Chartered Insurance Institute

# IF4

## Certificate in Insurance

## Unit 4 – Insurance claims handling process

**Based on the 2026 syllabus**
**examined from 1 January 2026 until 31 December 2026**

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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/**

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# Unit 4 – Insurance claims handling process

**Based on the 2026 syllabus examined from 1 January 2026 until 31 December 2026**

## Introduction

This examination guide has been produced by the Examinations Department at the Chartered Insurance Institute to assist students in their preparation for the IF4 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 IF4 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 IF4 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/certificate-in-insurance-qualification/unit-insurance-claims-handling-process-if4/**
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 IF4 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.

Supporting information for the syllabus which contains a detailed overview of the areas covered can be found on the unit page. Select Supporting information for the 2026 syllabus on the right-hand side of the page.

## 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 IF4 begin with *understand.* 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.

## Examination Information

The method of assessment for the IF4 examination is 75 multiple choice questions (MCQs). 2 hours are allowed for this examination.

The IF4 syllabus provided in this examination guide will be examined from 1 January 2026 until 31 December 2026.

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.

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.

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, under 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

For sittings at exam centres and via remote invigilation please ensure you are aware of the layout of the examination by using the familiarisation test **www.cii.co.uk/learning/qualifications/assessment-information/multiple-choice-question-exams-at-a-test-centre/exam-familiarisation/**

#### Remote invigilation

For remote invigilation sittings, you should check that the equipment you plan to use on your exam day is suitable. System requirements can be found here **www.cii.co.uk/learning/qualifications/assessment-information/multiple-choice-question-exams-by-remote-invigilation/prepare-your-it-equipment/**

Once you have booked your exam, you will be able to launch a Tutorial by going to the booking via your MyCII/MyPFS Dashboard. This tutorial can only be accessed three times, we suggest saving one attempt for 2-3 days prior to your exam date. The tutorial allows you to experience the launch of an exam as it will be on the day and covers some common FAQs. You will be unable to access the tutorial 2 hours and 30 minutes prior to your scheduled exam time.

To access your examination on the exam day, click on the “Launch Exam” link beside your scheduled exam, with the Bookings and Results area of your MyCII/MyPFS Dashboard. If you have any difficulty accessing your MyCII/MyPFS account you should contact CII customer service.

## 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.

# Insurance claims handling process

## Objective

To provide knowledge and understanding of the claims handling process including notification, assessment, settlement and associated financial factors.

| Summary of learning outcomes | | Number of questions in the examination* |
|---|---|---|
| 1. | Understand the general principles in the claims handling process. | 12 |
| 2. | Understand insurance products and associated services. | 13 |
| 3. | Understand claims considerations and administration. | 13 |
| 4. | Understand claims handling procedures and related claims services. | 13 |
| 5. | Understand claims handling operations. | 6 |
| 6. | Understand claims settlement. | 10 |
| 7. | Understand how expenses are managed. | 8 |

* 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: 75 multiple choice questions (MCQs). 2 hours are allowed for this examination.
- This syllabus will be examined from 1 January 2026 to 31 December 2026.
- This PDF document has been designed to be accessible with screen reader technology. 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.

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## 1. Understand the general principles in the claims handling process.

1.1 Describe the legal requirements for a valid claim.

1.2 Describe the different types of policy conditions relating to claims.

1.3 Describe what documentary and supporting evidence are required when notifying a claim.

1.4 Explain what is meant by proximate cause and how it is applied.

## 2. Understand insurance products and associated services.

2.1 Know the features, extensions and exclusions of motor policies.

2.2 Know the features, extensions and exclusions of household policies, gadget policies, travel policies and extended warranties.

2.3 Know the features, extensions and exclusions of commercial property and pecuniary policies.

2.4 Know the features, extensions and exclusions of commercial liability policies.

2.5 Know the features, extensions and exclusions of health policies.

## 3. Understand claims considerations and administration.

3.1 Describe the role of the claims department.

3.2 Explain the importance of service standards and managing customer expectations.

3.3 Understand the different parties to an insurance claim.

3.4 Explain the importance of claims estimating and how reserving operates.

3.5 Understand how fraud affects insurance claims.

3.6 Describe the main regulatory and legislative environment for claims handling.

3.7 Describe how disputes and complaints could be resolved.

3.8 Describe the concepts of good faith and the duty of fair presentation.

## 4. Understand claims handling procedures and related claims services.

4.1 Know claims handling procedures for motor policies.

4.2 Know claims handling procedures for household policies, gadget policies, travel policies and extended warranties.

4.3 Know claims handling procedures for commercial property and pecuniary policies.

4.4 Know claims handling procedures for commercial liability policies.

4.5 Know claims handling procedures for health policies.

4.6 Know the Civil Procedure Rules.

## 5. Understand claims handling operations.

5.1 Describe the key features, structure and objectives of different claims systems.

5.2 Understand the importance of data protection legislation and enforcement.

5.3 Explain the roles of external support services used in the claims process.

5.4 Describe the claims function as it appears in functional and divisional structures.

## 6. Understand claims settlement.

6.1 Describe the way that claims can be settled.

6.2 Describe why a full indemnity may not always be paid.

6.3 Explain how insurers can recover the cost of claims.

6.4 Describe the provisions of the Motor Insurers' Bureau agreement for untraced and uninsured drivers.

## 7. Understand how expenses are managed.

7.1 Describe the role of the claims manager.

7.2 Explain what leakage is and how to identify and reduce it.

7.3 Explain the types of financial monitoring and how this can impact an insurance company results.

7.4 Explain the basis and significance of reserving practice.

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## Additional resources

The following resources may assist you with your studies.

**Note: The examination will test the syllabus alone.**

Supporting information for the syllabus can be found on the unit page via the CII website. The resources found here: *www.cii.co.uk/learning* will help you keep up-to-date with developments and provide a wider coverage of syllabus topics.

Additional reading material can also be found referenced in an appendix within the study text.

## Learning support

Insurance claims handling process London: CII. Study text IF4.

E-Learn, Key Facts Booklet and Knowledge Checker are included with Enrolment plus (excluding Video Revision), or available at an additional cost (delivered via RevisionMate)

## Assessment information

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

## Examination guide

The examination guide is available on the unit page via the CII website.

If you have a current study text enrolment, the current examination guide is included and is accessible via **RevisionMate** (*ciigroup.org/login*). Details of how to access RevisionMate are on the first page of your study text.

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

## Exam preparation

Exam preparation guidance and supporting exam documentation are available via the CII website: *www.cii.co.uk/learning/qualifications/assessment-information*


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**1.** On submission of a claim, an insurer discovers that the insured has breached a condition in their household insurance policy. If the breach is unrelated to the claim and the claim is otherwise valid, what action is the insurer **most likely** to take?
**A.** Avoid the policy.
**B.** Decline the claim.
**C.** Partially settle the claim.
**D.** Settle the claim in full.

**2.** During a storm, high winds strip some of the tiles from Pam's roof. As well as submitting a claim to her household insurer, what other essential step would her insurer expect her to take under the terms of her policy?
**A.** Take steps to prevent further damage.
**B.** Instruct her own loss adjuster.
**C.** Move into alternative accommodation.
**D.** Obtain three repair estimates from contractors.

**3.** Under a liability insurance policy, in what circumstances can liability be admitted to a third party by the insured?
**A.** When the insurer is advised within seven days of the admission being made.
**B.** When the insurer is notified of the intention to claim by the third party.
**C.** When the third party is insured by the same insurer.
**D.** When the insurer has given written consent.

**4.** Rachel is on holiday abroad when valuables are stolen from her hire car. From whom **must** she obtain a report to support a claim under her travel insurance policy?
**A.** The car hire company.
**B.** The local police.
**C.** The tour operator.
**D.** The travel agent.

**5.** Which document is **normally** required by an insurer from the insured when an accidental damage loss is suffered by a householder?
**A.** A copy of the policy schedule.
**B.** Claim form.
**C.** Policy document.
**D.** Renewal receipt.

**6.** When an event that gives rise to a claim may be excluded under policy conditions, the onus of proof concerning the application of the exclusion falls to the
**A.** insured.
**B.** insurer.
**C.** loss adjuster.
**D.** loss assessor.

**7.** Under the terms of most household policies, when is a policyholder required to notify their insurer of a claim?
**A.** As soon as possible.
**B.** Immediately after the loss repair estimates have been obtained.
**C.** Within 10 days of the loss occurring.
**D.** Within 28 days of the loss occurring.

**8.** When submitting a claim for a substantial theft loss, the insured will have to confirm that they have complied with the police notification condition by supplying the
**A.** address of the relevant police station.
**B.** crime report number.
**C.** date and time that the police attended the scene.
**D.** recording officer's identity number.

**9.** An electrical fault causes a fire to break out in the office above a ground floor and basement stock room. The fire brigade attend and extinguish the fire using considerable volumes of water that accumulate in the basement and damage the stock. What is the proximate cause of the stock damage?
**A.** Electrical fault.
**B.** Fire.
**C.** Storage of stock.
**D.** Water.

**10.** If an insured is placed in the same financial position after a loss that she enjoyed immediately before the loss occurred, this is known as the principle of
**A.** average.
**B.** contribution.
**C.** indemnity.
**D.** subrogation.

**11.** Which statute will be **most relevant** to an insured who, upon making a claim, is concerned that a policy term was **NOT** transparent or prominent when purchasing the insurance policy?
**A.** The Consumer Insurance (Disclosures and Representations) Act 2012.
**B.** The Consumer Rights Act 2015.
**C.** The Enterprise Act 2016.
**D.** The Financial Services Act 2012.

**12.** When submitting a claim under a motor insurance policy which has been arranged through an independent intermediary, who is **legally** required to prove the value of a loss?
**A.** The independent intermediary only.
**B.** The insured only.
**C.** The insurer only.
**D.** The insured and the independent intermediary.

**13.** Which type of insurance policy would **typically exclude** cover for failure to comply with a manufacturer's instructions?
**A.** Employers' liability.
**B.** Extended warranty.
**C.** Product liability.
**D.** Motor.

**14.** For a valid claim to be considered under an employers' liability insurance policy, when **must** cover be in force?
**A.** When the event giving rise to the claim occurs.
**B.** When the policyholder is notified of the event giving rise to the claim.
**C.** When the policyholder makes a claim under the policy.
**D.** As long as the claim is outstanding.

**15.** James is hospitalised in Turkey whilst on holiday with his father, Bob, and they both miss their scheduled flight home to the UK. James' doctor stipulates that he needs assistance when he is discharged, so Bob remains with him and they fly home together. James' travel insurance policy includes medical expenses and repatriation. What expenses will be covered by James' policy?
**A.** The hospital expenses only.
**B.** The hospital expenses and James' additional travel costs only.
**C.** The hospital expenses and both James' and Bob's additional travel costs only.
**D.** The hospital expenses, James' and Bob's additional travel costs and Bob's additional accommodation costs whilst James is in hospital.

**16.** Meera is a customer in a pub and sustains an injury when she slips on some beer spilt by a member of staff. Which section of the pub's commercial combined insurance policy will provide indemnity against a claim for damages from Meera?
**A.** The employers' liability section.
**B.** The personal accident section.
**C.** The products liability section.
**D.** The public liability section.

**17.** The two **main** exclusions in a typical health insurance policy are in respect of
**A.** acute conditions and pre-existing conditions.
**B.** chronic conditions and pre-existing conditions.
**C.** chronic conditions and specialist fees.
**D.** pre-existing conditions and specialist fees.

**18.** A third party only motor policy **usually** provides cover for when the vehicle is being driven in which geographical locations?
**A.** England only.
**B.** United Kingdom only.
**C.** United Kingdom, the Republic of Ireland and the Channel Islands only.
**D.** All countries which are members of the EU and authorised signatories.

**19.** Ahmed has a dispute with his employer over his contract of employment and wants to take legal action as a result. Which type of insurance policy might have an extension that would cover him for his costs?
**A.** An employers' liability insurance policy.
**B.** A household insurance policy.
**C.** A professional indemnity insurance policy.
**D.** A public liability insurance policy.

**20.** Jessica has comprehensive motor insurance. Whilst driving her car with a small trailer attached, she is involved in a collision on the motorway. What cover would apply to the trailer?
**A.** Comprehensive cover.
**B.** Road Traffic Act only cover.
**C.** Third party only cover.
**D.** Third party, fire and theft cover.

**21.** Which type of insurance policy would **normally** provide emergency medical services?
**A.** An employer's liability insurance policy.
**B.** A medical malpractice insurance policy.
**C.** A property insurance policy.
**D.** A travel insurance policy.

**22.** Insurance for the theft of cash and bank notes will **typically** be provided under which type of policy?
**A.** Business Interruption insurance.
**B.** Creditor insurance.
**C.** Household contents insurance.
**D.** Theft insurance.

**23.** Under the Road Traffic Act 1988 what type of cover **must** have a limit of at least £1,200,000?
**A.** Death or bodily injury to a third party.
**B.** Damage to third party property.
**C.** Accidental own damage.
**D.** Emergency medical treatment.

**24.** What type of mobile phones are covered under a gadget insurance policy?
**A.** New or those refurbished by a manufacturer or a network provider in the UK.
**B.** All types of phones whether new or refurbished.
**C.** Only mobile phones not on a fixed contract.
**D.** New or secondhand mobile phones purchased anywhere in the world.

**25.** A standard products liability insurance policy provides cover in respect of claims for
**A.** bodily injury or property damage arising out of a product sold, manufactured, supplied or distributed by the insured.
**B.** bodily injury or property damage arising out of the use of a product by an employee of the insured in the course of his employment.
**C.** the cost to redevelop a product whose defective design makes it unsuitable for the purpose for which it was designed.
**D.** the cost of repairing, renovating, replacing or recalling an unsuitable or defective product.

**26.** A neighbour's dog is causing a nuisance by damaging Darryl's garden and the neighbour is unconcerned by the dog's behaviour. Which additional product service under Darryl's household insurance policy would assist him in obtaining compensation?
**A.** Alternative dispute resolution.
**B.** Legal expenses insurance.
**C.** Mediation services.
**D.** Uninsured loss recovery.

**27.** When there is a dispute as to whether or not an insurance policy was intended to cover a loss following a particular event, the claims handler involved will **normally** seek the opinion of the
**A.** Financial Ombudsman Service.
**B.** insured.
**C.** insured's broker.
**D.** underwriter.

**28.** The Insurance Conduct of Business sourcebook (ICOBS) states that rejection of a consumer policyholder's claim for breach of a condition is unreasonable unless the
**A.** circumstances of the claim are connected to the breach.
**B.** claim is in respect of third party liability.
**C.** policy has been in force for less than 14 days.
**D.** sum insured is less than the value of the claim submitted.

**29.** Michael submits insurance claims for household contents, motor and personal injury and the insurer is suspicious. Which of these claims can the insurer usefully check with the Claims and Underwriting Exchange?
**A.** Only the household contents and personal injury claims.
**B.** Only the motor claim.
**C.** Only the personal injury claim.
**D.** All of the claims.

**30.** The **main** reason an insurer needs to maintain adequate reserves is to
**A.** calculate future premiums.
**B.** earn more interest on the reserves.
**C.** meet current and future claims.
**D.** minimise reinsurance premiums.

**31.** Where a claim settlement involving a third party is subject to an excess, who will **normally** be liable for the excess under the terms of the policy?
**A.** The insured only.
**B.** The insurer only.
**C.** The third party only.
**D.** Both the insured and the third party, in proportion to liability.

**32.** An insurer decides to set service standards for its property claims department. One of the service standards is that any written enquiry or claim form will be responded to within three working days. What is the aim of this type of service standard?
**A.** To increase customer satisfaction.
**B.** To decrease operating costs.
**C.** To increase staff turnover.
**D.** To decrease leakage.

**33.** If fraudulent claims are **NOT** detected, what will be the **ultimate** consequence for the insurer?
**A.** A decrease in claims costs.
**B.** A decrease in claims notifications.
**C.** A decrease in profits.
**D.** An increase in profits.

**34.** A company, which has a turnover of £7,000,000 per annum, has been in dispute with its insurer for four months regarding a claim for stock valued at £45,000. The dispute **CANNOT** be referred to the Financial Ombudsman Service because
**A.** referral is not an option for any commercial policyholders.
**B.** the minimum disputed sum for a commercial policyholder is £50,000.
**C.** the policyholder is a business with annual turnover in excess of £6,500,000 per annum.
**D.** the dispute is more than three months old.

**35.** In terms of insurance who or what would a third party be deemed to be?
**A.** Anyone not party to the contract of insurance.
**B.** All parties to the insurance contract.
**C.** The insured.
**D.** The insurer.

**36.** Sheena telephones her insurer to make a claim for accidental damage to her car. During the call Sheena reveals that she is currently going through a divorce which is causing her financial hardship and that she needs her claim to be processed as quickly as possible. What should the claims handler do with this information?
**A.** Advise Sheena that she should contact the Financial Ombudsman Service.
**B.** Ensure that the claim is paid as quickly as possible and forgo the usual coverage checks.
**C.** Immediately arrange a cash settlement.
**D.** Refer the claim to the fraud department.

**37.** Which parties, if any, can challenge an arbitration decision relating to a determination of fact?
**A.** both the insurer and the insured.
**B.** the insured only.
**C.** the insurer only.
**D.** neither the insured nor the insurer.

**38.** Following a commercial theft loss, the loss adjuster reports that the insured failed to make a material disclosure at the proposal stage. As a result the insurer wants to deny the claim and avoid the policy. The onus of proof that there has been a reckless or deliberate breach of the duty of fair presentation will rest with which party?
**A.** The broker.
**B.** The insured.
**C.** The insurer.
**D.** The loss assessor.

**39.** When an insurance policy is due for renewal, the insurer's claims department will need to provide a claims experience to the
**A.** accounts department.
**B.** actuary.
**C.** risk manager.
**D.** underwriter.

**40.** Under the personal injury pre-action protocol, within what **maximum** timescale **must** an insurer give a decision on liability following acknowledgement of a letter regarding a claim?
**A.** One month.
**B.** Two months.
**C.** Three months.
**D.** Four months.

**41.** Stage three of the low value personal injury pre-action protocol process concerns the
**A.** agreement of liability.
**B.** agreement of quantum.
**C.** court hearing process.
**D.** negotiation of third party costs.

**42.** An employee wants to bring a claim against her employer for damages arising out of injuries sustained in the course of her employment. What **must** she prove in order to be successful?
**A.** That the injury occurred on the employer's premises.
**B.** That the employer has been negligent and the negligence was the cause of her injuries.
**C.** That she had been working for the insured full time at the time of the accident.
**D.** That she has lost at least two week's wages as a result of her incapacity.

**43.** As part of the standard claims-handling procedure following the submission of a claim, Malcolm is required to provide proof that he is **NOT** working, as well as evidence of his payment liabilities. Under what type of insurance policy is he claiming?
**A.** A business interruption insurance policy.
**B.** A creditor insurance policy.
**C.** A personal accident insurance policy.
**D.** A professional indemnity insurance policy.

**44.** Meera is involved in a motor accident that is **NOT** her fault. As a result, she suffers a serious spinal injury leaving her with permanent disabilities and unable to return to her job as a surgeon. When she brings proceedings against the negligent driver her claim will **most likely** be allocated to the
**A.** claims portal.
**B.** fast claims track.
**C.** multi-claims track.
**D.** small claims track.

**45.** Roger has an accident in his vehicle which was caused by a third party's negligence. Roger's insurer pays his claim less the excess and he now needs to recover this from the third party. Which insurance-related service is available to assist him?
**A.** An authorised repairer.
**B.** A loss assessor.
**C.** A risk manager.
**D.** An uninsured loss recovery service.

**46.** A claims handler receives telephone notification of a major fire loss from a policyholder which may include a business interruption loss. What action should the claims handler **initially** take?
**A.** Advise the policyholder to instruct a loss assessor to present his claim.
**B.** Instruct a loss adjuster to contact the policyholder as soon as possible.
**C.** Request a completed report form from the policyholder with repair estimates.
**D.** Instruct the insurer's accountants to check the financial status of the policyholder.

**47.** When a claim is submitted in connection with the fatal accident cover provided under a personal accident insurance policy, what **key** piece of documentation **must** be provided in addition to the claim form and the policy document?
**A.** The insured's birth certificate.
**B.** The police report.
**C.** The insured's death certificate.
**D.** The autopsy report.

**48.** Household and property insurers can have a right of recovery against the local Police Authority following a loss resulting from which peril?
**A.** Arson.
**B.** Malicious damage.
**C.** Riot.
**D.** Vandalism.

**49.** Joe has an accident, damaging his car and injuring a pedestrian. He subsequently hires a car for two weeks. If Joe has breached a condition under his motor insurance policy, which part of the claim, if any, would his insurer **always** be liable to pay?
**A.** None of the claim.
**B.** Damage to the car.
**C.** Joe's hire car cost.
**D.** Third party injury.

**50.** Under a household contents insurance policy, what will an insurer **normally** do **first** once a claim has been notified?
**A.** Appoint a loss assessor.
**B.** Check that the policy is in force.
**C.** Inspect the damage.
**D.** Prepare a claim report.

**51.** A motor injury claim is submitted to the Ministry of Justice portal. What action by the insurer will cause the claim to drop out of the portal and back to the main personal injury pre-action protocol?
**A.** An admission of liability.
**B.** An offer to settle the claim for an amount between £5,000 and £25,000.
**C.** A denial of liability or failure to provide a response on liability within 15 days.
**D.** A failure to provide a response on liability within 45 days.

**52.** An insurer's claims system will be used **most frequently** for which key objective?
**A.** To facilitate the processing and recording of claims.
**B.** To provide backup to the insurer's underwriting department.
**C.** To satisfy the insurer's auditors that an effective system is in place.
**D.** To satisfy the Financial Conduct Authority that an effective system is in place.

**53.** An insurer is considering instructing an expert to visit a policyholder's premises. It requires the expert to advise the policyholder on ways of reducing accidents and losses and to minimise the effect should they occur. Whom should they instruct?
**A.** A loss adjuster.
**B.** A loss assessor.
**C.** A risk surveyor.
**D.** An underwriter.

**54.** A third party claimant issues legal proceedings against John. Who would John's insurer be **most likely** to instruct to accept service of the proceedings?
**A.** A barrister.
**B.** A loss adjuster.
**C.** A loss assessor.
**D.** A solicitor.

**55.** What is the **main** reason that an insurer would appoint a disaster recovery company following a major fire at a premises for which the insurer provides both the property and business interruption insurance?
**A.** To liaise with the insurer's claims handler.
**B.** To minimise the business interruption claim.
**C.** To prevent further damage to the property.
**D.** To safeguard the public.

**56.** Under the Data Protection Act 2018 which type of information recorded by an insurer on its claims system of a policyholder is **NOT** classified as sensitive data?
**A.** Biometric data uniquely identifying the policyholder.
**B.** The full claims history of the policyholder.
**C.** Genetic data uniquely identifying the policyholder.
**D.** The political opinion of the policyholder.

**57.** Jamila has just been appointed claims manager at a small insurance company with a limited business portfolio. What type of organisational structure is Jamila **most likely** to be working within?
**A.** Centralised.
**B.** Decentralised.
**C.** Divisional.
**D.** Functional.

**58.** Ian claims under his home insurance for damage caused by a burst pipe. The insurer appoints a loss adjuster who advises that the walls need to be dried out, rendered and repaired and that this is covered under Ian's policy. Shortly afterwards Ian receives a letter from his insurer requesting payment of £100. What does this £100 **most likely** represent?
**A.** Excess.
**B.** Franchise.
**C.** Loss adjusters fee.
**D.** Reinstatement premium.

**59.** Martina is injured in a hit and run incident and neither the driver nor the vehicle have been traced. Which body will deal with Martina's claim for compensation?
**A.** The Association of British Insurers.
**B.** The Financial Ombudsman Service.
**C.** MIAFTR.
**D.** The Motor Insurers' Bureau.

**60.** An oil painting insured on an indemnity basis for £25,000 is damaged beyond repair and the insurer agrees to settle the claim as a total loss. The policyholder wishes to retain the frame for sentimental reasons and the loss adjuster values the painting at £20,000 for the canvas, plus £1,500 for the frame. What sum will the policyholder receive?
**A.** £18,500
**B.** £20,000
**C.** £21,500
**D.** £23,500

**61.** In what circumstances does the condition of average operate under a property insurance policy?
**A.** When the insured has failed to insure the property for its full rebuilding cost.
**B.** When the insured has failed to pay the premium.
**C.** When there is potential for recovery from a third party.
**D.** When there is more than one policy which provides cover for the same loss.

**62.** What is an insurer's preferred method of settlement for the insured proportion of a claim where a repairer is used to indemnify the insured?
**A.** The insured pays the repairer and is reimbursed by the insurer.
**B.** The insured pays an independent third party and is reimbursed by the insurer.
**C.** The insurer settles the bill directly with the repairer.
**D.** The insurer settles the bill via an industry-wide repair fund.

**63.** Which methods of claim settlement **must** be stated in the policy in order for an insurer to insist on them against the policyholder's wishes?
**A.** Paying for repairs and reinstatement.
**B.** Cash settlement and paying for repairs.
**C.** Cash settlement and replacement.
**D.** Replacement and reinstatement.

**64.** Subrogation supports the principle of indemnity by
**A.** transferring the rights of recovery held by the insured to the insurer when cover for a claim is agreed.
**B.** enabling the insurer to share costs with a co-insurer.
**C.** preventing the insurer profiting from a loss.
**D.** proportionately reducing the amount of a claim in the event of underinsurance being identified.

**65.** A flood occurs at Josh's home damaging his television beyond repair. He buys a replacement television with a larger screen and higher resolution. What is the **most likely** reason that his household insurer will **NOT** pay the full costs of the new television?
**A.** Average.
**B.** Betterment.
**C.** Contribution.
**D.** Subrogation.

**66.** Under the principle of contribution, losses may be shared by insurers in rateable proportions to ensure that
**A.** the insured does not recover more than a full indemnity.
**B.** the first policy incepted pays out the greater proportion of the claim.
**C.** the loss is always shared equally amongst the insurers.
**D.** only one excess is paid by the insured.

**67.** An insurance policy schedule indicates that claims below a set amount will **NOT** be paid, but claims above this amount will be met in full. This is known as the policy
**A.** excess.
**B.** franchise.
**C.** indemnity.
**D.** value.

**68.** In relation to claims, incurred but not reported (IBNR) refers to
**A.** disputed losses which can be referred to a third party to determine settlement.
**B.** identifying losses which can be shared with another insurer.
**C.** losses that have been found to be not recoverable under a particular insurance policy.
**D.** losses that have occurred, but have not been notified to the insurer.

**69.** Who has overall responsibility for controlling the day-to-day costs of loss adjusters and motor engineers for an insurer?
**A.** The actuary.
**B.** The claims manager.
**C.** The financial director.
**D.** The underwriting manager.

**70.** A valid property damage claim is submitted with replacement costs estimated by the insured of £2,500,000. The loss adjuster reports that repairs can be effected for £2,000,000. The loss adjuster's fee is £100,000. What amount would **most likely** be entered as a reserve, ignoring any deductible?
**A.** £100,000
**B.** £2,000,000
**C.** £2,100,000
**D.** £2,500,000

**71.** What is the **main** role of an insurer's claims manager?
**A.** To ensure that procedures are in place to reserve accurately, make payment and minimise leakage.
**B.** To forecast incurred but not reported (IBNR) accurately and to audit the corporate accounts.
**C.** To maintain good relations with the insured during the conduct of claims.
**D.** To maximise profitability by influencing policy rates and conditions.

**72.** In the context of managing the claims process, what is leakage?
**A.** Overspend which can be avoided.
**B.** Reduced profits due to higher than expected claim volumes.
**C.** Reserve reduction made in order to meet claims.
**D.** Unavoidable expenses not directly associated with the claims payment.

**73.** What is the difference between soft leakage and hard leakage?
**A.** Soft leakage is easier to identify.
**B.** Soft leakage is a smaller amount.
**C.** Hard leakage is easier to identify.
**D.** Hard leakage is a smaller amount.

**74.** Which body can influence a motor insurer's net profitability by requiring an adjustment to the level of claims reserves?
**A.** The Association of British Insurers.
**B.** HM Revenue & Customs.
**C.** The Motor Insurers' Bureau.
**D.** The Prudential Regulation Authority.

**75.** In calculating claims reserves, a motor insurer will make the **most** allowance for incurred but not reported (IBNR) claims under the heading of
**A.** own vehicle damage.
**B.** first party personal injury.
**C.** third party personal injury.
**D.** third party property damage.

## Specimen Examination Answers and Learning Outcomes Covered

| Question | Answer | Learning Outcome | Question | Answer | Learning Outcome | Question | Answer | Learning Outcome |
|---|---|---|---|---|---|---|---|---|
| **Learning Outcome 1** | | | **Learning Outcome 3** | | | **Learning Outcome 6** | | |
| 1 | D | 1.1 | 27 | D | 3.1 | 58 | A | 6.2 |
| 2 | A | 1.2 | 28 | A | 3.6 | 59 | D | 6.4 |
| 3 | D | 1.2 | 29 | D | 3.5 | 60 | B | 6.3 |
| 4 | B | 1.3 | 30 | C | 3.4 | 61 | A | 6.2 |
| 5 | B | 1.3 | 31 | A | 3.3 | 62 | C | 6.1 |
| 6 | B | 1.1 | 32 | A | 3.2 | 63 | D | 6.1 |
| 7 | A | 1.2 | 33 | C | 3.5 | 64 | A | 6.3 |
| 8 | B | 1.3 | 34 | C | 3.7 | 65 | B | 6.2 |
| 9 | B | 1.4 | 35 | A | 3.3 | 66 | A | 6.3 |
| 10 | C | 1.1 | 36 | D | 3.6 | 67 | B | 6.2 |
| 11 | B | 1.2 | 37 | D | 3.7 | **10 Questions** | | |
| 12 | B | 1.1 | 38 | C | 3.8 | | | |
| **12 Questions** | | | 39 | D | 3.1 | **Learning Outcome 7** | | |
| | | | **13 Questions** | | | 68 | D | 7.4 |
| **Learning Outcome 2** | | | | | | 69 | B | 7.1 |
| 13 | B | 2.2 | **Learning Outcome 4** | | | 70 | C | 7.4 |
| 14 | A | 2.4 | 40 | C | 4.6 | 71 | A | 7.1 |
| 15 | D | 2.2 | 41 | C | 4.6 | 72 | A | 7.2 |
| 16 | D | 2.4 | 42 | B | 4.4 | 73 | C | 7.2 |
| 17 | B | 2.5 | 43 | B | 4.3 | 74 | D | 7.3 |
| 18 | D | 2.1 | 44 | C | 4.6 | 75 | C | 7.4 |
| 19 | B | 2.2 | 45 | D | 4.1 | **8 Questions** | | |
| 20 | C | 2.1 | 46 | B | 4.3 | | | |
| 21 | D | 2.2 | 47 | C | 4.5 | | | |
| 22 | C | 2.3 | 48 | C | 4.2 | | | |
| 23 | B | 2.1 | 49 | D | 4.1 | | | |
| 24 | A | 2.2 | 50 | B | 4.2 | | | |
| 25 | A | 2.4 | 51 | C | 4.6 | | | |
| 26 | B | 2.2 | **12 Questions** | | | | | |
| **14 Questions** | | | | | | | | |
| | | | **Learning Outcome 5** | | | | | |
| | | | 52 | A | 5.1 | | | |
| | | | 53 | C | 5.3 | | | |
| | | | 54 | D | 5.3 | | | |
| | | | 55 | B | 5.3 | | | |
| | | | 56 | B | 5.2 | | | |
| | | | 57 | D | 5.4 | | | |
| | | | **6 Questions** | | | | | |