



# Malta International Training Centre

## Award in Insurance Principles and Legal Aspects

28<sup>th</sup> March 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.
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**Part I: Answer ALL questions 1-14 in this part.**

**Each question carries 10 marks.**

1. a) Differentiate between the following classification of risks:
  - i) Pure and Speculative (2 marks)
  - ii) Dynamic and Static (2 marks)
  - iii) Particular and Fundamental (2 marks)
  
- b) Briefly explain how risks may be measured and evaluated using the two variables. (4 marks)
  
2. Describe 5 of the components that make up a scheduled insurance policy document. (2 marks each)
  
3. In *Lucena v Craufurd* (1806), the judge stated that *"suppose the case of the heir at law of a man who has an estate worth £20,000 who is ninety years of age, upon his death bed intestate and incapable from incurable lunacy of making a will, there is no man who will deny that such an heir at law has a moral certainty of succeeding to the estate, yet the law will not allow that he has any interest, or anything more than a mere expectation."*
  - a) Explain how this relates to the insurance principle of insurable interest. (8 marks)
  
  - b) What 2 features must exist for insurable interest to arise and why has this principle been introduced in insurance? (2 marks)
  
4. a) Why do you think insurers insert an "increase in risk clause" in their policy? (3 marks)
  
- b) What happens if the insured fails to disclose a material fact during the currency of the policy? (3 marks)
  
- c) What is the position of an insurance company after discovering a breach of a warranty, having already paid a claim under the policy? (4 marks)

5. a) A fire breaks out causing €1000 worth of damage to a warehouse insured for €250,000 and which is underinsured by 50%. If there is an excess of €350 how much would an insurer pay under the fire damage claim? (4 marks)
- b) Other than the average clause, outline 3 factors that would limit the insured from obtaining full indemnity. (6 marks)
6. a) Briefly explain the effect of the insurance principles of subrogation and contribution under an insurance policy. (8 marks)
- b) Explain why the principle of indemnity does not apply to personal accident and life assurance contracts. (2 marks)
7. a) What do you understand by a Private Members Bill? (2 marks)
- b) Outline the process by which a Bill becomes an Act. (5 marks)
- c) Provide 3 advantages that the law of precedent brings. (3 marks)
8. Explain the 3 ways by which a corporation may be formed. Give an example for each. (10 marks)
9. a) Differentiate between a breach of tort and a breach of contract. (5 marks)
- b) What guiding factors will establish the creation of vicarious liability? (5 marks)
10. The tort of negligence has developed case law which has established that economic loss and nervous shock could be recoverable losses by the victim. Establish the circumstances when these could give rise to a valid claim under this tort. (10 marks)
11. a) Distinguish trespass from nuisance. (5 marks)
- b) Differentiate between general damages and special damages as remedies under tort. (5 marks)

- 12 Briefly explain what you understand by the following:
- a) Promissory estoppel (2.5 marks)
  - b) Consideration (2.5 marks)
  - c) Volenti non fit injuria (2.5 marks)
  - d) Invitation to treat (2.5 marks)
- 13 a) Distinguish the tort of Libel from Slander. (6 marks)
- b) According to the Limitation Act 1980, what are the time periods within which an action must be brought before it is time barred? (4 marks)
14. a) What is an Agent and what role does an Agent play under an insurance contract? (4 marks)
- b) How may an Agency agreement be terminated? (6 marks)
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**Part II: Answer two (2) questions from 15-17, each carrying 30 marks**

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15. Jake was a spectator at a football match. During the match he was drinking beer to the point where he got drunk and spilled beer onto another spectator by the name of Harry, who was sitting on the lower row of seats.

In anger, Harry approached Jake and punched him. Jake was so helpless that he fell over the low terrace fence and injured himself. A pregnant woman who saw this fight unfold before her eyes, fainted and lost the child she was carrying.

The proprietors of the stadium were later sued by the woman for failing to provide a safe environment and for having no police protection and both Jake and Harry sued each other under tort.

Form a legal perspective, discuss the torts committed and the probable defences and remedies that would arise from this case.

16. Eman is a businessman who has inherited the trade of whisky-making from his father. His business consists of a distillery and a manufacturing process leading to the end-product which is stored in an old underground cellar.

Eman took out an All Risks policy for his business and made the following claims during the year resulting in the following outcomes:

a) Eman claimed €40,000 worth of whisky bottles damaged by the impact of factory lifter driven by one of his employees. The damaged stock had already been sold to the customer and was being kept in the warehouse for collection. The insurers refused to pay in the absence of insurable interest and even if they would pay, the insurers contend that the amount claimed included an element of profit for which they were not responsible.

b) The cellar flooded after several bottles of whisky leaked during the night. The insurer refused to pay saying the proximate cause was negligence.

c) The sealing machine damaged 5,000 bottles after it malfunctioned and failed to seal the bottles properly. The insurer contended that they had nothing to do with this claim and that Eman should sue the manufacturer. Eman is contending that the insurer should pay him directly for the loss and then subrogate from the manufacturer later.

d) The business premises from which Eman operates is rented out. Both the landlord and Eman have a buildings policy and when there was a fire claim, Eman refused to return the claim payment back to the insurer after both insurance companies had paid the loss, failing to note that there was dual insurance.

Discuss the cases explaining the correct position, giving reasons to back your answers.

17. Georgia is an agent for ABC insurance company, limited to sell travel insurance. ABC insurance provided Georgia with all office furniture and equipment to be able to carry out her duties. The following instances arose:

a) On one occasion, a prospective policyholder asked Georgia to provide him with a home policy which he needed urgently to produce to the bank for the attainment of a loan. Realising the urgency, Georgia issued this policy which was however refused by ABC insurance company contending Georgia acted ultra vires.

b) As Georgia planned to travel on a vacation for 2 weeks, she asked her sister Grace to open up the office and deal with the clients herself. Upon discovering this, ABC insurance sued Georgia for this arrangement and refused all business that came through Grace.

c) A client gave Georgia a Christmas hamper as recognition for her services during the year. On discovering this, ABC insurance insisted that the hamper be forwarded to them as Georgia was not allowed to make profits or rewards from the business.

d) ABC insurance failed to pay Georgia for her work for the past 3 months despite the various chasers. As Georgia was desperate for the money, she sold the laptop, printer and office furniture all belonging to ABC insurance company, who are now suing her for theft.

Explain the legal position for each case outlining possible defences and remedies in the process.

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- 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**

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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 Commercial Lines Insurance

26<sup>th</sup> June 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.
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**Part I: Answer ALL questions 1-14 in this part.  
Each question carries 10 marks.**

- 1 (a) Explain the following in the context of Fire:
- i) Conduction (2 marks)
  - ii) Convection (2 marks)
  - iii) Radiation (2 marks)
- (b) What specific exclusions apply to the Fire peril under an insurance policy? (4 marks)
- 2 Briefly explain the following memoranda clauses:
- (a) Average (2 marks)
  - (b) Electrical apparatus (2 marks)
  - (c) Removal of Debris (2 marks)
  - (d) Workmen (2 marks)
  - (e) Contract price (2 marks)
- 3 (a) Why is a first loss basis type of cover offered to prospective Theft insurance proposers? (3 marks)
- (b) Why wouldn't insurers provide theft cover as intended by the Theft Act 1968? (3 marks)
- (c) What requirement does an underwriter impose upon a policyholder as evidence to prove the occurrence of theft? (4 marks)
- 4 Differentiate between Loss Adjusters and Loss Assessors. (10 marks)
- 5 (a) Explain Reinstatement as found under the terms of a commercial insurance policy. (5 marks)
- (b) How does statute law compel the application of reinstatement as an indemnity option? (5 marks)

- 6 Explain the following in relation to a Business Interruption insurance policy:
- (a) Turnover (2 marks)
  - (b) Gross Profit (2 marks)
  - (c) Indemnity period (2 marks)
  - (d) Prevention of access extension (2 marks)
  - (e) Material damage proviso (2 marks)
- 7 Explain the aspects an underwriter will consider prior to deciding whether to seek reinsurance cover under a commercial combined policy. Illustrate your answer by giving examples. (10 marks)
- 8 (a) Outline the different locations of money covered under a typical Money insurance policy. (4 marks)
- (b) List six Fidelity Guarantee insurance policy exclusions. (6 marks)
- 9 (a) What does a Jewellers Block insurance policy seek to cover? (7 marks)
- (b) Why would you opt to take out a Glass insurance policy as a separate policy if you already hold a Property Fire and Special perils policy? (3 marks)
- 10 (a) What information would you need to underwrite a Machinery policy on All risks basis? (4 marks)
- (b) Outline three types of machinery claims that may arise and that are covered under the Machinery insurance policy. (6 marks)

- 11 (a) What four insured items are typically covered under an electronic insurance policy? (4 marks)
- (b) Why is damage to a computer motherboard by overheating not typically covered under an Electronic Equipment insurance policy? (2 marks)
- (c) Explain ICOW (increased cost of workings). (4 marks)
- 12 (a) When calculating the premium on a Contractors All risks policy, what factors would affect the rate? (5 marks)
- (b) What is intended by the Maintenance period clause under a Contractors All Risks policy? (5 marks)
- 13 (a) Give 2 examples when you would offer an Erection All Risks insurance policy and 2 examples when you would offer Contractors All Risks insurance cover. (4 marks)
- (b) How may Erection All Risks insurance exposures be improved through loss prevention? Give examples to support your answer. (6 marks)
- 14 (a) What are the advantages of purchasing a combined commercial insurance policy? (4 marks)
- (b) When is a commercial combined policy typically packaged and sold as such by insurers? Give 2 examples of such combined policies and list 6 types of policies that are usually contained in such combined arrangements. (6 marks)
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**Part II: Answer two (2) questions from 15-17, each carrying 30 marks**

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- 15 Joe Bloggs has been a long-standing client of yours having insured his bathroom showrooms for over 15 years and has never submitted a claim. Joe Bloggs's showrooms are in five different locations and are stocked with sanitary ware on display. The total sum insured for all locations amount to €700,000 and are insured on Fire and Special Perils basis. The client is happy with his insurance arrangements and pays €900 annually to cover his business risks.

You call Joe Bloggs to arrange a renewal meeting. In this meeting you need to convince Joe Bloggs that he should insure his business on an All Risks basis explaining the benefits and enhanced cover in this respect.

Discuss what you would tell Joe Bloggs during the meeting, justifying the new premium of €1350.

- 16 Your local Insurance Association has organised a series of public talks to educate the consumer on insurance products. You have been approached to present a talk in which you will explain how potential commercial policyholders need to ensure that they are adequately covered by providing the correct information to the insurer both at inception and at renewal. Detail the content of your presentation.

17 Simon Wells inherited an old flour mill from his father which has been passed on through generations. The building itself is in pristine condition housing a number of features which include statues and sculptured stone work on the façade. The local council has declared the building as antique and issued a protection order to prevent any changes to the façade or demolition. Simon does not work in the mill anymore and none of his children wish to pursue the trade. By today's standards, the building has become obsolete.

He wishes to insure this commercial building but is unsure how to do this especially since the value given by an architect he appointed was €25million, the corresponding insurance premium being too expensive.

Inform Simon on the way such buildings could be insured, the indemnity options available in case of a partial and total loss and any other considerations an underwriter would make in this case. In your response you should include case law to support your discussions.

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# Malta International Training Centre

## Award in Liability Insurance

15<sup>th</sup> August 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.
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**Part I: Answer ALL questions 1-14 in this part.  
Each question carries 10 marks.**

1. Briefly explain the tortious liability arising from the cases of
  - i) Donoghue v Stevenson (1932) (5 marks)
  - ii) Rylands v. Fletcher (1868) (5 marks)
  
2. a) Compare and contrast the characteristics of the torts of Trespass and Negligence. (8 marks)  
b) Give an example for each of the above to show how the tort arises. (2 marks)
  
3. a) What constitutes the tort of Nuisance? (5 marks)  
b) Briefly explain 5 defences that may be pleaded in response to action under the tort of Nuisance. (5 marks)
  
4. What 5 types of remedies may be awarded by the courts to resolve tortious litigation? (5X2 marks)
  
5. a) What does the term "actionable per se" mean? Give one example to show how this arises. (4 marks)  
b) Briefly outline the 3 forms of Trespass. (6 marks)
  
6. Briefly explain the following:
  - a) Res Ipsa Loquitor (2 marks)
  - b) Interference by conversion (2 marks)
  - c) Force Majeure (2 marks)
  - d) Volenti non fit injuria (2 marks)
  - e) Pure Economic Loss (2 marks)





# Malta International Training Centre

## Award in Personal Lines Insurance

9<sup>th</sup> 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.
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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) 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)





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# Malta International Training Centre

## Award in Motor Insurance

12<sup>th</sup> September 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.**

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1. a) Outline the role of the Motor Insurers' Bureau. (5 marks)  
b) Explain how a "hit and run" claim (untraced driver claim) will be handled by this Bureau. (5 marks)
2. Explain, by giving 5 examples, how a Motor Third Party only insurance policy seeks to provide more cover than the minimum required by the Road Traffic Act. (5 X 2 marks)
3. Under a Comprehensive Motor insurance policy, Personal Accident cover is provided as one of the extensions.
  - a) Who is intended to be covered under this extension? (2 marks)
  - b) Outline any applicable Personal Accident exclusions. (8 marks)
4. a) Why is a No Claims Discount (NCD) given by a motor insurer? (2 marks)  
b) How does a motor claim affect the NCD? (3 marks)  
c) What extension is offered by insurers to protect the NCD and how does this operate? (5 marks)
5. a) What are the duties of the insured immediately upon being involved in a motor traffic accident? (5 marks)  
b) What 5 remedies are open to the motor insurance claimant if there is a disagreement with the insurer? (5 marks)
6. How are the following applicable to a Commercial Motor insurance policy?
  - a) Loading and unloading (2.5 marks)
  - b) Indemnity to principals (2.5 marks)
  - c) Trailers (2.5 marks)
  - d) Cross liabilities (2.5 marks)

7. Apart from the questions related to personal information, list 10 specific Private Motorcycle insurance proposal form questions. (10 marks)
8. Explain the value of having an Insured Recovery Service as an extension by describing the operative cause of such an extension. (10 marks)
9. a) Why do you think it is more cost effective to insure a group of vehicles under a fleet policy? (2 marks)  
b) How do motor insurers deal with theft by deception and theft from an unattended vehicle? (8 marks)
- 10.a) Give 4 reasons why a motor insurance underwriter would consider reinsurance. (4 marks)  
b) Explain Facultative reinsurance and Stop Loss reinsurance. (6 marks)
- 11.a) What is the role of a Motor Engineer? (4 marks)  
b) When is a motor vehicle considered to be a total loss? (3 marks)  
c) How does a motor claims handler deal with a motor total loss claim? (3 marks)
- 12.a) What is the scope of the Motor Insurance Database? (4 marks)  
b) Outline 6 modern systems that are available to insurers to reduce fraudulent motor claims. (6 marks)
13. In the context of cross border claims, explain the following terms:  
a) Direct right of action (4 marks)  
b) Applicable law (3 marks)  
c) Enforcement of judgements (3 marks)
14. Give 4 examples of non-standard motor insurance risks and briefly outline how an underwriter deals with such risks. (2.5 marks each)

**Part II: Answer two (2) questions from 15-18 (30 marks each)**

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15. *"The motor insurance underwriting department and the motor claims department should work hand in hand".*

The above is the topic of a speech that you are to present before an audience of practitioners who are attending a certificate award ceremony.

Present your speech explaining the importance, reasons and benefits (if at all) of endorsing the topic of the event.

(30 marks)

16. Fred Harrison is the owner of a car leasing / car rental business, owning over 600 vehicles of all types including commercial vehicles and motorcycles. He employs 15 employees, ages ranging 18 to 64 years. The vehicles are driven by anyone and it is not uncommon that vehicles are driven in from other countries or driven out to other areas within and outside Europe.

Fred comes to your broking office as he feels that his current insurer is not providing the best cover and thinks the premium is very high. As an insurer broker, you are assigned to explain to Fred what type of policy cover/s he requires together with any extensions available in the market. You are also assigned to obtain the best priced motor policy on the basis of your suggestions.

Discuss what advices you will give to Fred.

(30 marks)

17. During one of the conversations you had with Joe Smith, a retired insurance practitioner, a number of instances he faced when he worked for the motor insurance division, were recounted. Joe Smith mentions the following:

- a) A 17-year-old son took the keys of his father's vehicle and went joy riding with his friends. An accident ensued, leaving one of the occupants permanently disabled. The insurers refused to pay the claim. (10 marks)
- b) A German motorist travelling from France (EU) to Israel (non-EU) failed to inform his German insurer (EU) and an accident claim in Israel was being refused by the German insurance Office. (10 marks)
- c) Disabled persons were insured but at five times the normal rates and women drivers were charged less premium than men for being better drivers. (10 marks)

For each of the above statements discuss the technical and legal implications of the situations mentioned commenting, with reasons, whether the decisions taken by the insurers were justified.

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