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*EXAMINATION PAPERS  
FOR  
GEN 3B – PERSONAL LINES*

*Including :*

- √ April 2008 (+solutions)*
- √ October 2008 (+ solutions )*
- √ April 2009 (+ solutions )*
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**GEN 3B (P)**

**THE INSURANCE INSTITUTE OF IRELAND  
APRIL 2008 EXAMINATION PAPER**

**GEN 3B (PERSONAL LINES)  
GENERAL INSURANCE PRODUCTS**

Two hours are allowed for this paper, which is in two parts.  
The whole paper carries 150 marks.

Answer any **SIX** questions in Part I.  
Each question in Part I carries 10 marks.  
60 marks are available.

Answer any **TWO** questions from Part II.  
Each question in Part II carries 45 marks.  
90 marks are available.

## PART I

**Answer any SIX questions in Part I.  
All questions carry equal marks.**

**Note form is acceptable (in respect of Questions 1 – 8) where this conveys all the necessary information.**

1. Briefly explain and illustrate product innovation in the Irish general insurance market.
2. List three situations in which a contingent motor liability may arise for an employer.
3.
  - (a) Outline a motor insurer's liability under a private motor policy. (5 marks)
  - (b) Briefly explain the resulting impact on the quantification of a claim. (5 marks)
4. Briefly explain the extent of cover provided by TWO of the following perils which usually appear in a household buildings policy wording:
  - Trace and Access.
  - Falling Trees or Branches.
  - Accidental Damage.
5. Describe the scope of the Legal Liability section of a household buildings insurance policy.
6. Outline the features of the emergency assistance services available under a travel insurance policy.
7. A typical motor legal expenses policy provides for the insurer to negotiate certain insured incidents. Describe two such insured incidents.
8. Briefly explain the difference between a quota share and surplus share reinsurance treaty arrangement.

**PART II**  
**Answer TWO of the following FOUR questions.**  
**All questions carry equal marks.**

9. A friend received a quotation for Comprehensive motor insurance cover and was delighted with the fact that there was only €100 in the difference between her current Third Party, Fire and Theft policy and the new Comprehensive cover, which she feels covers *'everything'*.
- (a) Describe the progression from Third Party cover, to Fire and Theft cover, to Comprehensive cover, in terms of the basic levels of cover. (30 marks)
- (b) In order to illustrate the fact that there are also limitations to Comprehensive cover, describe five motor policy exclusions. (15 marks)
10. As a personal lines advisor, you have received a query from your client regarding the cover provided under the contents section of their household insurance policy. Address the following queries :
- (a) They considered bloodstock to be automatically covered. Outline for them the items which are regarded by insurers as property for household contents insurance. (25 marks)
- (b) Briefly describe the extent of the liability cover normally provided by this type of policy. Make reference to the treatment of liability for the horses under this section of the policy. (20 marks)
11. A very affluent homeowner has asked you to provide a quotation for household insurance. They have looked over standard household policy booklets before approaching you and have voiced concerns over the limited cover available. You feel, as a broker, that you can provide them with insurance products suitable for such a household, and wish to provide advice which extends further than simply a quotation for basic household cover. Take them through your proposed portfolio of insurances.
12. An existing client of yours has requested the purchase of a family legal expenses policy. They have cited a recent disagreement with their architect (over fees) as a reason for needing this type of insurance cover. This has alerted you to the fact that your client is unaware of the incidents which are not covered under family legal expenses insurance.
- (a) Briefly summarise the incidents insured under a family legal expenses policy. (15 marks)
- (b) Outline in detail the incidents which are NOT covered by this insurance. (30 marks)



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**GEN3B Personal lines Paper - April 2008 - Solutions**

**PART I**

1.

As an insurance product must respond to and match an ever-changing environment developments in product design are inevitable. New products emerge to match new building technologies, greater use of electronics and automation, higher sums insured and other changes in the environment. This has resulted in, for example, new reinsurance arrangements (to provide for higher sums insured), extended warranty insurance for cars and electronic consumables (similarly, the addition of 'new car replacement' cover a number of years ago), pet insurance products and new extensions under business interruption insurances. (Other examples are satisfactory.)

On the Irish market, it could be said that innovation has been more evident in the distribution networks for insurance products than in the insurance products themselves in recent years.

**Chapter 1.B**

2.

Contingent Liability may arise because:

- 1 the insurance, which ought to cover the situation, is defective. For example, an employee who uses his car on his employer's business may accidentally allow his policy to lapse;
- 2 the policy may not cover the particular use; or
- 3 the policyholder may have failed to disclose material information at the time he proposed for insurance.

There are other situations in which contingency liability may arise. For example, employees could borrow colleagues' cars to use on the business of the company. Such use could involve the carrying of goods on company business etc.

Voluntary organisations are another example. Their helpers ought to arrange for their own motor insurance policies to cover the use of their cars on behalf of the voluntary organisation and to indemnify the organisation, if needs be. In the event of a helper having an accident while using his car on the organisation's business, the latter may have to meet a claim out of its contingent liability insurance. For this reason, there is a demand for contingent liability insurance.

**Chapter 6.D2 Page 163**

3.

(a) A motor insurance policy provides insurance on the basis of:

- 1 indemnity for the loss of or damage to a vehicle (own damage and third party damage); and
- 2 legal liability to those third parties suffering a loss resulting from a traffic accident or theft.

(5 marks)

(b) As a result, quantification of a claim may be decided by:

- 1 the market value of a vehicle stolen / written off / uneconomical to repair;
- 2 the cost of repair to a damage vehicle;
- 3 a court award for personal injuries and / or damage to third party property.

Insurers' liability, therefore, extends not only to the owner of a car (the insured(s)), but also to passengers and third party road users.

(5 marks)

### Chapter 7.C

4. (any 2 of the below is satisfactory )

**Trace and Access:** In the event of damage by water leaking from any tank, apparatus or pipe, the insurer will cover the insured for costs necessarily and reasonably incurred by him in locating the source of the damage to effect repairs and the costs of making good. A large excess may apply or a maximum amount of say, €2,000 may be available under this extension.

#### **Falling trees or branches**

In addition to insuring the buildings against damage caused by Falling trees or branches, the cost of removing any fallen trees or branches which cause damage to the buildings is also insured. However damage to gates, fences or hedges is not insured nor is the first €100 of each incident of loss or damage.

**Accidental Damage:** This would cover such damage as drilling through a water or oil pipe, hammering a nail into an electric cable or putting a foot through a ceiling. However, the following is not insured:

- 1 Loss or damage to pottery, porcelain, terracotta, glass or other brittle articles, while being handled or actively used,
- 2 damage caused by chewing, scratching, tearing or fouling by your pets;
- 3 damage while any part of the home is lent, let or sub-let;
- 4 damage caused by wear and tear or gradual deterioration, insects, vermin, corrosion, rot, mildew, fungus, atmospheric conditions, the action of light, any process of heating, drying, cleaning, decorating, alteration or repair, misuse, faulty workmanship or design, the use of faulty materials, or breakdown;
- 5 any damage or amounts shown as not insured under the paragraphs dealing with the main perils;
- 6 the first €100 of each incident of loss or damage;

### Chapter 8.C

5.

This section provides insurance for any amounts which the owner of the premises becomes legally liable to pay as compensation for an accident occurring during the period of insurance which causes bodily injury to a person or damage to property. The most that will be paid for any claim or claims arising from one event is approximately €2,600,000 inclusive of all legal fees and other expenses (or in some cases plus costs agreed in writing). The following is not insured:

- 1 liability arising directly or indirectly from an agreement which imposes a liability which you would not otherwise have been under;
- 2 the occupation of the premises;
- 3 any business, profession or trade;

- 4 liability for bodily injury to a member of your household, bodily injury to a person under a contract of service or apprenticeship with you or a member of your family, damage to property owned or held in trust by or in the custody or control of you or a member of your household.

### **Chapter 8.C**

6.

The majority of travel policies now include a medical emergency service. This is normally operated by one of the specialist companies, such as *Europ Assistance* and *FirstAssist* and provides a 24-hour multi-lingual telephone service. In the case of an emergency, the company will advise on or organise the necessary medical treatment. The company may make arrangements to repatriate the insured person if this is considered necessary. If necessary, a specially equipped air ambulance, with a doctor or nurse in attendance, can be used. Alternatively, the patient will be flown home on a charter or regular flight.

Other emergency assistance services include:

1. Transfer of emergency funds;
  2. Message relay;
3. Drug replacement;
4. Tracing lost luggage;
  5. Replacement travel documents;
6. Lost Credit Cards;
7. Emergency translation service; and
8. Legal advice.

### **Chapter 9.A2G**

7.

A typical motor legal expenses policy will provide for the insurer to negotiate the following *insured incidents*:

1. to recover an insured person's uninsured losses and costs after an event which
  - (a) causes damage to the insured vehicle or to personal property in it; or
  - (b) injures or kills an insured person while he or she is in or on the insured vehicle; or
  - (c) injures or kills the person who took out the policy (the policy owner) while he or she is driving another motor car or motor cycle; or
  - (d) injures or kills the policy owner or any member of his or her family (who always lives with the policy owner) as a passenger in a motor vehicle, a cyclist or a pedestrian.
2. to defend the insured person's legal rights if an event leads to the prosecution of an insured person for an offence connected with the use or driving of an insured vehicle but not a parking offence or an offence which suggests dishonesty by the insured person;

For both of the above *insured incidents* the insurer will help in appealing or defending an appeal provided that the insured person tells the insurer that he or she wants the insurer to appeal within the time limits allowed. Before the insurer will pay any legal costs for appeals, it must agree that it is more likely than not that the appeal will succeed. If an appointed lawyer is used the insurer will pay the legal costs of this. There is a limit on the amount an insurer will pay for all claims resulting from one or more events arising at the same time or from the same cause. Typically this is around €65,000.

### **Chapter 10.B2**

8.

**Surplus Treaty:** The ceding office has a treaty arrangement whereby the subscribers to the treaty will accept any surplus risk over the retention of the ceding office. During negotiations the ceding office's maximum retention for each type of risk will have been specified, and certain types of risk may be excluded from the treaty e.g. in fire insurance, unsprinklered plastics and wood-working risks. When a risk is proposed, the ceding office has a free choice, within the limits mentioned above, of how much it will retain for its own account. If the sum insured is less than its normal retention level for that class of risk, it need not reinsure at all, i.e. it will '*retain all*'. The reinsurers are compelled to accept up to the number of '*lines*' specified in the treaty if reinsurance is desired. The '*line*' mentioned above is the way in which the capacity of any proportional reinsurance is measured

**Quota Share Treaty:** This is similar to a surplus treaty. The main difference is that the ceding office must reinsure such proportion of every risk as stated in the treaty. Unlike the surplus treaty, a direct insurer cannot '*retain all*' of any risk, no matter how small the sum insured. With surplus treaty business, there may be a temptation for the direct underwriter to accept poorer class business and keep a low retention and/or to keep very high retentions on good risks. This would be to the detriment of the reinsurers, especially when there are a large number of lines in the treaty. In quota share business, this freedom of choice is removed and the reinsurers receive an equitable share of good and bad risks.

#### Chapter 11.B1A

### PART II

9.

(a) Third Party, Fire and Theft provides the minimum cover as required by legislation (below) as well as further limits of indemnity and third party risks. Legislative requirements are :

- legal liability for death or bodily injury to any person (unlimited);
- damage to other vehicles and property belonging to others up to €200,000 arising out of the use of vehicles in a public place. (In practice, higher limits are usually provided);
- indemnity to passengers;
- emergency treatment and hospital charges;
- claimant's costs and expenses of handling a claim.

This policy also covers the following Third Party risks:

- Policyholder indemnity under the driving other cars extension;
- Indemnity to anyone driving with permission if allowed on the Certificate;
- Indemnity to employer or partner (provided in compliance with the policy use);
- Liability in respect of towing small trailers;
- Third party property damage up to €30m for any one accident.
- Legal Expenses cover.

In addition to the cover granted by the third party only policy, this policy also covers:

- damage caused to the vehicle as a result of fire;
- and/or loss of or damage to the vehicle as a result of theft or attempted theft.

The main additional risk for Comprehensive policies is in respect of the loss of or damage to the vehicle other than as a result of fire or theft. This policy also includes:

- Personal Accident benefits for - insured and spouse or his/her personal representatives (not all policies include this);
- Personal Property;
- Breakage of Glass in windscreens or windows.
- Basic medical expenses cover (typically up to €1,200).

(30 marks)

**(b) Policy Exclusions:**

**Use of the insured car / Description of driver:** In order to be indemnified, the driver must hold a licence to drive the vehicle, or have held and not be disqualified from holding or obtaining such a licence. In order to repudiate liability by invoking this particular condition, the insurers would have to be able to prove that the person claiming indemnity knew that the driver did not hold a licence or was disqualified from holding a licence. Furthermore, the insurer is not liable for any accident, injury, loss or damage which occurs while the vehicle insured is being used for a purpose outside the description of use in the certificate of motor insurance. If the policyholder wants to use his car for a purpose (e.g. for racing or rallies) not covered by his insurance, he should approach his insurer.

**Contractual Liability:** The following losses are excluded:

- 1 Any liability undertaken by the insured by special contract;
- 2 Claims by any person for injury arising out of and in the course of the employment of the injured person or damage to his property;

**War Risks / Terrorism:** The policy does not cover any consequence of war, invasion, act of foreign enemy, hostilities (whether war is declared or not), civil war or usurped power, except so far as is necessary to meet the RTA requirements. War is a catastrophe risk and, as such, is not considered to be insurable in respect of the classes of property and liability insurance.

**Earthquake, Riot and Civil Commotion:** Other than third party liability cover, the insurer is not liable for any consequence of earthquake riot or civil commotion.

The policy may specify that riot and civil commotion in Northern Ireland is not covered or any act of terrorism whatsoever, may be excluded.

**Loss of Data / Software:** Loss or damage to data or software or computer programs that is caused by a deletion, a corruption or a deformation of the original structure, and any business interruption losses resulting from such loss or damage.

(15 marks)

## Chapter 7

### 10.

(a) A definition of contents in the Irish household insurance market is:

*'Household goods, personal belongings (including valuable property), collections of stamps, coins or medals up to €635), tenant's fixtures and fittings (including interior decorations), radio and television aerials fittings and masts (including satellite dishes, receivers and ancillary equipment up to €1,270 on or in the home, all belonging to or the legal responsibility of you or a member of your household.'*

The words 'home' and 'valuable property' are also defined as follows:

home – *'the private dwelling, garage and outbuildings used for domestic purposes only, all at the situation of the premises shown in the schedule'*

valuable property – ‘Jewellery, items of gold, silver, or other precious metals, watches, photographic equipment, binoculars, paintings, works of art, curios, antiques, furs, musical instruments, radios, televisions, other audio or video equipment and computer equipment.’

Any one High Value Item is covered for not more than 10% of the Contents Sum Insured and the total of these items is covered for not more than 50% of the Contents Sum Insured unless details have been advised to the insurer and listed on the Schedule.

### **Money and Credit Cards**

Money and credit cards are usually defined also. Here are definitions from one insurer in the Irish household insurance market:

Money – ‘Cash, cheques, postal orders, bankers drafts, travel tickets, savings stamps and certificates, premium bonds, current postage stamps, gift tokens, luncheon vouchers, trading stamps, and telephone call cards (within the home) all held for social or domestic purposes.’

Credit Cards – ‘Credit, cheque, bankers or cash dispensing cards.’

### **Home Office Equipment**

Personal computers, printers, facsimile, telephone answering machines and the like, is included for an amount of €4,000 in any one period of insurance.

### **The following items are not usually regarded as property for household contents insurance purposes:**

1. motor vehicles, caravans, trailers, aircraft, watercraft, hovercraft, or parts or accessories normally on or in any of them;
2. landlord's fixtures and fittings;
3. any living creature – animals / livestock;
4. property owned or held in trust in connection with any business, profession or trade;
5. deeds (reference Section H9 for an exception to this exclusion), bonds, bills of exchange, securities, documents, manuscripts, money of any kind (except that included under the definition of money);
6. property more specifically insured or any amount that you cannot recover from a more specific insurance because the insurer refuses or reduces the claim or the sum insured is inadequate on a specified item.

This means that your animals are not automatically covered.

(25 marks)

(b) Liability cover is provided under the contents section of your policy. This section also offers the same cover that applies to the household buildings section.

The legal liability of a householder is covered for the following:

- Any amounts which the insured or a member of their family become legally liable to pay as damages for bodily injury to domestic employees (including chauffeurs, grooms, gardeners and temporary and occasional employees or any person carrying out repairs or decorations) directly employed by the insured or of their family in connection with the premises or any temporary residence within the Republic of Ireland.
- The most an insurer will pay for anyone claim or number of claims arising from one cause is of the order of €2,600,000.
- Any amounts which the insured, as occupier of the premises or any other building, boat or caravan used as temporary holiday accommodation, as private individuals anywhere in the Republic of Ireland, Great Britain etc. Again, the most that an insured will be paid for any claim or claims arising from one event is of the order of €2,600,000 inclusive of all legal fees and other expenses.
- The policy will indemnify the insured as above against all costs which the insured becomes legally liable to pay as:
  1. owner and/or occupier of the premises;
  2. an individual in a personal capacity as stated above;
  3. a member of the household (other than the insured) or domestic employee in the course of their employment in connection with the premises.

With respect to the horses, liability risks associated with animals may be covered under the policy but only if all details of the animals are advised to the underwriters in advance i.e. description and how they are housed / restrained. Liability cover is not automatically provided under this section of the policy but it is possible to obtain it, provided the bloodstock is not part of the householder's occupation / trade / profession.

*(20 marks)*

## **Chapter 8.F & F1,**

### **11.**

There are specialist household insurance packages for affluent home owners. As well as providing cover for household buildings and contents, the policy will also cover fine art, collections and other quality possessions. To avail of such policies, the minimum combined sum insured on contents, collections and personal possessions must typically be €125,000 or more.

Features of the policy could typically include :

- Disability through injury up to €50,000 for essential home alterations;
- Replacement locks and keys up to the value of the contents sum insured;
- Any new purchases acquired anywhere in the world are automatically covered for up to 25% of the sum insured of the collection and giving you 60 days to notify insurers of full details;
- Cover for office equipment within the home as standard
- Guests personal effects within the home are covered up to the value of the contents sum insured;
- Collections are insured on an agreed value basis (reference GEN3A, Chapter 5). Should the insured however acquire an item of fine art and subsequently discover that they do not have good title, insurers will still pay up to €40,000. (Cover is also provided for paintings which were purchased in good faith and subsequently discovered to be a forgery.);

- For students living away from home, up to 10% of the total contents sum insured is allocated for personal belongings

**For those homeowners with a more substantial fine art collection**, a specialist stand-alone fine art policy may be required. Specialist policies are provided to insure owners of objects in any active category of collecting, from fine art masterpieces to emerging collectibles such as 1950s and 1960s toys, furniture and memorabilia. These insurers provide cover for the entire range of collectors, from the first-time purchaser of a relatively modest piece to the holdings of great museums, traveling blockbuster exhibitions and personal arts and crafts collections.

The insurance coverage is on an *'All-Risks'* basis and worldwide. Also covered are the risks of moving, storage and handling and valuables taken on holiday. Insurance coverage is tailor-made to a range of circumstances. For example, its term can be as short as a day or as long as several years, it can be individual or contain several forms of blanket coverage and / or it can insure an agreed-upon value or use current-market valuation.

Existing policies provide automatic coverage for newly acquired property valued up to a specified limit, usually 25% of the amount insured, and art owned by others in the insured's care under the same limit.

Coverage generally includes payment for a variety of additional losses collectors such as, preparing loss inventory, various electronic media losses (Internet art buying), and art reference library losses.

**Pet insurance has become popular in recent years** as pets become expensive and vets fees are significant. Insurance is generally available for dogs and cats although there are some variations in policy cover for each.

**Insurance is available to pay:** All reasonable and customary costs for veterinary fees in respect of injury and illness, or complimentary treatment (carried out under his/her direction), emergency boarding kennels and cattery fees, advertising and reward / recovery costs, theft or straying, accidental death (from illness or accident), holiday cancellation and third party liability cover.

**Other personal insurance products which we recommend for your consideration are:**

- Golf insurance: Golf insurance can provide cover against theft, personal accident, public liability, membership fees, accidental damage to property and other golfing equipment.
- Yacht and motor boat insurance: This is a marine cover which relates to vessels which exceed the length and/or speed limits for small craft.

Cover is as for small craft, namely:

loss or damage to the vessel, machinery and equipment;  
 legal liability, limit of indemnity in the region of €2,600,000 - €3,000,000;  
 personal accident cover.

- Travel insurance
- Bloodstock insurance and
- Cover for musical instruments.

**Chapter 9.B, E2 & E2A, F1, G1**

**12.**

(a) Family Legal Protection policies differ in terms of the legal expenses and costs that they will cover.

The most comprehensive policies cover the cost of legal expenses to:

- 1 pursue claims for personal injury following a non-motor accident;
- 2 pursue claims arising out of a contract under which the insured person rents, as a tenant, his or her permanent place of residence;
- 3 defend an employee's rights under an employment contract in respect of a claim for unfair dismissal;
- 4 pursue or defend a consumer contract dispute arising over a contract to buy or hire any goods or services, provided the amount in dispute is more than €127. Some policies specifically include contracts to purchase the insured person's permanent place of residence;
- 5 defend a consumer contract dispute arising over a contract to sell goods, providing the amount in dispute is more than €127. Some policies specifically include contracts to sell the insured person's permanent place of residence;
- 6 defend an insured person's legal rights arising from his or her ownership or occupation of their permanent place of residence.

The limit of indemnity under Family Legal Protection policies is approximately €65,000, but may be higher. Some policies have a waiting period for cover in that insured events must arise at least 90 days after the start date of the insurance cover. Policy cover usually applies to actions which can be brought in a court of law in Europe.

*(15 marks)*

**(b) What is not covered:**

1. Legal costs that are incurred before the insurer agrees to pay them.
2. Any civil claim which does not offer reasonable prospects of success.
3. Claims reported over 180 days after the insured incident.
4. Any claim directly or indirectly caused by or resulting from any device failing to recognise, interpret or process any date at its true calendar date.
5. Any claim relating to the following:
  - 1 any illness which develops gradually or is not caused by a specific or sudden accident;
  - 2 an insured person's alleged dishonesty or violent behaviour;
  - 3 a contract regarding an insured person's profession, business or employment unless the claim arises from a breach of the insured person's contract of employment in relation to unfair dismissal;
  - 4 construction work on any land or designing or converting or extending any building;
  - 5 renting or leasing accommodation;
  - 6 motor vehicles, except when an insured person is injured or killed while he or she is a passenger in a vehicle or when an insured person is not in a vehicle but is hit or avoids being hit by one;
  - 7 the settlement payable under an insurance policy;
  - 8 written or verbal remarks which damage an insured person's reputation.
6. Defending an insured person's legal rights after an event which causes the death of, or bodily injury to, an insured person.
7. Fines, damages or other penalties which an insured person is ordered to pay by a court or other authority.

8. Any claim caused by, contributed to by or arising from:
  - ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from burning nuclear fuel;
  - the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear part of it;
  - war, invasion, foreign enemy hostilities (whether war is declared or not), civil war, rebellion, revolution, military force or coup;
  - pressure waves caused by aircraft or any other airborne devices travelling at sonic or supersonic speeds;
9. Any disagreement between the insured person and the insurer which is not covered by the condition covering the resolution of such disputes.
10. Any legal action an insured person takes which the insurer or the appointed lawyer have not agreed to or where the insured person does anything that hinders the insurer or the appointed lawyer.

It may be that this dispute relates to construction work (on any land or designing or converting or extending any building). In this case the incident would not be insured. In addition, the fact that this dispute has already arisen means that a legal expenses insurer's position has been prejudiced and legal costs may have been incurred before the insurer agrees pay them.

This policy has many benefits, however, it should be purchased for future legal incidents not existing ones.  
*(30 marks)*

### **Chapter 10.A1 and A3**



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**GEN 3B (P)**

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**GEN 3B (PERSONAL LINES)  
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Each question in Part I carries 10 marks.  
60 marks are available.

Answer any **TWO** questions from Part II.  
Each question in Part II carries 45 marks.  
90 marks are available.

## PART I

Answer any SIX questions in Part I.  
All questions carry equal marks.

**Note form is acceptable (in respect of Questions 1 – 8) where this conveys all the necessary information.**

1. Briefly describe any THREE of the covers available under a 'standard' private motor insurance policy.
2. Briefly explain the scope of cover given by any TWO of the following perils, which appear on the Buildings Section of a Household insurance policy:
  - Escape of water from or the bursting of any fixed domestic water or heating installation;
  - Stealing or attempted stealing;
  - Legal liability.
3. The majority of Travel insurance policies provide five basic sections of cover. One such section is 'Medical and Additional Expenses'. Briefly explain the extent of cover provided by this section.
4. Cover for trailer caravans is optional under most household insurance policies and where it is taken out, the insured must pay an extra premium. Summarise the exclusions applying to this insurance cover.
5. For the specialist insurance available for musical instruments, briefly outline:
  - (a) the cover provided; and (4 marks)
  - (b) details of the policy provisions. (6 marks)
6. State any FIVE legal expenses covered by a Family Legal Protection policy.
7. In terms of customer services, many legal expenses insurance policies include a number of telephone helplines which are available 24 hours per day, 7 days per week. Briefly describe the nature of these helplines.
8. Briefly outline the main benefits provided by the Comprehensive 'flagship' products of Irish PMI providers.

**PART II**  
**Answer TWO of the following FOUR questions.**  
**All questions carry equal marks.**

- 9.
- (a) Explain how motor insurance legislation (most of which originated in the European Union in the form of the Motor Insurance Directives) has impacted upon insurance practice with respect to all private motor insurance products.
- (27 Marks)
- (b) Compare and contrast the cover provided under Third Party Fire and Theft and Comprehensive motor insurance cover.
10. *'All Risks'* is an optional cover under the Contents Section of a household insurance policy. Fully describe the nature of this cover when included under household insurance.
11. Originally, travel insurance cover was limited to personal accident cover and loss of, or damage to, baggage. Following the world-wide expansion of air travel and the growth in popularity of holidays abroad, demand for insurance increased and the scope of cover was widened. Describe the scope of current travel insurance for an individual (without reference to *'Medical and Additional Expenses'* cover).
12. Describe the key stages of a PMI contract through a description of its terms and conditions.



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**Answers to Short Questions**

**Q.1 Section E1, Chapter 6.**

Some of the covers available in a 'standard' policy are as follows:

- liability to other people;
- loss of or damage to the insured vehicle;
- car hire expenses;
- repairs;
- new car replacement;
- towing charges;
- breakage of glass;
- spare-parts for Japanese or Far Eastern vehicle imports ;
- personal accident insurance;
- medical expenses;
- personal effects;
- foreign use;
- allowance when insured car is out of use etc.

Any THREE of these headings can be described (as per the text), in order to answer the question fully.

## Q.2 Section C, Chapter 8

Any 2 of the following may be explained in the answer:

- (i) Escape of water from or the bursting of any fixed domestic water or heating installation:  
Escape of water from any washing machine, dishwasher, refrigerator, freezer, or fixed fish tank is also covered);

Under the peril '*Escape of water from ...*', the following are not insured:

- damage caused after the home is left unfurnished or unoccupied for more than 30 consecutive days;
- damage due to wear and tear, rust, or gradual deterioration of any water apparatus or installation;
- the first €xxx (e.g. €100) of each incident of loss or damage.

Under this peril, some companies even cover escape of water from water-beds.

- (ii) Stealing or attempted stealing in the full sense is covered but the following events are not insured:

- damage while part of the home is lent, let or sub-let, unless entry to or exit from the home is made by violence and force;
- damage caused after the home is left unfurnished or unoccupied for more than 30 or 35 consecutive days;
- damage caused by a member of the household other than domestic staff;
- the excess, e.g. the first €100 of each incident of loss or damage.

The distinction to note between this peril and the same peril as that seen on a Commercial theft policy is that there is no requirement for there to be physical or forcible entry to or exit from the premises, therefore the cover is wider.

- (iii) Legal Liability

This provides cover for amounts which the owner of the premises, become legally liable to pay as compensation for an accident occurring during the period of insurance which causes bodily injury to a person or damage to property. The most that will be paid for any claim or claims arising from one event is approximately €2,600,000 inclusive of all legal fees and other expenses (or in some cases plus costs agreed in writing). The following is not insured:

- liability arising directly or indirectly from an agreement which imposes a liability which you would not otherwise have been under;
- the occupation of the premises;
- any business, profession or trade;

### Q.3 Section A2B, Chapter 9

#### MEDICAL AND ADDITIONAL EXPENSES:

This section covers expenses reasonably incurred in respect of the following:

1. Medical treatment. This includes medical and surgical fees, hospital charges, emergency dental treatment. Cover under this section is approximately €2,000,000.
2. Any additional hotel and travelling expenses of the patient or of a friend or member of the family or a nurse to travel with the patient provided they are necessarily incurred.
3. The additional cost of bringing the patient home including the use of an air ambulance. Insurers often link up with specialists because they have systems already in place i.e. *Europ Assistance, FirstAssist* etc. The policy cover also includes the cost of bringing back the body or ashes and that insured person's personal baggage (€1,500 - €2,000 is the maximum amount payable for cremation, burial and transport of body / ashes).
4. The **medical expenses** cover usually excludes medical expenses incurred in Ireland as a result of an injury or sickness whilst experienced overseas. It is the travel insurers' intention that these costs and expenses would be paid by Irish private health insurers.

In the case of European Community countries, reciprocal health care and accident and emergency arrangements apply, however travellers to other EU countries from Ireland are encouraged to obtain the European Health Insurance Card (which replaced the old Form E111) from their local health board. Treatment is provided on the same terms as for local residents and this may be less than that provided under public health arrangements in Ireland.

### Q.4 Section J2C, Chapter 8

#### EXCLUSIONS:

The first €xxx (e.g. €100) of each incident of loss or damage is usually not insured.

The following are also not covered:

1. loss or damage caused by wear and tear or gradual deterioration, deterioration in value, insect, vermin, corrosion, rot, mildew, fungus, atmospheric conditions, the action of light, any process of heating, drying, cleaning, dyeing, alteration or repair, scratching, denting, breakdown, misuse, faulty workmanship or design, the use of faulty materials, confiscation or detention by customs or other officials;
2. loss or damage while the caravan is let for hire or reward or used as a permanent residence or, is being used other than for social, domestic or pleasure purposes;
3. loss or damage by storm or flood unless the caravan is anchored at each corner of the chassis by chains or wire hawsers to standard anchorage screws except: when the caravan is being towed or is temporarily detached during the course of a journey, when the caravan is laid up at the insured's permanent residence either under cover or otherwise reasonably protected from high winds;
4. property more specifically insured or any amount that you cannot recover from a more specific insurance because the insurer refuses or reduces the claim.

Claims under this section of a household policy are settled by paying the cost of replacement or repair of the property lost or damaged, or at the option of the insurer, by replacing the property or arranging for the repair work to be carried out. An amount for wear and tear is deducted in arriving at the amount paid by the insurer.

**Q.5 Section E1, Chapter 9**

The summary below outlines the cover provided and the gives brief details of the policy provisions.

(a) Cover provided:

- Geographical Limits provide for World Wide cover;
- Cover is on an 'All Risks' (Accidental Loss / Damage basis);
- Anywhere in the world including losses from unattended vehicles. (4 marks)

(b) Policy provisions:

- Keyboard instruments are only covered in a policyholder's private residence. Cover is provided for these items outside the house at an extra premium, provided insurers are advised;
- A written professional valuation or purchase receipt is required for any one item worth over €xxx (e.g. €3,000);
- Premium rates are charged per musical instrument;
- No return premiums are allowed;
- There is an excess of €xxx (e.g. €100) for each and every claim; and
- The policy does not provide any cover for Pop or Rock groups. (6 marks)

**Q.6 Section A1, Chapter 10**

Family Legal Protection policies differ in terms of the legal expenses and costs that they will cover. The most comprehensive policies cover the cost of legal expenses to:

- pursue claims for personal injury following a non-motor accident;
- pursue claims arising out of a contract under which the insured person rents, as a tenant, his or her permanent place of residence;
- defend an employee's rights under an employment contract in respect of a claim for unfair dismissal in the workplace;
- pursue or defend a consumer contract dispute arising over a contract to buy or hire any goods or services, provided the amount in dispute is more than €127. Some policies specifically include contracts to purchase the insured person's permanent place of residence;
- defend a consumer contract dispute arising over a contract to sell goods, providing the amount in dispute is more than €127. Some policies specifically include contracts to sell the insured person's permanent place of residence;
- defend an insured person's legal rights arising from his or her ownership or occupation of their permanent place of residence.

**Only 5 legal expenses need to be stated for full marks.**

#### **Q.7 Section H, Chapter 10**

In terms of customer services, many legal expenses insurance policies include a number of telephone helplines which are available 24 hours per day, 7 days per week.

Typical areas of advice include:

- Personal Legal Advice: Advice on personal legal problems which are subject to the laws of the Republic of Ireland or the UK (all policies);
- Domestic Assistance: The provision of emergency assistance in respect of a wide range of home related problems like plumbing, heating, glazing, building repairs and many other areas - the service user is responsible for the contractor's costs (family legal protection policies);
- Drivers' Assistance Service: Drivers' assistance in the event of breakdown or accident in the Republic of Ireland or the UK - the legal expenses insurer will typically arrange suitable assistance which is paid for by the policyholder.

The services are supported by qualified solicitors chosen for their ability to explain complex legal matters in everyday language.

#### **Q.8 Section B1A, Chapter 11**

Comprehensive policies are invariably the *'flagship'* product within a PMI insurer's product portfolio because they correspond, very broadly, to Quinn-healthcare's *HealthManager* and *HealthManager Gold* products, Vhi Healthcare's Plans C, D, and E and Hibernian Health's Level 3 to 5 plans. Cover provided is very comprehensive and as a result, they are the most expensive to purchase.

They offer a wide range of benefits and services to members.

In addition to covering the cost of private in-patient, out-patient and day-case treatment of eligible medical conditions, they may include all or some of the following benefits:

- repatriation home in the event of a medical emergency;
- alternative or complementary medicine;
- dental treatment provided by a specialist in an emergency (up to a specified annual amount). These are often referred to as oro-surgical operations;
- optical care (up to a specified annual amount).

## Answers to Long Questions

**Q.9**

### **Section A2, Chapter 6**

(a) Many of the important legislative considerations for motor insurers are below:

1. There is an obligation to issue statutory Certificates of Insurance and Windscreen discs to specified persons in a specified format.
2. A motor insurer must also be a member of the Motor Insurers' Bureau of Ireland (MIBI) and deal with third party claims in a specified way. The MIBI was set up by motor insurers and the government in 1955. It pays compensation to victims of uninsured and untraced drivers and now provides statutory functions under the Fourth Motor Insurance Directive 2000.
3. An insurer must comply with the requirements of the Non-Life Insurance (Provision of Information) (Renewal of Policy of Insurance) Regulations 2007.
4. Insurers must consider the implications of the Equal Status Act 2000 in the marketing and rating of their motor insurance products. However, as statistical evidence supports the different rating practices applied to different categories of risks, insurers can comply with the provisions of this Act.
5. Unlike the first three Motor Insurance Directives, the Fourth Motor Insurance Directive covers instances when an accident takes place outside the victim's Member State of residence. The aim of this Directive is to allow victims to directly refer to the insurer of the liable party rather than having to refer to the liable party him/herself. This means that every insurer is now required to nominate a claims representative in every EU Member State, so that an accident victim can deal with a representative of the liable insurer in his/her own Member State language. The creation of information centres and compensatory bodies were two more of the changes made by this Directive. The Motor Insurers' Bureau of Ireland (MIBI) was approved as the Information Centre in the Republic of Ireland for the purpose of providing information on insurers and insurance policies in force and they were also approved as the Compensation Body for relevant accidents. Accidents caused by uninsured and unidentified drivers, to which the regulations apply and where compensation is payable, will also be dealt with in the first instance by the MIBI as the compensation body.
6. The Fifth Motor Insurance Directive will be a consideration for Irish motor insurers for the future.
7. Resulting from recommendations of the Motor Insurance Advisory Board came the Personal Injuries Assessment Board (PIAB). All insurers must now comply with the new settlement process for personal injuries, prescribed by this statutory body.

(27 marks)

### **Section D1C and D1D, Chapter 6.**

(b) (i) Third Party Fire & Theft: The disadvantage of the third party policy is that it does not provide any cover for the loss or damage to the policyholder's car. People who choose third party cover usually do so because they are reluctant to pay the higher premium required for comprehensive cover. Nevertheless, they would like some cover for their car; hence the third party, fire and theft policy.

In addition to the third party cover just described, the insurer pays the cost of repairs, or compensates the policyholder, if the car is:

- damaged by self-ignition, lightning or explosion;
- damaged either during attempted theft or while it is stolen;
- stolen but not recovered.

The insurance includes the car's spare parts and accessories kept in or on the car or kept in the policyholder's private garage.

If a vehicle is damaged whilst in the hands of thieves or during the course of an attempted theft, the cost of repairing such damage will be paid by insurers under the *'theft'* section of their policy notwithstanding that the policy covers third party, fire and theft risks only; the proximate cause is theft.

(ii) The comprehensive policy; covers all of the risks which have so far been discussed, but also extends to cover accidental and malicious damage to the insured's vehicle. A number of additional benefits may also be provided.

The term *'comprehensive'* as applied to motor insurance means that a variety and a great deal of protection is provided under one policy document, but it does not mean that cover is provided against every conceivable contingency of whatever nature. No policy provides totally comprehensive cover.

Many policyholders have no choice but to insure comprehensively. For example, if they have bought their vehicles by means of hire purchase, the finance house involved will almost always insist that comprehensive cover be arranged to protect their security. In the same way as a building society will insist on adequate fire insurance being arranged in respect of any building on which they have advanced a mortgage.

If premium levels were no object, a proposer undoubtedly would opt for comprehensive cover, because a motor car today usually represents a substantial and costly investment which few people could afford to replace straightaway, from their own resources, in the event that it was damaged or destroyed in an accident.

(18 marks)

#### **Q.10 Section I, Chapter 8**

This form of cover provides indemnity for items accidentally lost or damaged whether inside or temporarily away from the insured house. Items can be insured under a number of headings including:

1. Specified personal possessions
2. Unspecified items of jewellery to a limit of €750 for any one article or set.

#### SCOPE OF THE COVER:

Under *'all risks'* the property which can be covered is as follows:

1. belonging to; or
2. the legal responsibility of you; or
3. a member of your household; and
4. listed under any item number in the *'all risks'* section.

This property is insured against accidental loss or damage anywhere in the geographical limits and elsewhere for 60 days in any one period of insurance. 'All risks' cover may be given for anywhere in Europe or in some cases worldwide cover is given subject to a maximum limit.

Personal Effects are normally defined in a policy document as '*Articles normally worn or carried on the person*'.

#### UNSPECIFIED PERSONAL EFFECTS / POSSESSIONS:

Unspecified personal possessions, meaning jewellery, items of gold, silver or other precious metals, watches, photographic equipment, binoculars, musical instruments and other personal possessions normally worn or carried on the person and unspecified clothing and sports equipment (including furs).

The trend is for most insurers to include pedal cycles, personal money and sports equipment under the all risks section of their policies unless items are specifically insured as required by the proposer/insured.

The most the insurer will pay for Unspecified All Risks is usually around €2,500 in total and Single Article Limits apply. This could include Personal Money up to a limit of €650 and Bicycles up to a limit of €400, during anyone period of insurance.

Under this item the following may not be covered:

1. The first €100 of each incident of loss or damage;
2. Any article of sports equipment while in use;
3. Loss by stealing of any bicycle (or its tyres, accessories or fittings) left unattended and unlocked away from the premises;
4. Damage / loss to camping equipment, documents of any kind and household goods;
5. Loss of or damage to animals owned or in the care custody or control of the insured or a member of the household;
6. Loss of or damage to pottery, porcelain, terracotta, glass or other brittle items other than by fire and stealing;
7. Loss by stealing or attempted stealing from any unattended vehicle unless all windows, sun roofs and doors are securely locked and the property is concealed within a compartment or locked boot.

#### SPECIFIED ALL RISKS ITEMS:

Named items listed in the specification. The most an insurer will pay is the sum insured for the individual items. If the relevant property covered under this section is pedal cycles, including accessories, shown in the schedule, it is necessary to give the insurer the make, model and serial number of pedal cycles so that they can be identified and noted in the schedule attached to the policy document.

Lamps, tyres or accessories are not insured unless a pedal cycle is lost or damaged at the same time.

Loss or damage while the pedal cycle is being used for racing, pace-making or trials is not insured.

All Risks Exclusions include the following:

1. Damage caused by wear and tear or gradual deterioration, depreciation in value, insects, vermin, corrosion, rot, mildew, fungus, atmospheric conditions, the action of light, any process of heating, drying, cleaning, dyeing, alteration or repair, scratching, denting, breakdown, misuse, faulty workmanship or design, the use of faulty materials, confiscation or detention by customs or other officials.
2. Losses of individual charms unless soldered to the bracelet. Breakage of strings, reeds or drum heads on musical instruments. Musical instruments and photographic equipment owned or held in trust by or in the custody or control of any person who uses such property for professional purposes.
3. Deeds, bonds, bills of exchange, securities, documents, manuscripts, business, professional or trade goods or equipment.
4. Property more specifically insured or any amount that you cannot recover from a more specific insurance because the insurer refuses or reduces the claim.

**Q.11 Section A2, Chapter 9**

PERSONAL ACCIDENT BENEFITS:

Cover is provided for capital sums for death, loss of eyes or limbs, or permanent total disability for typically, between €25,000 and €40,000 depending on the policy. Children under sixteen can be included, but death benefit is usually limited to between €2,500 and €5,000. Some insurers include in their cover weekly benefits for temporary total disablement or temporary partial disablement.

This benefit is normally payable for a maximum of 104 weeks in all, not necessarily consecutive. Certain activities may be excluded. This would include hunting on horseback, bungee jumping, mountaineering (where a mountain guide and/or ropes are used) and skiing. Special insurance schemes are available to those who require insurance cover for more hazardous activities and winter sports. For example, full travel cover is readily available for people of all ages through membership of the British Mountaineering Council (BMC).

CANCELLATION, CURTAILMENT AND CHANGE OF ITINERARY:

This section provides for reimbursement of irrevocable deposits and payments made, or due to be made, for transport and accommodation booked for, but not used by, the insured person directly arising from the necessary and unavoidable cancellation of the holiday or journey prior to the date of departure, due to causes beyond his or her control.

If no Annual Multi trip Insurance is in force, travel insurance is usually taken out at the time of booking a holiday because an occurrence leading to a claim under the loss of deposits section could take place at any time after the holiday has been booked. The sum insured in respect of this section could be between €3,500 and €6,500 for the insured person.

The possible causes may be specified in the policy or may be limited by stated exclusions. Causes usually included are as follows:

- death, illness or accident of the insured person, any person with whom he intends to travel or a close business associate or family member. Complications in pregnancy are included with conditions applying. It is important to note that the policy will clearly identify what a close relative / business associate is;
- the insured persons being called for jury service, or as a witness or being subject to quarantine;
- scheduled public transport being cancelled or curtailed because of adverse weather conditions, industrial action / mechanical breakdown;
- unemployment through redundancy (prior notice not having been given) qualifying for redundancy payment under relevant legislation;
- theft at home or place of business, or fire or damage at home requiring the insured person's presence.

#### PERSONAL BAGGAGE:

Baggage cover includes the loss of or damage to personal baggage, including clothing and personal effects taken with the insured person, purchased during the trip or sent in advance. The sum insured is likely to be around €2,000 – €3,500. There is usually a single article limit of €250 – €350, and there may be a limit on valuables.

#### PERSONAL MONEY:

Money cover includes coins, banknotes, postal or money orders, travellers' cheques, travel tickets, petrol or pre-paid vouchers and credit cards. The sum insured on money is usually €650 - €1,000 in respect of any one insured person. Insurers may not pay for loss of money in excess of €250, unless such amount relates to travellers' cheques or other non-cash losses. The section also has an excess in the region of €50 or more.

Some insurers provide for credit cards and passports within their definition of money and some insurers have a separate section on their travel policy called '*Loss of Passport / Driving License Expenses*', maximum benefit €350 per person.

#### PERSONAL LIABILITY:

This section covers the insured person whilst acting in a private capacity for:

1. legal liability to third parties for damages, or claimants' costs and expenses in respect of:
  - accidental bodily injury, death or disease contracted by any person;
  - accidental loss of or damage to material property;
2. The Limit of Indemnity is usually up to €2,000,000 in damages in respect of any one event, including claimant's costs and expenses plus all other costs incurred with written consent.

### HOSPITAL BENEFIT:

This section provides a daily benefit of between €40 and €150 per day whilst confined to hospital. This is provided in addition to any payment under the medical and associated expenses section for the cost of treatment. There is usually a maximum benefit per person of €600 - €1,500 per person.

### DELAYED BAGGAGE:

Cover relates to the cost of essential items of clothing and toiletries as a result of delay of baggage for a certain period after the time at which it should have arrived on the outward journey. The period of delay that must elapse before a claim can be made can range from 12 to 24 hours.

### Missed Departure:

This covers the failure of public transport or accidental damage/mechanical breakdown of a private car in delivering the insured person to the departure point on either the outward or the return journey in time to take the trip booked. The cost of additional accommodation and travel is insured up to €500 per person.

### Travel Delay:

This section covers delay of the aircraft, sea vessel or publicly licensed conveyance in which the insured has arranged travel for at least twelve hours from the scheduled departure time indicated by the carrier, due to strike, industrial action, adverse weather conditions, mechanical breakdown or structural defect affecting the aircraft, vessel or conveyance. Benefit is €30 for the first twelve hours' delay and €20 for each full twelve hours' delay thereafter up to a maximum of €120. Some insurers provide cover for the outward journey only. Alternatively, the insured has the option to abandon the trip after twelve hours' delay, and cover relates to charges levied by the tour operator or carrier up to a maximum of €3,500 approximately.

Some insurers provide cover for legal costs and expenses in pursuing claims for compensation and/or damages arising out of death or personal injury of the insured person. Sums insured vary between €25,000 and €50,000 for the above (and a lower amount in respect of prosecution abroad for a motoring offence).

## Article I. **Q.12 Section C2, Chapter 11**

The terms and conditions will normally cover the following key stages of a contract.

### Enrolment:

This section will cover the following:

- The criteria and processes for qualifying as a member (including cover for dependants);
- The definition of '*dependant*' (sometimes referred to as '*eligible dependant*'). Typically covering the policyholder's spouse and any dependant children;
- The contractual position concerning the addition of dependants to an existing contract, including coverage of a newly born child.

### Renewal:

This section will cover the following:

- how the contract should be renewed;
- the frequency of renewal (this is usually annually);
- the minimum amount of notice a policyholder will be given of the approaching renewal;
- the consequences of the policy not being renewed (i.e. membership will cease).

### PREMIUMS:

This section will cover the following:

- when the premium should be paid;
- by what method;
- the frequency.

### TERMINATION:

This explains how the policyholder, or the insurer, may terminate the contract and any penalties that may be incurred for doing so by the party instigating the termination. In Ireland, statutory provisions on transferability allow customers to move between insurers with no loss of for example, waiting periods. Individuals may also reactivate policies with the same or another insurer within a 13 week period without penalty.

### GENERAL RULES ON BENEFITS:

This section explains the contractual position relating to the provision of PMI benefits and will normally cover such issues as:

- benefits being conditional on the patient being referred for specialist treatment, on the recommendation of their General Practitioner;
- settlement of accounts directly with the medical provider concerned;
- the effect of any excesses applied to the policy.

### EXCLUSIONS:

This section specifies the medical conditions and treatments which are not covered by the contract. It also states the position on those conditions and treatments which are contractually excluded, but for which the insurer may consider making discretionary benefit payments, in exceptional circumstances.

In the case of one insurer, for example, exclusions include:

- vaccinations and routine or preventative medical examinations, including screenings and check-ups;
- treatment which is not intended to cure or alleviate a medical condition or long-term nursing care;
- routine hearing or sight tests, hearing aids, spectacles, contact lenses, dentures or orthodontic appliances;
- treatment which is in any way related to eating disorders or weight reduction, experimental treatment and drugs;

### CLAIMS:

Normally, this section will address the following issues:

- the claimant providing original accounts and receipts in support of a claim;
- the claim being made on the insurer's prescribed form;
- the need for premiums to be paid to date before claims are assessed.

### Alterations to the Contract:

Occasions may arise when either the insurer, or the policyholder, wishes to alter the terms of the contractual arrangement. It is standard practice for insurers to require any changes to contracts to be made at the time of renewal, when new policy documents are being prepared and premium rates calculated. This also reflects the fact that PMI cover is provided on a yearly basis.

Typical examples of possible alterations to the contract are:

- the insurer changing (for commercial and / or legislative reasons) the terms and conditions;
- policyholder wishing to transfer cover to another PMI product offered by the same insurer, or wishing to change their scale of cover.

### GENERAL:

This section covers all contractual issues which do not fall into any of the other categories listed above:

- Nation's law, as impacted by EU Directives, will govern the terms and conditions.
- Notification to the insurer of an arrangement in force which means that the policyholder can also claim expenses from another source.
- Complaints procedure, including reference to the insurer's arrangements with for example, the Financial Services Ombudsman Bureau.

Terms and conditions in the Irish PMI market are supported by a glossary which provides definitions for commonly used words and phrases (e.g. pre-existing condition, treatment, specialist) and are set out in material provided by all insurers to both customers and professional service providers, e.g. consultants.



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**GEN 3B (P)**

**THE INSURANCE INSTITUTE OF IRELAND  
APRIL 2009 EXAMINATION PAPER**

**GEN 3B (PERSONAL LINES)  
GENERAL INSURANCE PRODUCTS**

Two hours are allowed for this paper, which is in two parts.  
The whole paper carries 150 marks.

Answer any **SIX** questions in Part I.  
Each question in Part I carries 10 marks.  
60 marks are available.

Answer any **TWO** questions from Part II.  
Each question in Part II carries 45 marks.  
90 marks are available.

## PART I

**Answer any SIX questions in Part I.  
All questions carry equal marks.**

**Note form is acceptable (in respect of Questions 1 – 8) where this conveys all the necessary information.**

1. Briefly describe:
  - (a) The environment in which the general insurance product is sold and; (5 marks)
  - (b) Why product innovation is inevitable in this environment?  
(5 marks)
  
2. Briefly outline the fundamental cover given under the Third Party Liability Clause of a Private Motor policy.
  
3. The policyholder has duties under a motor policy, just as an insurance company does. Briefly outline the duties of the policyholder as stated under the motor policy conditions.
  
4. Define the following terms as they are usually defined within a household insurance policy:
  - Buildings;
  - Unfurnished;
  - Unoccupied;
  - Household;
  - Family.(2 Marks each)
  
5. An Architect has asked whether or not there is automatic insurance for his business within the Legal Liability cover on his Household policy. He requires cover for his legal liability to clients, who enter his premises and one staff member who works for him.  
  
Briefly explain the scope of the Household Legal Liability cover to determine whether automatic liability cover is provided or not.
  
6. The last time your Aunt was on holidays, she fell and had to come home early accompanied by a friend. She did not have Travel insurance. Use this experience to explain briefly the benefits of the Medical and Additional Expenses section on a Travel policy to your Aunt.
  
7. State the insured's position, in each of the following circumstances, with respect to the cover provided under a Motor Legal Protection policy:
  - a. The control maintained by the insured over all aspects of a claim or legal proceedings under the policy.
  - b. The options open to the insured if the insurer experiences a conflict of interest.
  - c. The procedure followed should there be a disagreement between the insurer and the insured about the choice of appointed lawyer. (Each section carries equal marks).
  
8. State the minimum benefit requirements to be included in all private medical insurance plans sold in Ireland (as set down in the **Health Insurance Act, 1994**).

## PART II

**Answer TWO of the following FOUR questions.  
All questions carry equal marks.**

9. The standard perils covered by a Household Insurance policy are familiar to many consumers, i.e. Burglary, Legal Liability and Fire. In order to illustrate the importance of having your home insured, describe to a client, the additional benefits which are often available under the Buildings Section of a Household policy.
10. An existing client of yours has requested information on insurance products available for:
- a. Pets; (25 Marks)
  - b. Damage to or loss of their photographic equipment; and (10 Marks)
  - c. Golf equipment. (10 Marks)
- Explain in each case the scope of insurance solutions available to your client.
- 11.
- (a) A typical Motor Legal Expenses policy will provide for the insurer to negotiate TWO significant 'insured incidents' on behalf of the insured. Describe these TWO 'insured incidents'. (30 Marks)
  - (b) In terms of Customer Service, describe typical areas of advice supplied by legal expenses insurers through telephone helplines. (15 Marks)
- 12.
- (a) Outline to your friend, the types of Private Medical Insurance (PMI) products which are available in the Personal Insurance market in Ireland. (35 marks)
  - (b) Describe TWO potential advantages of having purchased one of these products. (10 Marks)



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## Gen 3B Personal Paper Solutions April 2009

### Comments from the Examiner:

Students could benefit from reading the paper and underlining or highlighting key words in the question, then re-reading the paper again to ensure they have a clear grasp on what is being sought. For example, Question 9 was answered in general quite poorly. The question asked for the additional benefits available under the buildings section of a Household policy. However many students either gave a list of the Standard Perils or outlined the additional benefits available under the contents section of a Household policy. Although the information supplied was correct it did not answer the question asked. In general Question 12 was answered quite poorly, specifically Part (b). Students tended to supply all information they knew about the subject rather than answering the specifically question asked.

To aid examination preparation, students are encouraged to review past papers and attempt the self assessment questions at the back of each chapter. Students should also calculate the time to be allowed for each question prior to the examination to allow for better time management in the exam.

### PART 1 – ANSWER ANY 6 OF THE QUESTIONS

#### Q.1 Briefly describe:

- (a) The environment in which the general insurance product is sold and;
- (d) Why product innovation is inevitable in this environment.

(a)

- The environment in which the firm (insurance providers) must operate will almost certainly be influenced by a variety of factors, including levels of economic activity and disposable income, changes in fashion and Government legislation. This environment is often summarised by the acronym PESTE (political, economic, social, environmental and technological).
- In the centre of this environment is the consumer. In order to survive in business, a firm must supply products or services which a purchaser is prepared to buy. Where there is an unassailable need for that product, and the producer is its only supplier, the need for a marketing strategy will be minimal. (5 Marks)

(b)

- This is, however, likely to be seldom the case, and certainly not in the financial services sector. Between the firm and the consumer are competitors offering similar products. In between the firm, competitors and the consumer are intermediaries; sometimes employees but often independent brokers. They, like consumers, must also be persuaded, often for different reasons, to sell as much as they can of the firm's products.
- As an insurance product must respond to and match an ever-changing environment, developments in product design are inevitable. New products emerge to match new building technologies and the greater use of electronics and automation. There are higher sums insured and other changes in the environment. (5 Marks)

**Chapter 1 (General Chapter, Sections A & B )**

**Total 10 marks**

**Q.2 Briefly outline the fundamental cover given under the Third Party Liability Clause of a Private Motor policy.**

The fundamental terms of this clause, which define the scope of cover offered, are as follows:

- emergency treatment fees or hospital charges are covered;
- the policyholder is indemnified against his legal liability for damages arising from an accident involving the insured car which causes death, injury or damage to property;
- legal costs and the expenses of handling a claim will be paid.

There are a number of extensions in the indemnity given to the insured in respect of his car. Some of these extensions are as follows:

- the policyholder is provided with third party cover whilst driving, with the owner's permission, another motor car not belonging to him. The policy does not cover damage to that other vehicle and is commonly referred to as the "Driving of other cars" extension;
- indemnity applies to authorised drivers, provided that they are entitled to drive by the policyholder's certificate of motor insurance and have a driving licence;
- passenger negligence is usually covered.

**Chapter 6, (General chapter) Sections E1A**

**(10 marks)**

**Q.3 The policyholder has duties under a motor policy, just as an insurance company does. Briefly outline the duties of the policyholder as stated under the motor policy conditions.**

This condition encompasses the following elements:

- the policyholder must observe and fulfill the terms of the policy;
- the information in the proposal form must be true and correct to the best of the policyholder's knowledge and belief;
- the policyholder must take reasonable steps to prevent a loss arising, including maintaining the vehicle in an efficient and roadworthy condition;

- the insurer has the right to examine the vehicle at any reasonable time. Very rarely would an insurer wish to inspect the insured car other than when an accident occurs, but the right is retained to be exercised if there are any suspicious circumstances.

Although there is a common law duty on a policyholder to take reasonable care to avoid or mitigate any loss, i.e. to act as though he were uninsured, the above condition makes this common law duty an express term of the contract. However, insurers are not quick to invoke the condition.

**Chapter 6, (General Chapter) Section H1**

**(10 marks)**

**Q.4 Define the following terms as they are usually defined within a household insurance policy:**

- **Buildings;**
- **Unfurnished;**
- **Unoccupied;**
- **Household;**
- **Family**

**( 2 marks each)**

Any one of the given definitions below for buildings is acceptable.

One definition of BUILDINGS in the Irish household insurance market is:

*'The home, landlord's fixtures and fittings on or in the home, walls, gates, fences, hedges, terraces, patios, drives, paths, tennis hard courts and swimming pools, all at the situation of the premises shown in the schedule'.*

Others include:

*'the private dwelling, garage and outbuildings used for domestic purposes only, all at the situation of the premises shown in the schedule' and*

*'the buildings and the land, within the boundaries belonging to them'.*

There are some small differences in the definitions, e.g. in some definitions septic tanks are specifically included whereas in others they don't appear in the definition.

UNFURNISHED: *Not adequately furnished or equipped for normal living purposes.*

UNOCCUPIED: *Not lived in by a member of your household or any other person authorised by you.*

HOUSEHOLD: *your family and domestic staff living in the home.*

FAMILY: *your relatives permanently residing with you.*

**(2 Marks Each)**

**Chapter 8 (Personal Lines Chapter), Section B**

**Total 10 marks**

**Q.5 An Architect has asked whether or not there is automatic insurance for his business within the Legal Liability cover on his Household policy. He requires cover for his legal liability to clients, who enter his premises and one staff member who works for him.**

**Briefly explain the scope of the Household Legal Liability cover to determine whether automatic liability cover is provided or not.**

The Legal Liability section provides cover for any amounts which the owner of the premises becomes legally liable to pay as compensation for an accident occurring during the period of insurance which causes bodily injury to a person or damage to property. The most that will be paid for any claim or claims arising from one event is approximately €2,600,000 inclusive of all legal fees and other expenses (or in some cases plus costs agreed in writing).

The following, however, is not insured:

- liability arising directly or indirectly from an agreement which imposes a liability which you would not otherwise have been under;
- the occupation of the premises;
- any business, profession or trade;
- liability for bodily injury to a member of your household, bodily injury to a person under a contract of service or apprenticeship with you or a member of your family, damage to property owned or held in trust by or in the custody or control of you or a member of your household.

The scope of this cover will not therefore automatically cover the business which is run from the home. Cover could possibly be extended to provide the required liability cover for an additional premium as the business is small.

**Chapter 8 (Personal Lines Chapter), Section C14**

**(10 marks)**

**Q.6 The last time your Aunt was on holidays, she fell and had to come home early accompanied by a friend. She did not have Travel insurance. Use this experience to explain briefly the benefits of the Medical and Additional Expenses section on a Travel policy to your Aunt.**

This section covers expenses reasonably incurred in respect of the following:

1. Medical treatment. This includes medical and surgical fees, hospital charges, and emergency dental treatment. Cover under this section is approximately €2,000,000.
2. Any additional hotel and travelling expenses of the patient or of a friend or member of the family or a nurse to travel with the patient provided they are necessarily incurred.
3. The additional cost of bringing the patient home including the use of an air ambulance. There are now a number of firms specialising in the repatriation of people who are injured or ill. Insurers often link up with these specialists because they have systems already in place i.e. *Europ Assistance*, *FirstAssist* etc.

The **medical expenses** cover usually excludes medical expenses incurred in Ireland as a result of an injury or sickness whilst experienced overseas. It is the travel insurers' intention that these costs and expenses would be paid by Irish private health insurers, such as Vhi Healthcare, Quinn-healthcare or Hibernian Aviva Health.

An excess, ranging from €65 - €150 depending on the policy generally applies to this section to avoid payment for very minor ailments. Policies can be arranged to either include or exclude cover for North America. With the high cost of medical treatment there, underwriters will discount the premium if no cover is required for North America.

**Chapter 9, A2B**

**(10 marks)**

**Q.7 State the insured's position, in each of the following circumstances, with respect to the cover provided under a Motor Legal Protection policy:**

- **The control maintained by the insured over all aspects of a claim or legal proceedings under the policy.**
  - **The options open to the insured if the Insurer experiences a conflict of interest.**
  - **The procedure followed should there be a disagreement between the insurer and the insured about the choice of appointed lawyer. (Each section carries equal marks).**
- 
- The insurer typically has the right to take over and conduct, in the name of an insured person, any claim or legal proceedings at any time before an appointed lawyer is appointed. Further, it has the right to negotiate any claim on behalf of an insured person.
  - If an insurer agrees to start legal proceedings, or if there is a conflict of interest, an insured person can choose an appointed lawyer by sending the insurer the lawyer's name and address. The insurer may, in exceptional circumstances, choose not to accept the insured person's choice of lawyer. If there is a disagreement over the choice of appointed lawyer, another lawyer can be appointed to decide the matter.
  - Before an insured person chooses a lawyer, the insurer can appoint an appointed lawyer. If the insurer and the insured person disagree about the choice of appointed lawyer or about the handling of the claim, the insurer and the insured person will choose another lawyer to decide the matter. Both parties must agree with this in writing. If the parties cannot agree about the choice of second lawyer, the insurer will ask the President of the Law Society of Ireland to choose a lawyer. Whoever loses the disagreement will have to pay the costs of settling it.

**Chapter 10, D**

**(Each bullet point/ section carries equal marks – Total – 10 marks)**

**Q.8 State the minimum benefit requirements to be included in all private medical insurance plans sold in Ireland (as set down in the Health Insurance Act, 1994).**

The core benefits applicable to all private medical insurance plans currently available in Ireland are almost identical owing to the fact that the **Health Insurance Act 1994** has the Minimum Benefit requirements built into it to ensure that all insurers provide a minimum (medically necessary) level of benefits within their plan mix. These regulations roughly translate as follows:

- All insurance policies must cover the full cost of a semi-private bed in a public hospital or a broadly similar monetary amount if treatment is provided in a private hospital setting.
- All insurance policies must cover consultants' fees at the agreed standard scale for the procedure or service that is being performed.

Once these minimum benefits are provided in a PMI policy, there is actually no limit to the level of excess that can be applied under individual policies.

The Regulations require that a minimum level of benefit must be paid in respect of a broad range of investigative and medical interventions, which are regarded as appropriate and necessary and are provided on an in-patient or day-patient basis.

Within this structure, health insurers are permitted to determine whether or not it is appropriate to pay benefits on an in-patient, day-patient or out-patient basis rate.

**Chapter 11, A2**

**(10 marks )**

**LONG QUESTION SOLUTIONS**

**Answer ANY TWO of the FOUR questions.**

**Q.9 The standard perils covered by a Household Insurance policy are familiar to many consumers, i.e. Burglary, Legal Liability and Fire. In order to illustrate the importance of having your home insured, describe to a client, the additional benefits which are often available under the Buildings Section of a Household policy.**

The additional benefits under the buildings section of a household policy are:

1. **Accidental breakage of fixed glass** in windows, doors or roofs or fixed sanitary ware in the home is insured, but typically the following is not insured under a paragraph of this type:
  - damage caused after the home is left unfurnished or unoccupied for more than 30 consecutive days;
  - damage caused by vandals or malicious people lawfully on the premises;
  - the first €100 of each incident of loss or damage OR there may be no excess.

2. **Accidental damage to cables**, underground pipes or underground tanks servicing the home is insured, but typically the following is not insured:

- damage due to wear and tear, rust, or gradual deterioration;
- the first €100 of each incident of loss or damage.

The cost of breaking into and repairing the pipe between the main sewer and the home following the blockage of the pipe is insured but the first €100 of each incident of loss or damage is not insured.

3. **If the home is made uninhabitable** by damage from any cause insured by the buildings section, the insurer will pay for:

- rent you would have received and rent which continues to be payable to you. (This would be valuable cover if you owned a house and rented it to a tenant. If the tenant were unable to occupy the house due to the damage you would be at the loss of the rental income. This clause effectively insures you against such a loss.) ;
- the reasonable extra cost of comparable alternative accommodation if you occupy the home;
- but only during the period necessary to reinstate the home to a habitable condition. The work of reinstatement or repair must be done without delay.

The most that an insurer will pay under a paragraph like this is of the order of 15% of the buildings sum insured (or the combined premises and contents sum insured).

4. **Fire Brigade Charges.**

Charges levied by a fire authority in accordance with the provisions of the **Fire Services Act 1981** in controlling or extinguishing fire affecting (or threatening to affect) the buildings in circumstances which have given rise to a valid claim under the policy are covered. The maximum amount some insurers in the Irish market will pay under cover of this nature is €2,000. (Higher limits are available with some insurers on request.)

5. **Alternative Accommodation in the event of one's home becoming uninhabitable following damage by an insured event.**

6. **Additional costs paid by Insurers.**

Insurers also pay the necessary and reasonable expenses that you incur in reinstating the buildings following damage insured under the buildings section of a policy. Typically this includes:

- fees to architects, surveyors, consulting engineers and others;
- the cost of clearing the site and making it and the home safe;
- the cost of complying with any government or local authority requirement following damage unless you were given notice of the requirement before the damage.

Fees for preparing a claim under the buildings section of the policy and costs in respect of undamaged parts of the buildings (except the foundations of the damaged parts) are not covered.

7. **Index-Linking.**

Many insurers automatically adjust the sum insured for buildings in line with changes in an index such as:

- the House Building Cost Index issued by the Department of the Environment; or
- the Consumer Price Index (All Items) issued by the Central Statistics Office.

The adjustment may continue after any insured damage if the repairs or reinstatement are done without delay. An extra premium is not charged during the period of insurance, but at the end of the period the insurer will calculate the renewal premium on the revised sum insured. The adjustment can be subject to a minimum increase such as a 5% increase in sum insured.

8. **Selling Your Home.**

If you are selling your home the insurer will insure the buyer up to the date the contract is completed unless he has arranged his own insurance. The buyer must keep to the terms and conditions of the policy.

**Chapter 8, D**

**(45 marks)**

**Q.10 An existing client of yours has requested information on insurance products available for:**

- (a) Pets; (25 Marks)**
- (b) Damage to or loss of their photographic equipment; and (10 Marks)**
- (c) Golf equipment. (10 Marks)**

**Explain in each case the scope of insurance solutions available to your client.**

**(a) Pet Insurance:**

Pet insurance has become popular in recent years as pets become expensive and vets fees are significant. Insurance is generally available for dogs and cats although there are some variations in policy cover for each.

Premium discounts are offered by pet insurers in the following cases:

1. Multiple pets;
2. Insured aged over 50 / 60 years;
3. Micro-chipped pets.

**Policy Cover:**

<b>Insurance is available to pay:</b>	<b>Indicative Sums Insured (Dog) €</b>
1. all reasonable and customary costs for veterinary fees in respect of injury and illness	3,200
2. or complimentary treatment (carried out under his/her direction)	650
3. emergency boarding kennels and cattery fees	650
4. advertising and reward / recovery costs	320
5. theft or straying	650

6.	accidental death (from illness or accident)	650
7.	holiday cancellation and	650
8.	third party liability cover	250,000

Cover is for each accident or illness not exceeding 12 months from the first date of treatment.

Some of the exclusions are as follows:

1. Pet being used for breeding purposes,
2. Preventative treatments,
3. Costs resulting from pre-existing medical conditions,
4. The first 14 days of cover,
5. Cost of obesity diets, dental or gum treatment,
6. Cost of house calls (unless moving the animal would damage its health).

**(25 Marks)**

**(b) Damage or loss to Photographic Equipment:**

Whether an individual is an amateur or professional photographer, working from home, a studio or occasionally overseas, there are specialist camera equipment insurance policies to suit the proposer's circumstances. Again, cover is on an 'All Risks' basis and some cover options of the policy are:

- Amateur cover for photographic equipment not used for business purposes or to earn an income;
- Professional cover for equipment used to earn an income from photography ;
- Room Only and All Risk cover options available;
- Unattended Vehicle Cover and Unlimited Worldwide Cover optional extensions;
- Public Liability cover up to a maximum of approximately €2 million per incident available.

**(10 Marks)**

**(c) Golf insurance:**

Golf insurance can provide cover against theft, personal accident, public liability, membership fees, accidental damage to property and other golfing equipment.

This product is designed to protect both the insured and his/her liability to other golfers. An additional factor is that increasingly expensive sets of clubs are becoming an easy target for thieves. If clubs are stolen from a clubhouse or locker room, it is unlikely that the club will have suitable insurance to replace expensive items. It was these factors which led to the demand for golf insurance initially.

**Chapter 9, F, E3 & G1**

**(10 Marks)**

**Total (45 marks)**

- Q.11 (a) A typical Motor Legal Expenses policy will provide for the insurer to negotiate TWO significant insured incidents' on behalf of the insured. Describe these TWO 'insured incidents'. (30 Marks)**
- (b) In terms of Customer Service, describe typical areas of advice supplied by legal expenses insurers through telephone helplines. (15 Marks)**

(a) A typical motor legal expenses policy will provide for the insurer to negotiate the following insured incidents:

1. to recover an insured person's uninsured losses and costs after an event which:
- (a) causes damage to the insured vehicle (This is usually defined as: *the vehicle (below 7.5 tonnes total weight) specified in the motor insurance policy issued with the motor legal protection policy and usually includes any caravan or trailer attached to the vehicle.*) or to personal property in it; or
  - (b) injures or kills an insured person (Insured person usually means: *the person who has taken out the policy and any passenger or driver who is in or on the insured vehicle with the permission of the policy owner; anyone claiming under the policy must have the permission of the policy owner*) while he or she is in or on the insured vehicle; or
  - (c) injures or kills the person who took out the policy (the policy owner) while he or she is driving another motor car or motor cycle; or
  - (d) injures or kills the policy owner or any member of his or her family (who always lives with the policy owner) as a passenger in a motor vehicle, a cyclist or a pedestrian.

To defend the insured person's legal rights if an event leads to the prosecution of an insured person for an offence connected with the use or driving of an insured vehicle but not a parking offence or an offence which suggests dishonesty by the insured person.

For both of the above *insured incidents* the insurer will help in appealing or defending an appeal provided that the insured person tells the insurer that he or she wants the insurer to appeal within the time limits allowed. Before the insurer will pay any legal costs for appeals, it must agree that it is more likely than not that the appeal will succeed.

If an appointed lawyer is used the insurer will pay the legal costs of this. There is a limit on the amount an insurer will pay for all claims resulting from one or more events arising at the same time or from the same cause. Typically this is around €65,000.

(30 Marks)

- (b) In terms of customer services, many legal expenses insurance policies include a number of telephone helplines which are available 24 hours per day, 7 days per week.

Typical areas of advice include:

- Personal Legal Advice: Advice on personal legal problems which are subject to the laws of the Republic of Ireland or the UK (all policies);
- Domestic Assistance: The provision of emergency assistance in respect of a wide range of home related problems like plumbing, heating, glazing, building repairs and many other areas - the service user is responsible for the contractor's costs (family legal protection policies);
- Drivers' Assistance Service: Drivers' assistance in the event of breakdown or accident in the Republic of Ireland or the UK - the legal expenses insurer will typically arrange suitable assistance which is paid for by the policyholder.

The services are supported by qualified solicitors chosen for their ability to explain complex legal matters in everyday language.

(15 Marks)

## Chapter 10, B2 & H.

### Q.12

- (a) Outline to your friend, the types of Private Medical Insurance (PMI) products which are available in the Personal Insurance market in Ireland. (35 marks)
- (b) Describe TWO potential advantages of having purchased one of these products. (10 Marks)

- (a) The following section outlines the types of policies which are available in the personal market.

#### 1. COMPREHENSIVE POLICIES

Comprehensive policies are invariably the 'flagship' product within a PMI insurer's product portfolio. They correspond, very broadly, to Quinn-healthcare's *HealthManager* and *HealthManager Gold* products, Vhi Healthcare's Plans C, D, and E and Hibernian Health's Level 3 to 5 plans. They are the most expensive to purchase because they offer a wide range of benefits and services to members.

In addition to covering the cost of private in-patient, out-patient and day-case treatment of eligible medical conditions, they may include all or some of the following benefits:

- repatriation home in the event of a medical emergency;
- alternative or complementary medicine;
- dental treatment provided by a specialist in an emergency (up to a specified annual amount). These are often referred to as oro-surgical operations;
- optical care (up to a specified annual amount).

## 2. STANDARD POLICIES

Structurally, standard policies - broadly Quinn-healthcare's *Essential* and *Essential Plus*, Vhi Healthcare's Plans A and B, First Plans and Family Plans and Hibernian Health's *Me, I* and *We* plans Level 1 and 2 are similar to and offer many of the benefits available from comprehensive policies. However, certain benefits are reduced, or excluded completely, in order to contain treatment costs and to reduce premiums. For example, in order to provide comprehensive out-patient guaranteed cover under their new *LifeStage* plans, Vhi Healthcare severely reduced cover for the Blackrock and Mater Private hospitals under these plans.

Standard policies may require patients to receive treatment in a pre-specified hospital, with which the insurer has negotiated favourable rates for accommodation and services. Out-patient benefits may be made available only when the course of treatment is directly related to an in-patient stay or day-case episode.

## 3. SPECIALIST POLICIES

Since the entry of Hibernian Avia Health into the Irish marketplace, the concept of "*tailored*" health insurance plans has become a reality with the introduction of two new PMI plans called the *Nurses* plan and the *Teachers* plan by Hibernian Health.

These plans are specifically designed for particular segments of the market with benefits that are tailored to meet the needs of these specific professional groups. For instance, the *Nurses* plan has most of the benefits of the other core plans but includes specific benefits like **stress counselling** and the provision of cover for **specialised orthopaedic footwear**.

It could also be argued that the range of "*stage of life*" plans launched by both Vhi Healthcare and Hibernian Health, in October 2004, are specialist plans in that they appeal to and target people with specific plans designed towards their stage in life, i.e. single, just getting first job, just married, families etc.

**Chapter 11, Section B1**

**(35 Marks)**

(b) **Potential advantages of holding this cover:**

### 1. TAX RELIEF ON PMI

PMI policies attract tax relief at the standard rate (currently 20%) on their premiums, provided that their benefits meet strict criteria laid down by the Revenue Commissioners. Currently, tax relief is given at source from renewals on or after April 2001.

### 2. INTERNATIONAL POLICIES

The Health Insurance (Amendment) Act 2001 permits Vhi Healthcare to provide international cover for Irish residents working abroad.

In order to provide effective and reasonably priced cover, insurers usually negotiate agreements with foreign hospitals to provide accommodation at guaranteed rates. Also, facilities are arranged to enable the insurer to pay claims directly to providers in their local currency.

**Chapter 11, B1**

**(10 Marks)**



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**GEN 3B (P)**

**THE INSURANCE INSTITUTE OF IRELAND  
OCTOBER 2009 EXAMINATION PAPER**

**GEN 3B (PERSONAL LINES)  
GENERAL INSURANCE PRODUCTS**

Two hours are allowed for this paper, which is in two parts.  
The whole paper carries 150 marks.

Answer any **SIX** questions in Part I.  
Each question in Part I carries 10 marks.  
60 marks are available.

Answer any **TWO** questions from Part II.  
Each question in Part II carries 45 marks.  
90 marks are available.

## PART I

Answer any SIX questions in Part I.  
All questions carry equal marks.

**Note form is acceptable (in respect of Questions 1 – 8) where this conveys all the necessary information.**

1. A Personal Lines consumer and a Commercial Lines consumer differ in their insurance product requirements and the extent of Intermediary advice sought.  
Differentiate between the main product and requirement differences between the two consumers.

2. Briefly describe the cover given under the **Third Party, Fire and Theft** Section of a private motor policy.

3. Private motor policy conditions typically deal with:
- Duties of the Policyholder; and
  - Claims Notification / No Admission.

Explain either ONE of these policy conditions.

(Either option for full marks)

4. (i) Briefly explain the **exclusions** of the peril 'Stealing or Attempted Stealing' as it appears on a Household Buildings policy.  
(ii) Differentiate how this peril operates under a Commercial Theft policy.  
(5 marks each)

5. Describe the key benefits of having:
- accidental breakage; and
  - accidental damage,
- cover on a Household Contents Insurance policy.

(5 marks each)

6. State the cover provided by each of the following sections of a Travel Insurance policy:

- Delayed Baggage
- Missed Departure
- Travel Delay.

(equal marks)

7. A typical Family Legal Protection policy will provide for the insurer to negotiate certain 'insured incidents' on the insured's behalf.  
Describe the cover provided under the 'insured incident' of Employment Disputes.
8. State FOUR possible policy exclusions appearing on a Private Medical Insurance (PMI) policy contract.

**PART II**  
**Answer TWO of the following FOUR questions.**  
**All questions carry equal marks.**

- 9.
- (i) Explain why the terms 'driver' and 'use' of any insured car are important considerations for both a private motor insurer and the insured. (15 marks)
- (ii) Explain why a motorist may need to purchase:
- a Spanish Bail Bond; (10 marks)
  - a Joint Policy (10 marks)
  - a Short Period Policy. (10 marks)
- Total (45 marks)
10. Some additional benefits given on a Household Contents policy provide insurance for contents while outside the confines of the home.  
Describe the relevant sections of cover providing this benefit.
11. Explain the limitations of a Family Legal Protection policy by way of the policy exclusions.  
(A minimum of NINE exclusions will be required for a full answer).
12. Explain what is meant by 'Specialist Policies' in the Irish PMI market and use any market product (as an example) to describe some of the features of such a product.



## GEN3B (Personal Lines) Solutions - October 2009

### Feedback from the Examination Corrector

#### Part 1 - short answer questions

The standard of answers in Part 1, with the exception of Question 3 was generally low. Question 3 gave students a choice and as it was a general type of question on motor insurance it was answered well. Question 2 appeared to pose some difficulty to students. Students are reminded to re-read the question and focus on exactly what is asked. It is advisable to re-read the question and underline the key words of what is being sought. Question 5 was about Household Contents and it was answered very poorly, with an average mark of less than 30%. The remainder of the questions averaged at around 50%. A number of students answered all the questions in Part 1 and as a result all questions were checked and papers were marked from the best six answers.

#### Part 2 – long answer questions

The answers in Part 2, were of a similar standard. Question 9 was the best answered question with an average of 65%. It was a motor question in four parts and students were able to give a reasonable answer to each section. Question 10, notwithstanding the misinterpretation of the question by students (reference below) and the alteration in the correction criteria, was answered badly. The average mark for Question 11 was around 60% and was answered by the least number of students. Question 12 in general was answered poorly. Again in Part 2, some students answered more than the required number of questions and the marks from the best two were taken.

Note - regarding Question 10, many students appeared to have misinterpreted the question. As a result, the marking scheme was adjusted for the question. The original marking scheme was applied to those who interpreted the question as expected but Specified All Risks and Unspecified All Risks were deemed to be an acceptable alternative answer and were awarded a maximum of 15 marks each

#### Q.1

For the **Personal Lines Consumer** - many consumer or retail insurance products are provided through **standard contracts and presented in the form of policy booklets** e.g. household and private motor insurance products. This is due to the fact that the Personal Lines Consumer for most of the time has **identified their own insurance needs, they can then decide whether to go the direct route or through a broker**. The **commercial buyer** of insurance products is in a slightly different position. They may be faced with a variety of risks, spread throughout the world. The complexity of the required insurances, both in terms of their technical content and their arrangement, means that some expertise, in the form of an intermediary, is required in order to match their needs with a suitable insurance product. These **commercial insurance products are often more tailored and sophisticated contracts**. **Chapter 1, Section C.**

(10 Marks – 5 Marks for each)

**Q.2**

- Outline the 3<sup>rd</sup> party cover, noting that it does not provide any cover for the loss or damage to the policyholder's car.
- In addition to the third party cover, the 3<sup>rd</sup> party, fire and theft policy pays the cost of repairs, or compensates the policyholder, if the car is:
  - damaged by self-ignition, lightning or explosion;
  - damaged either during attempted theft or while it is stolen;
  - stolen but not recovered.
- The insurance includes the car's spare parts and accessories kept in or on the car or kept in the policyholder's private garage.
- If a vehicle is damaged whilst in the hands of thieves or during the course of an attempted theft, the cost of repairing such damage will be paid by insurers under the 'theft' section of their policy.

**Chapter 2, Section C1C****(10 Marks – 2.5 Marks for each of the 4 points)****Q.3****Option 1 - Duties of a Policyholder**

Although there is a common law duty on a policyholder to take reasonable care to avoid or mitigate any loss, i.e. to act as though he were uninsured, this condition makes this common law duty an express term of the contract. However, insurers are not quick to invoke the condition. It encompasses the following elements:

- the policyholder must observe and fulfil the terms of the policy;
- the information in the proposal form must be true and correct to the best of the policyholder's knowledge and belief;
- the policyholder must take reasonable steps to prevent a loss arising, including maintaining the vehicle in an efficient and roadworthy condition;
- the insurer has the right to examine the vehicle at any reasonable time. Very rarely would an insurer wish to inspect the insured car other than when an accident occurs, but the right is retained to be exercised if there are any suspicious circumstances.

**Chapter 2****Section G1****OR****Option 2 – Claims notification / No Admission**

This standard condition covers four basic requirements, designed to ensure that the insurer the right to handle the claim in order that it may be dealt with to the best advantage. These requirements are namely that the insured or his legal representatives must:

- not make an admission, offer, promise, payment or indemnity without the written consent of the insurer;
- tell the insurer as soon as possible (usually within 48 hours is specified) about any incident which might give rise to a claim;

- forward immediately to the insurer all written documents (letter, claim, writ, summons, etc.) which he receives as a result of the incident;
- advise the insurer in writing immediately they have word (written or verbal) of any prosecution pending or of an inquest.

**Chapter 2, Section G2**

**(Students answer either option 1 or option 2 (4 points each 2.5 marks = 10 marks))**

**Q.4**

- (i) Under a Household Buildings and Contents Insurance - the peril, Stealing and attempted stealing, stealing and attempted theft is insured against **except** in the following circumstances:
- damage while part of the home is lent, let or sub-let, unless entry to or exit from the home is made by violence and force;
  - damage caused after the home is left unfurnished or unoccupied for more than 30 consecutive days;
  - damage caused by a member of the household other than domestic staff;
  - the excess i.e. the first €100 of each incident of loss or damage.
- (ii) The distinction to note between this peril and the same peril as that seen on a commercial theft policy is that there is no requirement for there to be physical or forcible entry to or exit from the premises.

**Chapter 3, Section B4.**

**(5 Marks for each)**

**Q.5**

Student should describe the policy benefits of these two sections of Household Contents insurance.

**Accidental Breakage**

Accidental breakage while in the home of mirrors, plate glass tops to furniture, fixed glass in furniture or ceramic hobs. Typically the following is not insured under a paragraph of this type:

1. loss or damage caused after the home is left unfurnished or unoccupied for more than 30 consecutive days;
2. damage while any part of the home is lent, let or sub-let;
3. loss or damage caused by vandals or malicious people lawfully on the premises;
4. the first €100 of each incident of loss or damage.

### **Accidental Damage**

Accidental Damage, while in the home, to radios, televisions, (including satellite decoding equipment) other audio or video equipment and computer equipment up to a limit of €1,300 – €1,500. Typical exclusions to this type of clause include:

1. damage while any part of the home is lent, let or sub-let;
2. damage caused by wear and tear or gradual deterioration, insects, vermin, corrosion, rot, mildew, fungus, atmospheric conditions, the action of light, any process of heating, drying, cleaning, dyeing, alteration or repair, misuse, faulty workmanship or design, the use of faulty materials, or breakdown;
3. damage to records, audio, video or computer discs, tapes or cassettes;
4. damage to telephones or telephone equipment;
5. the first €100 of each incidence of loss or damage.

### **Chapter 3, Section D1 and D2**

**(5 Marks each, total – 10 marks)**

#### **Q.6**

#### **DELAYED BAGGAGE**

- Cover relates to the cost of essential items of clothing and toiletries as a result of delay of baggage for a certain period after the time at which it should have arrived on the outward journey.
- The period of delay that must elapse before a claim can be made can range from 12 to 24 hours. The sum insured is normally up to €200 per person.

### **Chapter 4, Section A2E**

#### **MISSED DEPARTURE**

- This covers the failure of public transport or accidental damage / mechanical breakdown of a private car in delivering the insured person to the departure point on either the outward or the return journey in time to take the trip booked.
- The cost of additional accommodation and travel is insured up to €500 per person.

### **Chapter 4, Section A2J**

#### **TRAVEL DELAY**

- This section covers delay of the aircraft, sea vessel or publicly licensed conveyance in which the insured has arranged travel for at least twelve hours from the scheduled departure time indicated by the carrier, due to strike, industrial action, adverse weather conditions, mechanical breakdown or structural defect affecting the aircraft, vessel or conveyance.
- Benefit is €30 for the first twelve hours' delay and €20 for each full twelve hours' delay thereafter up to a maximum of €120. Some insurers provide cover for the outward journey only. Alternatively, the insured has the option to abandon the trip after twelve hours' delay, and cover relates to charges levied by the tour operator or carrier up to a maximum of €3,500 approximately.

### **Chapter 4, Section A2K**

**(Equal Marks per section – total of 10 marks)**

### Q.7

Employment Disputes arising out of a Contract of Employment are insured incidents. Cover is provided for the cost of legal defence in the following situations:

- If you are prosecuted in a criminal court;
- If civil action is taken against you under the Employment Equality Act 1998;
- If you wish to appeal against the imposition or terms of an Enforcement or Transfer Prohibition Notice or refusal or withdrawal of Registration Notice under the Data Protection Acts.
- If a civil action is taken against you as a trustee of your employer's pension fund;
- If you are prosecuted for an offence connected with the use or driving of a vehicle either at work or privately.

**Chapter 5, Section A1, Table 51.**

**(2 marks for each bullet point – total 10 marks)**

### Q.8

PMI policy **exclusions** specify the medical conditions and treatments which are not covered by the PMI contract. This section of the policy also states the position on those conditions and treatments which are generally speaking contractually excluded.

In the case of one insurer, for example, exclusions include):

- vaccinations and routine or preventative medical examinations, including screenings and check-ups;
- treatment which is not intended to cure or alleviate a medical condition or long-term nursing care;
- routine hearing or sight tests, hearing aids, spectacles, contact lenses, dentures or orthodontic appliances;
- treatment to correct short-sightedness, long-sightedness or astigmatism;
- treatment which is in any way related to eating disorders or weight reduction, experimental treatment and drugs;
- any charge made by a doctor for a medical report;
- treatment of illness or injury necessitated directly or indirectly by war or civil disturbance;
- treatment, the main purpose or effect of which is to relieve symptoms commonly associated with any bodily change arising from physiological or natural causes such as ageing, menopause or puberty and which is not due to any underlying disease, illness or injury. However, where medical diagnosis, treatment, cure or alleviation of symptoms of illness or injury arising from bodily changes is necessary, benefits are paid for appropriate health services.

**Chapter 6, Section C (any four examples = full marks, equal marks per bullet point – total 10 marks)**

**Part 2 – Long Questions**  
**Answer TWO of the following FOUR questions.**  
**All questions carry equal marks.**

**Q9**

**(i)**

In order to be indemnified, the insured car must be 'being driven by or in the charge of a person permitted to do so by the Certificate of Motor Insurance. The driver must also hold a licence to drive the vehicle, or have held and not be disqualified from holding or obtaining such a licence. No person will be indemnified if he knows that the person driving the vehicle at the time does not hold a licence unless he has held and is not disqualified from holding or obtaining such a licence. In order to repudiate liability by invoking this particular condition, the insurers would have to be able to prove that the person claiming indemnity knew that the driver did not hold a licence or was disqualified from holding a licence.

Regarding use of the vehicle insured, the insurer is not liable for any accident, injury, loss or damage which occurs while the vehicle is being used for a purpose outside the description of use in the certificate of motor insurance. The certificate details the insured class of use for the vehicle.

If the policyholder wants to use his car for a purpose (e.g. for racing or rallies) not covered by his insurance, he should approach his insurer.

Class 1 (a) – Social Domestic and Pleasure: this is considered to pose the lowest risk of a claim. Commuting to and from the usual place of work of the policyholder or spouse is generally accepted to be within this use description.

Class 1 (b) – including use for business by the policyholder only: this will allow use by the policyholder in person for their business or profession or profession or that of their employer. This would include those who have to travel to different locations throughout the country.

Use in connection with commercial travelling or the carriage of goods or samples in connection with a business are excluded from Class 1 (a) or (b) cover and also by the certificate of insurance.

Class 2: allows for the carriage of goods or samples and for other business use.

Class 3: is similar but allows for commercial travelling by company reps.

**Chapter 2, Section F1**

**(15 marks)**

**(ii)**

The student should explain why each of these might be purchased by an insured:

**Spanish Bail Bond**

Although Spain is a member of the EU and subscribes to the green card system, the visiting motorist who is involved in an accident may still face considerable difficulties. There has been a tendency for a presumption of fault on the part of the visiting driver in cases of third party personal injury. The result of this is that the motorist may be taken into custody and his car impounded. The only way of obtaining release is to produce bail for a considerable sum. For this reason, insurers issue Spanish bail bonds. The bond provides a guarantee, for a sum of say, €3,000, upon which a motorist can call in the event of being taken into custody. Insurers make this money available simply as bail. If the authorities retain any of it as a fine, the motorist must reimburse the insurer. Some insurers make a small charge for the facility, others include it as standard.

**Chapter 2, Section E6B**

**(10 marks)**

### Joint Policy

Insurers are occasionally asked to issue policies in joint names and where they do so the following limitations in cover are applied, unless an additional premium is paid:

- Personal business use will be confined to one of the joint insureds.
- The 'driving other cars' extension will be deleted unless the policy covers at least the same number of vehicles as there are joint insureds. Otherwise, each of the joint insureds could claim the protection of the extension.

The personal accident benefit in comprehensive policies will be confined to one of the joint insureds or will be divided pro-rata between them unless the policy covers at least the same number of vehicles as there are joint insureds. Note: partners are not usually treated as joint insureds. In these situations the No Claims Bonus would not normally be earned by both policyholders. It might have to be pre-agreed who the beneficiary of the earned No Claims Bonus will be.

### Chapter 2, Section E8

(10 marks)

### Short Period Policy

Insureds may often feel that it would be convenient to arrange insurance cover on a short period basis. For example, it may be that an insured prefers all of his insurance policies to be renewable on the same day and, if this is the case, most motor insurers will agree to this, charging a pro-rata premium. New motor insurance legislation emanating from the EU hopes to make it easier for consumers to arrange short-term motor insurance.

### Chapter 2, Section E9

(10 marks; 30 marks total)

(Total marks = 45)

### Q.10

As already mentioned above, many students appeared to have misinterpreted the question. As a result, the marking scheme was adjusted for the question. The original marking scheme below was applied to those who interpreted the question as expected but Specified All Risks and Unspecified All Risks were added to the solutions below, deemed to be an acceptable alternative answer and were awarded a maximum of 15 marks each. **Any 3 of the 5 answers below acceptable as answer – 15 marks each.**

#### • Contents Temporarily Removed

The contents are insured within the geographic limits while temporarily removed from the premises against loss or damage caused by:

1. the normal household contents perils;
2. stealing or attempted stealing from:
  - a bank or safe deposit or in transit directly to or from a bank or safe deposit while in the custody or control of you or a member of your household;
  - within an occupied building, boat or caravan used for residential purposes or a building where you or a member of your family are employed, engaged in your/their business or temporarily living;
  - any other building provided entry to or exit from the building is made using violence and force.

There is usually a monetary limit of the insurers' liability under such a clause; 15% of the contents sum insured would not be unusual. Loss or damage caused by storm, flood or falling trees or branches while the contents are in transit or in the open is not insured. Property removed for sale or exhibition or to a furniture depository is not insured nor is stealing of money. The first €200 of each incident of loss or damage is not insured. The exclusions to normal perils apply. **(15 marks)**

- **Removals by Professional Furniture Removers**

Accidental loss or accidental damage to the contents while they are being moved by professional furniture removers to your new home within the geographic limits or in temporary storage, for up to 7 days in a furniture depository, are covered. The most that an insurer will pay under a paragraph like this is of the order of 15% of the contents sum insured.

The following is not insured:

1. Money, gold or silver articles, jewellery or furs are excluded from cover under this section of a household policy;
2. if you have arranged other specific insurance;
3. not reported to the insurer within 7 days of delivery to the new home;
4. cracking, scratching or breakage of china, marble, glass or similar brittle articles, unless such brittle articles are packed by professional packers;
5. the first €200 of each incident of loss or damage is excluded.

**(15 marks)**

- **Contents in the Open**

The contents are insured while in the open within the boundaries of the land belonging to the home against loss or damage caused by any of the normal household perils with the exception of the peril of Storm / Flood, but the most an insurer will pay under such a clause is of the order of €650. Plants and trees are not insured under such a clause nor is loss due to wear and tear, rust or gradual deterioration. The first €200 of each incident of loss or damage is not covered. Any loss, damage or amount shown as not insured under the listed perils (excluding Storm / Flood) is not insured. Generally this extension is provided to offer a limited form of cover on garden / patio furniture. An extension may be available (for high value households) which provides fire and malicious damage cover for trees, shrubs, plants and lawns for a limit of 5% of the building sum insured. There is a limit of €1,250, any one plant. **(15 marks)**

**Chapter 3, Sections A, D6, D7 and D14**

**(total 45 Marks)**

**Alternative Marking scheme : All Risks – Specified and Unspecified Chapter 3, Section E5 (15 Marks for Specified and 15 Marks for unspecified)**

**Q.11 (Any 9 of the below for full marks)**

1. Legal costs that are incurred before the insurer agrees to pay them.
2. Any civil claim which does not offer reasonable prospects of success.
3. Claims reported over 180 days after the insured incident.
4. Any claim directly or indirectly caused by or resulting from any device failing to recognise, interpret or process any date at its true calendar date.
5. Any claim relating to the following:
  - any illness which develops gradually or is not caused by a specific or sudden accident;
  - an insured person's alleged dishonesty or violent behaviour;
  - a contract regarding an insured person's profession, business or employment unless the claim arises from a breach of the insured person's contract of employment in relation to unfair dismissal;
  - construction work on any land or designing or converting or extending any building;
  - renting or leasing accommodation;
  - motor vehicles, except when an insured person is injured or killed while he or she is a passenger in a vehicle or when an insured person is not in a vehicle but is hit or avoids being hit by one;
  - the settlement payable under an insurance policy;
  - written or verbal remarks which damage an insured person's reputation.
6. Defending an insured person's legal rights after an event which causes the death of, or bodily injury to, an insured person.
7. Fines, damages or other penalties which an insured person is ordered to pay by a court or other authority.
8. Any claim caused by, contributed to by or arising from:
  - ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from burning nuclear fuel;
  - the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear part of it;
  - war, invasion, foreign enemy hostilities (whether war is declared or not), civil war, rebellion, revolution, military force or coup;
  - pressure waves caused by aircraft or any other airborne devices travelling at sonic or supersonic speeds;
9. Any disagreement between the insured person and the insurer which is not covered by the condition covering the resolution of such disputes.
10. Any legal action an insured person takes which the insurer or the appointed lawyer have not agreed to or where the insured person does anything that hinders the insurer or the appointed lawyer.

**Chapter 5, Section A2**

**(Any 9 for full marks at 5 marks each = 45 marks)**

## Q.12

Since the entry of Hibernian Aviva Health (previously VIVAS Health) into the Irish marketplace, the concept of 'tailored' health insurance plans has become a reality. These plans are specifically designed for particular segments of the market with benefits that are tailored to meet the needs of these specific professional groups.

	Vhi Healthcare	Hibernian Aviva Health	QUINN-healthcare
<b>Specialist</b>	<i>Lifestage plans</i>	<b>Nurses' plan</b>	Credit Union Starter
		<i>Teachers' plan</i>	Credit Union Family.
		<i>Smart plan</i>	PersonalCare
		<i>Market plan</i>	FamilyCare

The Hibernian Aviva Health Nurses' plan is just one example of the type of product offered in the 'individual specialised' market segment.

This plan has been designed in recognition that nurses have their own specific health needs. So as well as including all of the benefits listed on the comparable Hibernian Health plans, the nurses' plan includes the benefits of stress management service and podiatry benefits under day-to-day cover. 'Nurses' plan' also provides:

- 2 levels of hospital cover to choose from: nurses' plan (equivalent to a Level 2) and nurses' plan plus (equivalent to a Level 3).
- Unique maternity benefits: Hibernian Health provides full cover for 3 nights' in a public hospital, a contribution towards in-patient consultant fees and up to €400 in pre/post natal care under out-patient benefits. A grant-in-aid is also provided if it is decided to go to a private hospital or Hibernian Health can also pay a contribution towards a home birth. This is up to €3,450 on both nurses' plans. Newborns can be added free to the policy until the next renewal. Hibernian Health offers two unique maternity benefits of post natal home help (PNHH) or Doula services. PNHH will manage the home for 3 days while mum and baby get to know each other and Doula services provide a Doula birth assistant who lends additional support before, during and after childbirth.
- Accident and emergency abroad: covered up to €100,000 on any in-patient hospital costs
- Stress and psychiatric benefits: Stress and psychiatric cover up to 180 days in-patient treatment on all levels. In addition there are 91 days in-patient cover over 5 years for alcohol and substance abuse
- Convalescence cover: Covered up to €50 a day for up to 14 days' convalescence
- There is also a special stress management service available 24 hours a day for those who may need help and support from qualified and experienced professionals.
- Out-patient benefits include:
  - Out-patient excess of €150 for an individual or €250 for a family;
  - Emergency dental care covered up to €450;
  - Consultant fees covered up to €55;
  - Pathology and radiology cost of test is fully covered;
  - Home nursing covered up to €40 a day for up to 20 days.

On the nurses' plan cover for day-to-day benefits can be added on. In addition to this, nurses can receive €40 once every 2 years on day-to-day and day-to-day 50 for orthotic insoles. Day-to-day 50 also provides cover for physiotherapy or podiatry visits up to €25 per visit for a max of 8 visits.

It could also be argued that the range of '*stage of life*' plans launched by the Irish PMI providers are specialist plans in that they are designed for and target people in certain segments of society who have specific healthcare requirements based on their stage in life, i.e. single, just getting first job, just married, families, working in a specific occupation etc. Most specialist plans are identical to the PMI providers' core plans but have added benefits which acknowledge the target market's specific health and health insurance needs.

**Chapter 6, Section B1C.**