



# Malta International Training Centre

## Award in Insurance Principles and Legal Aspects

17<sup>th</sup> March 2019

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

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1. Differentiate between the role of a loss adjuster and the role of a loss assessor. (10 marks)
2. What do you understand by the term “Unrevoked Offer”? (10 marks)
3. Briefly describe 5 components of the structure of a typical insurance policy. (10 marks)
4. Explain when and how co-insurance is arranged. (10 marks)
5. Why is it necessary for insurers to establish the proximate cause of a loss? (10 marks)
6. Why are certain classes of insurance compulsory by law? Give 2 examples. (10 marks)
7. How did the Consumer Insurance (Disclosure and Representations) Act 2012 change the remedy traditionally adopted by insurer for a breach of utmost good faith made innocently by the insured? (10 marks)
8. If words used in insurance contracts are ambiguous, the courts will apply the contra proferentem rule. Explain this rule. (10 marks)

9. Outline 3 ways by which a corporation may be formed in the UK. (10 marks)
10. Differentiate between a contractual breach and tortious liability. (10 marks)
11. What are the elements that must be present for an action in defamation to succeed? (10 marks)
12. Give 5 examples to show how an Agent is considered to be representing a Principal during an insurance related process. (10 marks)
13. A contract may be terminated if it is frustrated. What do you understand by this? Support your answer by means of an example. (10 marks)
14. In *Castellain v Preston* (1883) the judge commented by asking "What is it that is insured in a fire policy?" Explain the 2 elements that need to be present for insurable interest to arise. (10 marks)

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

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15. During a rugby match, Peter is hit by a ball struck by one of the players. Jane, another spectator, rushes to help the injured person but as she sees his face covered in blood, she faints and later sues for nervous shock. Francis who was watching the match on his TV, also claimed nervous shock after witnessing the same incident. Peter is suing the player for negligence and his lawyer is also suggesting holding the stadium proprietors responsible for failing to provide Peter a safe premises as a visitor.

Discuss the case by outlining the torts committed, the possible defences and potential remedies that a court judge would award if this case is litigated in court.

16. ABC insurance company limited puts an advert on the daily newspaper saying that the first 100 applicants will receive a full year of free Personal Accident coverage if they send an acceptance letter to their office by the 28th March 2019.

- a) Petra sends an sms (electronic message) on the 26th March 2019. The company say that they never received the message.
- b) Donald sends a letter on the 27th March 2019 and is received by the company on the 30th March 2019. The company says that they received a late response and so Donald's application is invalid.
- c) Daniela sends a letter on the 20th March 2019 and it is received a day later. The company replies to her saying their offer was a merely a unilateral contract and is not enforceable since they cannot make a contract with "anyone in the world".

In all three cases above, discuss whether the reasons provided by the company in response to the submissions by Petra, Donald and Daniela are legally correct.

17. Richard owns a warehouse in which he stocks a variety of different wines and which he sells to restaurants as his main business trade. He is insured on an All Risks basis and the total sum insured is €1,500,000.

On one occasion, a truck driver loses control of his vehicle and crashes into Richard's warehouse causing substantial damage to the stock.

When Richard approaches his insurance company, he is surprised to learn that his claim has been refused on the following basis:

- a) Richard breached a warranty requiring that all stock be raised 6 inches off the ground on pallets
- b) The loss was in excess of the sum insured and therefore the insurers are claiming a breach of a material fact
- c) Richard has already warned the insurers that he will not allow the insurers to use his legal rights to sue the truck driver
- d) The insurers have suggested that Richard makes a claim to recover his loss from another insurance company which is in contribution

Discuss the validity of the insurer's refusal in this instance.

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# Malta International Training Centre

## Award in Personal Lines Insurance

28<sup>th</sup> April 2019

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

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1. Identify five (5) aspects of risk that a household risk surveyor would investigate. (10 marks)
2. What is typically defined as “Buildings” under a standard Household Insurance policy? (10 marks)
3. List five (5) exclusions and five (5) contingencies found under a typical Private Medical Insurance policy. (10 marks)
4. (a) A Regulatory requirement for insurers is to provide prospective policyholders with a ‘key facts’ document. List six (6) pieces of information this document would need to include. (6 marks)  
  
(b) Briefly explain any two (2) outcomes that the principles established under ‘Treating Customers Fairly’ seek to address. (4 marks)
5. Explain the key differences between Permanent Health Insurance (PHI) and Personal Accident (PA) Insurance. (10 marks)
6. Explain the principle of Contribution and provide a suitable example. (10 marks)
7. (a) Describe three (3) options (other than reinstatement) available to an insurer when indemnifying a first party claim. (6 marks)  
  
(b) Why do insurers rarely opt to apply reinstatement as a method of indemnity? (4 marks)



8. Explain the liability section under a combined Buildings and Contents Household Insurance policy. (10 marks)
9. (a) What is facultative reinsurance and in which situations will it be resorted to? (6 marks)
- (b) Briefly explain facultative obligatory reinsurance? (4 marks)
10. What is the scope of the cancellation and curtailment section of a standard Travel Insurance policy? (10 marks)
11. Briefly outline how premium on 'an adjustment' basis operates and give two 2 examples of policies which use this basis of premium calculation. (10 marks)
12. Outline five (5) implied duties expected of a personal lines claimant at the time of loss. (10 marks)
13. Identify the five (5) elements which must be present for an event to constitute a 'Riot'. (10 marks)
14. A proposer for standard Home Contents Insurance declares that he has a private collection of antique paintings housed in his gallery situated in his home basement. Suggest five (5) underwriting actions an insurer could take to improve the risk proposed. (10 marks)

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

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15. As a personal lines manager, you have been approached to underwrite a small pleasure craft.

(a) Draw a list of questions you would ask your proposer to enable you assess the risk. (8 marks)

(b) Outline suitable cover for this risk including an explanation of policy exclusions. (22 marks)

16. Mr & Mrs Borg book a holiday to Paris to celebrate their wedding anniversary. They browse the internet and purchase a Travel Insurance policy through an aggregator's website.

Give a detailed explanation of how you, as a claims officer, would have dealt with the following three scenarios.

(a) Five days into their holiday, Mr Borg develops a severe cough and experiences breathing problems. He is immediately rushed to hospital and diagnosed with an acute asthma attack. He is advised to stay in hospital for two days under observation. As a result, the Borg's miss their return flight. (10 marks)

(b) One evening, after dinner at a sushi restaurant, Mrs Borg develops abdominal pain. The pain is so sharp that she passes out, falls on the ground and breaks her wrist. She is rushed to hospital and is diagnosed with food poisoning. After five days in hospital she contracts an infection thus prolonging her stay in hospital by an additional four days, incurring further medical and hospital expenses. Mrs Borg is keen on pursuing legal action against the owner of the restaurant. (10 marks)

(c) After browsing an excursion brochure, they decide to take a trip with the ferry along the river Loire. They board the ferry and leave their personal belongings (including a suitcase, passports and a £400 digital camera) in their rented car. During the trip, the ferry develops a mechanical problem causing water to seep in. Within a few minutes, the ferry begins to sink. They are safely brought to land but lost all their personal belongings which were in the car.

(10 marks)

17. The students union is debating Personal Insurance at the local university and has before it the following motion:

*"This Union considers that insurance policies are inadequate since consumers are constantly complaining that their claims are repudiated or at best, partially met."*

You have been invited to challenge this motion as a representative of your insurance institute.

Prepare notes for your speech in response to this motion.

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# Malta International Training Centre

## Award in Commercial Property Insurance

9<sup>th</sup> June 2019

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

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1. a) Distinguish the basis of cover 'accidental damage' from 'breakdown' under a material damage policy. (5 marks)  
b) The cover provided in respect of policies written on an 'accidental damage' basis is determined by the exclusions. List FIVE exclusions typically found and for each exclusion listed, briefly discuss why such an exclusion is written into the policy. (5 marks)
2. a) What is the purpose of the Material Damage proviso under a Business Interruption insurance policy? (5 marks)  
b) List FIVE extensions available under a Business Interruption insurance policy which are not dependent on the Material Damage proviso. (5 marks)
3. a) What is the main difference between an Erection All Risks insurance policy and a Contractors All Risks insurance policy? (7 marks)  
b) Name the THREE sections available under a Contracts works policy. (3 marks)
4. a) Briefly outline the operative clause of a Fidelity Guarantee insurance policy and highlight areas of this risk an underwriter should focus on. (6 marks)  
b) Give FOUR examples of stock which would be considered as 'target stock' under a theft proposal. (4 marks)
5. Explain why the calculation of the EML is so important for insurers and briefly outline how an underwriter calculates such a figure when underwriting a corporate risk. Support your answer by providing an example. (10 marks)

6. Explain how the following Memoranda clauses modify insurance cover:

- Electrical Apparatus clause
- Workmen
- Capital Additions
- Contract Price
- Non-Invalidation

(2 marks each)

7. Weather is a major source of insurance claims. Define 'Storm' and 'Flood' and outline the factors that should be taken into consideration when underwriting risks exposed and susceptible to these two perils.

(10 marks)

8. a) Suggest FIVE risk control measures for a waste recycling plant which stores steel, tyres, chemicals and cardboard boxes and which is insured with your company on a Fire, Special Perils and Theft basis.

(5 marks)

b) Highlight the main objectives of a pre-risk survey.

(5 marks)

9. A client is claiming for the replacement of his kitchenette table-top under his Fire insurance policy, claiming the table top was extensively stained after being exposed to the effects of heat when his maid left a boiling kettle on the table-top overnight. The Fire policy is arranged on an 'accidental damage' basis and the buildings, trade furniture, fixtures and fittings are insured. Briefly explain whether the claim is 'prima facie' covered or not.

(10 marks)

10. Briefly explain the below terms:

- 85% Condition of average
- Reinstatement as new
- Pollution
- First Loss
- Blanket cover

(2 marks each)

11. Although not legally responsible to offer renewal of existing policyholders, it makes good business sense to secure a high percentage of renewals. Briefly discuss the merits of this statement and outline how insurers execute the renewal process. (10 marks)

12. Briefly outline the basis of cover under TWO of the below classes:

- Goods in Transit
  - Money
  - Deterioration of stock
- (5 marks each)

13. Briefly outline the role of the Underwriter and discuss the considerations and factors for effective pricing. (10 marks)

14. It is inevitable that disputes with policyholders will arise when adjusting claims.

- a) Outline the procedure and possible resolution mechanisms for handling disputes. (5 marks)
- b) Explain when *ex gratia* claims would be considered. (5 marks)



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

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15. A client of yours, who owns a restaurant and who has a Fire, Special Perils & Theft insurance policy in force covering all the business's assets, visits your office to enquire about Business Interruption insurance. He has approached his accountant and has supplied you with the actual turnover for last year.

When you ask him to complete a Business interruption proposal form, the client asks for assistance and seeks explanation of the various figures being requested in addition to the turnover.

Explain to client the various figures and how a suitable Sum Insured is calculated.

16. A claim is notified under your insured's Commercial Combined policy and the statement of events reads as follows:

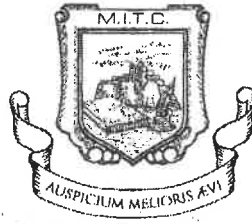
"My employee informed me that he delivered stock to a customer and collected €10,000 in cash in return. This cash was placed in a pouch. Upon his return to the warehouse, my employee realised that the pouch had disappeared. I investigated the matter and it seems that the pouch must have been either stolen or lost during the drive back".

- a) Explain the duties of the insured under the 'Complaints procedure' condition. (15 marks)
- b) Document your investigations and give an opinion as to whether such a loss would be covered under the policy. (15 marks)

17. You are head of commercial underwriting of your company and want to increase business with a particular broker. This broker has substantial contacts with small to medium enterprises but their presentation of risk information is poor.

Draft a template presentation wherein you will list and justify the essential information you will require with every proposal split between:

- General information
  - Property Damage
  - Business Interruption
  - Money
  - Goods in Transit
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# Malta International Training Centre

## Award in Liability Insurances

14<sup>th</sup> July 2019

### 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.
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  4. The whole paper carries 200 marks.
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**Part I: Answer ALL questions 1-14 in this part.  
Each question carries 10 marks.**

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- 1 Explain the provisions of the Limitations Act (1980) and the Latent Damages Act (1986). (10 marks)
- 2 (a) What are the components that will enable a successful case under the tort of negligence? (6 marks)  
(b) Explain contributory negligence by means of an example. (4 marks)
- 3 (a) Mention 3 choices that a liability underwriter has, in deciding what event will trigger the Operative Clause of an insurance liability policy to allow a claim? (6 marks)  
(b) List 4 elements that determine the liability claims cost. (4 marks)
- 4 The movement in claims records over a period of time is called triangulation. Briefly explain how this is structured and why it is necessary. (10 marks)
- 5 (a) Differentiate a "contract of service" from a "contract for service". (5 marks)  
(b) Explain how vicarious liability may arise. (5 marks)
- 6 Product Liability insurance has 2 extensions known as product guarantee and product recall. Briefly explain how and when such extensions are useful. (10 marks)
- 7 (a) What is Privity of contract? (4 marks)  
(b) Explain 2 instances which modify such Privity. (2x 3marks)
- 8 (a) What kind of losses fall under the category of special damages? (5 marks)  
(b) How are the remedies of special damages different from general damages? (5 marks)

- 9 List 5 underwriting questions asked under an Employers' Liability insurance policy and 5 typical Public Liability insurance exclusions. (10 marks)
- 10 A Professional Indemnity insurance policy is typically a claims made basis policy. Explain your understanding of claims made basis and what an insurer would consider prior to granting such cover. (10 marks)
- 11 (a) How is private nuisance different from public nuisance? (5 marks)  
(b) Outline 5 nuisance defences. (5 marks)
- 12 Explain the following:  
(a) Geographical limits under liability policies (5 marks)  
(b) Jurisdiction and choice of law (5 marks)
- 13 (a) What is the meaning of "defect" as defined under the Consumer Protection Act (1987)? (5 marks)  
(b) What do you understand by the "state of the art" defence? (5 marks)
- 14 In risk management, flow charts and fault trees are used as risk assessment tools. Briefly explain the importance of these tools. (10 marks)

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

15 Jane buys a food mixer and whilst using it for the first time, a smell of burnt rubber is emitted. Jane takes the appliance back to the store and after having it repaired under guarantee, tries to use it again. This time the machine catches fire and damages her new kitchen cupboards and kitchen surface. Jane admits that she did not read the manual and that she used a makeshift adapter to power the appliance. If Jane decides to sue, discuss who she should make a case against, on what legal grounds and what possible defences the defendant can bring to the fore. Also discuss what possible remedies the court may enforce.

(30 marks)

16 You were requested by the local insurance association to prepare a public presentation on Directors' and Officers' Liability Insurance. Outline your presentation wherein you will talk about the scope of cover, intended policyholders, limitations, exclusions and typical information required to underwrite such a policy.

(30 marks)

17 You are training a junior underwriter who has just joined your firm and who is not familiar with the role of an insurance underwriter. Detail what you would tell your new employee on the following:

(a) Risk identification and risk assessment of liability risks

(10 marks)

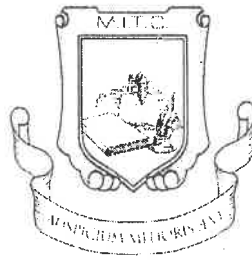
(b) Material liability questions to ask

(10 marks)

(c) Basis of rating for the respective liability products

(10 marks)

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# Malta International Training Centre

## Award in Motor Insurances

11<sup>th</sup> August 2019

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

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1. What is the role of the motor claims department? (10 marks)
  
2. Name and briefly outline the two (2) schemes that are operated by the Motor Insurers' Bureau (MIB). (10 marks)
  
3. List five (5) issues an underwriter will need to consider when preparing to invite renewal of a motor insurance policy which is about to expire. (10 marks)
  
4. (a) List five (5) reasons for discounts being applied to a private motor insurance policy. (5 marks)  
  
(b) Outline five (5) reasons for loading the premium on a private motor insurance policy. (5 marks)
  
5. Explain two (2) dispute resolution alternatives. (10 marks)
  
6. Write short notes on the following:
  - Public hire (3 marks)
  - Private hire (3 marks)
  - Self-drive vehicles (4 marks)
  
7. Briefly explain how an "Agreed Value" insurance policy operates. (10 marks)
  
8. List ten (10) items of information that you would expect to see on a private motor certificate of insurance. (10 marks)



9. Following a claim made under a motor insurance policy, identify and explain four (4) of the insurance principles that can come into effect, giving an example of how each of the principles feature. (10 marks)
- 10.(a) Explain briefly the meaning of the term 'constructive total loss' in relation to a motor vehicle. (4 marks)
- (b) Outline the consequences for an insurer of allowing the policyholder to retain a motor vehicle that is deemed to be a constructive total loss. (6 marks)
11. List and explain 5 motor insurance policy conditions. (10 marks)
12. In a private motor insurance policy there is a section titled ' Loss or damage to your vehicle'. Mention 5 items that are covered under this section. (10 marks)
13. Briefly outline the EU 4<sup>th</sup> Motor Insurance Directive. (10 marks)
14. Explain the term 'fronting'. When is fronting applicable? (10 marks)

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

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15. Mr. Brown's 18-year-old daughter Kylie has recently started working in a factory out of town and thus has decided to start using one of her father's vehicles.

One morning, when Kylie was driving on her way to work, she noticed a man jogging in the middle of the road. In an attempt to avoid him, she drove on the wrong side of the road but ended up colliding into a parked vehicle.

As Kylie emerged out of her vehicle, she realized that a pedestrian was also injured (when he saw her vehicle coming in his direction, he jumped and landed on the pavement breaking both legs).

The parked vehicle was towed to a nearby repairer and the injured pedestrian was taken by ambulance to hospital for treatment.

In the commotion that followed, Kylie left the car unlocked and unattended. Later, she discovered that her wallet, camera, sunglasses and jacket were all stolen from her vehicle.

Mr Brown's insurance is restricted to drivers over the age of 25 but although he knew this, he still allowed his daughter to drive his car.

- (a) Detail the investigations necessary for this claim. (15 marks)
- (b) If Mr Brown had been driving the vehicle instead, how, if at all, would the position be altered? (15 marks)

16. Ms. Smith is insured with International Insurance Co Ltd and holds a Third Party Fire & Theft Motor Insurance policy covering her 10 year old Mercedes C Class. One day, she drove from the UK to Spain for a 7-day holiday. She did not advise her insurance company of this trip. On her second day in Spain, she was involved in a collision with a German driver.

Both cars suffered slight damages but Ms Smith was complaining of back pain. This was a simple front-to-rear accident and Ms. Smith was not to blame for the accident since she was hit on the rear of her vehicle. No one had a front-to-rear accident form to complete. They thus called the police to take details. Both Ms. Smith and the German driver were fined Euro 50 each for not having the front-to-rear accident report form.

At the end of the 7 days, Ms Smith returned to the UK and immediately went to her insurance company to report the claim.

- (a) To what extent, if at all, was Ms Smith covered by her policy during her trip to Spain and why? (5 marks)
- (b) How can Ms Smith claim for the damages sustained to her vehicle? (20 marks)
- (c) What is the minimum cover required by the EC Directives for such accidents (Property Damage &/or Bodily Injury)? (5 marks)

17. Statistics consistently indicate that insurance fraud is on the increase. Insurers invest a lot of resources to identify and combat this phenomenon.

- (a) Discuss insurance fraud in terms of how this is manifested. (10 marks)
  - (b) What measures are there in place to combat insurance fraud? (20 marks)
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