



Malta International Training Centre

Award in Insurance Principles and Legal Aspects

26th March 2023

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) What is a Mutual Indemnity Association? Give one example. (2 marks)
b) Differentiate between an Insurance Agent and an Insurance Broker. (8 marks)
- 2 a) List 7 sections that make up a typical insurance policy document? (7 marks)
b) What is the scope of an insurance cover note? (3 marks)
- 3 Briefly explain the following judicial terms:
 - a) Ratio decidendi (2 marks)
 - b) Obiter dictum (2 marks)
 - c) Overruling (2 marks)
 - d) Precedent (2 marks)
 - e) Distinguishing (2 marks)
- 4 a) Define Subrogation. (2 marks)
b) What significant differences are there between Subrogation and Abandonment? (8 marks)
- 5 a) A corporation can be a Corporation Sole or Corporation Aggregate. Explain the 2 forms. (4 marks)
b) Outline 3 ways by which a corporation may be formed. (6 marks)
- 6 a) Give an example to explain Strict Liability in the area of the law of Torts. (5 marks)
b) Mention 5 elements that constitute Vicarious Liability. (5 marks)

- 7 In Overseas Tankship (UK) Ltd v Morts Dock and Engineering Co Ltd. (1961), which is often cited as 'The Wagon Mound' (after the name of the ship involved), a new test based on foreseeability was established. In the context of negligence, explain what happened in this case and the position that was taken by the presiding judge. (10 marks)
- 8 Differentiate between
 a) Public nuisance and private nuisance. (5 marks)
 b) Trespass to goods and trespass to land. (5 marks)
- 9 Explain 5 situations that would make an otherwise valid contract, defective. (5X2 marks)
- 10 Explain the following, as remedies under the law of contract:
 a) Injunction (2 marks)
 b) Specific performance (2 marks)
 c) Rescission/Termination (2 marks)
 d) Restitution (2 marks)
 e) Quantum meruit (2 marks)
- 11 a) Give 4 examples to demonstrate when insurers are obliged to provide a pro-rata return of the premium to the policyholder. (4 marks)
 b) How is the cancellation clause under the conditions of an insurance policy, invoked? (6 marks)
- 12 a) Explain how warranties in an insurance contract are substantially different from warranties found under a commercial contract. (8 marks)
 b) Give 2 examples of insurance warranties used under a commercial insurance policy. (2 marks)

- 13 a) Distinguish between Joint and Composite insurance policies. (6 marks)
- b) Give 2 examples to show how an insurance contract may be assigned. (4 marks)
- 14 Outline 5 ways by which a Principal and an Agent may terminate their Agency agreement. (5X2 marks)
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Part II: Answer two (2) questions from 15-17, each carrying 30 marks

15 Simon is a landlord who is renting out his house to Peter. In the contract of sale, Simon insists that Peter takes out a home policy and a life assurance policy, on which policies, Simon would be noted as the sole policyholder. Simon also insists that the household policy covers the buildings and contents for a sum insured of \$5 million each whereas the life assurance policy will bear a sum assured of \$10 million. As Simon does not trust Peter, he independently goes to an insurance company to insure the buildings and contents to make double sure that he is protected especially since he knows about Peter's past criminal history.

In view of the above scenario, comment on the legal and insurance position/s of both Simon and Peter.

16 Mary has a creeper plant that has grown and spread throughout her garden. Her neighbour Jane, is complaining that the leaves of the plant have invaded her yard and have concealed the natural light that she used to enjoy before the plant grew out of control. Jane laments that she has to power on her kitchen as the room has now become dark and she is expecting Mary to pay half the electricity bill.

Outline the torts involved in this case and comment on the right of action/s and possible defence/s applicable to the scenario.

17 You are preparing a talk to a group of students who are interested to pursue studies in insurance. Your topic deals with 'legal aspects of insurance processes' involving underwriting and claims of personal lines insurance.

Detail your presentation.



Malta International Training Centre

Award in Personal Lines Insurance

7th May 2023

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. Define the term perils in the context of household insurance and give 3 examples of perils typically covered under a standard Household Insurance policy. (10 marks)
2. Explain the difference between indemnity and contribution in the context of personal lines insurance. (10 marks)
3. (a) What is the purpose of an insurance excess? (2 marks)
(b) Outline 2 advantages and 2 disadvantages of having a high excess. (8 marks)
4. (a) What is the scope of the Personal Liability section of a standard Household Insurance policy? (6 marks)
(b) Give 2 examples of situations where a claim may be made under this section. (4 marks)
5. Describe 5 factors that an underwriter would consider when calculating the premium for a personal contents insurance policy. (5x2marks)
6. (a) Briefly explain the concept of betterment in the context of personal possessions insurance and give an example of when betterment may apply. (5 marks)
(b) Briefly explain index linking as a means of insuring property under personal lines insurance. (5 marks)
7. (a) How are pedal cycles typically covered under a personal lines insurance policy and comment on whether taking a bicycle outside the country where cover is provided, is allowed by the policy. (6 marks)
(b) Outline 4 exclusions under a pedal cycles insurance policy. (4 marks)

8. What is the purpose of an insurance endorsement and a policy schedule in personal lines insurance? (2x5marks)
9. (a) Differentiate between excess of loss and stop loss reinsurance. (6 marks)
(b) Mention 4 instances when a personal lines insurer is likely to use reinsurance. (4 marks)
10. Outline 5 main features of cover under a standard Travel Insurance policy. (5x2marks)
11. (a) What is the purpose of a valued policy in the context of contents insurance? (5 marks)
(b) How is a partial loss dealt with when an item is insured under an agreed value basis? (5 marks)
12. (a) Explain the purpose of policy conditions in insurance. (7 marks)
(b) Give 3 examples of policy conditions that may be found in a Personal Lines Insurance policy. (3 marks)
13. (a) What is the scope of the Legal Expenses section of a standard Household Insurance policy? (6 marks)
(b) Give 2 examples of situations where a claim may be made under this section. (4 marks)
14. (a) When is a pre-risk survey usually commissioned under a personal insurance policy? (5 marks)
(b) Mention 5 specific details that a survey report would contain. (5 marks)
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Part II: Answer two (2) questions from 15-17, each carrying 30 marks.

15. You have been assigned to give a talk to prospective underwriters on *Insurances of the person*.

In your presentation you will discuss the key factors that underwriters consider when underwriting personal accident, private health insurance, and permanent health insurance policies. You will also discuss how these factors impact the underwriting process and the premiums charged to policyholders. Based on your practical experience, you will support your presentation with examples of how different risk factors can affect the terms and conditions of these policies, as well as the likelihood of claims being paid out. Additionally, you will consider any guidelines that underwriters need to follow when underwriting these policies. Present the details of your speech.

(30 marks)

16. Sarah has a standard travel insurance policy and while on her trip to Italy, her luggage is lost by the airline, incurring additional expenses to purchase clothes and toiletries. When the luggage finally arrives, 3 days into her holiday, it was torn and pilfered. In the meantime, Sarah had purchased a Burberry coat and a Gucci perfume which she needed as she was attending a family wedding. She also intends to claim these items as emergency expenses purchases.

Describe the claims process that Sarah will have to go through to receive reimbursement and explain what documentation she will need to provide to the insurer, and how insurers would deal with Sarah's losses given that Sarah makes a full property travel claim.

(30 marks)

17. Mrs Brown takes out a Household Insurance policy. She makes a claim for damage to her property caused by a burst water pipe in the bathroom. However, the insurance company disputes the claim, arguing that Mrs Brown failed to disclose a previous water damage claim when taking out the policy and, in any case, the pipe was already rusty and therefore the exclusion of wear and tear applies.

Discuss the insurance cover implications that govern this situation, commenting on the possible outcomes and the steps and channels that Mrs Brown could take to challenge the insurer's decision.

(30 marks)



Malta International Training Centre

Award in Commercial Lines Insurance

25th June 2023

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) Distinguish between 'fire load' and 'fire risk'. (4 marks)
(b) Briefly explain the 3 ways by which a fire can be transferred. (6 marks)

2. (a) How do insurers differentiate between storm and flood? (4 marks)
(b) What 6 aspects would insurers wish to establish before they commit a claims payment under the subsidence peril? (6 marks)

3. Briefly explain the following:
 - (a) Average clause (2.5 marks)
 - (b) Long term agreement clause (2.5 marks)
 - (c) Removal of debris clause (2.5 marks)
 - (d) Contract price clause (2.5 marks)

4. In contrast to a perils-based insurance policy, explain how an All Risks Insurance policy is more advantageous to both the insured and the insurer? (10 marks)

5. (a) In the context of commercial risks, give 2 examples of moral hazards and 2 examples of physical hazards. (4 marks)
(b) Briefly explain how a commercial underwriter arrives at a premium price, which is both effective and competitive. (6 marks)

6. (a) Why is a proposal form not always the preferred means of obtaining information for commercial risks? (5 marks)
(b) When is an insurer likely to share a commercial risk? (5 marks)
7. Distinguish between excesses, deductibles and franchises. Give an example for each, to support your answer. (10 marks)
8. (a) What do you understand by EML and how is it arrived at? (5marks)
(b) When is it likely that insurers opt to make an ex-gratia payment? (5 marks)
9. Briefly explain the following:
(a) Insurance warranty (2.5 marks)
(b) Indemnity (2.5 marks)
(c) Reinstatement under statute (2.5 marks)
(d) Escalator clause (2.5 marks)
10. (a) What 4 material questions are asked by a commercial underwriter when pricing a Business Interruption risk? (4 marks)
(b) Explain the scope of the 'Public utilities' and the 'Prevention of access' clauses under Business Interruption Insurance. (6 marks)
11. (a) Where is money insured under a commercial insurance policy covering a supermarket? (5 marks)
(b) Mention 5 exclusions under a Fidelity Guarantee Insurance policy. (5 marks)

12. (a) Other than glass windows, mention 5 other items of glassware that are typically covered under a Glass Insurance policy. (5 marks)
- (b) What 5 factors are checked prior to offering glass insurance cover to a commercial policyholder? (5 marks)
13. (a) Briefly outline the scope of a Goods in Transit Insurance policy. (5 marks)
- (b) Mention 5 typical Electronic Equipment Insurance policy exclusions. (5 marks)
14. (a) Outline the 3 sections insurable under the operative clause of a Contractors' All Risks Insurance policy. (6 marks)
- (b) Mention 4 typical exclusions found under a Contractors' All Risks Insurance policy. (4 marks)
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Part II: Answer two (2) questions from 15-17, each carrying 30 marks.

15. Ginger Bakers is a very successful specialist cake producer based in Kendal, Cumbria, supplying commercial outlets across the country. When Storm Desmond wreaked havoc across the north of England in December 2015, the bakery's leased premises were hit by floods both from a nearby beck and rising up through the floor. Eventually four feet of water came into the premises, destroying all the machines and stock, making it unfit for use.

If you were analysing the commercial claim lodged by Ginger Bakers, on behalf of your insurance company who was on risk at the time of loss, discuss what series of checks would you need to make during your investigation and how you would arrive at settling the claim, if at all.

(30 marks)

16. VPN-IS-US is a secure VPN internet service provider. The company has a robust online platform through which customers can access their accounts, perform transactions, and access sensitive financial information. It faces significant commercial risks of cybersecurity, loss of hardware and software, interruption of business and loss or damage to its own property and property held on behalf of its customers including but not restricted to digital assets, customer information, financial records, and proprietary data. The consequences of such a breach can be far-reaching and can result in severe financial damage to the organization.

In the light of the highlighted risks, what advice for commercial insurance cover would you solicit to VPN-IS-US and discuss how a prospective insurer would consider the various risks.

(30 marks)

17. You have been assigned to give a talk to contractors on the importance of Contractors' All Risk Insurance. In your delivery you will speak about the coverage and benefits, scope and limitations, risk management and best practices. Outline your delivery.

(30 marks)



Malta International Training Centre

Award in Liability Insurance

13th August 2023

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.**

- ✓ 1. (a) What do you understand by "Trespass is a tort which is actionable per se"? (4 marks)
(b) Mention 3 types of trespass to the person. Give an example for each. (6 marks)
- ✓ 2. In the context of tort, write **brief** notes to explain the following:
(a) Slander (2.5 marks)
(b) Negligence (2.5 marks)
(c) Private Nuisance (2.5 marks)
(d) Strict liability (2.5 marks)
- ✓ 3. (a) What evidence must be brought forward by a plaintiff under the tort of negligence? (5 marks)
(b) Mention 5 general tort defences. (5 marks)
- ✓ 4. Differentiate between the following:
(a) Force Majeure (Act of God) and Inevitable Accident (5 marks)
(b) Volenti Non Fit Injuria and Contributory Negligence (5 marks)

5. **Briefly** explain the following:
- (a) Mandatory Injunction (2.5 marks)
 - (b) Prohibitory Injunction (2.5 marks)
 - (c) Vicarious Liability (2.5 marks)
 - (d) Special damages (as a remedy) (2.5 marks)
- ✓ 6. (a) What is the statutory liability position of an owner who keeps an animal as a pet? (5 marks)
- (b) In the light of question (6a) above, what difference would it make if the owner brought onto his/her land a dangerous animal which escapes and causes harm? (5 marks)
- ✓ 7. (a) What is the period of time during which one can bring an action against a manufacturer for a defective product? (2 marks)
- (b) How can a manufacturer use 4 effective defences if found liable under the Consumer Protection Act? (8 marks)
- ✓ 8. (a) What is contained in an Employers' Liability insurance certificate? (5 marks)
- (b) What 5 specific proposal form questions are asked by an Employers' liability insurance underwriter? (5 marks)
9. What basis of rating is used by a liability insurance underwriter for the following insurance products?
- (a) Products Liability (2.5 marks)
 - (b) Public Liability (2.5 marks)
 - (c) Professional Indemnity (2.5 marks)
 - (d) Employers' liability (2.5 marks)

- ✓ 10. What are the choices that a liability underwriter has in deciding what 'event' will 'trigger' the operative clause of a liability insurance policy? Give 5 examples. (10 marks)
- ✓ 11. Differentiate between the operative clause of a Professional Indemnity policy and a Directors & Officers liability insurance policy. (10 marks)
- ✓ 12. What do you understand by the following?
(a) Jurisdiction clause (3 marks)
(b) Product guarantee clause (3 marks)
(c) Breach of warrant of authority under professional indemnity cover (4 marks)
- ✓ 13. Briefly outline the typical documentation required to settle a liability insurance claim in which there is third-party property damage and third-party injuries, caused by the insured. (10 marks)
- ✓ 14. Why were the Third Parties (Rights against the Insurer) Act 1930 and the Contracts (Right of Third Parties) Act 1999 enacted? (10 marks)
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Part II: Answer two (2) questions from 15-17, each carrying 30 marks.

15. Sishi Runak is a famous politician in the UK holding a ministerial position responsible for Agriculture and Fisheries.

During a carnival parade, which he attended, he discovers that one of the floats was depicting him on a boat fishing money out of the sea.

During the same parade, an onlooker called him a thief and shouted out that Sishi has yet to answer for his scandalous past involving corrupt practices in his capacity as Minister. Based on these allegations, the next morning the Prime Minister demotes him to parliamentary secretary.

During a parliamentary sitting, an opposing member politician falsely alleges that Sishi had an affair, a matter which caused his wife to file for divorce.

In the light of the scenarios mentioned above, discuss the various areas of possible tortious litigation and course of action by Sishi and the corresponding defences that could result from the various situations (if at all).

(30 marks)

16. The following depicts the claims experience of major UK liability insurers as it stood at the turn of the century.

Company	Category	Gross earned premiums £million	Claims ratio %
Eagle Star (Zurich)	Employers' liability	114	115.3
	General liability	26	83.4
CGNU (Aviva)	Employers' liability	111	108.4
	General liability	151	92.2
Royal and Sun Alliance	Employers' liability	97	95.7
	General liability	155	83.4
Iron Trades (QBE)	Employers' liability	57	87.7
	General liability	14	81.2
Independent	Employers' liability	46	61.2
	General liability	55	35.8
AXA U.K.	Employers' liability	20	116.3
	General liability	70	61.1

Discuss the findings of this comparative analysis by detailing the risks involved in employers' liability, how these are assessed by underwriters, the rating factors and why the claims ratio is consistently higher in employers' liability as compared with general insurance.

(30 marks)

17. ABC Architects and Surveyors Ltd are a team of professionals who deal with property projects and construction assignments of private clients.

(a) On one occasion, a mistake by one of the architects meant that the opening of a garage door of a block of flats was too low for cars to enter. The block consists of 16 storeys which have already been built by the time the error was discovered.

(b) On another occasion a client was given coffee and biscuits by the tea girl at the office of the firm. The milk was expired and caused the client severe pain in the stomach, who had to be taken to hospital as he was an extraordinary sensitive person by nature. The milk would have otherwise not caused any harm to an ordinary person.

(c) An office worker tore her Gucci dress while walking out of a meeting room. A protruding nail caused the rapture rendering the dress unwearable. The worker is claiming £3000 for the damage.

Discuss the tortious circumstances in the scenarios above and outline possible defences by the defendants. Also comment whether any liability insurance policies would have met the liabilities in the 3 scenarios giving reasons and explaining the corresponding cover and limitations where applicable.

(10 marks x 3)



Malta International Training Centre

Award in Motor Insurance

17th September 2023

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. List 10 roles of a motor claims department. (10 marks)

2. (a) Outline 5 reasons for discounts being applied to a private motor insurance policy. (5 marks)
(b) Outline 5 reasons for loading the premium on a private motor insurance policy. (5 marks)

3. Under the Road Traffic Act 1988 (UK), explain what is meant by:
 - (a) Motor vehicle (2.5 marks)
 - (b) Road (2.5 marks)
 - (c) Cause or permit to use (2.5 marks)
 - (d) Small goods vehicles (2.5 marks)

4. (a) What do you understand by NCD (no claims discount) and how does this work out in practice? (5 marks)
(b) How may an insured protect the NCD following the submission of more than one fault claim during a policy period? (5 marks)

5. Motor traders require special arrangements unique to this business. Briefly outline the 2 types of policies under Motor Traders insurance. (2x5marks)

6. List 5 underwriting factors that may be taken into account when adding a high-performance vehicle to a motor fleet policy. (5x2marks)

7. (a) How did the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA) change insurance practice with respect to the declaration of material facts under motor insurance? (5 marks)
- (b) What was the intention of the Rehabilitation of Offenders Act 1974? (5 marks)
8. In the context of motor insurance, what do you understand by the following?
- (a) Contributory negligence (2.5 marks)
 - (b) Motor insurance certificate (2.5 marks)
 - (c) Uninsured loss recovery service (2.5 marks)
 - (d) Approved repairers (2.5 marks)
9. When underwriting motor insurance risks, what special considerations are given to the following non-standard risks?
- (a) Vintage cars (5 marks)
 - (b) Motorised caravans (5 marks)
10. What is the scope of the following?
- (a) Motor Insurance Database (2.5 marks)
 - (b) Direct right of action (2.5 marks)
 - (c) Agreed value policies (2.5 marks)
 - (d) Affinity groups (2.5 marks)
11. What insurance requirements are necessary for a motorist in France to be able to drive his/her own vehicle, which is comprehensively insured, in
- (a) Belgium (2.5 marks)
 - (b) Switzerland (2.5 marks)
 - (c) Ghana (2.5 marks)
 - (d) USA (2.5 marks)

12. Briefly explain the following conditions 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)
13. (a) Mention 5 anti fraud measures. (5 marks)
- (b) What do you understand by Arbitration and how is it used in motor insurance claim situations? (5 marks)
14. (a) When would a quota share facultative reinsurance be typically used? (5 marks)
- (b) What type of reinsurance would typically be used to reinsure motor fleet risks? Give a reason for your answer. (5 marks)
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Part II: Answer two (2) questions from 15-18 (30 marks each)

15. Boris possesses a conventional mid-sized motorcycle that is comprehensively insured under a motor policy extending coverage to both himself and any driver above 25 years of age. Subsequent to his involvement in an accident, Boris proceeds to initiate a claim with his insurer, Global Insurance Company Ltd.

In his account of the accident, Boris recounts that the occurrence transpired on a Friday night at 4 am; however, he lacked recollection of the specific circumstances surrounding the event. He attributes the accident to potential fatigue, explaining that he had been working late and purportedly fell asleep while driving home.

The claims handler harbours suspicions regarding the authenticity of Boris's recollection and requests access to the police report as part of a further investigation. As Boris concludes his visit to the insurance company's premises, the claims handler also solicits Boris's underwriting file to probe the disclosed material particulars.

Subsequent to a lapse of two days, Boris returns with the original police report, which unveils that he had been operating the motorcycle under the influence of alcohol at the time of the accident. Additionally, it came to light that Boris grappled with a serious alcohol dependency, and this incident was not his inaugural conviction for driving while intoxicated. Notably, Boris had not made any disclosures of this nature during the application process.

(a) Elaborate on the contractual obligations of Boris's insurer with respect to the potential indemnification, taking into consideration the circumstances and disclosed information.

(15 marks)

(b) Analyse the avenues accessible to an innocent third-party involved in the accident for seeking compensation for damages incurred.

(15 marks)

16. *“Motor has been a high-volume mainstay segment of insurers for many decades. Competition among insurers is thus rightly fierce and any novelty impacting, even lightly, their portfolios’ performance metrics, becomes something worth exploring and eventually, a must-have” SwissRe*

Considering the statement above, quoted from SwissRe, discuss with examples where applicable, how traditional motor insurance risk assessment and underwriting are likely to develop and change in the forthcoming decades with the emergence of new motor technologies. (30 marks)

17. As the motor insurance manager of a medium-sized insurer, your task involves presenting a detailed report on how premium pricing can be improved to accurately reflect the diverse risk factors associated with private cars.

To lay the groundwork for your report, provide a concise overview outlining each relevant risk factor impacting the underwriting and pricing of private cars. Additionally, briefly clarify how each factor influences the overall risk assessment.

(30 marks)
