



Chartered
Insurance
Institute

IF6

Certificate in Insurance

Unit 6 – Household insurance products

Based on the 2021 syllabus
examined from 1 January 2021 until 31 December 2021

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Unit 6 – Household insurance products

Based on the 2021 syllabus examined from 1 January 2021 until 31 December 2021

Introduction

This examination guide has been produced by the Examinations Department at the Chartered Insurance Institute to assist students in their preparation for the IF6 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 two hours 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 an IF6 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 IF6 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 <https://www.cii.co.uk/learning/qualifications/unit-household-insurance-products-if6/>
- 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 IF6 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 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 IF6 begin with *understand* or *apply*. Different skill levels lead to different types of question, examples of which follow.

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.

Apply To answer application questions, the candidate must be able to apply their knowledge and/or understanding to a given set of circumstances. Questions set on a *be able to apply* learning outcome can test knowledge and/or understanding as well as application.

Examination Information

The method of assessment for the IF6 examination is 50 multiple choice questions (MCQs) and 5 case studies, each comprising 5 MCQs. 2 hours are allowed for this examination.

The IF6 syllabus provided in this examination guide will be examined from 1 January 2021 until 31 December 2021.

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.

Section A consists of 50 multiple choice questions. 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.

Section B contains five case studies each followed by five questions. **Four** options follow each question. The options are labelled A, B, C and D. Only **one** of these options will be correct or best. 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 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.

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.

Household insurance products

Objective

To provide knowledge and understanding of the practices and procedures of household insurances and associated forms of cover and to develop in candidates an ability to apply product knowledge and understanding on straightforward cases where unaccompanied but supervised advice is given.

Summary of learning outcomes	Number of questions in the examination*
1. Understand the scope of cover provided by household insurance products.	12
2. Know how to apply knowledge of the cover provided by household insurance products to a given set of circumstances.	6
3. Understand the legal and regulatory considerations for household insurance products.	11
4. Know how to apply knowledge of legal and regulatory considerations for household insurance products to a given set of circumstances.	6
5. Understand risk assessment, rating and underwriting of household insurance products.	19
6. Know how to apply knowledge of risk assessment, rating and underwriting of household insurance products to a given set of circumstances.	9
7. Understand claims procedures within the context of household insurance products.	8
8. Know how to apply knowledge of claims procedures within the context of household insurance products to a given set of circumstances.	4

* 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) and 5 case studies, each comprising 5 MCQs. 2 hours are allowed for this examination.
- This syllabus will be examined from 1 January 2021 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 the latest information on changes to law and practice and when they will be examined:
 1. Visit www.cii.co.uk/qualifications
 2. Select the appropriate qualification
 3. Select your unit from the list provided
 4. Select qualification update on the right hand side of the page

1. Understand the scope of cover provided by household insurance products.

- 1.1 Describe the core cover provided under different household insurance products, including policy wordings, exclusions and extensions.
- 1.2 Describe the optional extensions available under household insurance policies and the scope of this cover.
- 1.3 Explain the key issues relating to special risks.

2. Know how to apply knowledge of the cover provided by household insurance products to a given set of circumstances.

- 2.1 Apply the cover provided by household insurance products to a given set of circumstances.

3. Understand the legal and regulatory considerations for household insurance products.

- 3.1 Explain in broad outline the scope and general effect of insurance regulations and legislation.
- 3.2 Describe the causes of legal liability for individuals.
- 3.3 Describe how torts can arise.
- 3.4 Describe the key features of The Limitation Act 1980.
- 3.5 Explain the principal issues of occupiers' liability acts and their differences.
- 3.6 Describe the main aspects of the Defective Premises Act 1972 and its effect on the law.

4. Know how to apply knowledge of legal and regulatory considerations for household insurance products to a given set of circumstances.

- 4.1 Apply legal and regulatory considerations for household insurance products to a given set of circumstances.

5. Understand risk assessment, rating and underwriting of household insurance products.

- 5.1 Explain the general principles of premium rating and underwriting individual risks.
- 5.2 Describe the rating and underwriting considerations of different household insurance products.
- 5.3 Describe the basis of cover and how sums insured are calculated.
- 5.4 Describe the renewal process specific to household insurance products.
- 5.5 Describe the key features of relevant legislation which affects the underwriting of household insurance products.

6. Know how to apply knowledge of risk assessment, rating and underwriting of household insurance products to a given set of circumstances.

- 6.1 Apply risk assessment, rating and underwriting of household insurance products to a given set of circumstances.

7. Understand claims procedures within the context of household insurance products.

- 7.1 Describe the principles for establishing the validity of a claim.
- 7.2 Describe the claims handling procedures specific to household insurance products.
- 7.3 Explain fraud prevention and detection measures and their operation.
- 7.4 Describe how regulatory and legislative rules apply to the claims process.
- 7.5 Explain complaints-handling procedures and dispute resolution.

8. Know how to apply knowledge of claims procedures within the context of household insurance products to a given set of circumstances.

- 8.1 Apply claims handling procedures within the context of household insurance products to a given set of circumstances.

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

Household insurance products. London: CII. Study text IF6.

Books (and ebooks)

Bird's modern insurance law. 10th ed. John Birds. Sweet and Maxwell, 2016.

The modern law of insurance. Andrew McGee. LexisNexis, 2011.

Factfiles and other 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 <https://www.cii.co.uk/insurance-institute-of-london/> (CII/PFS members only).

Recent developments in tort I and II. Alan Peck.

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).

Post magazine. London: Incisive Financial Publishing. Monthly. Contents searchable online at www.postonline.co.uk.

Reference materials

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

The insurance manual. Stourbridge, West Midlands: Insurance Publishing & Printing Co. Looseleaf, updated.

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.

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. With regard to personal liability cover under a contents insurance policy on a rented property, cover is provided for liability arising from an incident
 - A. as a result of the occupier's employment only.
 - B. as a result of the occupier's trade only.
 - C. for which the occupier has a legal liability.
 - D. for which the owner has a legal liability.

2. A tenant's basic insurance policy would **normally** provide cover for
 - A. buildings only.
 - B. contents only.
 - C. buildings and contents for furnished accommodation.
 - D. buildings and contents for unfurnished accommodation.

3. The money section under a standard household insurance policy would **normally exclude** money
 - A. held in a secure depository.
 - B. kept in a kitchen drawer.
 - C. left overnight in a safe.
 - D. used for professional purposes.

4. What type of event is **NOT** covered under the legal liability section of a household insurance policy?
 - A. Damage to property.
 - B. Death.
 - C. Physical injury.
 - D. Theft.

5. Bob is a keen golfer and has his extensive set of equipment insured for its full replacement value. When it is stolen one night from his locked garage, what, if anything, is his insurer **most likely** to **exclude** from the claims settlement?
 - A. Nothing.
 - B. The golf bag.
 - C. The motorised golf buggy.
 - D. The golf trolley.

6. An emergency helpline service under a standard household insurance policy is **most likely** to advise that it is unable to assist with a
 - A. blocked drain.
 - B. broken window.
 - C. gas leak.
 - D. water leak.

-
7. A legal expenses policy will **typically** cover a claim arising from
- A. building alterations.
 - B. consumer disputes.
 - C. divorce disputes.
 - D. libel or slander.
8. What **minimum** amount of employer's liability cover will a home business policy **typically** provide?
- A. £1,000,000
 - B. £2,000,000
 - C. £5,000,000
 - D. £10,000,000
9. What requirement is necessary for insurers to extend a policyholder's home insurance policy to include a holiday home in France?
- A. The policyholder must have a permanent residence in the UK.
 - B. The security arrangements must be in line with UK requirements.
 - C. A survey must be undertaken.
 - D. The UK residence must have extended accidental damage.
10. A household insurer refuses to deal with a claim from an injured third party following a car accident on a public road. This is because the policy
- A. excludes liability when using motor vehicles.
 - B. only covers the insured's own vehicle damage.
 - C. only provides cover on the insured's private land.
 - D. states the Motor Insurers' Bureau have responsibility.
11. An insured accidentally injures a third party when opening his umbrella in the park. What section of a household policy will **usually** compensate the third party?
- A. Buildings.
 - B. Contents.
 - C. Legal expenses.
 - D. Personal possessions.
12. The definition of buildings **usually** excludes
- A. external television aerials.
 - B. fences and gates.
 - C. fixtures and fittings.
 - D. swimming pools.

13. A visitor to a house is injured when he trips on the garden path. Within what **maximum** period of time can the visitor make a claim for his injuries under the home owner's insurance policy?
- A. One year.
 - B. Three years.
 - C. Six years.
 - D. Nine years.
14. How would a court establish if a defendant had breached the duty of care in a case of alleged negligence?
- A. They would consider the actions a 'highly cautious' man would have taken.
 - B. They would consider the actions a 'reasonable' man would have taken.
 - C. They would require evidence that the highest standards of care have been applied.
 - D. They would require evidence that the lowest standards of care have been applied.
15. The Dangerous Dogs Act 1991 defines some breeds of dog bred for fighting. One of these is the
- A. Alsatian.
 - B. Doberman Pinscher.
 - C. Japanese Tosa.
 - D. Rottweiler.
16. The liability for spread of fire as outlined in *Sturge v Hackett* (1962) is termed as
- A. nuisance.
 - B. strict liability.
 - C. trespass.
 - D. vicarious liability.
17. A 14-year-old schoolchild is caught throwing bricks at a shop window whilst walking home alone from school. Who is **most likely** to be legally liable, if anyone, for the damage caused?
- A. The child.
 - B. The parents.
 - C. The school.
 - D. No-one.
18. Who is owed a duty under the Occupiers' Liability Act 1984?
- A. Contractors.
 - B. Lawful visitors.
 - C. Tenants.
 - D. Trespassers.

19. What does strict liability mean?
- A. It is not necessary to establish negligence in order for liability to arise.
 - B. Negligence must be established in order for liability to arise.
 - C. Nuisance must be established in order for liability to arise.
 - D. One person is held liable for the actions of another person.
20. Under the Defective Premises Act 1972, to whom, if anybody, does a landlord owe a duty?
- A. Tenants only.
 - B. Tenants and their visitors.
 - C. Visitors only.
 - D. No duty is owed.
21. Adele's trees have caused cracks in her neighbour's garden wall. Adele is **most likely** to be responsible for damage to the wall under the tort of
- A. negligence.
 - B. nuisance.
 - C. trespass.
 - D. strict liability.
22. Under the Limitation Act 1980, how much longer is the limitation period for property damage claims compared with personal injury claims?
- A. One year.
 - B. Two years.
 - C. Three years.
 - D. Four years.
23. When is the sum insured under a contents insurance policy **normally** increased to allow for index-linking?
- A. At the start of the policy.
 - B. On a monthly basis.
 - C. On a quarterly basis.
 - D. At the renewal of the policy.
24. Having bought presents for Christmas, what impact would this have, if any, on a standard contents insurance policy?
- A. The presents would be excluded.
 - B. There would be a temporary increase in the sum insured plus an increase in premium.
 - C. There would be a temporary increase in the sum insured with no increase in premium.
 - D. There would be no impact.

25. When an insurer undertakes to restore a building that has been damaged by an insured peril, this is known as
- A. indemnity.
 - B. new for old.
 - C. reinstatement.
 - D. replacement.
26. Under a household insurance policy, a deduction will **usually** be made for wear and tear on
- A. carpets.
 - B. clothing.
 - C. furniture.
 - D. kitchen equipment.
27. On what **must** the sum insured for a buildings insurance policy be based to ensure the accuracy of the value?
- A. The cost of rebuilding the property.
 - B. The market value of the property excluding the value of land.
 - C. The market value of the property including the value of land.
 - D. The price paid for the property.
28. The higher premium for a personal possessions extension to a household insurance policy **primarily** reflects the increased
- A. cost of replacement.
 - B. probability of items being lost, damaged or stolen.
 - C. probability of items being stolen or breaking down.
 - D. security required to protect the risk.
29. Index-linking on buildings insurance policies is **normally** based on
- A. the Harmonised Index of Consumer Prices.
 - B. the Property Price Index recorded by the Land Registry Office.
 - C. the Retail Prices Index.
 - D. the Royal Institute of Chartered Surveyors House Rebuilding Cost Index.
30. Under which piece of legislation **must** a consumer take reasonable care to answer an insurers' questions fully and accurately?
- A. Marine Insurance Act 1906.
 - B. Occupiers Liability Act 1984.
 - C. Rehabilitation of Offenders Act 1974.
 - D. The Consumer Insurance (Disclosure and Representations) Act 2012.

31. The **main** consideration for a travel insurance underwriter when calculating the additional premium for winter sports insurance is the increased
- A. likelihood of baggage delay.
 - B. likelihood of cancellation.
 - C. risk of injury.
 - D. risk of theft.
32. The **main** rating factors for household buildings insurance are **normally** rebuilding cost, location of the property and
- A. age of the proposers.
 - B. construction of the property.
 - C. number of windows.
 - D. market value.
33. Underwriters **usually** charge additional rates for proposers who live in a shared house because there is
- A. a difficulty in collecting premiums.
 - B. an increased likelihood of larger claims.
 - C. an increased theft risk as the area is not self contained.
 - D. an increased theft risk due to the higher moral hazard of occupants.
34. What would an underwriter **usually** do on receipt of a proposal form detailing a history of subsidence in the area where the property to be insured is situated?
- A. Accept the risk but exclude subsidence.
 - B. Accept the risk with an increased excess.
 - C. Automatically decline the risk.
 - D. Request a subsidence questionnaire.
35. Under an index-linked household insurance policy, what **normally** happens to the sum insured and the monthly premium between renewal dates?
- A. Neither the sum insured nor the monthly premium is increased.
 - B. The sum insured remains level, but the monthly premium increases in line with the index.
 - C. The sum insured increases in line with the index, but the monthly premium remains level.
 - D. Both the sum insured and the monthly premium increase in line with the index.
36. Nicola's dog, Jack, is already suffering from arthritis when she takes out her standard pet insurance policy, but Nicola fails to inform her insurer of this when specifically asked. During the policy period, the arthritis becomes worse and Nicola intends to make a claim for the vet's fees. Her insurer will
- A. decline the claim and avoid the policy from the beginning.
 - B. decline the claim as Jack is suffering from a pre-existing condition.
 - C. pay 50% of the value of the claim due to the pre-existing condition.
 - D. pay the claim in full less the applicable excess.

37. When can an insurer make changes to the building insurance policy wording?
- A. At any stage during the policy year.
 - B. At the renewal date only.
 - C. During the cooling-off period only.
 - D. It is bound by the original terms indefinitely.
38. Which index is used by an insurer to ensure that the contents sum insured remains adequate at the time of renewal.
- A. Consumer Prices Index.
 - B. House Rebuilding Cost Index.
 - C. Land Registry House Price Index.
 - D. Retail Prices Index.
39. Daniella is a hairdresser and to earn some additional income she arranges for some clients to have appointments at her home. What area of risk would be of particular concern to her standard household insurer?
- A. Accidental Damage to Buildings.
 - B. Accidental Damage to Contents.
 - C. Legal Expenses.
 - D. Personal Liability.
40. An independent person who investigates the circumstances of a loss on behalf of an insured is known as a
- A. claims inspector.
 - B. loss adjuster.
 - C. loss assessor.
 - D. loss inspector.
41. How does the Claims and Underwriting Exchange database help an insurance company to rate an individual who is to be covered by a policy?
- A. It contains details of a proposer's home and work addresses.
 - B. It contains details of a claims history in respect of all types of insurance.
 - C. It enables the insurer to check previous motor, home and personal injury claims.
 - D. It enables actuaries to update their records.
42. Under a travel insurance policy, for how long **must** an insured person **usually** be delayed before a valid claim can be made?
- A. 6 hours.
 - B. 12 hours.
 - C. 18 hours.
 - D. 24 hours.

43. A policyholder's 19-year-old son, who resides with the family, takes his father's credit card without consent and spends £250. How would the insurer deal with the father's claim for reimbursement?
- A. Decline due to general unauthorised use.
 - B. Decline due to unauthorised use by a member of the household.
 - C. Settle the claim in full subject to an excess.
 - D. Settle the claim in full without a deduction of an excess.
44. In order to protect the interests of policyholders and to prevent and detect fraud, household insurers may
- A. investigate insurance claims and report them to the Financial Ombudsman Service.
 - B. review and reject claims on a case by case basis and report the outcomes to the National Crime Agency.
 - C. seek the joint resolution of claims with loss adjusters and other insurers.
 - D. share information about policyholders and claimants with other organisations and public bodies, including the police.
45. Finn has submitted a claim for accidental damage under his contents insurance policy and is becoming concerned over the time taken by his insurer to deal with the claim. The **main** obligation for the insurer when settling claims under the Financial Conduct Authority's rules is that the claim **must** be
- A. handled and settled within 21 days from notification of the claim.
 - B. handled and settled within 30 days from notification of the claim.
 - C. settled promptly and fairly at the request of the policyholder.
 - D. settled promptly once settlement terms have been agreed.
46. What is the purpose of the Insurance: Conduct of Business sourcebook (ICOBS) in relation to claims handling?
- A. To enhance the reputation of insurance providers and their intermediaries.
 - B. To provide insurers with information necessary to investigate a claim.
 - C. To regulate the claims-handling system so that insurers act appropriately.
 - D. To set out an equitable standard for all insurance providers and intermediaries.
47. Jenny is unhappy with how her insurer has dealt with her claim and she approaches the Financial Ombudsman Service (FOS) directly, without approaching her insurer first. As a result, the FOS would
- A. advise Jenny to contact her insurer for a final decision.
 - B. appoint a loss adjuster.
 - C. immediately investigate the claim.
 - D. make an award to Jenny.

48. What is the **typical maximum** limit on a personal liability claim arising from an accident under a standard buildings insurance policy?
- A. £1,000,000
 - B. £2,000,000
 - C. £5,000,000
 - D. £10,000,000
49. Mick has made a complaint to his insurer and he is **NOT** happy with their final response. Mick submits his complaint to the Financial Ombudsman Service (FOS). If Mick accepts the FOS's final monetary offer following its review, what is the effect of this decision on either party?
- A. It is binding on any subsequent court settlement.
 - B. It is contractually binding on the insurer only.
 - C. It is legally binding on Mick if the insurer agrees to pay the redress offered by the FOS.
 - D. It is only binding if both parties agree in writing to the full and final settlement of Mick's complaint.
50. Under the Consumer Rights Act 2015 digital policy content provided via an app must be supplied to a satisfactory standard and be
- A. Available continuously.
 - B. Available during the insurer's opening hours.
 - C. Provided at inception.
 - D. Provided within 7 days of inception.

SECTION B

Ravi and Deepa are tenants in a ground floor flat, which they rent on a furnished basis. They have a contents insurance policy, which is arranged via a bank. They have a 14-year-old son called Hari and a pit-bull terrier called Spike. Spike is **normally** very docile, but **always** wears a muzzle and a lead when he is taken for a walk. Recently Spike escaped and went into a neighbour's garden and bit Hilary, causing a serious injury to her hand.

18 months ago, Ravi and Deepa's landlord, Graham, had the gas fire repaired when it developed a gas leak. It has now started to smell again, so they have gone to stay with Ravi's parents for a couple of weeks and intend to return once Graham has arranged the latest repair. Whilst they are away, the windows of their flat have been left open for ventilation. Graham has the electric, ventilation, central heating and gas appliances checked on a regular basis.

Last year Ravi badly twisted his knee when the dining chair he was sitting on, which was part of the flat's furnishings, collapsed under him. Graham had been told on numerous occasions that it needed replacing and Ravi lost several days' work due to the injury.

Six months ago Luka, an independent contractor, replaced the electric plugs after Graham had asked Ravi to find someone from the local area to do the job. Ravi has checked the plugs, but Graham has **NOT** yet checked them himself.

Whilst Ravi and Deepa were on holiday last month, the kitchen was flooded due to a burst pipe which caused damage to the kitchen units. It was subsequently discovered that the pipe burst because of a neighbour's actions. Although the kitchen floor in the flat is very slippery when wet and Graham offered to replace it, Deepa declined the offer and promised to be careful. She subsequently slipped and broke her leg whilst washing the floor.

51. Graham has a duty to regularly check which item in the flat?

- A. Carpets.
- B. Gas appliances.
- C. Locks.
- D. Windows.

52. To what extent, if any, would Graham be liable under the Defective Premises Act 1972 for Ravi's loss of income following his knee injury?

- A. He would not be liable.
- B. He would only be liable for a maximum of one week's income.
- C. He would only be liable for 50% of the lost income.
- D. He is likely to be liable for the full loss of income.

53. Whilst visiting Ravi, his friend Brian receives an electric shock from the new plugs. Assuming the shock is due to faulty workmanship, who will be liable for the injury?
- A. Ravi.
 - B. Luka.
 - C. Graham.
 - D. The Electricity Board.
54. If Hilary takes Ravi to court under the Dangerous Dogs Act 1991, what is the position relating to liability?
- A. Ravi would be found liable due to his statutory responsibilities.
 - B. Ravi would not be found liable as it is the first time Spike has ever attacked a person.
 - C. Ravi would be found liable if the neighbour had left the gate open.
 - D. Ravi would not be found liable as the incident did not occur in a public place.
55. Why is there no cover available to Ravi and Deepa under their contents policy for the damage to their kitchen cupboards caused by the flood last month?
- A. Kitchen units are not covered under their contents policy.
 - B. Their neighbours caused the damage.
 - C. The type of property they live in is not covered for this particular risk.
 - D. They were on holiday when it happened.

David, aged 30, lives alone in a three-bedroomed house next to a river. The house is built with stone walls and a thatched roof. He has a buildings and contents insurance policy which was arranged through a local broker. The policy commenced on 1 November 2019 and includes index-linking of the sums insured. David has indemnity insurance cover and made certain that the sums insured were correct at the start of the policy. He changed his job last month and is now self-employed, running his own business from home. He intends to go on holiday for 21 days in May 2021 to visit his brother in Australia.

Peter, aged 65, lives next door to David and his four-bedroomed house is built with brick walls and a slate roof. When his household insurance policy was due for renewal on 15 December 2019, he changed it to the same insurer as David. He decided **NOT** to include index-linking of the sum insured, but has included full new for old cover and accidental damage cover. He made certain that the sums insured were correct at the start of the policy.

Peter and David both have stereo systems that they purchased four years ago for £1,000.

Peter has a pedigree dog called Sukie. He originally paid £400 for her, but she is now worth £600. There is no specific mention of her under his policy.

Peter and David's insurer calculates the contents premium on a sum insured basis. On 18 January 2020 the insurer changed its household insurance policy cover by increasing the compulsory excess for contents from £50 to £100.

Simon, aged 21, is a neighbour of David and Peter and holds a similar household insurance policy to them.

56. Simon has the same type of contents policy as David and with the same insurer. Which of them, if either, will pay a lower premium for their contents cover before any discounts are taken into account?
- A. David's premium will always be lower.
 - B. It depends on the total value of the contents of each property.
 - C. Simon's premium will always be lower.
 - D. They will both pay the same premium.
57. David's policy became due for renewal
- A. at the end of the chosen term.
 - B. on 1 May 2020.
 - C. on 1 November 2020.
 - D. on 15 December 2020.
58. David and Peter are concerned about the risk of underinsurance. Which of them, if either, is **likely** to become underinsured if they fail to contact their insurer to increase the sum insured at the next policy renewal?
- A. Both David and Peter.
 - B. David only.
 - C. Neither David nor Peter.
 - D. Peter only.

59. How much cover, if any, would Peter **typically** have under his policy to cover the accidental death of Sukie?
- A. None.
 - B. £400
 - C. £550
 - D. £600
60. David and Peter's houses have the same floor area and the same rebuilding sums insured. David's initial building premium is **likely** to be higher than Peter's because of
- A. the construction of the roof.
 - B. the construction of the walls.
 - C. his age.
 - D. his policy being index-linked.

David and his wife Rachel have three children; Danielle aged 18, Hannah aged 13 and Kieran aged 7. They live in a four-bedroomed detached house which they bought as a new build nine years ago and which is insured through the building society who provide their mortgage. The contents are insured separately via a local broker and cover extended to the family's bicycles.

Changes they have made to the house include the installation of a satellite dish, the building of a conservatory and a swimming pool. They are also planning installation of solar panels.

This year the family went on a camping holiday to France, taking Rachel's car and carrying the bicycles on the back of the car. Whilst they were there a third party crashed into the back of their car and also damaged the bicycles. David and Rachel had taken the precaution of taking out travel insurance for the family.

On their return home they find that the satellite dish has been damaged by high winds and is laying in the driveway.

Later in the year the family are preparing for a fireworks party and Rachel leaves the house briefly to go shopping, leaving Hannah and Kieran at home on their own. Kieran decides to light one of the fireworks outside and injures a neighbour.

61. Which section of David and Rachel's household insurance policy will **usually** provide cover for the item they are planning to install?
- A. All risks.
 - B. Buildings.
 - C. Contents.
 - D. Liabilities.
62. What premium factor will the insurer take into account when including the family bicycles under the policy?
- A. The number of bicycles.
 - B. The size of the bicycles.
 - C. The use of the bicycles.
 - D. The value of the bicycles.
63. Who is **most likely** to be legally liable for the injury to the neighbour?
- A. Hannah.
 - B. Kieran.
 - C. Rachel.
 - D. The fireworks manufacturer.
64. When David and Rachel claim for the damaged bicycles, they should contact their
- A. building society.
 - B. local broker.
 - C. motor insurer.
 - D. travel insurer.

65. Under the personal accident section of the travel insurance policy, there is a permanent total disablement benefit. Which members of the family would be covered?
- A. David and Rachel only.
 - B. David, Rachel and Danielle only.
 - C. David, Rachel, Danielle and Hannah only.
 - D. All of the family.

Suzanne and Barry live in a four-bedroomed terraced house with their three cats. They have a standard combined household insurance policy with a personal possessions extension.

Suzanne is a pilates teacher and her husband Barry is a professional musician and composer. Suzanne takes several classes a week in local halls and is often asked for private lessons that she does at home, either in the spare bedroom or the garden. As Suzanne is extremely busy she employs a cleaner and she often has fee-paying pilates clients staying at her home.

After one of the pilates classes, a client fractures her ankle by slipping on a drink that Suzanne had spilt and forgotten to clear up. Suzanne's cats also chew the edges of the carpet when locked in the bedroom.

Barry spends his days composing songs and plays his guitar in a band at several gigs a month. He owns a lot of expensive musical equipment. Suzanne has a vast collection of books and ornaments and has recently started selling ornaments she has made personally.

Suzanne and Barry do **NOT** get on with their neighbours, but have lived in the property for a number of years without any problems or insurance claims being made.

66. If a client suffers an injury in the house, how will the insurer handle the subsequent claim?
- A. The claim will be denied under a standard household policy.
 - B. The claim will be denied on the basis of no negligence as pilates is not deemed to be hazardous.
 - C. The claim will be settled, less the excess.
 - D. The claim will be settled and the policy voided.
67. Taking into account Suzanne's work-related activities, what additional insurance cover, if any, would be recommended?
- A. None, as the household insurance would be sufficient for her needs.
 - B. A business extension to the current policy cover.
 - C. Products liability and employers' liability insurance policies.
 - D. A separate business insurance policy.
68. Barry leaves his guitar and amplifiers on the back seat of his car. The car is broken into and the items are stolen. How would the household insurer deal with the subsequent claim for the instruments?
- A. The household insurer would refer the claim to Barry's motor insurer.
 - B. The household insurance contents section would cover the theft.
 - C. The theft would not be covered under this policy.
 - D. The household insurer would cover 50% of the value of the claim.
69. Under which tort is Suzanne liable for the injury sustained by her client?
- A. Nuisance.
 - B. Negligence.
 - C. Trespass.
 - D. Strict liability.

- 70.** The next door neighbours' solicitor has written a formal letter of complaint about the noise from Barry's piano. What action should Barry take?
- A.** Advise the neighbours to contact their own insurer.
 - B.** Explain to the neighbours in person that he plays piano professionally.
 - C.** Forward the letter unanswered to his household insurer.
 - D.** Try to defuse the situation by changing the hours of his piano playing.

Anna, Steve and their two daughters live in a semi-detached house and have standard household insurance with personal possessions, plus pedal cycle extensions. They have recently purchased a caravan which the insurer has included as an additional extension. Steve is employed full time but often works at home and frequently travels in the course of his work.

They make a last minute decision to travel to Norfolk for the weekend with some friends. They hitch the caravan up and arrive at the caravan park late at night. There is a large space available so Steve leaves both the caravan and the car hitched together. The next day a sudden storm causes the caravan to overturn. Their friends help to straighten up the caravan but Steve discovers that there is substantial damage on one side, although it is still roadworthy.

The storm clears by the evening and Anna and Steve invite their friends who helped them to a barbeque to say thank you. They also light a bonfire. The evening is successful and Steve and Anna leave the caravan park to go home. During the night the wind picks up again and a piece of smouldering firewood is blown onto the caravan park clubhouse, causing significant damage to the roof.

When the family arrive home they realise that Steve's work laptop has been stolen from the caravan.

71. The caravan park owner submits a claim to their insurer for the damage to the clubhouse roof and they are unhappy with the delays. What action should they take?
- A. Contact the insurer, who should be acting under the fair treatment of customers principle.
 - B. Continue to wait as the claim is complicated.
 - C. Register a complaint with the Financial Conduct Authority.
 - D. Write to the Financial Ombudsman Service.
72. Anna and Steve submit a claim for their damaged caravan, but the claim is subsequently denied. What would be the **main** reason behind their insurer's decision?
- A. The caravan was not insured for material damage.
 - B. The caravan was not situated on a permanent site.
 - C. Damage for this type of incident is not covered.
 - D. They were not informed of the weekend trip.
73. Anna and Steve intend to hire out their caravan. How would an underwriter assess this additional risk?
- A. Decline to accept this additional risk for this type of policy.
 - B. Increase the premium based on the new circumstances.
 - C. Request additional information about the number of hirings.
 - D. Request a survey to be undertaken.
74. Under what section, if any, of the household insurance policy would the stolen item be covered?
- A. Personal possessions.
 - B. The caravan extension section.
 - C. The home working section.
 - D. It would not be covered.

75. Anna and Steve's friends wish to borrow the caravan for a weekend holiday. Steve refers this request to his insurer for consideration. His insurer would **typically**
- A. charge an additional premium.
 - B. confirm there is no cover.
 - C. provide cover but include a compulsory £500 excess.
 - D. provide cover within the policy terms and conditions.

Specimen Examination Answers and Learning Outcomes Covered

Question	Answer	Learning Outcome	Question	Answer	Learning Outcome	Question	Answer	Learning Outcome	Question	Answer	Learning Outcome
Learning Outcome 1			Learning Outcome 5			Learning Outcome 7			SCENARIO FORMAT		
1	C	1.1	23	B	5.3	40	C	7.1	51	B	4.1
2	B	1.3	24	C	5.2	41	C	7.3	52	D	4.1
3	D	1.2	25	C	5.3	42	B	7.2	53	B	4.1
4	D	1.1	26	B	5.3	43	B	7.1	54	A	4.1
5	C	1.2	27	A	5.3	44	D	7.3	55	A	2.1
6	C	1.2	28	B	5.2	45	D	7.4	56	B	6.1
7	B	1.2	29	D	5.3	46	C	7.4	57	C	6.1
8	D	1.3	30	D	5.5	47	A	7.5	58	D	6.1
9	A	1.3	31	C	5.2	48	B	7.2	59	A	2.1
10	A	1.1	32	B	5.1	49	B	7.5	60	A	6.1
11	B	1.1	33	C	5.2	50	A	7.2	61	B	2.1
12	A	1.1	34	D	5.1	11 Questions			62	D	6.1
12 Questions			35	C	5.3				63	C	4.1
			36	B	5.5				64	B	8.1
Learning Outcome 3			37	B	5.4				65	D	2.1
13	B	3.4	38	D	5.3				66	A	8.1
14	B	3.3	39	D	5.2				67	B	6.1
15	C	3.2	17 Questions						68	C	8.1
16	B	3.3							69	B	4.1
17	A	3.2							70	C	8.1
18	D	3.5							71	A	4.1
19	A	3.3							72	C	8.1
20	B	3.6				73	A	6.1			
21	B	3.3				74	D	2.1			
22	C	3.4				75	D	6.1			
10 Questions									25 Questions		