



The
Insurance Institute
Of Ireland

PROMOTING PROFESSIONALISM SINCE 1885

CERTIFIED INSURANCE PRACTITIONER LEVEL 2

GEN 2B – INSURANCE PRINCIPLES

SAMPLE PAPER (BASED ON THE MAY 2009 GEN 2B TEXTBOOK)

IMPORTANT NOTES

- All questions in this paper are based on Irish law and practice unless stated otherwise in the question, and should be answered accordingly.
- From your studies of this module, you will have noted that 'typical' or market figures are used throughout the textbook to illustrate the way insurers deal with various aspects of policy cover (e.g. policy limits, excesses etc.). While these may differ from the figures your own Company uses, it is important for you to be able to recall these 'typical' figures as some questions in your examination may be based on these figures.

INSTRUCTIONS: READ CAREFULLY BEFORE ANSWERING THIS SAMPLE EXAMINATION PAPER

- It is recommended that you attempt to complete this sample paper under simulated examination conditions, i.e. only allow yourself two hours to complete the paper and do not refer back to the course textbook or any other revision notes while you are completing the paper.
- It is recommended that you only attempt this sample paper **after** you have fully completed your studies of the module.
- The solutions to the paper and the textbook reference(s) where the solution can be sourced (e.g. 1E2 – Chapter 1, Section E2) are provided at the end of this document to enable you to assess your performance. For any questions you answered incorrectly, it is recommended that you refer back to the relevant areas of the textbook to ensure you understand the material.
- The instructions which follow are indicative of the actual instructions you will be given on the day of your examination so it would be beneficial for you to familiarise yourself with these now.
- Two hours are allowed for the examination.
- There are 100 multiple choice questions on this examination paper.
- No marks are deducted for incorrect answers, so do not leave any questions unanswered.
- In the actual examination you will be required to fill in the personal information required below and on the answer form supplied by the invigilator.
- In the actual examination, the examination paper, along with your answer form, must be handed in personally by you to the invigilator before you leave the examination. Failure to do so will result in your examination not being marked and no grade being awarded.
- In the actual examination, if you wish to use a calculator, it must be a silent battery or solar powered non-programmable calculator and you must enter the serial number, model and make in the space provided below.

CANDIDATE'S NAME (Block Capitals)

CANDIDATE'S SIGNATURE

CANDIDATE NO. DATE

CALCULATOR MAKE MODEL..... SERIAL NO.

GEN 2B – INSURANCE PRINCIPLES

CANDIDATE INSTRUCTIONS

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

This paper is in two sections; Section A and Section B.

SECTION A

There are 75 questions in this section which will test your knowledge and understanding of the subject matter. 1 mark is awarded for each question answered correctly.

SECTION B

There are 25 questions in this section which will test your ability to apply your knowledge and understanding of the material in a practical way to every day scenarios. 1 mark is awarded for each question answered correctly.

All of the questions on this examination paper are numbered and four options follow the question. The options are labelled either A, B, C or D. Only one of these options will be correct. In the actual examination, you will be provided with an answer form. When you have selected your answer, you should go to the answer form and using a **HB pencil**, shade in the appropriate box (A, B, C or D) next to the corresponding question number.

Example :

1. In order to be insurable, the risk to be insured (as far as the insured is concerned) **MUST** be:
 - A avoidable
 - B fortuitous
 - C inevitable
 - D unavoidable

In this example, the answer to this question is option **B**. So, to answer the question you would simply locate Question 1 on your answer form and shade in the box labelled B.

For the purpose of this sample paper you should record your answer next to the question on the paper so that on completion of the paper you can check your answers with the solutions provided at the end.

Special note to candidates

Whilst every effort has been made to ensure that each question is a reasonable test of the candidate's up-to-date knowledge, it is possible that changes in law or practice after the questions have been printed may render some questions inappropriate or no longer relevant. Any questions which fall into this category will be disregarded when the paper is marked and the pass mark is set, so that candidates will not be prejudiced should this situation arise.

SECTION A
ATTEMPT ALL QUESTIONS

1. Which of the following is a totally non-indemnity policy?
 - A Employer's liability.
 - B Household.
 - C Personal Accident.
 - D Motor.

2. Which of the following are features of a partnership that DISTINGUISH it from a limited company?
 - A A partnership has no corporate existence; details of finances are confidential.
 - B A partnership has a separate legal status from the individual partners; details of finances are confidential.
 - C Partners have unlimited liability; details of finances are publicly available.
 - D Partners have limited liability; details of finances are publicly available.

3. In determining whether damages are recoverable for nervous shock, which of the following was a principle upon which the judgement in Kelly v Hennessy [1995] was decided? The plaintiff must have suffered a recognisable:
 - A psychiatric illness only.
 - B physical illness only.
 - C physical injury only.
 - D psychiatric and physical illness.

4. How does contribution support the principle of indemnity? By ensuring that:
 - A dual insurance will provide no more than exact financial compensation for the insured.
 - B the exercise of recovery rights will provide no more than exact financial compensation for the insured.
 - C a combination of benefit and indemnity policies relating to the same incident will provide no more than exact financial compensation for the insured.
 - D the insurer need not pay losses before recovering amounts from those responsible for the loss or damage.

5. A 'more specific insurance' clause is a type of:
 - A non-contribution clause.
 - B subrogation waiver clause.
 - C pro rata sharing clause.
 - D escape clause.

6. Which of the following statements is TRUE regarding warranties in insurance contracts?
 - A If insurers identify a breach of warranty they may refuse to pay the claim but leave the policy in force.
 - B A warranty must be complied with only if reasonable.
 - C For insurance policies with private individuals, insurers must demonstrate a causal connection between a breach of warranty and a loss if insurers wish to avoid a claim payment.
 - D An insurer's subsequent actions following a breach of warranty will not affect its rights of avoidance.

7. In relation to insurable interest, what is the legal position for policies other than life or marine?
- A The law is certain that there must be actual insurable interest when effecting a policy.
 - B Any expectation of insurable interest when effecting a policy will be sufficient.
 - C There need be no expectation of insurable interest at inception but there must be an insurable interest at the time of a claim.
 - D There must be a reasonable expectation of insurable interest when effecting a policy.
8. Which of the following statements is TRUE regarding the tort of trespass to the person? It is:
- A actionable *per se*; no intention on the part of the defendant need be proved.
 - B only actionable if actual loss has been suffered; no intention on the part of the defendant need be proved.
 - C actionable *per se*; intention on the part of the defendant must be proved.
 - D only actionable if actual loss can be proved; intention on the part of the defendant must be proved.
9. Which of the following statements is CORRECT regarding proximate cause where two operating perils are involved? If independent perils combine to cause a loss where:
- A each would have caused some damage on its own, if one is an insured peril and one an excluded peril, the insurer has no liability for the loss.
 - B each would have caused some damage on its own, if one is an insured peril and one an excluded peril, the insurer has full liability for the loss.
 - C neither would have caused damage on its own, if one is an insured peril and the other excluded, the insurer has no liability for the loss.
 - D neither would have caused damage on its own, if one is an insured peril and the other unnamed in the policy, the insurer has no liability for the loss.
10. With regards to claims settlement of 'agreed value' policies, which of the following statements is TRUE?
- A The agreed value is payable both for total losses and substantial partial losses.
 - B The agreed value represents the agreed starting point for negotiating and may be increased or reduced in the light of current value.
 - C Partial losses must be based upon the agreed value unless a policy term states otherwise.
 - D Depreciation will be taken into account in any agreed value claim.
11. Members of which type of company can be protected by a 'corporate veil'?
- A Unincorporated associations.
 - B Trade Unions.
 - C Partnerships.
 - D Limited companies.
12. Which of the following types of claim is EXEMPT from being dealt with by Injuries Board.ie (previously known as the Personal Injuries Assessment Board (PIAB))?
- A Employer's liability – negligence claims.
 - B Employer's liability – statutory liability claims.
 - C Motor Personal injury claims.
 - D Medical negligence claims.

13. For an action for libel to succeed which of the following elements MUST be present?
- A Actual damage must be proved.
 - B Intent on the part of the defendant.
 - C Malice on the part of the defendant.
 - D A statement in a permanent form identifying the plaintiff.
14. A tort would BEST be described as a:
- A crime.
 - B civil wrong.
 - C breach of statutory duty.
 - D breach of contract.
15. Which of the following statements is TRUE for 'consideration' to be valid and effective, in connection with the law of contract?
- A It must be supplied by the promisee.
 - B It needs to be adequate.
 - C It can be past, present or future.
 - D It may be something that the promisee is already bound to do.
16. Which of the following clauses alters the insured's duty to disclose material facts during the currency of the policy?
- A Increase in risk.
 - B Average.
 - C Subrogation.
 - D Contribution.
17. Insurers will not insure speculative risks so what justification, if any, do they have for insuring future profits of a firm under a business interruption policy?
- A There is no real justification but insurers adopt a pragmatic approach to providing this cover.
 - B The amount of insurance is exactly quantifiable at inception.
 - C The loss of expected profit is founded on a legal right of ownership.
 - D Business interruption is not an indemnity policy, but a benefit policy.
18. When considering proximate cause which of the following statements is TRUE of 'last straw' cases?
- A The final 'last straw' peril will be considered the proximate cause.
 - B Both the 'last straw' peril and the original cause are considered proximate causes.
 - C The originating peril will be considered the proximate cause.
 - D The peril providing a policyholder with the most favourable result will be considered the proximate cause.

19. What is the basis for the measure of indemnity used for farming stock under an indemnity policy?
- A Trade price.
 - B Market value.
 - C Replacement cost.
 - D Individually negotiated settlement.
20. Which of the following statements is TRUE in relation to abandonment under non-marine insurances?
- A An insurer who accepts abandonment of goods becomes the owner of those goods.
 - B An insurer is not entitled to make any profit from abandoned property.
 - C An insurer must accept abandoned property and deal with its disposal.
 - D Abandonment gives the insurer the right to pursue a claim against a third party.
21. Which of the following is MOST unlikely to give rise to subrogation rights?
- A Tort Law.
 - B Statute Law.
 - C Contracts.
 - D Defamation.
22. On a matter of EU law, according to common law precedent in Irish law, a decision in which of the following courts would be BINDING on an Irish Court? A decision of:
- A a foreign Court.
 - B a higher Court in terms of 'obiter dictum'.
 - C the European Court of Justice.
 - D the District Court.
23. If there has been an innocent breach of utmost good faith by a commercial policyholder, which of the following is an option available to the insurer? A right to:
- A avoid the policy.
 - B keep the premium.
 - C sue for damages.
 - D refuse a claim but otherwise allow the policy to stand.
24. When determining whether interference is sufficiently unreasonable to amount to nuisance, which of the following statements is TRUE?
- A It is irrelevant how long the alleged nuisance has existed.
 - B A nuisance must begin after the individual has moved to a new situation and cannot already be present.
 - C Malice on the part of the alleged tortfeasor will not alter the fact of whether an activity is regarded as a nuisance.
 - D The alleged nuisance must be continuous or repetitive and not a 'one off'.

25. In contract law, what is the remedy of rescission?
- A Returning the parties to their pre-contractual position.
 - B Correction of a written document.
 - C The valuing of definable work done.
 - D A negative stipulation.
26. Which of the following institutions of the European Union has the GREATEST legislative power?
- A The Commission of the European Community.
 - B The European Parliament.
 - C The European Court of Justice.
 - D The Council of the European Communities.
27. What is another term for strict liability?
- A Onerous liability.
 - B No fault liability.
 - C Severe liability.
 - D Stringent liability.
28. If the insured waives their right of recovery against a negligent third party for damage they have claimed for under a property policy, what effect, if any, does this have on the property insurer's rights of recovery?
- A None, the insurer's rights are unaffected by the insured's action.
 - B The outcome will depend upon the wording of the policy, and the insurer may retain recovery rights.
 - C The insurer needs to apply to a Court to reinstate their recovery rights.
 - D The insurer loses all rights of recovery.
29. Certain presumptions apply to the construction of a law (unless clearly stated to the contrary in the Statute). Which one of the following is such a presumption?
- A It is intended to create a 'strict' criminal offence.
 - B It applies only to Ireland.
 - C It binds the Government.
 - D It is intended to have retrospective effect.
30. Which of the following statements is TRUE regarding the legal capacity of minors?
- A In the law of torts minors are not considered as being responsible for their own acts.
 - B A minor is legally able to own a house.
 - C Only a contract that relates to necessaries is enforceable against a minor.
 - D A contract to borrow money is enforceable against a minor.
31. In contract law, what is the remedy of 'quantum meruit' ("as much as he deserves")?
- A Returning the parties to their pre-contractual position.
 - B Correction of a written document.
 - C Valuing the definable work done.
 - D Enforcing a negative stipulation contained in a contract.

32. The rule in Rylands v Fletcher (1868) is concerned with:
- A dangerous things naturally occurring on land.
 - B negligent release of things from land.
 - C the non-natural use of land.
 - D the protection of a neighbour's land.
33. Which of the following is a CORRECT statement regarding the insurable interest of joint owners of property?
- A Their insurable interest is joint and they must insure property jointly if they wish to insure for the full value.
 - B Their insurable interest relates only to their respective financial interests in the property.
 - C They are each entitled to insure for half the value and no more.
 - D They are each entitled to insure for the full value.
34. Which of the following torts is concerned with protecting a person's interest in the land that they occupy?
- A Trespass to the person.
 - B Private nuisance.
 - C Negligence.
 - D Defamation.
35. The definition of negligence was given in which of the following cases?
- A Blyth v Birmingham Waterworks Co (1856).
 - B Donoghue v Stevenson (1932).
 - C Rylands v Fletcher (1868).
 - D Overseas Tankship (UK) Ltd v Morts Dock Engineering Co Ltd (1961).
36. Which of the following factors would be persuasive in determining the correct indemnity settlement for buildings insurance where there are significant differences in value as between: market value; reinstatement to original; and replacement with a more modern building type (affording the same functionality)?
- A The ease (or otherwise) of rebuilding.
 - B The differences between the various values.
 - C The insured's intention towards the future use of the building.
 - D An independent view by a Court of the most appropriate future use of the building.
37. Which of the following is the defence in tort that the act which was alleged was carried out to avoid a greater evil?
- A Self defence.
 - B Act of God.
 - C Necessity.
 - D Volenti non fit injuria.

38. In which of the following courts would a client be MOST likely to be represented by a barrister rather than a solicitor?
- A Circuit.
 - B Small Claims.
 - C High.
 - D District.
39. When considering the period of time during which a civil action may be brought, which of the following is TRUE? Proceedings must be issued in an action for personal injury within:
- A two years of an alleged incident; the time limit is six years for actions for damage to property.
 - B three years of an alleged incident; the time limit is also three years for actions for damage to property.
 - C three years of an alleged incident; the time limit is six years for actions for damage to property.
 - D two years of an alleged incident; the time limit is three years for actions for damage to property.
40. Which of the following types of damages awarded by a Court are designed to punish the defendant?
- A Special.
 - B Nominal.
 - C Exemplary.
 - D Contemptuous.
41. Which of the following branches of Civil law is particularly relevant to liability insurance? The law of:
- A torts.
 - B trusts.
 - C contract.
 - D succession.
42. In comparing public and private nuisance which of the following would be an example of a private nuisance?
- A A gas supplier laying pipes over a weekend without properly cordoning off the exposed area.
 - B Excessive noise from a concert venue situated in a built up suburban area.
 - C Dangerous material spilling from a farmer's land onto a neighbouring property.
 - D Fumes from a factory which engulf a neighbourhood.
43. Which of the following courts is ONLY used for civil cases?
- A Small Claims.
 - B District.
 - C Circuit.
 - D Supreme.

44. Which class of insurance, in its standard form, does NOT have a maximum loss limitation of its sum insured but a limit of indemnity?
- A Business interruption.
 - B Property.
 - C Household.
 - D Liability.
45. Which of the following is an example of an invitation to treat?
- A Quotation from an insurer to a proposer.
 - B Price label on an article in a shop.
 - C Written communication of an offer.
 - D A quotation for insurance that has a time limit.
46. How do the rules for subrogation apply when a recovery is made that is GREATER than the amount paid out by the insurer?
- A The insurer is entitled to retain all the proceeds.
 - B The insurer is entitled to retain an amount that represents the current day value of the payment they made.
 - C The recovery is split so that the insurer receives the sum actually paid and the insured receives the balance.
 - D The insured is entitled to retain the whole amount recovered.
47. At what point does a new insurance contract come into existence?
- A When the insurer offers its final terms.
 - B When the proposer makes a counter-offer.
 - C Once there has been offer and unqualified acceptance.
 - D At the time the cover begins.
48. The 'officious bystander test' may be used to determine whether a contract term is implied:
- A in fact.
 - B in law.
 - C in the Constitution.
 - D by custom or usage.
49. What is the focus of the Unfair Terms in Consumer Contracts Regulations 1995?
- A To ensure that all contract terms are fair by permitting a Court to re-word them where necessary, regardless of the legal status of the parties.
 - B To ensure that contract terms are fair by re-wording them where necessary, when one of the parties is a consumer.
 - C To set aside contract terms that cause an imbalance of rights to the detriment of a consumer.
 - D To set aside contract terms that cause an imbalance of rights regardless of the legal status of the parties.

50. The Seanad can delay the enactment of a Bill by:
- A refusing to sign the Bill into law.
 - B using their veto to block the Bill being presented to the President.
 - C referring the Bill onto the European Court of Justice.
 - D sending the Bill back to the Dáil with proposed amendments.
51. Trespass to the person includes which of the following?
- A Libel.
 - B Slander.
 - C Malicious interference with a person's goods.
 - D False imprisonment.
52. Which of the following actions would NOT be construed as an insurer waiving their rights following the breach of a warranty by the insured under an insurance policy?
- A Appointing a loss adjuster to investigate the loss.
 - B Accepting further premiums.
 - C Giving the insured notice of cancellation under a cancellation clause.
 - D Advising the insured about future loss prevention.
53. A personal accident policy that was effected in case of injury whilst carrying out a criminal act is MOST appropriately described as:
- A illegal and therefore void.
 - B forbidden by Statute.
 - C voidable at the insurer's option.
 - D made under undue influence.
54. When will performance of the terms of a contract that is partial or inexact discharge the contract?
- A The other party is given no choice but to accept.
 - B An offer to do more (but not complete performance) is offered but refused.
 - C The other party prevents performance.
 - D Performance has become more difficult than originally anticipated.
55. Which of the following is a description of protection of breach of copyright? The protection of a:
- A person's interest in their reputation.
 - B person against deliberate or reckless physical harm.
 - C person's interest in their intellectual property.
 - D person's interest in the land they occupy.
56. How does the doctrine of 'privity of contract' effect the rights of the parties to a contract?
- A It confers rights of enforcement upon third parties intended to benefit from the contract.
 - B It confers rights to impose duties upon third parties intended to benefit from the contract.
 - C It restricts those that may enforce a contract to the parties to the contract.
 - D Once a contract is in force, it allows for other parties to become entitled to enforce the contract at a later date.

57. The two pieces of special legislation which governs the assignment of policies for particular forms of insurance are the Policies of Assurance Act 1867 and the:
- A Life Assurance Act 1774.
 - B Marine Insurance Act 1906.
 - C Insurance Act 1939.
 - D Civil Liability Act 1961.
58. The article of the Irish Constitution which provides for the carrying over into Irish law of all laws which existed in the State prior to 1937 is Article:
- A 3
 - B 15
 - C 30
 - D 50
59. Which of the following entitles an insurer to avoid a particular claim but does NOT of itself give the insurer the right to treat an insurance policy as void or voidable?
- A A breach of warranty.
 - B A lack of utmost good faith in negotiations leading up to inception.
 - C A breach of a condition precedent to liability.
 - D Fraudulent intent in setting up the policy.
60. Which of the following would be considered a POOR moral, as opposed to physical, hazard in relation to motor insurance?
- A A young driver.
 - B A driver with criminal convictions.
 - C A driver with physical disabilities.
 - D An 'older' driver.
61. There is a requirement for two specific items of information to be included in a quotation provided by a regulated entity under the Financial Regulator's (FR's) Consumer Protection Code. What does the code specify?
- A Warranties and Endorsements.
 - B Warranties and General Conditions.
 - C Endorsements and General Exclusions.
 - D Endorsements and General Conditions.
62. What was the principle stated in the case of *Lucena v Craufurd* (1806) in relation to insurable interest? The interest:
- A must be legal.
 - B must be current.
 - C must be continuing.
 - D may be contingent upon a future event.

63. For which of the following contract types is only one of the parties legally bound?
- A Unilateral contract.
 - B Simple contract.
 - C Informal contract.
 - D Contract under seal.
64. What is required of a policyholder in connection with a warranty under an insurance policy?
- A Exact and literal compliance.
 - B Exact compliance, where practicable taking account of the general intent of the warranty.
 - C Compliance in general terms only.
 - D Using the warranty as a guideline for compliance as it only relates to a minor aspect of the policy.
65. Which of the following types of policy is defined by its exclusions?
- A Theft.
 - B Fire and Perils.
 - C All risks.
 - D Marine.
66. The Golden rule, when used to interpret legislation states that:
- A words should be construed in their ordinary sense to ensure that the correct interpretation is applied to the Act.
 - B where words literally interpreted would produce an absurd result, a different interpretation that avoids this may be used.
 - C the purpose of the Act should be determined by considering the abuse it was intended to remedy.
 - D general terms occurring after a list will be interpreted as being of the same kind as the listed items.
67. What is the ONLY type of consequential loss that may be insured under a property policy?
- A Rent receivable.
 - B Staff costs.
 - C Trading loss.
 - D Loss of customers.
68. What is the 'egg shell skull' rule in connection with causation in an action in negligence?
- A Only reasonably foreseeable results of an act or omission are recoverable.
 - B You take your victim as you find him.
 - C Nervous shock may give rise to recoverable damages.
 - D Claims will not be allowable for pure financial loss.
69. Which of the following statements is TRUE regarding the measure of indemnity used when settling a claim relating to machinery insured under an indemnity policy, if the machine is repairable?
- A The cost of any repair would always be paid in full and not be subject to a deduction for wear and tear.
 - B Settlement would be on the basis of the cost of repair less a deduction for wear and tear if applicable.
 - C The insured has the option of a replacement at current market value of the damaged machine.
 - D The insured has the option of a replacement at current replacement value of a new equivalent machine.

70. For which of the following reasons would an insurance policy be void (rather than voidable)?
- A Improper pressure.
 - B Fundamental mistake.
 - C Misrepresentation.
 - D Non-disclosure.
71. With regards to the institutions of the Irish State, the Legislature is responsible for:
- A the administration of the State.
 - B making laws within the State.
 - C assigning the judges sitting in the courts of law.
 - D appointing the Attorney General.
72. Which of the following types of damages are awarded by a Court when there has been no real loss by the plaintiff but the defendant was in the wrong?
- A Aggravated damages.
 - B General damages.
 - C Nominal damages.
 - D Contemptuous damages.
73. For buildings insured under a property policy that are subject to the reinstatement memorandum, insurers will waive the application of average if the sum insured is GREATER than what specified percentage?
- A 70%
 - B 75%
 - C 80%
 - D 85%
74. In relation to offer and acceptance, the case of Hyde v Wrench (1840) clarified which of the following principles?
- A A counter-offer acts as a rejection of an original offer.
 - B Following a counter-offer it is still open to the party making it to accept the original offer if within a reasonable time.
 - C Communication of revocation must be made by the offeror.
 - D Communication of revocation may be by any reliable source.
75. An example of legislation which creates a statutory duty for Public Liability is:
- A The Sale of Goods Acts 1980.
 - B The Factories Act 1955.
 - C The Occupiers' Liability Act 1995.
 - D The Safety, Health and Welfare at Work Act 2005.

SECTION B
ATTEMPT ALL QUESTIONS

76. Lee holds a household contents policy on a 'new for old' basis. His home movie system, which he bought two years ago for €3,000 and is worth €500 second hand, is stolen. Due to technological advances and bulk of sales, the same system can now be bought for €1,500. However, the more technologically advanced model which Lee would like to buy is now available for €2,000. What payment will Lee receive from his insurer?
- A €500
B €1,500
C €2,000
D €3,000
77. In the following circumstances what would be considered the proximate cause of damage to a factory?
- A riot occurred outside a factory. The rioters were angry with the factory owners who had made several employees redundant. In their anger they set fire to the factory causing substantial damage.
- A Fire.
B Riot.
C Anger.
D Redundancy.
78. ABC Insurance Company insures Fergal and Mary's home under a policy that Fergal has arranged in joint names. XYZ Insurance Company also insures their home under a similar policy in joint names arranged by Mary. Each policy has a "rateable proportion" contribution condition. A small fire occurs damaging a television set. Fergal claims for the television under the policy with ABC and it pays the claim in full. ABC subsequently discover that there is a policy in force with XYZ and wish to pursue recovery rights for half of its costs. Which of the following is the MOST likely outcome based on the decision in *Legal and General Insurance Society v. Sphere Drake Insurance Co. Ltd (1992)*? ABC will:
- A fail because Fergal and Mary did not notify XYZ within the prescribed notification period.
B fail because they should not have paid the full amount in the first place and cannot now recover the 'ex gratia' payment.
C succeed because there is the same interest, peril and subject matter involved.
D succeed because their 'ex gratia' payment was made in ignorance of the existence of the other policy.
79. Peter has sustained injuries following an accident at his employer's premises. He pursues this claim through the courts. The judge finds that while his employers were negligent, Peter's own actions amounted to a contributory negligence of 40%. If the judge awarded a settlement of €200,000, how much, if any, of this award will Peter receive?
- A Nothing, as his own actions contributed to the accident.
B €80,000
C €120,000
D €200,000

80. A company stores its stock in two warehouses and has this covered under two separate stock insurance policies.
- Policy A covers Warehouse 1. The Sum Insured is €350,000.
Policy B covers Warehouses 1 & 2. The Sum Insured is €200,000.
- Both policies are subject to average.
- Warehouse 1 contains stock valued at €400,000 when a fire occurs. Damage of €45,000 is caused to stock. What is the independent liability of Policy A?
- A €35,000
B €38,375
C €39,375
D €45,000
81. Audrey takes her insurer to court to claim a return of her premium of €1,000. If the judge rules that there has been a total failure of consideration, what award, if any, could Audrey expect to receive?
- A Nothing.
B €200
C €500
D €1,000
82. Noel purchases a house for €350,000 and after paying 10% himself, he uses a bank loan to pay the balance. His bank insists that Noel takes out a mortgage protection policy, with the bank named as the mortgagee. Before Noel makes any repayments, the house rises in value to €400,000. Calculate the bank's insurable interest in the property.
- A €315,000
B €350,000
C €360,000
D €400,000
83. Morris has taken out an insurance policy to cover his cows valued at €300 each which he intends to sell at market. Four of the cows fall ill and have to be slaughtered. If the market value of a cow was €350 on the day they were slaughtered and Morris has saved €100 in transportation fees, calculate the indemnity will Morris receive?
- A €1,100
B €1,200
C €1,300
D €1,400
84. On the 4th August 2008, Kate is celebrating her 17th birthday and is involved in an accident in which she suffers personal injuries. By what date would Kate HAVE to issue proceedings against the negligent party for the case to be heard?
- A 4th August 2009
B 4th August 2010
C 4th August 2011
D 4th March 2011

85. How would subrogation work in practice in the following situation?

Carol is involved in a motor accident with Ian. Ian is entirely at fault. Carol claims against her own motor insurer for the damage to her car and incurs some extra costs for car hire. Carol's motor policy contains a 'standard' subrogation condition.

- A Once Carol's insurer has paid the claim they can begin pursuing recovery rights against Ian; Carol will pursue her own claim against Ian for car hire costs.
- B Carol's insurer can begin pursuing recovery rights straight away against Ian; Carol will pursue her own claim against Ian for car hire costs.
- C Only once Carol's insurer has paid the claim can they can begin pursuing recovery rights against Ian; Carol's insurer will pursue a single claim against Ian which will include Carol's car hire costs.
- D Carol's insurer can begin pursuing recovery rights straight away against Ian; Carol's insurer will pursue a single claim against Ian which will include Carol's car hire costs.

86. Gerry is a singer and has a simple contract with Corduroy Entertainment Ltd. In 2008, Corduroy terminate Gerry's contract with no notice period and Gerry feels this amounts to a breach of contract. In the absence of any express contract terms, what is the LATEST year which Gerry could bring an action against Corduroy Entertainment Ltd. before it became 'statute barred'?

- A 2010
- B 2011
- C 2014
- D 2015

87. ABC Factors Ltd. owns a building which had originally been constructed as a church. It cost €190,000 (which is also its current resale value) and its rebuilding cost is estimated at €400,000. The site is valued at €50,000. The cost of erecting a building of modern construction to provide the same functionality is estimated at €280,000. If ABC Factors was actively wishing to sell the building, what would represent a FAIR basis for indemnity, based upon the decision in *Leppard v Excess Insurance Co Ltd* (1979)?

- A €140,000
- B €190,000
- C €280,000
- D €400,000

88. In 2008, Roger had to file for bankruptcy. If he is unable to remove this bankruptcy status himself, what is the EARLIEST year that Roger will be allowed to hold an elected representative office?

- A 2010
- B 2013
- C 2018
- D 2020

89. Sandra and Mark have purchased a house for €500,000. Sandra has a 60% share in the house and Mark has a 40% share. If Sandra has insured for the full value of the property, how much will Sandra's policy pay in the event of a total loss?

- A €200,000
- B €250,000
- C €300,000
- D €500,000

90. Alan has a yacht worth €50,000 which is insured with ABC Insurers. The yacht suffers damage of €30,000 which was caused by two concurrent proximate causes. The first, heavy weather, was an insured peril and the second, defective design, was an excluded peril. Neither cause would have brought about the loss on its own. How much, if anything, is Alan likely to receive from ABC Insurers in respect of this loss?
- A Nil.
 - B €15,000
 - C €30,000
 - D €50,000
91. If a loss occurs under a property policy and the loss amount is €1,250, which of the following statements is TRUE regarding the application of either an excess or franchise of €500? A policy subject to an excess will pay:
- A €750; a policy subject to a franchise will also pay €750.
 - B €750; a policy subject to a franchise will pay €1,250.
 - C €1,250; a policy subject to a franchise will also pay €1,250.
 - D €1,250; a policy subject to a franchise will pay €750.
92. Judge Smith is assessing a case where the plaintiff has claimed for the following damages for breach of contract: stated loss of revenue due to failure to perform (€150,000); future loss of earnings due to negative PR (€100,000) and emotional suffering (€100,000). If the Judge rules that ONLY the liquidated damages will be payable, how much will the plaintiff be awarded?
- A €100,000
 - B €150,000
 - C €200,000
 - D €250,000
93. Judge Smith is assessing a case for strict liability under the Rylands v. Fletcher rule. The plaintiff, Mr. O'Brien suffered damage to his property as a result of a tree crashing onto his roof in standard weather conditions. The tree had been planted by the defendant, Ms. Byrne within her own neighbouring property. Which of the following would be the ONLY defence which might lead the judge to find in favour of Ms. Byrne?
- A The incident was caused by an act of God.
 - B There had been a natural use of the land.
 - C The damage arose due to an unexpected act of a third party.
 - D The defendant had the consent of the plaintiff.
94. Eoin had insured pallets in his yard under a fire policy in his own name with XYZ Insurers. However, he had already sold the pallets to a company of which he was the sole shareholder. Following a fire, if Eoin's claim on his policy ends in a court case, what decision is the judge MOST likely to make if he refers to the case of Macaura v. Northern Insurance Co. Ltd. (1925)?
- A XYZ Insurers are entitled to avoid the claim because Eoin did not state he had sold the pallets.
 - B Eoin's claim is valid as he is the only shareholder in the company giving him adequate insurable interest.
 - C XYZ Insurers are entitled to avoid the claim because of a lack of legal interest.
 - D Eoin's claim is valid as he remains the legal owner of the pallets and suffered an economic loss as result of the fire.

95. If Eamon has been involved in an accident giving rise to a potential personal injury claim on 15th December 2008, by what date would Eamon HAVE to issue proceedings for the case to be heard?
- A 15th June 2009
 B 15th December 2009
 C 15th June 2010
 D 15th December 2010
96. Michael has been made redundant and wishes to assign the benefit of an insurance policy to his bank to clear his loan. Which of the following reasons would PROHIBIT Michael from assigning the policy to the bank?
- A Michael neglected to inform his insurers of the assignment.
 B Michael can only assign the policy after a loss has taken place.
 C It is only possible to assign the subject matter of an insurance policy.
 D The bank has no insurable interest in Michael's policy.
97. A publican has insured his premises for €400,000 under a fire policy. The policy is NOT subject to average. A fire occurs in the premises (now valued at €500,000) causing €150,000 worth of damage. The publican claims for the damage and for the loss of trade (€50,000) while the premises are being repaired. With reference to the case of *Re Wright and Pole* (1834), what payment is the publican MOST likely to receive from his insurer?
- A €120,000
 B €150,000
 C €170,000
 D €200,000
98. A ship is insured under a marine insurance policy which has an express warranty stating that 'the vessel must have 60 workers on board'. The ship left Dublin Port with 52 workers and stopped off at Rosslare where it picked up an additional 10 workers en route to Cherbourg. An accident occurs between Rosslare and Cherbourg giving rise to a claim of €1.5 million in damages. In response to this claim, the insurer may:
- A avoid the claim and terminate the policy 'ab initio'.
 B pay the claim but sue for damages as the warranty was not being exactly complied with.
 C avoid this particular claim but allow the policy to remain in force.
 D pay the claim as the warranty was being complied with at the time of loss.
99. Grand Designs Ltd use two separate warehouses to store their stock. They arrange their stock insurance with two different insurers as follows:
- Insurer A covers warehouse 1 with a Sum Insured of €350,000 and is subject to average. Insurer B covers warehouses 1 & 2 with a Sum Insured €200,000 and is NOT subject to average.
- If a fire occurs in warehouse 1 causing damage of €45,000 to stock valued at €400,000, what is the independent liability of Insurer B?
- A €22,500
 B €35,000
 C €38,375
 D €45,000

100. VDR Insurers have brought an action against Jeff, their policyholder, alleging breach of utmost good faith which was discovered when Jeff submitted a claim on the policy. If the judge finds that Jeff has been guilty of concealment, the judge CANNOT award VDR Insurers the right to:
- A avoid the policy as a whole.
 - B refuse Jeff's claim, but allow the policy to stand.
 - C ignore Jeff's breach and allow the policy to stand.
 - D avoid the policy as a whole and keep Jeff's premiums.

Solutions

Section A

1. Answer: C GEN 2B Ref: 7Intro
2. Answer: A GEN 2B Ref: 1E11
3. Answer: A GEN 2B Ref: 2C7A
4. Answer: A GEN 2B Ref: 8E
5. Answer: A GEN 2B Ref: 8G1C
6. Answer: C GEN 2B Ref: 3C3D / C3E
7. Answer: D GEN 2B Ref: 5B2
8. Answer: C GEN 2B Ref: 2D
9. Answer: C GEN 2B Ref: 6B5
10. Answer: C GEN 2B Ref: 7C2D / C2E
11. Answer: D GEN 2B Ref: 1E9
12. Answer: D GEN 2B Ref: 1C2
13. Answer: D GEN 2B Ref: 2I
14. Answer: B GEN 2B Ref: 2Intro
15. Answer: A GEN 2B Ref: 3B3A
16. Answer: A GEN 2B Ref: 4B5A
17. Answer: C GEN 2B Ref: 5C3
18. Answer: C GEN 2B Ref: 6C
19. Answer: B GEN 2B Ref: 7B1F
20. Answer: A GEN 2B Ref: 7E / 8C3
21. Answer: B GEN 2B Ref: 8C
22. Answer: C GEN 2B Ref: 1D1
23. Answer: A GEN 2B Ref: 4C1
24. Answer: D GEN 2B Ref: 2E2 / E3
25. Answer: A GEN 2B Ref: 3F2
26. Answer: D GEN 2B Ref: 1B2A

27. Answer: B GEN 2B Ref: 2B1
28. Answer: D GEN 2B Ref: 8B
29. Answer: B GEN 2B Ref: 1D4
30. Answer: C GEN 2B Ref: 1E4
31. Answer: C GEN 2B Ref: 3F2
32. Answer: C GEN 2B Ref: 2F
33. Answer: D GEN 2B Ref: 5C1
34. Answer: B GEN 2B Ref: 2B
35. Answer: A GEN 2B Ref: 2C
36. Answer: C GEN 2B Ref: 7B1B
37. Answer: C GEN 2B Ref: 2J2
38. Answer: C GEN 2B Ref: 1C
39. Answer: A GEN 2B Ref: 2K
40. Answer: C GEN 2B Ref: 2L1
41. Answer: A GEN 2B Ref: 1A
42. Answer: C GEN 2B Ref: 2E
43. Answer: A GEN 2B Ref: 1C1
44. Answer: D GEN 2B Ref: 7C1A
45. Answer: B GEN 2B Ref: 3B1
46. Answer: C GEN 2B Ref: 8B2
47. Answer: C GEN 2B Ref: 3B1B
48. Answer: A GEN 2B Ref: 2C2A
49. Answer: C GEN 2B Ref: 3K1
50. Answer: D GEN 2B Ref: 1B3A
51. Answer: D GEN 2B Ref: 2D
52. Answer: A GEN 2B Ref: 3C3D2
53. Answer: A GEN 2B Ref: 3D1
54. Answer: C GEN 2B Ref: 3E

- 55. Answer: C GEN 2B Ref: 2B
- 56. Answer: C GEN 2B Ref: 3I
- 57. Answer: B GEN 2B Ref: 3H
- 58. Answer: D GEN 2B Ref: 1B1
- 59. Answer: C GEN 2B Ref: 3C3B
- 60. Answer: B GEN 2B Ref: 4B3
- 61. Answer: A GEN 2B Ref: 4C3B2
- 62. Answer: B GEN 2B Ref: 5A1B
- 63. Answer: A GEN 2B Ref: 3A
- 64. Answer: A GEN 2B Ref: 3C3A1
- 65. Answer: C GEN 2B Ref: 6B1
- 66. Answer: B GEN 2B Ref: 1D3
- 67. Answer: A GEN 2B Ref: 7B1A
- 68. Answer: B GEN 2B Ref: 2C4
- 69. Answer: B GEN 2B Ref: 7B1C
- 70. Answer: B GEN 2B Ref: 3D6
- 71. Answer: B GEN 2B Ref: 1B3A
- 72. Answer: C GEN 2B Ref: 2L1
- 73. Answer: D GEN 2B Ref: 7C2A
- 74. Answer: A GEN 2B Ref: 3B1A
- 75. Answer: C GEN 2B Ref: 2G

Section B

- 76. Answer: B GEN 2B Ref: 7C2B
- 77. Answer: B GEN 2B Ref: 6B2
- 78. Answer: B GEN 2B Ref: 8F5
- 79. Answer: C GEN 2B Ref: 2J6
- 80. Answer: C GEN 2B Ref: 8I2

81. Answer: D GEN 2B Ref: 3B3
82. Answer: A GEN 2B Ref: 5C1
83. Answer: C GEN 2B Ref: 7B1F
84. Answer: C GEN 2B Ref: 2K
85. Answer: D GEN 2B Ref: 8B
86. Answer: C GEN 2B Ref: 3G
87. Answer: A GEN 2B Ref: 7B1B
88. Answer: D GEN 2B Ref: 1E6
89. Answer: D GEN 2B Ref: 5C2
90. Answer: A GEN 2B Ref: 6B5
91. Answer: B GEN 2B Ref: 7C1D / C1E
92. Answer: B GEN 2B Ref: 3F1
93. Answer: B GEN 2B Ref: 2F
94. Answer: C GEN 2B Ref: 5A1C
95. Answer: D GEN 2B Ref: 2K
96. Answer: A GEN 2B Ref: 3H
97. Answer: B GEN 2B Ref: 7B1A
98. Answer: A GEN 2B Ref: 3C3A1
99. Answer: D GEN 2B Ref: 8I2
100. Answer: B GEN 2B Ref: 4C1