



Malta International Training Centre

Award in Personal Lines Insurance

9th May 2021

PLEASE READ THE FOLLOWING NOTES:

1. Three hours are allowed for this paper, which is in two parts: PART I and PART II.
 2. Answer ALL questions numbered 1-14 in PART I. You are advised to spend no more than 120 minutes on this part of the paper.
 3. In PART II you should answer two (2) questions, each carrying 30 marks, from the remaining questions 15-17.
 4. The whole paper carries 200 marks.
-

Part I: Answer ALL questions 1-14 in this part.
Each question carries 10 marks.

- 1 (a) What do you understand by positive duty in the context of disclosure of material facts to the insurer? (3 marks)
 (b) List seven facts which need not be disclosed to an insurer. (7 marks)

- 2 (a) Why and when would an underwriter appoint a pre risk surveyor? (3 marks)
 (b) Briefly explain Estimated Maximum Loss (EML). (2 marks)
 (c) What 5 aspects of risk would a surveyor investigate? (5 marks)

- 3 (a) What are the requirements for "Theft" to be covered under a Household Contents Insurance policy? (3 marks)
 (b) What would the sum insured under buildings include? (3 marks)
 (c) Explain the extension "Loss of Rent" under a Household Insurance policy. (4 marks)

- 4 Differentiate between specified and unspecified items under a typical Accidental Damage Insurance policy. Give examples to support your answer. (10 marks)

- 5 (a) How are pedal cycles typically insured? (5 marks)
 (b) Identify 5 exclusions under pedal cycles insurance. (5 marks)

- 6 (a) What is the scope of an Extended Warranty Insurance policy? (4 marks)
(b) When assessing the risk for a Payment Protection Insurance policy, what features would an underwriter consider prior to accepting the risk? (6 marks)
- 7 (a) What is the scope of cover of the medical section under a travel insurance policy? (5 marks)
(b) When will a Personal Accident insurer pay out 100% of the capital benefit insured? (5 marks)
- 8 Write brief notes on the following travel insurance extensions:
a) Travel delay (2.5 marks)
b) Travel interruption (2.5 marks)
c) Hospital Cash Benefit (2.5 marks)
d) Delayed baggage (2.5 marks)
- 9 (a) List eight main headings under a typical personal insurance policy. (4 marks)
(b) What is an insurance policy "Condition"? (3 marks)
(c) What is the effect of a breach of warranty under an insurance contract? (3 marks)
- 10 (a) Why do insurers offer days of grace? (2 marks)
(b) A loss of €400 occurs. There is a franchise of €300 under policy A and an excess of €200 under policy B. Calculate what each of the policies would pay. (2 marks)
(c) Explain 2 emergency assistance services that can be offered under a household insurance policy by a Household insurer. (6 marks)

- 11 (a) What are four factors that limit a claim to be settled in full under an indemnity policy? (4 marks)
(b) Differentiate between replacement and reinstatement as two methods of providing indemnity. (6 marks)
- 12 (a) What would be the advantages of taking out a Term Insurance policy over other types of Life Assurance products? (5 marks)
(b) How does an Endowment Life Assurance policy provide cover? (5 marks)
- 13 Write brief notes on the following:
(a) Paid up policy (2 marks)
(b) Valued policy (2 marks)
(c) Level premium (2 marks)
(d) Temporary Total Disability (2 marks)
(e) Joint life policy (2 marks)
- 14 (a) What are the benefits of reinsurance? (4 marks)
(b) By giving examples, explain the difference between proportional and non-proportional treaties. (6 marks)

Part II: Answer two (2) questions from 15-17, each carrying 30 marks

15 Mr and Mrs West took out a group family Health Insurance policy with ABC insurance company.

When filling the proposal form, Mrs West declared that she suffered from asthma (shortness of breath) when she was a teenager and recently her doctor prescribed pills for hypertension.

Mr West has been diagnosed with diabetes and needs a nurse to administer his daily insulin injections since he is now insulin dependent.

Mr and Mrs West's son declares that 1 year ago he broke his leg while playing football. He is now following a professional football career abroad.

Mr and Mrs West's daughter was involved in a traffic accident and admitted to a public hospital. Mr West insisted that she is taken to a private hospital so a private ambulance was arranged. While recovering, Mr and Mrs West's daughter decided it was a good opportunity to rest and extended her stay for another week. After she was released, she went to a plastic surgeon to conceal a scar that was the result of her accident. Since she works as a model, she argues that this surgery was a necessity.

As a representative of ABC Health Insurance company, discuss how you would underwrite the health insurance request above and how, if at all, would you settle the claims presented in this scenario.

- 16 You are a lecturer at the local University and was asked, by a twinning University, to provide a speech on "Personal Insurance renewals – what to look for"

As an experienced underwriter, you have been invited to deliver the talk.

Detail the discussions of your presentation.

- 17 Peter is a businessman who has a network of international clients. He holds an open travel policy with DEF insurance company and has had the following situations:

a) On one occasion Peter forgot to inform the insurers of his journey and sent a text message as soon as he arrived at his outward destination.

b) DEF insurance company want to load Peter's annual premium since he is now 60 years of age and has had three claims during the past year.

c) Peter wants to claim for a refund of his cancelled trip since he was caught up with a deadline to submit his business annual accounts to the income tax department, failure of which would incur him massive fines.

d) Peter had to travel during the year 2020 and while in London, the government declared a Covid19 lockdown which meant that Peter could not avail himself of the hotel facilities in which he was staying.

e) A traffic accident while he was in Berlin, meant that Peter lost an opportunity to submit his business presentation. Peter estimates this loss as close to half a million euros which he is seeking to claim from DEF Insurance company.

Discuss how you would deal with these matters if you were representing DEF Insurance company.



Malta International Training Centre

Award in Personal Lines Insurance

8th May 2022

PLEASE READ THE FOLLOWING NOTES:

1. Three hours are allowed for this paper, which is in two parts: PART I and PART II.
 2. Answer ALL questions numbered 1-14 in PART I. You are advised to spend no more than 120 minutes on this part of the paper.
 3. In PART II you should answer two (2) questions, each carrying 30 marks, from the remaining questions 15-17.
 4. The whole paper carries 200 marks.
-

Part I: Answer ALL questions 1-14 in this part.

Each question carries 10 marks.

1. (a) What are the advantages of receiving risk information by means of a proposal form? (5 marks)
(b) Give 5 examples of non-standard risks related to domestic property insurance. (5 marks)
2. (a) Differentiate between Co-insurance and Reinsurance. (5 marks)
(b) Briefly outline 5 benefits of Reinsurance. (5 marks)
3. (a) What is contained in a policy schedule of a Household Insurance policy? (6 marks)
(b) Explain the change in risk/circumstances clause. (4 marks)
4. (a) Mention 5 elements that constitute riot under a personal lines insurance policy based on special perils? (5 marks)
(b) What type of contents limits are set under a Household Insurance policy? (5 marks)
5. (a) What is the difference between specified and unspecified items under a Personal Possessions Insurance policy? (5 marks)
(b) List 5 All Risks exclusions found under a personal lines property insurance policy. (5 marks)

6. Explain the following:
- (a) Pairs or sets clause (2.5 marks)
 - (b) Hospital cash benefit (2.5 marks)
 - (c) Delayed departure cover (2.5 marks)
 - (d) New for old cover (2.5 marks)
7. (a) How is money defined under a Money Insurance policy? (6 marks)
- (b) Give two examples to illustrate circumstances when a money insurer would refuse to meet a claim. (4 marks)
8. (a) Liability cover features under a number of personal lines insurance products. Explain the scope of legal liability cover by giving 2 examples. (6 marks)
- (b) What would be the position under a Caravan or Boat Insurance policy if the insured wishes to travel beyond the geographical limits? (4 marks)
9. What risk assessment would be undertaken by a personal lines underwriter for the following classes of insurance? Provide 2 factors per class.
- (a) Payment protection insurance (2 marks)
 - (b) Domestic Animals (2 marks)
 - (c) Pedal cycles (2 marks)
 - (d) Extended warranty insurance (2 marks)
 - (e) Legal expenses cover (2 marks)

10. (a) Explain the intention of the health warranty declaration found in a typical Travel Insurance proposal form. (5 marks)
(b) Under a Travel Insurance policy, what 5 possible reasons would trigger a claim under the cancellation and curtailment section? (5 marks)
11. (a) Mention 5 conditions that have to be satisfied to validate a claim involving the theft of money under Travel Insurance. (5 marks)
(b) Mention 5 implied duties expected of a personal lines insurance claimant. (5 marks)
12. How are the following likely to be insured by a personal lines insurer?
(a) An obsolete building (2.5 marks)
(b) A priceless painting (2.5 marks)
(c) An old laptop (2.5 marks)
(d) A very expensive engagement ring (2.5 marks)
13. (a) What are the 4 typical occupation classes under a Personal Accident insurance policy? (4 marks)
(b) How are the different classes of occupations under Personal Accident insurance rated? (6 marks)
14. (a) Mention 5 ways of how one could lower the premium under a Private Medical Insurance policy. (5 marks)
(b) List 5 exclusions typically found under a Private Medical Insurance policy. (5 marks)
-

Part II: Answer two (2) questions from 15-17, each carrying 30 marks.

15. The Smiths family will be spending 15 days in Italy and they wish to ensure that their Travel Insurance policy covers all of their needs and activities during their stay. Mr Smith comes to your underwriting office and informs you of the following:

a) His son is physically challenged and needs a wheelchair and other several walking aids to be able to travel. He also has prosthetics and uses an expensive electronic tracking device for emergency purposes.

b) His family intends to ski and climb mountains on the Alps in Italy.

c) His wife suffers from asthma and could require a nebuliser if she gets an attack, necessitating a visit to the hospital.

d) His father is 88 years of age and is currently in hospital with little hope of recovering from a terminal illness.

e) His daughter is six months pregnant with no complications registered so far.

f) His family intends to hire a boat while they visit the famous lake of Como in Italy.

What will you tell Mr Smith given the information above? Give reasons and refer to the various policy wording (where applicable) to explain the position of the insurer in the respective circumstances.

(6X5marks
each)

16. Discuss the following claims:

a) Peter holds a stand-alone Personal Accident Insurance policy and is also enrolled under a group Personal Accident Insurance policy arranged by his employer. While he is driving his vehicle abroad, he sustains a serious injury following a motor accident. Peter had arranged a Travel policy prior to his overseas trip. Both the Motor and Travel policies have a Personal Accident extension. If the fault of the accident is a third-party driver, how (if at all) would the respective insurance policies held by Peter respond to his claim?

(8 marks)

b) Rebekah's daughter secretly takes her credit card and uses it to buy €800 worth of clothes from an online website. As Rebekah holds a credit cards extension under her Household Insurance policy, she duly makes a claim. How would an insurer deal with the respective claim explaining whether the scenario would be differently handled if the loss was committed by a third party instead of Rebekah's daughter?

(6 marks)

c) Petra is a hockey player. On one occasion her hockey stick, worth €550, was damaged after she misaligned a shot. Returning to her locker she discovers that her sports bag had been pilfered and her mobile phone, air pods and iPad went missing. How would a personal possessions insurer deal with the ensuing claims?

(8 marks)

d) A flower pot hanging from a balcony falls onto a parked car which was parked directly underneath. James, the owner of the building, is being sued by the motor insurers of the damaged car. James holds a household insurance policy but is claiming that the cause of the loss was bad weather for which he has no control over and that the vehicle was parked illegally. How would the household insurers deal with the potential claim, if at all?

(8 marks)

17. You have been asked to deliver a presentation on personal lines disputes and litigation. The talk will be attended by 4th year law students who wish to learn about the type of disputes that may be raised by a personal lines policyholder and the different types of remedies available to sort out the differences.

Detail your presentation.

(30 marks)
