



# **CIP-01 The Nature of Insurance**

## **Case Studies and Guidance**

## CIP-01      The Nature of Insurance

On completion of this module, successful participants should be able to:

- Outline the key concepts underlying insurance and describe the insurance market.
- Discuss the relevance of the laws of tort and contract in insurance.
- Discuss the details of insurance principles (including subrogation, contribution, indemnity, utmost good faith, proximate cause and insurable interest) in their relevant contexts i.e., underwriting, claims etc.

The CIP-01 case studies provide opportunities to apply the academic principles learned in the CIP-01 module in a practical work environment, and to develop key skills in communication, writing and problem solving.

**Please also refer to the *Guide to Case Studies*, which contains important information and frequently asked questions about all modules.**

### 1. Completing the Case Studies

There are **8 Work Based Case Studies** for CIP-01. Apprentices should choose any **5 Case Studies** from those on offer. Each one must be completed, marked and submitted by the specified deadline.

As far as possible, apprentices are expected to research within their own organisation (with guidance from supervisors), cases, documents or other materials that can be applied to the questions being raised. These should be real life examples that demonstrate the link between theory and practice.

The apprentice must then complete the tasks in the specified format. This may, for example, involve writing a short report in MS Word or composing a letter. Brief guidance notes are included to ensure clarity about what the apprentice needs to do, and what the supervisor should look for when marking the work.

### 2. The role of the supervisor

The completed case studies will be submitted to and signed off by the nominated Supervisors. A case study marking form is attached in **Appendix 1** for completion and sign off for each case study. For more information about this, please refer to the ***Guide to Case Studies***.

The role of the supervisor is to:

- help the apprentices to locate or create suitable case files, work-based materials or other sources of information
- assess each apprentice's completed case study (on a pass or fail basis)

### 3. Deadlines for submitting the case studies

This semester's key dates are:

| CIP-01: Semester 1 |                                |
|--------------------|--------------------------------|
|                    | Submission deadline            |
| 1                  | 11 <sup>th</sup> October 2024  |
| 2                  | 25 <sup>th</sup> October 2024  |
| 3                  | 08 <sup>th</sup> November 2024 |
| 4                  | 22 <sup>th</sup> November 2024 |
| 5                  | 06 <sup>th</sup> December 2024 |

**Remember: these are the final deadlines for uploading the marked case studies to Moodle.**

Apprentices and supervisors should agree an appropriate schedule for discussing, completing and marking the questions to ensure that these deadlines are met.

Forward planning is essential – see section 4 below.

### 4. Forward planning

Issuing the case studies in advance allows plenty of time for the apprentices and supervisors to meet the submission deadlines. It also gives adequate notice of any cases and documents that need to be sourced for or by the apprentices.

The following table provides a brief summary of what is needed for each of the CIP-01 case studies. Where a policy document/booklet is required, it should ideally come from the apprentice's workplace. However, a policy from another source may be used if necessary. As many Irish insurers now have policy documents on their website, this shouldn't cause too many difficulties for the apprentice or supervisors. We suggest that the apprentices keep the policies used for their case studies, as they can be reused in later modules.

Where a case file is required, this may be a paper or a digital policy or claim record. **Personal details from the case files should not be included in the case study submissions.**

|   | Topic  | Resources  |
|---|--|--|
| 1 | The Irish insurance market – where you work                    | <ul style="list-style-type: none"> <li>Information about your firm (e.g., from annual reports, websites or other sources)</li> </ul>   |
| 2 | Risk, risk management and insurance solutions (chapters 2 & 3) | <ul style="list-style-type: none"> <li>Brief information about the chosen policies (e.g., summaries of cover, marketing material or online research).</li> </ul>   |
| 3 | Underwriting – people and processes                            | <ul style="list-style-type: none"> <li>Information about an insurer's underwriting rules and criteria for any type of insurance.</li> </ul>  |
| 4 | The Consumer Insurance Contracts Act 2019                      | <ul style="list-style-type: none"> <li>Information on the Act is available in the textbook. All the major Law firms have articles on the impact of the Act on insurance.</li> </ul>                      |
| 5 | The legal environment  | <ul style="list-style-type: none"> <li>Information about a court case (in an Irish court) based on the tort of negligence. This can be from a claim file, or from online (or other) research.</li> </ul> |
| 6 | Duties and responsibilities in the claims process              | <ul style="list-style-type: none"> <li>A policy document (booklet) for any type of insurance.</li> </ul>   |
| 7 | Calculating the claim settlement                               | A settled property claim file, where the insurer (1) made a payment based on the principle of indemnity and (2) recovered some or all of the claim payment through subrogation or contribution.          |

**Notes for supervisors:**

- When helping the apprentice to locate a suitable file for topics 4, 5 & 8, please make sure that the file chosen has enough detail to enable the apprentice to answer all the questions in the assignment.
- If a policy information or documents are sourced online (topics 2 & 7), they should be from Irish sources.

## **5. A reminder about copying and plagiarism:**

Plagiarism is copying the words or ideas of others and passing it off as your own and is a most serious academic offence.

All sources that you use must be referenced within your text and in your bibliography.

The case study submissions will be checked for plagiarism.

It does not matter whether you use direct quotations or paraphrase the words of an author, you must reference your source.

Failure to do so may result in a zero mark or other disciplinary action under ATU Sligo procedures.

The School of Business uses the Harvard Referencing system.

## **6. Advice on Data Protection:**

Employers and supervisors must ensure that all work-based learning activities comply with the relevant Data Protection legislation and any other legal/regulatory requirements on an ongoing basis. This may, for example, include anonymising or changing the name, addresses and other personal or sensitive information in case files and other resources.

Any information taken from real cases/files is intended for use only in the answering the topic questions.

## **Topic 1: The Irish insurance market – where you work**

This assignment is based on the learning outcomes for CIP-01 Chapter 1, The Irish insurance market – where you work.

### **Learning outcomes**

On completion of this chapter, students should be able to:

- Explain the structure and operation of the general and private health insurance markets.
- Identify the functions of the main industry and professional bodies in the Irish insurance market.

**For this assignment, you need to find out as much as you can about where you work.** There are lots of ways to do this: e.g., your firm's website, marketing material, annual reports, organisational charts and employee information. Your supervisor will help you find what you need.

**Answer the following questions in your own words.**

- 1.** What is the full name of your firm? Is the legal name the same as the trading name/s? If not, state the trading name/s.
- 2.** Is the firm an insurer, an intermediary or another type of entity?
- 3.** Is it a limited company, or has it a different type of structure (e.g., a partnership)?
- 4.** Is the firm Irish-owned, or part of an international organisation?
- 5.** Describe what your firm does, and the main types of customers that it serves. (about 150 words)
- 6.** How many people are employed by the firm?
- 7.** Are all the employees based in the same place? (e.g., is there more than one office? Do some people work from home or at other locations?)
- 8.** Who is the CEO or the most senior person in your firm?
- 9.** Is the firm a member of any industry or professional bodies (e.g., Insurance Ireland, Brokers Ireland or another body)?
- 10.** Briefly explain the role of your department/section and how it interacts with other parts of the business. (about 100 words)

### **Guidance notes**

*Most of these questions require short answers, in your own words. Make sure that you use full sentences, with an acceptable standard of grammar and spelling.*

*When answering question 5, DO NOT copy and paste from websites or other sources. You must present and explain the information in your own words.*

## **Topic 2: Risk, risk management and insurance solutions**

This assignment is based on the learning outcomes for CIP-01 Chapters 2 & 3 **Risk & Risk Management** and **Insurable Risks and their Insurance Solutions**:

| <b>Chapter 2 learning outcomes</b>  |
|---|
| On completion of this chapter, students should be able to: <ul style="list-style-type: none"><li>• Explain and apply these key insurance terms – risk, uncertainty, frequency, severity, peril and hazard.</li><li>• Recognise the interaction between risk management and insurance and identify the risk management techniques that can protect customers and their businesses (physically and financially).</li><li>• Classify risks to determine whether they are capable of being insured.</li></ul> |
| <b>Chapter 3 learning outcomes</b>  |
| On completion of this chapter, students should be able to: <ul style="list-style-type: none"><li>• Explain the role of insurance as a risk transfer mechanism, its benefits and how risks are pooled and shared.</li><li>• Identify the risks faced by general insurance customers and the appropriate insurance solutions to meet these needs.</li></ul>   |

**Using information from your firm and/or from online (or other) research, find out about any TWO of these insurance policies:**

- Dental plans
- GAP (Guaranteed asset protection)
- Gadget
- Travel
- Pet
- Private health
- Motor trade
- Professional indemnity
- Business Interruption

**For BOTH of your chosen policies:**

Write a short report in your own words, explaining:

- The cover that the policy provides
- Who is likely to buy this type of policy?
- Why they might buy the policy (i.e., the risks that they face)
- Whether (in your opinion) this is an essential cover, or more of a 'luxury' or 'peace of mind' product.

(Two reports, each around 250 words)

**Guidance notes**

*There are two elements to this task: (1) finding out about the two policies and (2) writing two short reports.*

*There's no need to read the full policy wordings or quote any extracts from the policies. You just need to find out the main points about the covers, rather than the 'nitty-gritty' detail.*

*When answering the question, it might be helpful to imagine that you are trying to explain the four bullet points above to a consumer. Use plain English and take care with grammar and spelling.*



### Topic 3: Underwriting: people and processes

This assignment is based on the learning outcomes for CIP-01 Chapter 4, Underwriting: people and processes.

| Learning outcomes   |
|---|
| On completion of this chapter, students should be able to: <ul style="list-style-type: none"><li>• Outline the role of the professionals involved in the general insurance underwriting process.</li><li>• Demonstrate the relationship between underwriting and the premiums charged for general insurance policies.</li><li>• Describe the typical underwriting measures available to an underwriter when considering a general insurance proposal.</li><li>• Demonstrate the impact of private health insurance principles on the underwriting of this class of insurance.</li><li>• Define reinsurance, state what prompts its use and outline the main types of reinsurance.</li></ul> |

In Chapter 4C we learn that underwriting process involves making decisions about:

- Which risks to accept or decline
- The level of cover to offer
- The premium to be charged
- Any special measures to manage or improve the risk.

We also see how this is different for private health insurance (Chapter 4D).

**Find out how the insurer you work for (or an insurer that your firm deals with) makes these decisions for one type of insurance.**

**Answer these questions about the process:**

1. Begin by briefly describing the insurer, the product (type of policy) and how you found out about the underwriting process.
2. How does the insurer gather information from proposers (the people or businesses looking for a quotation)? For example, is it done online, by phone, through proposal forms or in other ways?
3. What questions are asked to determine whether or not a new risk is acceptable?
4. In what situations might extra information be requested?
5. What answers will automatically lead to a refusal to quote?
6. How are customers told about the importance of giving full and honest answers to the questions? Is there a standard message or script – and if so, what does it say?
7. Does every proposer pay the same premium for this policy? If not, what factors will influence the price that they pay? List at least three features and outline how they might affect the premium.
8. Are there any situations where cover might be restricted in some way, or special requirements (e.g., a warranty) imposed on the cover? Briefly outline when and why this might happen and the likely underwriting actions.

**Guidance notes:**

*This question requires you to find out about underwriting criteria and procedures for any type of insurance. There are two elements to the task: (a) finding out the information and (b) answering each of the questions in your own words.*

*When writing your answers, it might be helpful to imagine that you're explaining the procedures to a student on work experience in the firm.*

*There's no prescribed word count or format your answer. However, you should take care to fully answer every question and present the information clearly.*

*If you work in private health insurance, some of the questions may be less relevant to your work environment. However, you should still answer each question and where necessary, explain why and how things work differently in your market sector.*

#### Topic 4: The insurance contract and policy

This assignment is based on the learning outcomes for CIP-01 Chapter 5, The insurance contract and policy

| Learning outcomes   |
|---|
| On completion of this chapter, students should be able to: <ul style="list-style-type: none"><li>• Describe the main elements of a valid contract of insurance, how a contract is discharged and remedies for breach of contract.</li><li>• Outline the structure of a general insurance policy and explain the impact of a breach of a policy condition.</li><li>• Explain the legal principle of insurable interest in general insurance.</li><li>• Have an understanding of the Consumer Insurance Contracts Act 2019.</li></ul> |

The Consumer Insurance Contracts Act 2019 – CICA

<https://www.irishstatutebook.ie/eli/2019/act/53/enacted/en/html> was signed into law in December 2019. While many of its provisions commenced on 1 September 2020, other provisions (Sections 8, 9, 12 and 14(1)-(5)) commenced on 1 September 2021. Insurers entering into consumer insurance contracts in the Irish market will be impacted by changes as a result of CICA.

Using the information in your textbook and having reviewed the Consumer Insurance Contracts Act 2019, answer the following questions:

1. In your opinion, explain the motivation behind the Irish government's introduction of this piece of consumer protection legislation. (150-200 words)
2. Having reviewed the CICA, outline three changes that came into effect in 2020 and three changes that came into effect in 2021.
3. Summarise the changes specifically relating to disclosure duties at renewal stage (Section 14 (1) – (5)).

**Guidance notes:**

*Study CIP-01 Chapter 5E before attempting this assignment.*

*For question 1, review the legislation and relevant websites (many of the large law firms have opinion pieces) outline your thoughts on the Consumer Protection Act.*

*For question 2 & 3, the changes are cleared outlined. Please ensure to include the relevant references to the sections of the legislation in your answers.*

#### Topic 5: The legal environment

This assignment is based on the learning outcomes for CIP-01 Chapter 6, The legal environment.

| Learning outcomes |
|-------------------|
|-------------------|

On completion of this chapter, students should be able to:

- Outline the torts of negligence; trespass, nuisance, strict liability, defamation, and breach of statutory duty as they apply to insurance.
- Demonstrate the relevant limitation periods applicable in tort.

### Question 1

**Find out about a court case where the parties argued about who was at fault for an accident, and the matter was decided by a judge. The case should be (a) based on the tort of negligence and (b) from an Irish court. It can be about an accident on the road, at work or in a public place.**

**The case may be one from your workplace (a claim file), or one that you researched online or in another way.**

**Write a short report about the case and its outcome. Your answer should include the following points:**

- The circumstances of the accident or event
- The plaintiff's allegations against the defendant
- The defendant's response (defence) to these allegations
- The nature of the claim (e.g., damage to property or personal injury)
- The outcome of the claim (the judge's decision).

Your answer should also mention the points in CIP-01 Chapter 6B about proving an action in negligence. (about 300 words)

### Question 2

Your friend Peter broke his leg in a school playground accident when he was eight years old. He still has a small scar. His parents didn't want to sue the school at the time, but Peter heard recently that he might be able to make a claim as an adult. He will be 20 next month.

Peter asks you if you know anything about his options. How might you answer his question? (about 150 words)

### **Guidance notes:**

#### Question 1

*Your main sources of information for this question are:*

- *the CIP-01 textbook*
- *the claim file or other research*

*The report should be in your own words – copying and pasting is not allowed. Take care with spelling and grammar.*

*Read Chapter 6B before you start writing. It might be helpful to structure your answer around the points that a plaintiff has to prove in an action in negligence.*

*Be careful with terminology: Remember that the 'plaintiff' is the injured party, or the person making the claim. The 'defendant' is the person being sued. 'Allegations' are the things they say about what happened and about who was or wasn't at fault.*

***If you are using a claims file for this question, your answer should not include any personal information about the people involved in the claim.***

### Question 2

*CIP-01 Chapter 6H has all the information that you need to answer this question.*

## **Topic 6: Duties and Responsibilities in the Claims Process**

This assignment is based on the learning outcomes for CIP-01 Chapter 7, Duties and Responsibilities in the Claims Process.

| <b>Learning outcomes</b>  |
|---|
| On completion of this chapter, students should be able to: <ul style="list-style-type: none"><li>• Explain the responsibilities of the insured after a loss.</li><li>• Explain the principle of proximate cause and illustrate its operation in the claims process.</li><li>• Demonstrate the regulatory responsibilities of the insurer and the adviser during the claims process.</li></ul> |

**Find a policy document (policy booklet) for any type of insurance.**

**Read through the document and find the claims conditions. In some policies they are called ‘claims procedures’, or something similar. In others, they are part of the general policy conditions.**

**Answer these questions about the claim’s conditions:**

- 1.** Briefly describe the policy you are using for this task (including whether it is a personal or a commercial insurance).
- 2.** What does the policy say about notifying a new claim to the insurer? Is there a time limit for doing this?
- 3.** Are there any other time limits? (e.g., for sending documents to the insurer).
- 4.** Is there a special telephone number for notifying claims? Can the notification be made online?
- 5.** What does the policy say about taking reasonable precautions? (or ‘reasonable steps’) Your answer should include a clear explanation of this condition in your own words and a practical example of what this might mean for a policyholder. (at least 150 words)
- 6.** Find the fraud condition in the policy. Explain this condition in your own words, with an example of what this might mean for a policyholder. (at least 150 words).

### **Guidance notes**

*Most of these questions require very brief answers.*

*When answering questions 5 & 6, include the wording of the conditions (i.e., a quote from the policy), followed by your explanation and example.*

Chapter 7A of the CIP-01 textbook has helpful explanations of all the points covered in the questions.

## **Topic 7: Calculating the Claim Payment**

This assignment is based on the learning outcomes for CIP-01 Chapter 8, Calculating the claim payment: who should pay and how much?

### **Learning outcomes**

On completion of this chapter, students should be able to:

- Outline the concept of indemnity and identify an insurer's settlement options when providing indemnity to a policyholder.
- Demonstrate the application of indemnity to a policy of insurance.
- Explain the principle of subrogation and apply it in situations where recovery rights may be exercised.
- Explain the principle of contribution and apply it in situations where dual insurance exists.

**Locate a file for a settled claim where:**

- The claim was for damage to the insured's property
- The claim was made under an indemnity policy (e.g., motor, household, commercial property)
- The insurer recovered some or all of the claim payments through subrogation or contribution.

**Read the file to see the 'journey' of the claim from start to finish. Ask your supervisor, or the claims handler about anything that isn't clear.**

**Using the information in the claim file, answer these questions:**

- 1.** Briefly describe the event that gave rise to this claim (i.e., what happened?)
- 2.** Under what type of policy, and what section of the policy was the claim made?
- 3.** What was the claim for? (e.g., loss or damage). How much (€) was claimed?
- 4.** What documents were submitted to support the claim?
- 5.** How was the claim settled? (i.e., which settlement option did the insurer use)
- 6.** Explain how the claims handler worked out how much to pay, and why they chose the particular settlement option. Your answer should include details of any deductions and why they were made.
- 7.** Explain in your own words how and why the insurer recovered some or all of the claim payment.

### ***Guidance notes:***

*Each question requires a brief explanation, in your own words.*

*For question 6, set out the information clearly and explain all calculations.*

*For question 7, make sure that you explain the basis of the recovery (subrogation or contribution) and the reason why the insurer was entitled to make a recovery. If the amount is different to the claim settlement amount, explain why this is the case.*

**Your answer must not include any personal details about the claimant or others involved in the claim.**

## **Appendix 1:**

# **Case Study Marking Form**



## CASE STUDY MARKING FORM

Case Study No.

Topic No.  Topic Title  Insurance Module

Learning Outcome:

### **To be completed by the Apprentice:**

I confirm that all the work on the case study is my own work.

Signed ----- (Apprentice) Date -----

Apprentice Student Number \_\_\_\_\_

### **To be completed by the Supervisor:**

Checklist (please circle pass or fail as appropriate):

| Attempt 1 | Attempt 2 | Attempt 3 |
|-----------|-----------|-----------|
| Pass/Fail | Pass/Fail | Pass/Fail |

PRINT Name: \_\_\_\_\_ (Supervisor)

Signed ----- (Supervisor) Date -----