Malta International Training Centre

Award in Motor Insurance

26th August 2018

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 <u>ALL</u> questions 1-14 in this part.
Each question carries 10 marks.

---

1. Describe the main objectives behind the EU's motor insurance directives. (10 marks)

2. How are victims of accidents of uninsured or untraced vehicles generally protected by law? (10 marks)

3. What are the main purposes of a Motor Insurance proposal form? (10 marks)

4. In case of a total loss, what is the maximum amount that an insurer is obliged to pay as indemnity to the policyholder under a typical motor third party fire & theft or comprehensive policy? Give reasons for your answer. (10 marks)

5. Who would you consider to be an "insured person" under a motor policy and what do the "limitations as to use" under a typical commercial goods carrying vehicle include? (10 marks)

6. Describe the legal expenses that are included in the standard cover of a private car policy and the ones that can be included by purchasing a cover extension at an additional premium. (10 marks)

7. Describe the liability cover that is provided by a Goods Carrying Commercial Vehicle policy while the vehicle is being loaded or unloaded and the cover provided by a Contingent Motor Liability policy. (10 marks)

8. What are the advantages and disadvantages of the owner of a fleet of vehicles that decides to insure them on a fleet basis rather than on an individual basis? (10 marks)

9. What additional motor cover would you recommend that the following clients to purchase and what risks would this provide protection against?
   a) The owner of a mobile crane (6 marks)
   b) The owner of a food truck (mobile food kiosk) (4 marks)

10. Briefly describe:
    a) the main types of motor risks that involve the carriage of passengers "for hire or reward". (5 marks)
    b) the main factors that affect rating (the premium charged). (5 marks)

11. Mention four third party risk factors that a motor underwriter should consider when underwriting a motorcycle. (10 marks)

12. Briefly describe the renewal process that a motor insurer typically follows and explain why an insurer seeks to have a high renewal retention ratio. (10 marks)

13. Outline the role and function of the Motor Insurance Bureau. (10 marks)

14. Describe 2 anti-fraud measures that motor insurers can take to combat fraudulent claims. (10 marks)

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

15. a) Describe the duties of the insured relating to claims that one may find included in the "Claims Procedure" condition of a typical motor insurance policy. (15 marks)

    b) Describe two typical special exclusions relating to theft cover and one relating to fire cover on a typical motor private car policy. (15 marks)

16. You are the insurance broker handling the motor insurance requirements of two different clients described in (a) and (b) hereunder. Describe the motor insurance cover that you would recommend they purchase and comment on what the motor underwriter would consider to be the main risks and rating factors when underwriting these risks. Also comment on any special terms or conditions you would expect the underwriter to impose.

    a) A building complex that includes a vehicle repair facility (both body and mechanical) and a vehicle road worthiness test centre. The owner also operates a tow truck to provide roadside assistance and towing service, and three courtesy cars for use by customers while their vehicles are being serviced or repaired. (20 marks)

    b) A fleet of vehicles mainly consisting of trucks including trailers belonging to a road haulage contractor who provides goods carrying services both domestically and internationally. (10 marks)

17. As the motor insurance manager of a medium sized insurer you have been asked to present a report on how the pricing of premiums can better reflect the various risk factors of private cars. Prepare a short brief to use as the basis of your report, listing each relevant individual risk factor that affect the underwriting and pricing of private cars and briefly explaining how each factor affects the risk. (30 marks)