MITC
a Deloitte business

Malta International Training Centre

Award in Motor Insurance

29th January 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.

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1. Legislation provides definitions to certain words used in the context of Motor Insurance. How does the law define the following?

(a) Motor Vehicle (3 marks)

(b) Public Road (3 marks)

(c) Cause or permit to use (4 marks)

2. (a) Explain the intention of the Third Party (Rights Against Insurers) Act. (6 marks)

(b) Give an example, related to motor insurance, to demonstrate how contributory negligence may arise. (4 marks)

3. (a) What legal requirements are placed on a policyholder and motor insurer when a motor policy is cancelled mid-term? (5 marks)

(b) Why is it a requirement that all drivers hold motor insurance cover? (5 marks)

4. Outline the cover provided by a typical Third Party Only Motor insurance policy for a private vehicle. (10 marks)

5. (a) Explain the liability position of a policyholder who is injured in a motor accident in which s/he was a passenger. (5 marks)

(b) What is passenger liability and how may this be caused? (5 marks)

6. (a) What is the role of the Motor Insurers Bureau? (5 marks)

(b) How is an injury claim, following a hit-and-run incident, treated? (5 marks)

7. (a) What 5 specific proposal form questions would be asked under a private motorcycle insurance proposal? (5 marks)

(b) What additional cover does Commercial Motor Comprehensive insurance provide over Commercial Third Party Fire and Theft insurance? (5 marks)

8. Write brief notes on the following:

(a) No Claim Discount (NCD) (4 marks)

(b) Spent Convictions (3 marks)

(c) Earned Premiums (3 marks)

9. (a) Differentiate between Small Goods carrying vehicles and Large Goods carrying vehicles. (4 marks)

(b) Briefly explain the 3 methods of rating Road Risks insurance for Motor Trade business. (6 marks)

10. (a) When is a motor insurance underwriter likely to seek Facultative Reinsurance? Give an example to support your answer. (5 marks)

(b) Give 2 examples of Anti-Fraud measures used in motor insurance and briefly explain the effectiveness of these tools. (5 marks)

11. (a) When is the issuance of a Green Card necessary? (4 marks)

(b) Differentiate between the Handling Bureau and the Paying Bureau in the context of the office of the Green Card. (6 marks)

12. (a) Articles 20 to 26 of Directive 2009/103/EC require every Member State in the EU to have a Claims Representative. Explain the role of such a Representative. (4 marks)

(b) Why was the Motor Insurance Research Centre in Thatcham (UK) set up? (6 marks)

13. (a) How would a disabled person proposing for motor insurance be treated by motor insurers? (5 marks)

(b) Explain whether insurers can charge different motor insurance premium based on gender. (5 marks)

14. (a) Give 2 examples of non-standard risks related to motor insurance. (6 marks)

(b) List 4 items of information found in a motor insurance certificate. (4 marks)

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

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15. David holds a Third Party Fire and Theft Motor insurance policy and throughout the past 5 years he has made the following claims with his motor insurer:

(a) Whilst paying petrol for his car, an unknown joy rider stole his vehicle which was later found damaged after the thief lost control and crashed into a shop window.

(b) Inadvertently, David left a cloth inside the engine hood while checking the oil of his vehicle. As a consequence, the cloth caught fire as David drove away, causing major damage to his vehicle.

(c) On one Sunday morning, David is surprised to find his car suspended on 4 stone bricks after some thieves stole all 4 tyres.

(d) David ran over a pedestrian who was crossing on a pedestrian crossing. His insurers are refusing to pay since David has made several claims and the insurers are contending that he is not careful enough.

Discuss the scenarios above, commenting on the validity and the extent of cover (if at all) of the motor insurance policy in each circumstance. (30 marks)

16. Mary is having drinks with her friends. She has bought a new car and is surprised to learn that the premium charged by her insurers is substantially less than of the previous policy she held.

You overhear this conversation and as an experienced broker, you intervene to explain to Mary and her fellow friends, the reasons why this might be the case.

What would you say to justify the discrepancy in premium? (30 marks)

17. A German (EU) motorist who drives an Audi and who has his motor vehicle registered in Germany holds a motor insurance policy issued by a German insurer on a comprehensive basis.

While driving in Austria (EU), the German motorist is involved in a motor traffic accident with an Italian driver who was driving a comprehensively insured Citroen hired and insured in Switzerland (non EU). In the car driven by the Italian, the occupants were seriously injured. The occupants were one Ghanian and one British citizen.

An Austrian police is called in to witness the accident and both drivers make a claim with the respective insurers in their home country of residence.

Discuss how a cross border claim in the scenario above would be dealt with by the insurers involved. (30 marks)