

17. An insurer underwrites a liability policy with a limit of indemnity of £2,000,000 subject to an excess of £50,000 for each and every claim. Defence costs are stated to be covered in addition to policy limits. If a claim is submitted for £3,500,000 whilst incurring defence costs of £400,000, how much will the insurer pay?
- A. £2,000,000
 - B. £2,350,000
 - C. £2,400,000
 - D. £3,900,000

Key option: C

Learning outcome: 2.1

18. A property insurance policy has a limit of liability of £1,000,000 each and every loss subject to an occurrence limit of £1,000,000 for storm, with a £10,000 any one occurrence excess. A storm occurs and a policyholder submits the following claims.

Property	Claim Amount
X	£250,000
Y	£750,000
Z	£1,250,000

How much will the policyholder and the insurer pay for this loss occurrence?

- A. The policyholder pays £250,000 and the insurer pays £2,000,000.
- B. The policyholder pays £280,000 and the insurer pays £1,970,000.
- C. The policyholder pays £1,250,000 and the insurer pays £1,000,000.
- D. The policyholder pays £1,260,000 and the insurer pays £990,000.

Key option: C

Learning outcome: 2.1

75. A company arranges with an insurer to provide private health insurance for employees, whereby new employees are automatically enrolled into the scheme in accordance with the
- A. affinity programme agreement.
 - B. contract deed.
 - C. delegated authority.
 - D. master policy agreement.

Key option: D

Learning outcome: 5.2