when a dog is involved in an accidental incident with a pedestrian?
- A. Any fines imposed as a result of the incident.
 - B. Compensation for the death of the pedestrian.
 - C. Compensation for any injury caused to the pedestrian.
 - D. Legal costs to defend a claim from the pedestrian.
16. Under a pet insurance policy, a condition is defined as
- A. an acute illness only.
 - B. a chronic illness only.
 - C. an acute or chronic illness.
 - D. a disease only.
17. Under which type of pet insurance policy does the indemnity limit replenish each year?
- A. An accident only policy.
 - B. A lifetime policy.
 - C. A maximum benefit policy.
 - D. A time limited policy.
18. What would **NOT** be classed to be a complementary treatment under a pet insurance policy?
- A. Acupuncture.
 - B. Aromatherapy.
 - C. Hydrotherapy.
 - D. X-ray.

19. Jane took her pet to the vet for routine vaccinations costing £290 and submitted a claim to her pet insurer. How did the insurer respond?
- A. The insurer refused to pay the claim as Jane had not obtained consent prior to getting the vaccinations.
 - B. The insurer refused to pay the claim as routine vaccinations are a specific policy exclusion.
 - C. The insurer settled the claim for the full amount.
 - D. The insurer settled the claim for the full amount less any policy excess.
20. Under the theft or straying section of a pet insurance policy, how many days **must** the pet be missing before the insurer will **usually** make a payment for the lost pet?
- A. 15 days.
 - B. 30 days.
 - C. 45 days.
 - D. 60 days.
21. What, if anything, is **usually** covered under a pet insurance policy in the event of a policyholder's dog dying or being put to sleep in order to alleviate suffering?
- A. The cost of cremation.
 - B. The cost of euthanasia.
 - C. The original purchase price.
 - D. There is no cover.
22. A war risk exclusion under a pet insurance policy is an example of a
- A. general exclusion.
 - B. mandatory exclusion.
 - C. special exclusion.
 - D. specific exclusion.
23. **Typically**, how many different types of pet insurance policy are there?
- A. One policy.
 - B. Two policies.
 - C. Four policies.
 - D. Six policies.
24. What is the **usual** position regarding cover for intentional acts of violence under a pet insurance policy?
- A. They are excluded.
 - B. They are insured as standard.
 - C. They are only insured subject to an increased excess.
 - D. They are only insured subject to payment of an additional premium.

25. An accident only pet insurance policy will **typically** provide cover
- A. for up to 180 days for each accident or injury only.
 - B. for up to 180 days for each accident, condition or injury.
 - C. up to a monetary limit for each accident or injury only.
 - D. up to a monetary limit for each accident, condition or injury.
26. Under a time-limited pet insurance policy, from what point can a valid claim be made?
- A. Any date chosen by the policyholder.
 - B. The date of the first routine vaccination.
 - C. The onset date of the condition.
 - D. When premium payment has been received by the insurer.
27. What would **NOT typically** be included under the vet fees section of a pet policy?
- A. Complementary therapy.
 - B. Recommended veterinary treatment for injury, illness or disease.
 - C. Routine vaccinations.
 - D. Veterinary tests to diagnose a condition.
28. Which type of pet insurance policy provides a set amount for each condition per year?
- A. An accident only policy.
 - B. A lifetime policy.
 - C. A maximum benefit policy.
 - D. A time limited policy.
29. Which document, issued by a pet insurer to a customer, is always specific to that customer?
- A. Insurance Product Information Document (IPID).
 - B. Marketing leaflet.
 - C. Policy schedule.
 - D. Policy booklet.
30. When sending out a renewal invitation to a pet insurance policyholder, what other key document **must** the pet insurer send?
- A. Certificate of insurance.
 - B. Direct debit mandate.
 - C. Insurance Product Information Document (IPID).
 - D. Policy booklet.

31. Jean wants to compare the cost of pet insurance products as she wants to purchase the cheapest cover for her new puppy. From where can she obtain this cover immediately?
- A. An aggregator.
 - B. A direct insurer.
 - C. An intermediary.
 - D. An introducer.
32. A dog breeder who has no insurance knowledge and provides contact details for pet insurance to her customers is called an
- A. affinity partner.
 - B. aggregator.
 - C. appointed representative.
 - D. introducer.
33. How do insurers **typically** handle an application for pet insurance for an older pet?
- A. Apply a co-payment condition.
 - B. Apply an increased excess.
 - C. Apply an increased waiting period.
 - D. Restrict the length of the policy.
34. An underwriter calculates a basic insurance premium of £200 for a pet insurance policy, but charges £224 to the insured. The difference of £24 is **most likely** to represent
- A. an administration fee.
 - B. bank charges.
 - C. commission.
 - D. Insurance Premium Tax.
35. Which document issued by a pet insurer is a standard template outlining the key information about the product?
- A. Insurance Product Information Document (IPID).
 - B. Marketing leaflet.
 - C. Policy schedule.
 - D. Policy booklet.
36. What cooling-off period is a customer given after arranging pet insurance cover?
- A. 7 days.
 - B. 14 days.
 - C. 28 days.
 - D. 30 days.

37. Which premium payment method is the **least likely** to be accepted by pet insurers?
- A. Cash.
 - B. Credit card.
 - C. Debit card.
 - D. Direct debit.
38. At the beginning of the pet insurance claims process, the burden of proof rests with the
- A. insurer.
 - B. intermediary.
 - C. policyholder.
 - D. vet.
39. John submits receipts to his pet insurer to support a claim for the cost of neutering his cat. How will his insurer respond?
- A. Decline the claim as neutering is a policy condition.
 - B. Decline the claim as neutering is a policy exclusion.
 - C. Pay the full amount.
 - D. Pay the full amount less the excess.
40. David has a standard pet insurance policy which includes death benefits up to £1,000. He submits a claim to his pet insurer following the death of his 3-year-old dog and includes the purchase receipt for £1,500 and the death certificate. How much will the insurer pay in settlement of the claim?
- A. £1,000 only.
 - B. £1,000 less a pro rata adjustment for the age of the dog.
 - C. £1,500 only.
 - D. £1,500 less a pro rata adjustment for the age of the dog.
41. Which principle of insurance applies when a pet insurer seeks to recover the cost of a claim from the person who is responsible for the loss?
- A. Contribution.
 - B. Indemnity.
 - C. Insurable interest.
 - D. Subrogation.
42. Joanne takes out a new pet insurance policy, but the next day her dog becomes ill and has to go to the vet. She makes a claim to the insurer for vet fees and treatment costs totalling £560. How will her insurer respond to the claim?
- A. Decline the claim as her debit card payment is still being processed.
 - B. Decline the claim as it is within the waiting period.
 - C. Pay the full amount.
 - D. Pay the full amount less the policy excess.

43. Which specific document **must** a pet insurer issue to a customer in good time?
- A. Insurance Product Information Document (IPID).
 - B. Marketing leaflet.
 - C. Proposal form.
 - D. Renewal invitation.
44. As part of the Financial Conduct Authority's consumer outcome guidelines, pet insurance customers should **primarily** be provided with information that is
- A. clear.
 - B. complex.
 - C. detailed.
 - D. technical.
45. How many stages are there in a **typical** verbal communication cycle between a pet insurance customer and a member of the insurer's customer service team?
- A. Two stages.
 - B. Three stages.
 - C. Four stages.
 - D. Five stages.
46. A pet insurer is reviewing its written communications to customers. The insurer should ensure that these communications
- A. always seek to avoid the use of bullet points.
 - B. use correct spelling and terminology.
 - C. use jargon wherever necessary.
 - D. use long sentences to explain technical matters.
47. Which body is responsible for setting the rules for the way pet insurers handle complaints?
- A. Association of British Insurers.
 - B. Chartered Insurance Institute.
 - C. Financial Conduct Authority.
 - D. Financial Ombudsman Service.
48. Which of the Principles for Businesses (PRIN) guidelines focuses on the fair treatment of customers?
- A. 1.
 - B. 4.
 - C. 6.
 - D. 11.

49. Under rules issued by the Financial Conduct Authority, how many customer outcomes are pet insurers obliged to follow?
- A. 3 outcomes.
 - B. 6 outcomes.
 - C. 9 outcomes.
 - D. 12 outcomes.
50. A pet insurer wishes to communicate information about a new product to its policyholders. Under the Insurance: Conduct of Business sourcebook (ICOBS) the insurer **must** ensure the information is clear, fair and
- A. available in the customer's appropriate language.
 - B. listed as bullet points only.
 - C. must be the same information provided to all customers.
 - D. not misleading.

Specimen Examination Answers and Learning Outcomes Covered

Question	Answer	Learning Outcome	Question	Answer	Learning Outcome
Learning Outcome 1			Learning Outcome 4		
1	B	1.1	29	C	4.3
2	A	1.1	30	C	4.4
3	D	1.1	31	A	4.1
4	D	1.2	32	D	4.1
4 Questions			33	A	4.2
			34	D	4.2
Learning Outcome 2			35	A	4.3
5	A	2.3	36	B	4.4
6	D	2.3	37	A	4.4
7	A	2.3	38	C	4.5
8	D	2.1	39	B	4.5
9	D	2.1	40	A	4.5
10	D	2.1	41	D	4.5
11	C	2.1	42	B	4.5
12	C	2.2	43	D	4.4
13	B	2.2	15 Questions		
14	D	2.1			
10 Questions			Learning Outcome 5		
			44	A	5.3
Learning Outcome 3			45	C	5.1
15	A	3.3	46	B	5.1
16	C	3.1	47	C	5.2
17	B	3.1	48	C	5.3
18	D	3.2	49	B	5.3
19	B	3.3	50	D	5.4
20	C	3.2	7 Questions		
21	C	3.2			
22	A	3.3			
23	C	3.1			
24	A	3.3			
25	C	3.1			
26	C	3.1			
27	C	3.3			
28	B	3.1			
14 Questions					