



Chartered
Insurance
Institute

IF5

Certificate in Insurance

Unit 5 – Motor insurance products

Based on the 2021 syllabus
examined from 1 January 2021 until 31 December 2021

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Introduction

This examination guide has been produced by the Examinations Department at the Chartered Insurance Institute to assist students in their preparation for the IF5 examination. It contains a specimen examination with answer key.

Ideally, students should have completed the majority of their studies before attempting the specimen examination. Students should allow themselves two hours to complete the examination. They should then review their performance to identify areas of weakness on which to concentrate the remainder of their study time.

Although the specimen examination in this guide is typical of an IF5 examination, it should be noted that it is not possible to test every single aspect of the syllabus in any one particular examination. To prepare properly for the examination, candidates should make full use of the tuition options available and read as widely as possible to ensure that the whole syllabus has been covered. They should also endeavour to keep as up-to-date as possible with developments in the industry by reading the periodicals listed in the IF5 reading list, which is located on the syllabus in this examination guide and on the CII website at www.cii.co.uk.

Background Information

CII examination questions undergo a rigorous writing and editing process before reaching an examination. The questions are written to strict guidelines by practitioners with relevant technical knowledge and experience. Questions are very carefully worded to ensure that all the information required to answer the question is provided in a clear and concise manner. They are then edited by an independent panel of experienced practitioners who have been specifically trained to ensure that questions are technically correct, clear and unambiguous. As a final check, each examination is scrutinised by the Senior Examiner and a CII assessment expert.

Occasionally a question will require amendment after the examination guide is first published. In such an event, the revised question will be published on the CII website:

- 1) Visit www.cii.co.uk/learning/qualifications/unit-motor-insurance-products-if5/
- 2) Select 'exam guide update' on the right-hand side of the page

Candidates should also refer here for the latest information on changes to law and practice and when they will be examined.

Syllabus

The IF5 syllabus is published on the CII website at www.cii.co.uk. **Candidates should note that the examination is based on the syllabus, rather than on any particular tuition material.** Of course, the tuition material will provide the vast majority of the information required to perform well in the examination, but the CII recommends that students consult other reference materials to supplement their studies.

Skill Specification

The skill level tested in each examination question is determined by the syllabus. Each learning outcome specifies the level of skill required of candidates and thus the level at which candidates may be tested.

Learning outcomes for IF5 begin with *understand or apply*. Different skill levels lead to different types of questions, examples of which follow.

Understand - To answer questions based on understanding, the candidate must be able to link pieces of information together in cause-and-effect relationships. Typically questions may ask 'Why'. Questions set on an *understand* learning outcome can test either knowledge or understanding or both.

Apply - To answer application questions, the candidate must be able to apply their knowledge and/or understanding to a given set of circumstances. Questions set on a *be able to apply* learning outcome can test knowledge and/or understanding as well as application.

Examination Information

The method of assessment for the IF5 examination is 50 multiple choice questions (MCQs) and 5 case studies, each comprising 5 MCQs. 2 hours are allowed for this examination.

The IF5 syllabus provided in this examination guide will be examined from 1 January 2021 until 31 December 2021.

Candidates will be examined on the basis of English law and practice unless otherwise stated.

The general rule is that legislative and industry changes will not be examined earlier than 3 months after they come into effect.

Section A consists of 50 multiple choice questions. A multiple choice question consists of a problem followed by **four** options, labelled A, B, C and D, from which the candidate is asked to choose the correct response. Each question will contain only **one** correct or best response to the problem posed. One mark is awarded for each correct response identified by the candidate. No mark is awarded if the candidate either chooses an incorrect response, chooses more than one response or fails to choose any response. No marks are deducted for candidates choosing an incorrect response.

Section B contains five case studies each followed by five questions. **Four** options follow each question. The options are labelled A, B, C and D. Only **one** of these options will be correct or best. One mark is awarded for each correct response identified by the candidate. No mark is awarded if the candidate either chooses an incorrect response, chooses more than one response or fails to choose any response. No marks are deducted for candidates choosing an incorrect response.

While no questions involve complex calculations, candidates are permitted to use calculators during the examination. If you bring a calculator into the examination room, it must be a silent battery or solar-powered non-programmable calculator. The use of electronic equipment capable of being programmed to hold alphabetic or numerical data and/or formulae is prohibited. You may use a financial or scientific calculator provided it meets these requirements.

Candidates are permitted to make rough notes. Candidates are **not** permitted, under any circumstances, to remove any papers relating to the examination from the examination room.

Examination Technique: Multiple Choice Questions

The best approach to multiple choice examinations is to work methodically through the questions.

The questions are worded very carefully to ensure that all the information required is presented in a concise and clear manner. It cannot be emphasised too strongly that understanding the precise meaning of the question is vital. If candidates miss a crucial point when reading the question it could result in choosing the wrong option. Candidates should read carefully through the question and all the options before attempting to answer.

Candidates should pay particular attention to any words in the question which are emphasised in bold type, for example, **maximum**, **minimum**, **main**, **most**, **normally** and **usually**. Negative wording is further emphasised by the use of capital letters, for example **NOT**, **CANNOT**.

Candidates should not spend too much time on any one question. If they cannot make up their mind, they should leave the question and come back to it later.

When all of the questions have been answered, it is prudent to use any remaining time to go through each question again, carefully, to double-check that nothing has been missed. Altering just one incorrect response to a correct response could make the difference between passing and failing.

After the Examination

Rigorous checks are made to ensure the correctness of the results issued. A pre-defined quota of passes to be awarded does not exist. If all candidates achieve a score of at least the pass mark, then all candidates will be awarded a pass grade. Individual feedback on the candidate's examination performance is automatically provided and will indicate the result achieved and, for each syllabus learning outcome, the percentage of questions in the examination that were answered correctly.

Motor insurance products

Objective

To provide knowledge and understanding of the practices and procedures connected with private motor, motorcycle and commercial motor insurance, with reference to applicable legal and regulatory considerations and to develop in candidates an ability to apply product knowledge and understanding on straightforward cases where unaccompanied but supervised advice is given.

Summary of learning outcomes	Number of questions in the examination*
1. Understand the market place for motor insurance products.	5
2. Apply the principles contained within motor insurance to a given set of circumstances.	2
3. Understand the scope of cover provided by motor insurance products.	6
4. Apply the principles contained within the scope of cover provided by motor insurance products to a given set of circumstances.	3
5. Understand the legal and regulatory considerations for motor insurance.	11
6. Apply the legal and regulatory principles for motor insurance to a given set of circumstances.	5
7. Understand risk assessment, rating and underwriting for motor insurance.	15
8. Apply the principles contained within risk assessment, rating and underwriting for motor insurance to a given set of circumstances.	8
9. Understand claims procedures for motor insurance products.	11
10. Apply the principles of claims procedures for motor insurance to a given set of circumstances.	6
11. Understand information and communication technology as this relates to motor insurance.	2
12. Apply the principles of information and communication technology as this relates to motor insurance to a given set of circumstances.	1

* The test specification has an in-built element of flexibility. It is designed to be used as a guide for study and is not a statement of actual number of questions that will appear in every exam. However, the number of questions testing each learning outcome will generally be within the range plus or minus 2 of the number indicated.

Important notes

- Method of assessment: 50 multiple choice questions (MCQs) and 5 case studies, each comprising 5 MCQs. 2 hours are allowed for this examination.
- This syllabus will be examined from 1 January 2021 until 31 December 2021.
- Candidates will be examined on the basis of English law and practice unless otherwise stated.
- Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:
 1. Visit www.cii.co.uk/qualifications
 2. Select the appropriate qualification
 3. Select your unit from the list provided
 4. Select qualification update on the right hand side of the page

1. Understand the market place for motor insurance products.

- 1.1 Explain the principal differences in the transaction of private motor insurances.
- 1.2 Explain the role and function of the Motor Insurers' Bureau and the DVLA.

2. Apply the principles contained within motor insurance to a given set of circumstances.

- 2.1 Apply the principles contained within the transaction of private motor insurances to a given set of circumstances.
- 2.2 Apply the principles contained within the role and function of the Motor Insurers' Bureau to a given set of circumstances.

3. Understand the scope of cover provided by motor insurance products.

- 3.1 Describe the core cover provided under different motor insurances.
- 3.2 Describe the additional non-insurance benefits available under private and commercial motor insurance policies.

4. Apply the principles contained within the scope of cover provided by motor insurance products to a given set of circumstances.

- 4.1 Apply the principles contained within the scope of cover provided by motor insurance products to a given set of circumstances.

5. Understand the legal and regulatory considerations for motor insurance.

- 5.1 Describe the relevant parts of the Road Traffic Act 1988 as amended by the Road Traffic Act 1991.
- 5.2 Describe the provisions of the Road Traffic Act 1988 Part VI, relating to third party liabilities.
- 5.3 Describe the provisions of EU Directives applicable to motor insurance.
- 5.4 Explain the effect on motor insurance of relevant legislation and regulatory considerations.
- 5.5 Describe the legal position of employees using their own and their employers' motor vehicles in the conduct of company business.
- 5.6 Describe the law relating to the use of vehicles outside the UK.
- 5.7 Describe which vehicles are exempt from compulsory insurance under the Road Traffic Act 1991 and in what circumstances.
- 5.8 Describe, in broad outline, the scope and general effect of the Insurance: Conduct of Business sourcebook (ICOBS) as it relates to the administration of motor insurance.

6. Apply the legal and regulatory principles for motor insurance to a given set of circumstances.

- 6.1 Apply the legal and regulatory principles for motor insurance to a given set of circumstances.

7. Understand risk assessment, rating and underwriting for motor insurance.

- 7.1 Describe the content, use and legal significance of proposal forms and statements of facts in the transaction of motor insurance as they apply to both consumer insurance contracts and commercial insurance contracts.
- 7.2 Explain the general principles of rating and underwriting individual risks in motor insurance.
- 7.3 Describe the rating and underwriting considerations for different motor vehicles.
- 7.4 Describe the content of and legal requirements relating to the cover note and the certificate of motor insurance.
- 7.5 Explain the construction of private and commercial insurance policies.
- 7.6 Explain the use of no-claims discount and the distinctions between standard, protected and guaranteed discounts.
- 7.7 Explain the operation of a typical renewal system for private and commercial motor insurance.
- 7.8 Describe the frequency of renewal and its significance to continuity of cover.
- 7.9 Describe the renewal documentation and renewal terms specific to motor insurance.

8. Apply the principles contained within risk assessment, rating and underwriting for motor insurance to a given set of circumstances.

- 8.1 Apply the principles contained within risk assessment, rating and underwriting for motor insurance to a given set of circumstances.

9. Understand claims procedures for motor insurance products.

- 9.1 Explain the ethical considerations in the transaction of motor insurance products.
- 9.2 Describe the principles of claims-handling applied to motor insurance.
- 9.3 Describe the claims-handling procedures for different motor vehicles.
- 9.4 Explain the role of motor engineers.
- 9.5 Explain the use of recommended repairers.
- 9.6 Explain the role of MIAFTR2 and CUE.
- 9.7 Explain fraud prevention and detection measures and their operation.
- 9.8 Explain the role of the Financial Ombudsman Service and the Financial Services Compensation Scheme.

10. Apply the principles of claims procedures for motor insurance to a given set of circumstances.

- 10.1 Apply the principles of claims procedures for motor insurance to a given set of circumstances.

11. Understand information and communication technology as this relates to motor insurance.

11.1 Explain the implications of IT development for the motor insurance market.

12. Apply the principles of information and communication technology as this relates to motor insurance to a given set of circumstances.

12.1 Apply the principles of information and communication technology as this relates to motor insurance to a given set of circumstances.

Reading list

The following list provides details of further reading which may assist you with your studies.

Note: The examination will test the syllabus alone.

The reading list is provided for guidance only and is not in itself the subject of the examination.

The resources listed here will help you keep up-to-date with developments and provide a wider coverage of syllabus topics.

CII study texts

Motor insurance products. London: CII.
Study text IF5.

Books (and ebooks)

Bird's modern insurance law. 10th ed. John Birds. Sweet and Maxwell, 2016.

Guide to Motor Insurance Bureau claims. Donald Williams and Malcolm Johnson. The Law Society, 2012.

Colinvaux's law of insurance. 11th ed. London: Sweet & Maxwell, 2016.

Insurance law and the Financial Ombudsman Service. Judith P Summer. London: Informa, 2008.*

Insurance law in the United Kingdom. 3rd ed. John Birds. The Netherlands: Kluwer Law International, 2015.

Insurance law: an introduction. Robert Merkin. London: Routledge, 2014.*

The law of motor insurance. Robert M Merkin, Jeremy Stuart-Smith. 2nd ed. London: Sweet and Maxwell, 2015.

Periodicals

The Journal. London: CII. Six issues a year. Archive available online at <https://www.thepfs.org/search-results/?q=the+journal> (CII/PFS members only).

Post magazine. London: Incisive Financial Publishing. Monthly. Contents searchable online at www.postonline.co.uk.

Reference materials

Concise encyclopedia of insurance terms. Laurence S. Silver, et al. New York: Routledge, 2010.*

Dictionary of insurance. C Bennett. 2nd ed. London: Pearson Education, 2004.

* Also available as an ebook through Discovery via www.cii.co.uk/discovery (CII/PFS members only).

The insurance manual. Sadler, John.
Stourbridge, Worcs: Insurance Publishing &
Printing Co. Looseleaf updated annually.
Road Traffic Act 1988. Available online at
www.legislation.gov.uk.

The insurance manual. Stourbridge, West
Midlands: Insurance Publishing & Printing
Co. Looseleaf, updated.

Examination guide

If you have a current study text enrolment,
the current examination guide is included
and is accessible via Revisionmate
(www.revisionmate.com). Details of how to
access Revisionmate are on the first page of
your study text.

It is recommended that you only study from
the most recent version of the examination
guide.

Exam technique/study skills

There are many modestly priced guides
available in bookshops. You should choose
one which suits your requirements.

The Insurance Institute of London holds
a lecture on revision techniques for CII
exams approximately three times a year.
The slides from their most recent lectures
can be found at www.cii.co.uk/iilrevision
(CII/PFS members only).

SECTION A

1. Where are the insurance details of UK-registered vehicles recorded?
 - A. Claims and Underwriting Exchange.
 - B. Driver and Vehicle Licensing Agency (DVLA).
 - C. MIAFTR².
 - D. Motor Insurance Database.

2. Insurers' desire to reduce handling costs and brokers' commission resulted in the development of
 - A. direct insurers.
 - B. multi-tied agencies.
 - C. the electronic data interchange.
 - D. the Motor Insurers' Bureau.

3. Why is there a more detailed underwriting approach to commercial motor policies compared with private motor policies?
 - A. Such policies are limited to a small number of insurers.
 - B. The policies are limited to individual policyholders.
 - C. There is a greater variety of different categories and risks.
 - D. Underwriting results are more carefully analysed.

4. Who **normally** places commercial motor fleet policies?
 - A. An intermediary.
 - B. A direct insurer.
 - C. A Lloyd's motor syndicate.
 - D. The internet.

5. Who is responsible for providing the relevant information to update the Motor Insurance Database in respect of private motorcycle insurance?
 - A. The broker.
 - B. The Financial Conduct Authority.
 - C. The insured.
 - D. The insurer.

6. In the event that an uninsured motorist is involved in an accident, from where might an injured third party obtain compensation?
 - A. Financial Services Compensation Scheme.
 - B. Driver and Vehicle Licensing Agency (DVLA).
 - C. Financial Ombudsman Service.
 - D. Motor Insurers' Bureau.

7. Under a comprehensive motorcycle insurance policy, the insurer would cover legal costs for
- A. defending the insured in proceedings for manslaughter.
 - B. defending the insured in proceedings relating to his employment.
 - C. prosecuting a third party for dangerous driving.
 - D. prosecuting a third party for manslaughter.
8. Which class of vehicle may have a driving other vehicles cover extension as standard under its policy?
- A. Commercial vehicle.
 - B. Motorcycle.
 - C. Private car.
 - D. Special types.
9. The **main** reason an insured will ring his insurer's 24-hour helpline is to
- A. advise a change of vehicle.
 - B. query his cover.
 - C. renew his policy.
 - D. report a claim.
10. Breakdown cover is available as an additional benefit under which type of motor insurance policy?
- A. Motorcycle.
 - B. Motor trade.
 - C. Motor fleet for large vehicles.
 - D. Private car.
11. The **main** effect of the first EU motor directive is that it was no longer necessary for insurers to
- A. be members of the claims and underwriting exchange.
 - B. cover passenger liability in EU member countries.
 - C. have membership of the Motor Insurers Bureau.
 - D. issue green cards to travel within the EU.
12. Who can claim indemnity under a contingent liability extension to a motor fleet policy?
- A. Any injured third party.
 - B. Any named driver.
 - C. The employee only.
 - D. The employer only.
13. How was the Road Traffic Act 1988 amended by the Road Traffic Act 1991?
- A. Death by reckless driving was replaced by a number of other offences.
 - B. Driving without due care and attention was introduced as a criminal offence.
 - C. Liability cover for third parties was made mandatory.
 - D. The minimum third party cover available in the EU was extended.

14. Under the Road Traffic Act 1988, what amount of cover is required for bodily injury or death caused to third parties, including passengers?
- A. £250,000
 - B. £1,000,000
 - C. £5,000,000
 - D. An unlimited amount.
15. Part VI of the Road Traffic Act 1988 deals with
- A. classification of vehicle types.
 - B. motorcycle and moped cover.
 - C. the wearing of seat belts.
 - D. third party liabilities.
16. An insurer has been approached to pay a third party claim but is entitled to decline the claim due to the vehicle being used for an excluded purpose. What action will the insurer take?
- A. The claim must be paid, but the insurer has a right to pursue recovery from the policyholder.
 - B. The claim must be paid, without recourse to the policyholder.
 - C. The insurer can decline the claim and it must then be referred to the Motor Insurers' Bureau.
 - D. The insurer can decline to pay the claim.
17. What is the **maximum** period for an injured party to obtain insurance details from the UK Information Centre?
- A. Three years.
 - B. Five years.
 - C. Six years.
 - D. Seven years.
18. The Third Parties (Rights Against Insurers) Act 1930 allows
- A. an innocent party involved in an accident the right to an independent motor engineer's inspection from the insurer of the responsible party.
 - B. a policyholder to instruct his insurer to refuse any claims against his policy from a third party.
 - C. a policyholder with third party only cover to pursue his own insurer as if he were comprehensively insured in the event of a non-fault accident.
 - D. a third party to claim directly against the insurer of a bankrupt policyholder.
19. Andrea, aged 20, is injured when crossing the road. Under the Limitation Acts, what time period does she have within which to make a claim against the party responsible for her injury?
- A. 1 year.
 - B. 3 years.
 - C. 6 years.
 - D. 10 years.

20. An employer can be held responsible for a personal injury claim where an employee has driven the employer's vehicle in the course of his employment and been negligent in the actions giving rise to an accident. This is known as
- A. contingent liability.
 - B. contributory liability.
 - C. split liability.
 - D. vicarious liability.
21. When driving a UK-registered vehicle in Albania, an **essential** document that **must** be taken is
- A. the certificate of insurance.
 - B. a green card.
 - C. the insurance policy schedule.
 - D. the V5C registration certificate.
22. What insurance cover, if any, is the owner of a **typical** electrically-powered invalid carriage legally required to have under the Road Traffic Acts?
- A. Third party only cover.
 - B. Third party, fire and theft cover.
 - C. Comprehensive cover.
 - D. There is no requirement for cover.
23. To whom does the Financial Conduct Authority's Insurance: Conduct of Business sourcebook (ICOBS) rules apply?
- A. Commercial customers, consumers, insurers and intermediaries.
 - B. Consumers and insurers.
 - C. Commercial customers and intermediaries.
 - D. Insurers and intermediaries.
24. For which type of motor insurance risk is an insurer **least likely** to obtain a statement of fact?
- A. Motorcycle.
 - B. Motor fleet.
 - C. Private car.
 - D. Small commercial vehicle.
25. When underwriting a private car risk, the type of facts that an underwriter would consider to be material are those that
- A. are common knowledge.
 - B. the proposer is not aware of.
 - C. would influence the underwriting of the risk.
 - D. would reduce the risk.

26. Combined operating ratio is calculated for a private motor account by using the cost of
- A. claims only.
 - B. claims and commission only.
 - C. commission and expenses only.
 - D. claims, commission and expenses only.
27. Fred owns a haulage company. He has 8 vehicles over 32 tons gross vehicle weight (GVW) used for carriage of goods for hire and reward, plus 2 vehicles at 16 ton GVW with the same use. On what basis is the premium for Fred's motor fleet **likely** to be rated?
- A. Book premium less any relevant no claims discount.
 - B. Fleet's own burning cost.
 - C. Specific premium per vehicle less a fleet discount.
 - D. Same flat premium per vehicle.
28. A certificate of motor insurance which allows the insured to drive any other private motor car, **NOT** belonging to him or hired to him under a hire purchase or leasing agreement, is issued in respect of which common extension to a private car policy?
- A. Contingent liability extension.
 - B. Driving other vehicles.
 - C. Loss of use extension.
 - D. Occasional business use.
29. Samantha pays her comprehensive car policy by annual deduction from her credit card. She has paid on this basis for four years. At renewal her credit card has expired, but she fully intends to renew. Three days after the renewal date and before she pays the premium, she is stopped by the police. What is the position regarding cover under her policy?
- A. Cover is restricted to Road Traffic Act only as she is stopped within the days of grace.
 - B. She has full cover under the policy as she intended to renew.
 - C. There is no cover under the policy.
 - D. Cover is restricted to third party only.
30. Under the cancellation condition of a standard private car policy, how many days, if any, **must** an insurer give the policyholder in writing to effect cancellation?
- A. It is immediate.
 - B. 5 days.
 - C. 7 days.
 - D. 14 days.
31. Guaranteed no claims discounts differ from protected no claims discounts in that they
- A. cannot be withdrawn, no matter how many claims are made.
 - B. incorporate a guarantee of policy renewal.
 - C. only apply to vehicles over six years old.
 - D. will be withdrawn if more than two claims are made within a five-year period.

32. Gary makes a claim under his standard comprehensive private motor insurance policy. The claim is settled and he is found one-third responsible for the accident. He previously had a three years' no claims discount. As a result of this claim, how many years' no claims discount, if any, will he have?
- A. No discount.
 - B. One year's discount.
 - C. Two years' discount.
 - D. Three years' discount.
33. A no claims discount under a motor insurance policy represents the number of years that
- A. a policyholder has been with the same insurer.
 - B. a policyholder has not made a claim under the policy.
 - C. the policyholder has held a driving licence.
 - D. the vehicle has been owned by the policyholder.
34. Why **must** an insurer give sufficient time to a policyholder, prior to renewal to consider the terms being offered
- A. It is a regulatory requirement.
 - B. It is a requirement of the Motor Insurers' Bureau.
 - C. To allow the premium to be compared with competitors.
 - D. To highlight any no claims discount entitlement.
35. Sharon's private motor policy is due for renewal on 31 May and she inadvertently forgot to pay the premium until 7 June. What date will the insurer issue her certificate of insurance from?
- A. 31 May.
 - B. 7 June.
 - C. 8 June.
 - D. 15 June.
36. How many days of grace are there, if any, for a commercial vehicle policy renewal?
- A. None.
 - B. 7 days.
 - C. 14 days.
 - D. 30 days.
37. What documentation is **normally** included with a private car renewal?
- A. Confirmation of any no claims discount.
 - B. A cover note with 14 days of grace.
 - C. A cover note with 15 days of grace.
 - D. A green card.

38. A motor engineer is appointed by the
- A. insurance broker.
 - B. insured.
 - C. insurer.
 - D. third party claimant.
39. According to the Association of British Insurers what approximate percentage of fraudulent claims are incurred through motor insurance?
- A. 5%.
 - B. 10%.
 - C. 25%.
 - D. 50%.
40. A private car is insured comprehensively with a £250 voluntary excess. Whilst it is parked on the owner's drive, a gale force wind blows a tree onto the vehicle causing £1,000 of damage. On inspection, the engineer discovers that the car has two bald tyres and is therefore unroadworthy. How will the insurer deal with the claim?
- A. Reject it as the vehicle is unroadworthy.
 - B. Pay £500 with the insured contributing the remainder as the vehicle is unroadworthy.
 - C. Pay £750.
 - D. Pay £1,000.
41. What **additional** information will a motor claim form **specifically** ask for in relation to a theft claim as opposed to an accidental damage claim?
- A. A crime reference number.
 - B. The location of the incident.
 - C. The names of any independent witnesses.
 - D. The time of the incident.
42. Neil has a private motor insurance policy with a compulsory excess of £100 and a voluntary additional excess of £150. If Neil's vehicle suffers £1,000 damage, what would his total policy excess be?
- A. £100
 - B. £150
 - C. £250
 - D. £750
43. Daphne has an expensive car and her motor insurance policy contains a warranty that the car is locked and immobilized when unattended. How would her insurer deal with a claim for paintwork damage to the bodywork if it was left unlocked in a car park?
- A. Direct her to the Motor Insurers Bureau.
 - B. Make an ex gratia payment.
 - C. Pay the claim in full.
 - D. Repudiate the claim.

44. The **main** role of a motor engineer is to
- A. agree costs with the repairer.
 - B. carry out repairs to the vehicle.
 - C. settle the insured's claim.
 - D. supervise the repairs to the vehicle.
45. A policyholder has just reported his car stolen and wishes to make a claim. What information can the Claims and Underwriting Exchange provide to the insurer?
- A. The date on which the vehicle was first registered.
 - B. Whether the policyholder has a criminal conviction.
 - C. Whether the policyholder has a physical disability.
 - D. Whether the policyholder has made any other private motor claims.
46. Which source could an insurer use to aid it in the detection of fraudulent claims?
- A. The Association of British Insurers.
 - B. The Financial Conduct Authority.
 - C. The Motor Insurers' Bureau.
 - D. MIAFTR².
47. Who directly provides the funding for the Financial Services Compensation Scheme under a private car policy?
- A. The authorised insurers.
 - B. The Financial Ombudsman Service.
 - C. The insured.
 - D. The Motor Insurers' Bureau.
48. A recommended repairer is appointed by the
- A. broker.
 - B. insured.
 - C. insurer.
 - D. motor engineer.
49. What information can insurers and police obtain from the Motor Insurance Database?
- A. Whether a vehicle has been stolen.
 - B. Whether a vehicle is a previous total loss.
 - C. The insurers of the vehicle.
 - D. The value of the vehicle.

50. What is the **main** benefit to insurers of using the internet to transact direct motor insurance business?
- A. No fees payable to insurance brokers.
 - B. Provision of more comprehensive policy cover.
 - C. Quicker processing times.
 - D. Reduced costs and expenses.

SECTION B

Wayne, aged 35, and Cheryl, aged 33, are married. Wayne owns an estate car and has a standard comprehensive private motor insurance policy which includes cover whilst he is driving other cars. The policy, which covers both Wayne and Cheryl to drive the vehicle, is subject to a voluntary excess of £100. As Wayne only passed his test in the last year, there is an additional compulsory excess of £150 whilst he is driving.

Cheryl drives a small economy car and has a standard third party, fire and theft insurance policy. The policy, which only covers Cheryl to drive the vehicle, is subject to a compulsory excess of £150. On 1 November, whilst driving her car, Cheryl had an accident involving another car which was her fault. Both of the cars were damaged and there was injury to occupants of the third party vehicle.

Cheryl also owns a moped for shopping trips, which is covered under a comprehensive insurance policy. Recently, Cheryl left her moped in a supermarket's private car park while she was shopping. She returned to find the moped on its side and badly damaged.

Cheryl's insurance is currently arranged by a high street broker with a traditional insurer.

51. Whilst Wayne's estate car is parked in a car park, someone reverses into it and causes several hundred pounds of damage. When he contacts the insurer to determine if he is covered, what response should he receive?
- A. He will be fully covered, less the excess.
 - B. He will not be covered.
 - C. He will only be covered if he can identify the driver of the other car.
 - D. He will only be covered if the car was parked in an approved car park.
52. Whilst driving his estate car on business, Wayne has an accident which is his fault and his trade tools are damaged. What is the correct position regarding his motor insurance covering the cost of repairing or replacing his tools?
- A. His insurer will not pay for the loss.
 - B. His insurer will pay for the loss in full.
 - C. His insurer will pay for the loss subject to a £150 excess.
 - D. His insurer will pay for the loss subject to a £250 excess.
53. Whilst on a shopping trip, Cheryl knocks down and kills a pedestrian. The pedestrian's family appoints a solicitor to seek compensation from her. What would her insurance policy provide cover for?
- A. Both parties' legal costs and damages awarded.
 - B. Both parties' legal costs only.
 - C. Damages awarded only.
 - D. Cheryl's own legal costs and damages awarded only.

54. Whilst driving another car under the driving other cars extension, Wayne parks the car and returns to find it has been stolen. When he submits a claim through his comprehensive insurance, he will
- A. be covered for the theft.
 - B. not be covered for the theft.
 - C. be covered for the theft subject to a £100 excess.
 - D. be covered for the theft subject to a £250 excess.
55. Following Cheryl's accident on 1 November with the other car, a claim is submitted for personal injury by the third party solicitors via the Ministry of Justice database. How many working days does Cheryl's insurer have to accept or reject liability?
- A. 5 working days.
 - B. 10 working days.
 - C. 15 working days.
 - D. 20 working days.

Gianni and Emma have two children: Enzo, aged 21, and Elena, aged 23.

Emma drives a large family saloon car and has a comprehensive motor insurance policy, which has only Gianni and herself as named drivers. The policy provides full cover for 30 days when used in Europe. They intend to drive to France for a 10-week holiday to visit Gianni's sister, Ginnie, who is **NOT** licensed to drive.

In May 2015, Enzo stole a car whilst drunk and was convicted for aggravated theft. He was imprisoned for one year, banned from driving for four years and fined £1,000.

Elena sat and passed her driving theory test on 19 January 2016 and passed her practical driving test on 18 February 2016. Her full driving licence arrived on 1 March 2016.

Elena owns a small economy car and has a comprehensive motor insurance policy. Her policy is restricted to social, domestic and pleasure purposes, including commuting. On 10 June 2016, Elena had an accident with another car on the way to work as a result of her careless driving, causing injury to the occupants of the third party vehicle. She received four points on her licence.

56. Following Enzo's conviction for aggravated theft how long will his rehabilitation period be under the terms of the Rehabilitation Act 1974?
- A. 1 year.
 - B. 5 years.
 - C. 7 years.
 - D. 10 years.
57. Elena's probationary period under the Road Traffic (New Drivers) Act 1995 would have finished on
- A. 18 August 2016.
 - B. 18 February 2017.
 - C. 18 August 2017.
 - D. 18 February 2018.
58. If Elena has an accident whilst using her car for business, what cover is her insurer **likely** to provide in connection with this accident?
- A. Comprehensive.
 - B. Third party, fire and theft.
 - C. Third party only.
 - D. No cover.
59. Following Elena's accident on 10 June 2014, her policy would provide compensation to
- A. all occupants of the third party vehicle.
 - B. only the third party vehicle driver.
 - C. only the third party vehicle driver and front seat passenger.
 - D. no one in the third party vehicle.

60. In accordance with the Road Traffic Act 1991, what amount would Gianni have had to deposit with the Accountant General of the Supreme Court in order to avoid the legal requirement to insure his car?
- A. £50,000
 - B. £100,000
 - C. £500,000
 - D. £750,000

Ricky, aged 24, lives in Edinburgh. He drives a medium-sized family saloon car and is a freelance architect. He changed his car insurance to a new insurer offering a cheaper standard comprehensive policy. The new insurer provided him with a cover note dated 30 November 2017 for the standard **minimum** period. The date on the cover note was also the inception date of the new policy.

His policy is restricted to social, domestic and pleasure purposes only and includes a guaranteed no claims discount. Ricky told his new insurer that he does **NOT** use the car for work. When the insurance was due for renewal, Ricky forgot to pay it until three weeks after the payment deadline for the renewal of the policy.

In July 2017 Ricky drove to Northern Ireland for a two-week holiday, taking the ferry from Stranraer to Belfast.

Ricky's sister, Emma, has just opened a flower shop. She has bought a van, which she and her assistant, Julian, will use for deliveries. The van is insured comprehensively and is subject to a compulsory excess of £150. When the business is making a profit, she will add an extension to the property, which will incorporate a locked garage for the van. Emma also owns a private motor car and a motorcycle which are separately insured. She has **NOT** made any claims under any of her motor policies.

61. If Ricky was involved in a motor accident with another car 10 days after his renewal date, what cover would apply, if any?
- A. He would be fully covered for damage to both cars.
 - B. He would only be covered for damage to his car.
 - C. His insurer would provide no cover for either vehicle.
 - D. Road Traffic Act only cover would be provided, subject to the insurer's right of recovery against him.
62. If Ricky uses his car for work and is involved in an accident, how would his insurer deal with the related claims?
- A. It would pay the own damage and third party claims.
 - B. It would pay the own damage claim only.
 - C. It would pay the third party claim only and seek recovery from the insured.
 - D. It would not pay anything.
63. What level of cover would apply during Ricky's holiday?
- A. Comprehensive whilst driving and during the sea journey.
 - B. Comprehensive whilst driving but only third party during the sea journey.
 - C. Road Traffic Act only whilst driving and during the sea journey.
 - D. Third party only whilst driving and during the sea journey.

64. If Ricky has two at fault accidents during the policy period, what effect, if any, will there **typically** be on his no claims discount?
- A. It would be reduced at his next policy anniversary.
 - B. It would be reduced if he had another accident within two years.
 - C. It would be reduced if he had another accident within five years.
 - D. It would stay the same.
65. When Emma has her extension built, what effect, if any, is this **most likely** to have on the insurance for her van?
- A. It will have no effect.
 - B. The limit in respect of accessories will increase.
 - C. She will qualify for a higher no claims discount.
 - D. The premium will reduce.

Helen, aged 26, lives with her parents in a small village in Lincolnshire. She is a fashion designer and intends to relocate to London, where she will be able to develop her career. She drives a modest saloon car which has third party, fire and theft cover for any authorised driver. She has been warned that her premium is likely to increase substantially once she moves to London. Helen's brother Simon, who is 16 years of age, has a 49 cc moped with a **maximum** speed of 45 km/h which he has had for 2 years.

Having started to sort out her possessions in preparation for her relocation, Helen discovers that she **CANNOT** find her certificate of motor insurance and suspects that she may have inadvertently thrown it out with some other paperwork.

Last year Helen had a car accident with another car in a hit and run accident which was **NOT** her fault. Upon filing the claim, her insurer discovered that the other vehicle was stolen and uninsured. Helen suffered serious injuries and took the case to court, where she was awarded damages of £500,000.

However at the time of the accident, Helen had **NOT** been wearing a seat belt and, **NOT** having done so, was found to have exacerbated her injuries. Consequently, she was found to be contributory negligent to the extent of 25%.

66. If Simon wants to replace his bike with a more powerful one which has a power output of over 125cc (11KW cycle with a power to weight ratio of 0.1 kW per kg), he **must** wait until he reaches what age?
- A. 17
 - B. 18
 - C. 19
 - D. 20
67. Following Helen's accident, from what source can she obtain compensation?
- A. Driver and Vehicle Licensing Agency (DVLA).
 - B. Financial Services Compensation Scheme.
 - C. Motor Insurers' Bureau.
 - D. UK Information Centre.
68. What are the **main** factors which will determine the premium for Helen's saloon car?
- A. Competitors' terms, premiums and excesses.
 - B. Statistics provided by the Association of British Insurers.
 - C. Statistics provided by the Driver and Vehicle Licensing Agency (DVLA).
 - D. The vehicle and driver details.
69. What is the principal rating factor for Helen's modest saloon car?
- A. Average mileage.
 - B. Manufacturer's name.
 - C. Power to weight ratio.
 - D. Value.

70. What information **must** be shown on Helen's certificate of insurance to identify her vehicle?
- A. Chassis number.
 - B. Date of first registration.
 - C. Full make and model details.
 - D. Registration number.

Mike, aged 43, and Stella, aged 39, are married and live in London. Mike drives an executive saloon car and has a comprehensive motor insurance policy which includes cover whilst he is driving other cars. Following a car accident, his insurer made an unacceptable offer on Monday 14 April 2018 to repair the damage. Having failed to resolve the problem of the offer with his insurer, Mike made a formal complaint to the Financial Ombudsman Service (FOS). The FOS sent details of the complaint to his insurer, which arrived on Tuesday 6 May 2018.

Stella drives a small economy car and recently made a successful claim for a damaged windscreen. She has her own comprehensive motor insurance policy with a 30% no claims discount and a £150 excess. Her policy includes third party cover for anyone over 25 years old.

Mike and Stella's daughter, Kelly, lives with them and drives a medium-sized hatchback with comprehensive cover and a three-year no claims discount of 55%. She recently had a serious accident with another car, which was **NOT** her fault. Kelly was **NOT** wearing a seat belt at the time and this aggravated the extensive injuries she received. The other driver drove off immediately after the accident without leaving his details. Kelly's car was a write-off and was entered onto the Claims and Underwriting Exchange.

Mike and Stella's son, Kevin, is self-employed and VAT registered. He has a large family saloon car with comprehensive cover, a protected no claims discount of 65% and a £200 excess. Recently he had an accident which was his fault. His insurer arranged for the car to be repaired at an approved garage at a cost of £800. Kevin previously had a small economy car which was stolen. After his insurer had paid the claim, the car was found in a damaged state.

71. As a result of the repairs on his car what, if anything, will Kevin be required to pay?
- A. Nothing.
 - B. The excess and VAT.
 - C. The excess only.
 - D. The full cost of the repairs.
72. Following Kelly's accident, who would her insurer appoint to determine whether the vehicle is repairable?
- A. Broker.
 - B. Loss adjuster.
 - C. Loss assessor.
 - D. Motor engineer.
73. Why did Stella's insurer maintain her no claims discount (NCD) at the next policy anniversary following her claim?
- A. Her cover is on a comprehensive basis.
 - B. Her NCD had reached the protected level.
 - C. The amount of the claim was less than her excess.
 - D. This type of claim does not affect the NCD.

74. At Kelly's next policy anniversary, her no claims discount will **typically**
- A. be cancelled.
 - B. decrease.
 - C. increase.
 - D. stay the same.
75. Kelly's claim for personal injury is reduced as a result of
- A. average.
 - B. contribution.
 - C. contributory negligence.
 - D. dual insurance.

Specimen Examination Answers and Learning Outcomes Covered

Question	Answer	Learning Outcome	Question	Answer	Learning Outcome	Question	Answer	Learning Outcome
Learning Outcome 1			Learning Outcome 7			SCENARIO FORMAT		
1	D	1.2	24	B	7.1	51	A	4.1
2	A	1.1	25	C	7.2	52	A	4.1
3	C	1.1	26	D	7.3	53	A	4.1
4	A	1.1	27	C	7.3	54	B	10.1
5	D	1.2	28	B	7.4	55	C	12.1
6	D	1.2	29	C	7.8	56	B	6.1
6 Questions			30	C	7.5	57	D	6.1
			31	A	7.6	58	D	6.1
Learning Outcome 3			32	B	7.6	59	A	10.1
7	A	3.1	33	B	7.6	60	C	6.1
8	C	3.1	34	A	7.7	61	C	8.1
9	D	3.2	35	B	7.8	62	D	8.1
10	D	3.1	36	A	7.7	63	A	8.1
4 Questions			37	A	7.9	64	D	8.1
			14 Questions			65	D	8.1
Learning Outcome 5						66	A	2.1
11	D	5.3	Learning Outcome 9			67	C	2.2
12	D	5.5	38	C	9.4	68	D	8.1
13	A	5.1	39	D	9.7	69	C	8.1
14	D	5.2	40	C	9.2	70	D	8.1
15	D	5.2	41	A	9.2	71	B	10.1
16	A	5.2	42	C	9.3	72	D	10.1
17	D	5.1	43	C	9.1	73	D	10.1
18	D	5.4	44	A	9.4	74	D	10.1
19	B	5.4	45	D	9.6	75	C	10.1
20	D	5.5	46	D	9.6	25 Questions		
21	B	5.6	47	A	9.8			
22	D	5.7	48	C	9.5			
23	D	5.8	11 Questions					
13 Questions			Learning Outcome 11					
			49	C	11.1			
			50	D	11.1			
			2 Questions					