



Chartered
Insurance
Institute

IF5

Certificate in Insurance

Unit 5 – Motor insurance products

Based on the 2020 syllabus
examined from 1 January 2020 until 31 December 2020

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Contents

Introduction to Examination Guide	3
IF5 Syllabus	7
Specimen Examination	11
Specimen Examination Answers and Learning Outcomes Covered	30

Published in October 2019 by:

The Chartered Insurance Institute

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Unit 5 – Motor insurance products

Based on the 2020 syllabus examined from 1 January 2020 until 31 December 2020

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 2020 until 31 December 2020.

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 2020 until 31 December 2020.
- 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/learning/qualifications/unit-motor-insurance-products-if5/
 2. 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, motorcycle, commercial motor and motor fleet insurance
 - 1.2 Explain the role and function of the Motor Insurers' Bureau, including the UK Information Centre, the Motor Insurance Database 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, motorcycle, commercial motor and motor fleet insurance 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 in respect of accidental damage, third party, fire & theft, and legal expenses for private motor cars, motorcycles and commercial vehicles
 - 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 the:
 - Road Traffic (New Drivers) Act 1995
 - Legal Aid Sentencing and Punishment of Offenders Act 2012 (LASPO)
 - Rehabilitation of Offenders Act 1974
 - Limitation Acts
 - Equality Act 2010
 - Contracts (Rights of Third Parties) Act 1999
 - Third Parties (Rights Against Insurers) Act 1930 and 2010
 - Road Safety Act 2006
 - Personal Injuries (NHS Charges) (Amounts) Regulations 2007
 - The Consumer Insurance (Disclosure and Representations Act) 2012
 - The Insurance Act 2015
 - 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 specific to:
 - private motor cars
 - motorcycles
 - commercial vehicles
 - motor fleet
 - 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 with specific reference to:
 - common policy warranties and conditions, including territorial limits
 - general exclusions and exceptions
 - the policy schedule
 - 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 specific to:
 - private motor insurance
 - motorcycles
 - commercial 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 including:
 - insurer/intermediary links
 - direct motor insurance business
 - access to information from non-insurance sources, e.g. DVLA
- ## **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/PFS members can access most of the additional study materials below via the Knowledge Services webpage at <https://www.cii.co.uk/knowledge-services>.

New resources are added frequently - for information about obtaining a copy of an article or book chapter, book loans, or help finding resources, please go to <https://www.cii.co.uk/knowledge-services> or email knowledge@cii.co.uk.

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.cii.co.uk/search-results?q=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.

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.

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

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.

SECTION A

1. What is the **main** function of the Motor Insurers' Bureau?
 - A. To act as the Government's regulator of motor insurers under the provision of the Financial Services and Markets Act 2000.
 - B. To act as 'payer of last resort' to victims of road accidents when the negligent driver was not insured.
 - C. To administer a central database of motor claims which may be used to deter fraud.
 - D. To administer the green card system facilitating travel between different countries within Europe.

2. What is the **main** difference between an insurance policy covering 20 vehicles or more as opposed to a policy covering a single private motor car?
 - A. All premiums are paid for by instalments.
 - B. European cover is included.
 - C. Monthly policies are issued.
 - D. The risk is usually fleet rated.

3. Where an insurer declines a risk due to the proposer's disability, to whom should details be given?
 - A. The Association of British Insurers.
 - B. The Department for Transport.
 - C. The Driver and Vehicle Licensing Agency (DVLA).
 - D. The Motor Insurers' Bureau.

4. When there is no motor insurance policy in force, the Uninsured Drivers' Agreement for England, Scotland and Wales covers property damage up to what **maximum** amount, if any?
 - A. £500,000
 - B. £1,200,000
 - C. £5,000,000
 - D. An unlimited amount.

5. Apart from windscreen and young driver excesses, which excesses may be higher under a standard commercial vehicle insurance policy than a standard private motor insurance policy?
 - A. Third party damage.
 - B. Fire cover.
 - C. Legal expenses cover.
 - D. Theft/malicious damage.

6. Lenny's car is insured for third party fire and theft. His car is broken into, stolen and subsequently crashed, causing damage to the boot of the car, the boot's lock and a set of golf clubs inside the boot. For which of the damaged items is he covered?
- A. The boot and the golf clubs only.
 - B. The boot and the lock only.
 - C. The boot, the lock and the golf clubs.
 - D. The lock and the golf clubs only.
7. Atique damages his vehicle in a road traffic accident. A claim may be made by him against his own insurance policy if the cover provided is
- A. Road Traffic Act only.
 - B. third party only.
 - C. third party, fire and theft.
 - D. comprehensive.
8. When, if ever, is theft of accessories covered under a standard comprehensive motorcycle insurance policy?
- A. Never.
 - B. When the accessories are individually listed on the policy schedule.
 - C. When the accessories are stolen without the motorcycle.
 - D. When the accessories are stolen with the motorcycle.
9. Gurpreet, a long distance lorry driver, has her unattached unspecified trailer stolen whilst she is asleep in her cab. What is the **likely** position regarding comprehensive commercial vehicle insurance cover for the trailer?
- A. The trailer will be covered by commercial vehicle insurance in all circumstances.
 - B. The trailer will only be covered if it is insured under a separate policy.
 - C. The trailer will only be covered if it was visible from the cab at the time of the theft.
 - D. The trailer will only be covered if the incident occurred within a locked compound.
10. Under which insurance policy providing comprehensive cover are medical expenses covered as standard?
- A. A commercial vehicle insurance policy.
 - B. A motorcycle insurance policy.
 - C. A private motor insurance policy.
 - D. A special types insurance policy.
11. Within what radius of the insured's home will insurers **usually** exclude cover in respect of roadside assistance under a policyholder's breakdown cover?
- A. A quarter of a mile.
 - B. One mile.
 - C. Two miles.
 - D. Three miles.

12. What is the **main** provision of the Road Traffic Act 1988 Part VI relating to third party liabilities?
- A. It empowers the Crown to use vehicles on a road without insurance cover.
 - B. It empowers the police to request insurance details following an accident involving third party injury.
 - C. It requires all motorists to take out insurance cover against third party liabilities.
 - D. It requires third party property damage to be insured for an unlimited amount.
13. What **must** an individual prove to avoid conviction when being charged with driving an uninsured motor vehicle in the conduct of company business?
- A. He was using the vehicle in the course of employment and he had no reason to believe that the vehicle was not insured only.
 - B. The vehicle did not belong to him and he was using the vehicle in the course of employment only.
 - C. The vehicle did not belong to him and he had no reason to believe that the vehicle was not insured only.
 - D. The vehicle did not belong to him, he was using the vehicle in the course of employment and he had no reason to believe that the vehicle was not insured.
14. Which statute determines whether a motoring conviction needs to be disclosed to an underwriter?
- A. The Limitation Acts.
 - B. The Rehabilitation of Offenders Act 1974.
 - C. The Road Traffic Act 1988.
 - D. The Road Traffic (New Drivers) Act 1995.
15. What cover **must** a UK motor insurance policy provide for an insured driver travelling in an EU country?
- A. Comprehensive cover in the country visited.
 - B. Full third party cover in the country visited.
 - C. The minimum legal cover required in the UK only.
 - D. The minimum legal cover in the UK or the country visited, whichever is higher.
16. Which type of vehicle is **exempt** from the compulsory insurance requirements of the Road Traffic Act 1988, as amended by the Road Traffic Act 1991?
- A. An agricultural tractor.
 - B. A construction plant.
 - C. An invalid carriage.
 - D. A licensed taxi.

17. Under Section 144 of the Road Traffic Act 1988, as amended by Section 20 of the Road Traffic Act 1991, how much money **must** be deposited with the Accountant General of the Senior Court in order to obtain exemption from the requirement for third party insurance or security?
- A. £100,000
 - B. £250,000
 - C. £500,000
 - D. £750,000
18. James, who was convicted of drink driving, fined £1,000 and has his license endorsed, requests a quote for motor insurance. What is the **minimum** number of years that **must** pass before he does **NOT** have to disclose his conviction on the proposal form?
- A. 3 years.
 - B. 5 years.
 - C. 7 years.
 - D. 10 years.
19. In the context of motor insurance, the Equality Act 2010 ensures that
- A. a disabled driver cannot drive once he has accumulated six points on his driving licence.
 - B. a disabled driver is not unfairly prejudiced in the transaction of motor insurance.
 - C. a driver who is disabled in a motor vehicle accident must claim compensation within six years of the accident.
 - D. the Driver and Vehicle Licensing Agency (DVLA) is notified of any prescribed physical disability.
20. What would be the benefit to a UK motorist of carrying a green card when visiting an EU country, even though this is **NOT** a legal obligation?
- A. Possession of a green card enables the motorist to access a more direct claims procedure in the country where an accident has occurred.
 - B. Possession of a green card enables the motorist to have free access to roadside rescue in countries belonging to the green card system.
 - C. Possession of a green card extends the existing UK cover to include cover whilst travelling to other EU countries.
 - D. Possession of a green card provides readily identifiable evidence that the minimum cover for the country being visited is in place.
21. Which type of official vehicle would **usually** be **exempt** from the compulsory insurance requirements of the Road Traffic Act 1991?
- A. A vehicle owned by a diplomat.
 - B. A vehicle owned by a visiting Head of State.
 - C. A vehicle owned by the Royal Navy.
 - D. A vehicle owned by the police.

22. Which areas of motor insurance administration fall within the scope of the Insurance: Conduct of Business sourcebook (ICOBS) regulation?
- A. Advertising and marketing procedures only.
 - B. Claims notification and settlement procedures only.
 - C. Policy issue and renewal procedures only.
 - D. All aspects of motor insurance administrative procedures.
23. In which section of an insurance policy document does the restriction on the use of the insured's vehicle appear?
- A. The operative clause.
 - B. The general exclusions.
 - C. The policy extensions.
 - D. The policy warranties.
24. What **must** a motor insurer do on receipt of a premium on 17 January in respect of an insurance policy that was renewable on 1 January?
- A. Issue a certificate dated from 1 January.
 - B. Issue a certificate dated from 17 January.
 - C. Issue a cover note dated from 1 January to 17 January.
 - D. Issue a new policy dated from 17 January.
25. Since the last renewal date, what information **must** be notified to an insurer at the renewal of a motor insurance policy?
- A. Any change in the market value of the vehicle.
 - B. Any material changes to the driver or the vehicle.
 - C. Any parts replaced under warranty on the vehicle.
 - D. Any spent driving convictions relating to the driver.
26. A certificate of insurance in respect of a private car **must** include details of the
- A. driver's address.
 - B. driver's name.
 - C. location where the vehicle is garaged.
 - D. policy excess amount.
27. What is **automatically** applied to a comprehensive motor insurance policy following the addition of a teenage driver to the policy?
- A. An increased excess.
 - B. An introductory new driver's discount.
 - C. A mileage limit.
 - D. Restricted cover.

28. How many days of grace, if any, are allowed for the renewal of a private motor insurance policy?
- A. None.
 - B. 7 days.
 - C. 15 days.
 - D. 30 days.
29. When dealing with a quotation for private motor insurance, the **main** source of information used by an insurer when underwriting an individual risk is
- A. the Driver and Vehicle Licensing Agency (DVLA).
 - B. market statistics.
 - C. previous insurers.
 - D. the proposer.
30. Gross vehicle weight is **most likely** to be an individual rating factor for what type of motor vehicle?
- A. A forklift truck.
 - B. A goods-carrying vehicle.
 - C. A motorcycle.
 - D. A private car.
31. What is the position of a motor insurance policyholder who continues to drive her vehicle, but has failed to pay her renewal premium on or before the renewal date of her policy?
- A. She is protected by the operation of the Road Traffic Act.
 - B. She may be prosecuted for driving without insurance.
 - C. She will be given 7 days' notice of the cessation of her insurance cover.
 - D. She will be given 14 days of grace in writing and cover will continue in the meantime.
32. A no claims discount is granted to a policyholder on the basis of the number of consecutive years that the insured has
- A. been with the same insurer.
 - B. held her driving licence.
 - C. not made a claim under the policy.
 - D. owned the vehicle.
33. Under a private motor insurance policy, in what circumstances, if any, would a policyholder be covered when using a vehicle at an airfield?
- A. In no circumstances.
 - B. When the policyholder has the written permission of the airfield operator to do so.
 - C. When the vehicle is not airside.
 - D. When the vehicle is used solely airside.

34. Other than to encourage loyalty, what is the **main** reason for which an insurer gives no claims discounts to its policyholders?
- A. To enable the insurer to accept policyholders moving from other insurers.
 - B. To encourage policyholders to transact business directly with the insurer.
 - C. To encourage safe driving and reduce claims.
 - D. To satisfy regulatory requirements.
35. Statistically, when is a driver **most likely** to be involved in a motor accident?
- A. Whilst learning to drive.
 - B. Immediately after passing his driving test, regardless of age.
 - C. Between the ages of 25 and 35.
 - D. After retirement.
36. What is the purpose of the Policy Schedule?
- A. To acknowledge payment of premium.
 - B. To customise the policy booklet and outline cover detail.
 - C. To facilitate travel within the EU without the need to carry a Green Card.
 - D. To provide proof of cover as required by the Road Traffic Acts.
37. The **earliest** effective time and date of a cover note is
- A. one day before the time and date of issue.
 - B. one hour before the time and date of issue.
 - C. at the time and date of issue.
 - D. one hour after the time and date of issue.
38. Following the repair of partial damage to an insured's vehicle, to whom does the insurer **usually** make the payment?
- A. The broker.
 - B. The insured.
 - C. The motor engineer.
 - D. The repairer.
39. After damaging his small family saloon car in a minor accident, Hiroshi hires a larger, more expensive car and attempts to claim the hire charges from the third party insurer. The third party insurer will seek to reduce his hire claim on the basis of
- A. contribution.
 - B. litigation.
 - C. mitigation of loss.
 - D. subrogation.

40. The **main** role of a motor engineer is to
- A. collect the excess.
 - B. control the repair cost.
 - C. recover the vehicle.
 - D. repair the vehicle.
41. Why was the Claims and Underwriting Exchange established?
- A. To offer direct access to the Police National Computer.
 - B. MIAFTR² only dealt with written-off or stolen vehicles.
 - C. MIAFTR² was regarded as unsuccessful.
 - D. There was a need for an anti-fraud body where membership amongst insurers was compulsory.
42. Who appoints a recommended repairer?
- A. The broker.
 - B. The insured.
 - C. The insurer.
 - D. The loss assessor.
43. What is the **maximum** number of persons a commercial business can employ for it to be eligible to refer a dispute to the Financial Ombudsman Service?
- A. 29 persons.
 - B. 39 persons.
 - C. 49 persons.
 - D. 59 persons.
44. In the event of an insured's insurance company becoming insolvent which body provides compensation to the insured?
- A. Association of British Insurers.
 - B. Financial Ombudsman Service.
 - C. Financial Services Compensation Scheme.
 - D. Policyholders Protection Scheme.
45. Why would an insurer use the Claims and Underwriting Exchange?
- A. To detect non-disclosure of previous claims by a policyholder.
 - B. To pay a policyholder for her claim.
 - C. To process motor insurance policy premiums.
 - D. To review the theft register of motor vehicles.

46. The purpose of MIAFTR² is to
- A. alert an insurer to previous total loss claims made on a specific vehicle involved in a current claim.
 - B. enable the insurance industry to determine the registered keeper of a vehicle.
 - C. enable the general public to ascertain the claims history of a specific vehicle.
 - D. reduce the cost of repairing a vehicle.
47. How do ethical considerations impact on the transaction of motor insurance products?
- A. They advance the concept of the fair treatment of customers.
 - B. They empower insurers to exercise subrogation rights against a negligent third party.
 - C. They empower insurers to pass information to police concerning drivers with no or ineffective insurance cover.
 - D. They reinforce the need for insurers to act with good faith.
48. Which organisation has a stated objective as 'dedicated to the detection and prevention of insurance fraud'?
- A. Credit Industry Fraud Avoidance System.
 - B. Insurance Fraud Bureau.
 - C. Insurance Fraud Investigators Group.
 - D. Motor Insurers' Information Centre.
49. If the police wished to check whether a vehicle is insured, which agency's database, if any, would they use?
- A. The Driver and Vehicle Licensing Agency (DVLA).
 - B. The Claims and Underwriting Exchange.
 - C. The United Kingdom Information Centre.
 - D. This information is not available on a central database.
50. Between which parties does electronic data interchange take place?
- A. The broker and the customer only.
 - B. The broker and the insurer only.
 - C. The broker, the customer and the insurer.
 - D. The customer and the insurer only.

SECTION B

Wayne, aged 35, and Nayla, 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 Nayla 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.

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

Nayla also owns a moped for shopping trips, which is covered under a comprehensive insurance policy. Recently, Nayla 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.

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

51. Following Nayla's car accident, for which vehicle(s) will her insurer pay to be repaired?
- A. Both cars, less £150.
 - B. Nayla's car only, in full.
 - C. The third party's car, less £150.
 - D. The third party's car only, in full.
52. What cover, if any, will Wayne have whilst driving Nayla's car?
- A. None.
 - B. Third party only.
 - C. Third party, fire and theft.
 - D. Comprehensive.
53. Wayne reverses his car into a wall and successfully claims under his motor insurance policy for £2,000 of the resulting damage to his vehicle. What excess, if any, will he need to pay?
- A. Nil.
 - B. £100
 - C. £150
 - D. £250
54. What is **most likely** to be the course of action taken with regard to repairing Nayla's moped?
- A. Nayla's insurer will arrange for the moped to be taken to its recommended repairer.
 - B. Nayla will have to organise and pay for the repairs herself.
 - C. Nayla will seek the repair costs from the Motor Insurers' Bureau.
 - D. The supermarket is liable and will claim through its insurer.

55. Nayla is considering changing her insurer. What would be the **main advantage** of arranging insurance over the internet?
- A. Access to independent advice.
 - B. A more competitive premium.
 - C. The option to pay by instalments.
 - D. A quicker claims service.

Gianni and Emma have two children, Enzo, aged 19, and Elena, aged 21.

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.

Enzo was convicted of drink-driving on 12 May 2016 and banned from driving for four years. He was also fined £1,000 and had his license endorsed.

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 license 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. She received four points on her license.

56. Following the expiry of her 30 days' extension, what level of cover will Emma have, if any, under her existing motor insurance policy during her planned holiday?
- A. No cover is available.
 - B. Third party, fire and theft cover.
 - C. The minimum legal limit of cover for France or the UK, whichever is higher.
 - D. Comprehensive cover.
57. During the holiday Emma allows Ginnie to drive the car to visit the local shops, despite knowing that Ginnie does **NOT** have a licence. Ginnie has an accident with another car which causes damage to both vehicles. What damage, if any, would be covered under Emma's insurance policy?
- A. The damage to both cars.
 - B. The damage to Emma's car only.
 - C. The damage to the third party's car only.
 - D. None of the damage would be covered.
58. According to the Road Traffic (New Drivers) Act 1995, on which date does Elena's probationary period expire?
- A. 12 January 2018.
 - B. 19 January 2018.
 - C. 18 February 2018.
 - D. 1 March 2018.

59. What is the **minimum** number of **additional** points that, if added to Elena's licence, would result in her licence being revoked?
- A. One point.
 - B. Two points.
 - C. Three points.
 - D. Four points.
60. According to the Rehabilitation of Offenders Act 1974, in which year will Enzo's rehabilitation period finish?
- A. 2018
 - B. 2019
 - C. 2021
 - D. 2026

Syed, aged 24, lives in Edinburgh. He drives a medium-sized family saloon car and is a freelance architect. He recently 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 2018 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. Syed told his new insurer that he does **NOT** use the car for work. When the insurance was due for renewal, Syed forgot to pay it until three weeks after the payment deadline for the renewal of the policy.

In July 2019, Syed drove to Northern Ireland for a two-week holiday, taking the ferry from Stranraer to Belfast.

Syed's sister, Aissha, 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. Aissha 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. Following Syed's change of insurer, his cover note expired due to a six-week delay in issuing the insurance policy. A new cover note was therefore needed on
- A. 7 December 2018.
 - B. 14 December 2018.
 - C. 21 December 2018.
 - D. 30 December 2018.
62. On 10 January 2019, Syed damaged his car in an accident on the way to his parents' house and made a successful claim under his insurance policy. Consequently, his no claims discount at the next policy renewal will
- A. be cancelled.
 - B. decrease.
 - C. stay the same.
 - D. increase.
63. If Syed had an accident on 18 December 2019, what level of cover, if any, would he have under his insurance policy at that time?
- A. None.
 - B. Road Traffic Act only.
 - C. Third party, fire and theft.
 - D. Comprehensive.

64. Aissha's van is involved in an accident and whilst it is being repaired her car is used to make deliveries. Which class of insurance will be required, if both she and her assistant Julian use it?
- A. Class 1.
 - B. Class 2.
 - C. Class 3.
 - D. Social, domestic and pleasure.
65. Which of Aissha's vehicles, if any, will **typically** have the highest no claims discount in monetary terms?
- A. Both the car and the van.
 - B. Both the motorcycle and the car.
 - C. The car only.
 - D. They will all qualify for the same no claims discount.

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 herself and a few former close college friends as named drivers. She has been warned that her premium is likely to increase substantially once she moves to London.

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. Who would have paid for repairing the damage to Helen's vehicle caused by last year's accident?
- A. The Financial Services Compensation Scheme.
 - B. Helen.
 - C. Helen's insurer.
 - D. The Motor Insurers' Bureau.
67. What is the **actual** amount that Helen would receive as a result of her court judgement?
- A. £125,000
 - B. £250,000
 - C. £375,000
 - D. £500,000
68. Other than levels of crime, which factor would give rise to the anticipated increase in Helen's insurance premium once she moves to London?
- A. The cost of spare parts is higher.
 - B. The increased traffic density.
 - C. People are more litigious.
 - D. Transport costs are higher.
69. What should Helen do to try and reduce her insurance premium?
- A. Accept a voluntary accidental damage excess.
 - B. Apply to protect her no claims discount.
 - C. Reduce the vehicle sum insured under the policy.
 - D. Restrict the driving to herself only.

70. What would Helen be required to do to obtain a replacement certificate of insurance from her insurer?
- A. Complete a new proposal form.
 - B. Pay any additional charge which may be requested.
 - C. Submit an additional drivers form.
 - D. Supply vehicle registration document to prove ownership of vehicle.

Mike, aged 43, and Lisette, 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 2017 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 2017.

Lisette 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 Lisette's daughter, Nanice, 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. Nanice 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. Nanice's car was a write-off and was entered onto the Claims and Underwriting Exchange.

Mike and Lisette'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. Within what timescale, if any, does the Financial Conduct Authority specify Mike's insurer to respond to his formal complaint?
- A. Immediately.
 - B. Promptly.
 - C. When the complaint is fully resolved.
 - D. There is no set timescale.
72. Following the write-off of Nanice's car, on what other motor industry database, if any, will Nanice's car details be **likely** to appear?
- A. None.
 - B. The Driver and Vehicle Licensing Agency (DVLA).
 - C. MIAFTR².
 - D. The Motor Insurance Database.
73. After Kevin's small economy car has been found, it will **usually** be
- A. offered to Kevin, subject to a return of the claim payment.
 - B. returned to Kevin, without any repairs being made.
 - C. sold, with any profit returned to Kevin.
 - D. treated as salvage by the insurer.

74. If Mike has an accident with a third party whilst driving Lisette's car, who will **usually** pay for any damage to the third party?
- A. Mike.
 - B. Mike's insurer.
 - C. Lisette's insurer.
 - D. The third party's insurer.
75. Following Nanice's accident from which source is Nanice **most likely** to receive compensation for her injuries?
- A. Financial Conduct Authority.
 - B. Financial Ombudsman Service.
 - C. Financial Services Compensation Scheme.
 - D. Motor Insurers' Bureau.

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