



Chartered
Insurance
Institute

E94

Diploma in Insurance

Examination element of M94 Motor insurance

**Based on the 2020/2021 syllabus
examined from 1 May 2020 until 30 April 2021**

E94 – Examination element of M94 Motor insurance

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E94 – Examination element of M94 Motor insurance

Based on the 2020/2021 syllabus examined from 1 May 2020 until 30 April 2021

Introduction

This examination guide has been produced by the Examinations Department at the Chartered Insurance Institute to assist students in their preparation for the E94 examination. It contains a specimen examination with answer key.

Ideally, students should have completed the majority of their E94 studies before attempting the specimen examination. Students should allow themselves one hour 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. The examination must be successfully passed within 18 months of enrolment on M94.

Although the specimen examination in this guide is typical of an E94 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 M94 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/diploma-in-insurance-qualification/unit-motor-insurance-m94/
- 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 M94 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 CII 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 examination syllabus categorises M94 learning outcomes into attainment levels. Each learning outcome specifies the level of skill required of candidates and thus the level at which candidates may be tested.

The syllabus requires that candidates have the ability to understand the subject matter. Each learning outcome begins with the following cognitive skill:

Understanding - Candidates 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.

Examination Information

The method of assessment for the E94 examination is 50 multiple choice questions. One hour is allowed for this examination.

The M94 syllabus provided in this examination guide will be examined from 1 May 2020 until 30 April 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.

E94 examinations test the Financial Conduct Authority and Prudential Regulation Authority rules and regulations.

When preparing for the examination, candidates should ensure that they are aware of what typically constitutes each type of product listed in the syllabus and ascertain whether the products with which they come into contact during the normal course of their work deviate from the norm, since questions in the examination test generic product knowledge.

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 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.

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, in 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

Purpose

At the end of this unit, candidates should be able to demonstrate an understanding of the different types of motor risk and the compulsory insurance requirements.

Assumed knowledge

It is assumed the candidate has knowledge of the fundamental principles of insurance as covered in IF1 Insurance, legal and regulatory or equivalent examinations.

Summary of learning outcomes	Number of questions in the examination*
1. Understand the nature of motor risk and the main factors that impact on it	8
2. Understand the scope of cover provided by motor policies	8
3. Understand the main practices of motor insurance	5
4. Understand risk perception, evaluation and underwriting of motor insurance	19
5. Understand the claims considerations and procedures of motor insurance	10

* 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:

Mixed assessment consisting of two components, both of which must be passed. One component is a coursework assignment and one is a multiple choice question (MCQ) examination. The details are:

 1. an online coursework assignment using RevisionMate consisting of 10 questions which sequentially follow the learning outcomes. This must be successfully completed within 6 months of enrolment; and
 2. an MCQ exam consisting of 50 MCQs. 1 hour is allowed for this exam. This exam must be successfully passed within 18 months of enrolment.
- This syllabus will be examined from 1 May 2020 until 30 April 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 nature of motor risk and the main factors that impact on it

- 1.1 Explain the different types of motor risk, including their frequency and severity.
- 1.2 Outline the legislation, including the Road Traffic Acts, which aims to control risk.
- 1.3 Explain Part VI of the Road Traffic Act focussing on the effects of compulsory insurance on the motorist and insurers.
- 1.4 Describe the role and functions of the Motor Insurers' Bureau (MIB) including the MIB agreements.
- 1.5 Describe the incidence and consequences of uninsured driving and the measures taken to combat this.

2. Understand the scope of cover provided by motor policies

- 2.1 Explain indemnity and the main types of cover in relation to the motor car policy including:
 - Cover for third party liabilities.
 - Loss or damage to the insured vehicle.
 - Other benefits such as personal accident and personal effects.
 - Minimum EU cover and foreign use extensions.
 - Uninsured loss recovery, legal expenses and breakdown assistance.
 - Principal policy conditions, exclusions and the right of recovery clause.
- 2.2 Distinguish between the cover given under the motor car policy and the following:
 - Motorcycles.
 - Goods carrying commercial vehicles.
 - Hire cars.
 - Passenger carrying commercial vehicles.
 - Special types.
 - Agricultural and forestry vehicles.
 - Motor trade.
 - Motor fleet.

3. Understand the main practices of motor insurance

- 3.1 Explain the new business process.
- 3.2 Explain mid-term policy alterations.
- 3.3 Describe the renewal process, lapses and cancellations.
- 3.4 Explain issues arising from the delivery and surrender of certificates.
- 3.5 Explain the process for handling voidable policies and the options available to insurers.

4. Understand risk perception, evaluation and underwriting of motor insurance

- 4.1 Discuss motor underwriting strategy and objectives distinguishing between account level and case underwriting.
- 4.2 Explain an insurer's risk appetite, standard rating models and pricing methods.
- 4.3 Discuss key risk assessment approaches and underwriting options for motor business in respect of vehicles, drivers and use.
- 4.4 Discuss proposal evaluation including legal considerations and validation methods.
- 4.5 Explain the application of loadings and discounts, including no claim discounts.
- 4.6 Explain factors affecting loss ratio, expense ratio and operating ratio.
- 4.7 Describe reinsurance as applied to motor insurance.
- 4.8 Describe the methods of underwriting and rating for:
 - Motor cars.
 - Motorcycles.
 - Goods carrying commercial vehicles.
 - Hire cars.
 - Passenger carrying commercial vehicles.
 - Special types.
 - Agricultural and forestry vehicles.
 - Motor trade.
 - Motor fleet risks, contingent liability and occasional business use.
- 4.9 Explain fleet risk management and its benefits.
- 4.10 Discuss the key issues in underwriting at renewal, mid-term changes in risk and policy variations.
- 4.11 Explain the importance of liaison between claims and underwriting functions.

5. Understand the claims considerations and procedures of motor insurance

- 5.1 Discuss motor claims strategy and objectives.
- 5.2 Explain the validation, evaluation and settlement criteria in handling motor claims including:
 - Counter fraud measures including the use of databases.
 - Specific claims handling procedures applicable to private motor, commercial motor and motor trade insurance.
 - Procedures to assess and resolve bodily injury, accidental damage, fire and theft and third party losses including the classification of damages.
- 5.3 Explain the role of market organisations and law enforcement agencies in the claims process including the practical application of the MIB Agreements.

- 5.4 Explain the role of motor engineers, approved repairers and others involved in own vehicle and third party property repairs and replacements.
- 5.5 Discuss dispute resolution procedures by reference to arbitration clauses, internal complaint processes, the Financial Ombudsman Service and Alternative Dispute Resolution.

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. London: CII. Study text M94

Insurance, legal and regulatory. London: CII. Study text IF1

Books

APIL guide to MIB claims.: uninsured and untraced drivers. 4th ed. Andrew Ritchie, Jeremy Ford. Bristol: Jordan, 2016.

APIL guide to RTA liability. 2nd ed. Andrew Ritchie. Bristol: Jordan, 2012.

Bingham & Berryman's personal injury and motor claims cases. 14th revised ed. Ruth Graham et al (eds). London: LexisNexis, 2016.

Drafting insurance contracts: certainty, clarity, law and practice. Christopher Henley. London: Leadenhall press, 2010.

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

Insurance claims. 4th ed. Alison Padfield. Bloomsbury Professional, 2016.

'Motor policies'. Chapter – The modern law of insurance. Andrew McGee. 3rd ed. London: LexisNexis, 2011.

'Motor vehicle insurance'. Chapter – Birds' modern insurance law. John Birds. 10th ed. London: Sweet & Maxwell, 2016.

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

'The Road Traffic Act 1988 – third party liabilities'. Chapter – Claims handling law and practice. Richard West et al. London: Witherby, 2008.

Journals and magazines

Insurance times. London: Newsquest Specialist Media. Weekly. Contents searchable online at www.insurancetimes.co.uk.

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.

Access to further periodical publications is available from the Knowledge website at www.cii.co.uk/journalmagazines (CII/PFS members only).

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.

Insurance: Conduct of Business sourcebook (ICOBS). Available via www.handbook.fca.org.uk/handbook/ICOBS.

Road Traffic Act 1988. London: HMSO, 1988. Available via www.legislation.gov.uk.

Exemplars

Exemplar papers are available for all mixed assessment units. Exemplars are available for both the coursework component and the MCQ exam component.

These are available on the CII website under the unit number before purchasing the unit. They are available under the following link www.cii.co.uk/qualifications/diploma-in-insurance-qualification.

These exemplar papers are also available on the RevisionMate website (www.revisionmate.com) after you have purchased the unit.

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).

1. From a motor insurer's perspective, claims for emergency treatment fees are considered to be
 - A. high frequency, high severity.
 - B. high frequency, low severity.
 - C. low frequency, high severity.
 - D. low frequency, low severity.

2. A motor insurer will express its claims frequency in relation to
 - A. a calendar year.
 - B. the number of policies issued.
 - C. premium income.
 - D. vehicle years.

3. Under the terms of the Road Traffic Acts, within what **maximum** period **must** an insurer notify the relevant Secretary of State that it has refused insurance cover to a proposer on the grounds of poor health?
 - A. As soon as practical.
 - B. 15 days.
 - C. 21 days.
 - D. 30 days.

4. How has Section 147 of the Road Traffic Act 1988 been amended by the Deregulation Act 2015 with regard to the issue of a certificate of insurance?
 - A. A certificate must be issued electronically.
 - B. A certificate is no longer required to be delivered before cover commences.
 - C. A certificate is no longer required to be issued.
 - D. A certificate no longer needs to follow a prescribed form.

5. A motorist, who is insured for third party, fire and theft risks, is struck by an uninsured car whilst stationary. He suffers personal injury and damage is caused to his car, and a wide screen television which he had just bought. To what extent will the Motor Insurers' Bureau make payment to the motorist for his losses?
 - A. Damage to the car only.
 - B. Personal injury only.
 - C. Personal injury and damage to the car only.
 - D. Personal injury, damage to the car and damage to the television.

6. Tom's certificate of insurance permits driving by him and any member of his family residing with him. However, the policy contains a restriction stating drivers **must** be aged over 21. If the policyholder allows his 18-year-old daughter Alice, to drive, who, if anyone, would be liable to prosecution under the Road Traffic Acts?
- A. Alice only.
 - B. Tom only.
 - C. Both Alice and Tom.
 - D. Neither Alice nor Tom.
7. In the event of continued non-compliance, what powers are given to the police under the Serious Organised Crime and Police Act 2005?
- A. Apply an on the spot fine of up to £100.
 - B. Confiscate the vehicle until proof of insurance is provided.
 - C. Seize the vehicle and destroy it.
 - D. Sell the vehicle and retain the proceeds of sale.
8. What is the **initial** stated objective of Continuous Insurance Enforcement?
- A. To assist the police in the successful prosecution of uninsured motorists.
 - B. To detect fraudulent falsification of insurance documentation.
 - C. To identify uninsured vehicles by comparing the records of the Driver and Vehicle Licensing Agency and Motor Insurers' Bureau.
 - D. To secure subrogation rights for the Motor Insurers' Bureau, where it has been called to settle an uninsured loss.
9. How does cover for legal fees under a commercial vehicle policy differ to that provided by a private car policy?
- A. It includes the cost of defending a claim for wrongful delivery.
 - B. It includes the cost of defending proceedings for a breach of health and safety legislation.
 - C. It includes the cost of fines following criminal prosecution due to a vehicle defect.
 - D. It includes legal costs for uninsured loss recovery.
10. What are the territorial limits which apply to the driving other cars cover under a private car insurance policy?
- A. UK only.
 - B. UK and Isle of Man only.
 - C. UK, Channel Islands and Isle of Man only.
 - D. UK, Channel Islands, Isle of Man and EU member states.

11. To what extent, if any, will a motorist's comprehensive insurance cover be prejudiced if he forgets to renew his driving licence and the licence expires?
- A. All cover will be ineffective.
 - B. Only cover as required by the Road Traffic Acts will apply.
 - C. All cover other than accidental damage will apply.
 - D. All cover will apply.
12. A motorist is insured for third party, fire and theft and takes his car to an approved repairer following damage by an insured peril. What cover, if any, is **typically** provided by his policy for a courtesy car lent by the repairer, whilst his own car is being repaired?
- A. Cover is not provided.
 - B. Third party only.
 - C. Third party, fire and Theft.
 - D. Comprehensive.
13. An insurer has invoked the cancellation clause under a private motor policy and provides the insured with seven days' notice by recorded delivery. At what point does the insurer's liability under the policy cease?
- A. Seven days from the date on the letter.
 - B. Seven days from when the letter is received.
 - C. When the Motor Insurance Database is updated.
 - D. When any refund of premium is sent to the insured.
14. A motorcycle and private car are both comprehensively insured. How would cover compare for both vehicles whilst left in the custody of a motor trader for service or repair?
- A. Both vehicles would be covered for fire, theft and accidental risks only.
 - B. Both vehicles would have comprehensive cover.
 - C. The private car would have comprehensive cover and there would be no cover for the motorcycle.
 - D. The private car would have comprehensive cover but the motorcycle would have an exclusion for theft.
15. How does cover in respect of accessories and spare parts under a commercial vehicle policy compare with the same cover under a private car policy?
- A. It is more restrictive as cover only applies following loss or damage to the vehicle.
 - B. It is more restrictive as cover only applies whilst accessories are on the vehicle.
 - C. It is wider as cover extends to include the driver's personal effects.
 - D. It is wider as cover extends to include ropes and sheeting used to secure a load.

16. How does cover in respect of the unauthorised movement of a vehicle under a commercial vehicle policy differ from the driving other cars cover under a private car policy?
- A. Cover only applies whilst on trade premises.
 - B. It extends to include cover for defence costs against criminal prosecution.
 - C. It extends to include cover for the vehicle being moved.
 - D. Territorial limits are extended to include EU member states.
17. What is a **key** element of the Enterprise Act 2016?
- A. Consumers have a longer period to refer complaints to the Financial Ombudsman Service.
 - B. Gender bias in calculating premiums is no longer permitted.
 - C. Insurers are not permitted to delay the payment of claims unnecessarily.
 - D. Solicitors' fees in alternative dispute resolution cases are capped.
18. For what **minimum** period **must** an insurer keep a record of the information required to be shown in a certificate of insurance in respect of every motor policy issued?
- A. 7 years from inception of the policy.
 - B. 7 years after expiry of the policy.
 - C. 40 years from inception of the policy.
 - D. 40 years after expiry of the policy.
19. When a claim is notified for an incident occurring in the expiring period of insurance after the renewal invitation has been issued, what action, if any, will the insurer take regarding the renewal premium?
- A. Collect the premium and charge an additional premium from next renewal.
 - B. Recalculate the premium according to the revised risk and reissue documentation.
 - C. Recalculate the premium, with a fixed loading of 50% and reissue documentation.
 - D. Suspend the policy from the date of the incident until the full circumstances are investigated, then reinstate the policy and charge an additional premium.
20. When an insurance intermediary has express authority to accept a motor insurance certificate on the policyholder's behalf, in which document is such authority given?
- A. Letter of consent.
 - B. Memorandum of agreement.
 - C. The policy document as an express condition.
 - D. Terms of business agreement.
21. A motor insurance policyholder deliberately withholds information about a drink-driving conviction he received in the last period of insurance. What action is the insurer **most likely** to take on discovery of this information following renewal of the policy?
- A. Void the policy from renewal and refund the premium.
 - B. Void the policy from renewal and retain the premium.
 - C. Void the policy from the date of the conviction and refund the premium on a pro-rata basis.
 - D. Void the policy from the date of the conviction and retain the premium.

22. As part of its strategic objectives, an insurer's underwriting strategy with regard to claims and expense ratios
- A. must be kept below a prescribed threshold level.
 - B. should be kept under constant review.
 - C. should not exceed its risk appetite.
 - D. should only rise in a hard or hardening market.
23. When producing a rating model, of what should an underwriter be aware, with regard to expenses?
- A. Fixed costs include dealing with quotations and proposals.
 - B. Fixed costs include intermediaries' commission.
 - C. Variable costs include the costs of claims and marketing.
 - D. Variable costs include policy alterations and renewals.
24. Which class of use for a motor car would **usually** present an underwriter with the highest level of risk exposure?
- A. Class A.
 - B. Class B1.
 - C. Class B2.
 - D. Social and domestic pleasure.
25. In what circumstances, if any, is a solicitor permitted to pay a referral fee to a claims-handling agent?
- A. Under no circumstances.
 - B. Only if the fee does not relate to personal injury claims.
 - C. Only if the fee relates to personal injury claims.
 - D. In all circumstances.
26. To which type of insured is an introductory discount **most commonly** provided by a motor insurer?
- A. Drivers aged 21 or under.
 - B. A driver who has attained State Pension age.
 - C. An individual without previous insurance.
 - D. An insured whose policy is being arranged via an intermediary.
27. A motor insurer's loss ratio is determined by taking into account its
- A. incurred but not reported claims and premiums earned only.
 - B. incurred claims cost and investment income only.
 - C. incurred claims cost and net earned premium only.
 - D. investment income, incurred claims cost and premiums earned.

28. Which type of reinsurance is **most commonly** used for newly-established small accounts used by motor insurers?
- A. Non-proportional.
 - B. Quota share.
 - C. Stop Loss
 - D. Surplus.
29. Why is the age of a motor vehicle an important consideration to a motor underwriter?
- A. It is a factor in the relative claims cost.
 - B. New vehicles are always the most expensive to insure.
 - C. Older vehicles are most commonly used in connection with fraudulent claims.
 - D. Vehicles over 10 years old may need to be rated separately as a classic or vintage model.
30. On what basis is a goods-carrying vehicle **most commonly** rated by a motor insurer?
- A. By using a postcode rating.
 - B. By using the vehicle's plated weight.
 - C. With reference to the turnover of the business proposing the insurance.
 - D. With reference to the vehicle's value.
31. A proposer wishes to insure a stretch limousine which will be used in a private hire capacity. Before providing a quotation the underwriter will **most commonly**
- A. check the vehicle's compliance with Driver and Vehicle Licensing Agency standards.
 - B. impose a limitation on the maximum number of passengers in each journey.
 - C. stipulate that the vehicle must not be taken outside of the UK.
 - D. verify the nature of the proposer's business.
32. From a motor insurer's perspective, a **key** concern when insuring a small coach which is owned by a social club or charitable organisation is that it
- A. is likely to be used excessively.
 - B. is unlikely to be stored in a garaged facility.
 - C. may be serviced inadequately.
 - D. will be driven by an individual without an appropriate licence.
33. Zoe is hiring a car so that she has access to a vehicle whilst taking a holiday in the UK. What information with regard to Zoe's licence is the hiring company obliged to check with the Driver and Vehicle Licensing Agency?
- A. Her age and conviction history only.
 - B. Her age and driving entitlement only.
 - C. Her conviction history and driving entitlement only.
 - D. Her age, conviction history and driving entitlement.

34. What insurance-related limitation **usually** applies to an agricultural vehicle used by a farmer?
- A. If the vehicle is to be used to carry goods, the estimated value of those goods must be given to the insurer.
 - B. The vehicle can only be driven by its legal owner.
 - C. The vehicle can only be used on a public road if an additional premium is payable.
 - D. Where the vehicle is used for crop-spraying purposes, this must only be on the farmer's own land.
35. Which type of rating is **most commonly** used by motor insurers when insuring vehicles used in the motor trade?
- A. Named driver basis.
 - B. Points basis.
 - C. Rating district basis.
 - D. Trade plate basis.
36. Which factors are **most commonly** considered by a motor insurer underwriting occasional business use cover?
- A. The number of employees and the estimated mileage.
 - B. The number of employees and a rate per capita.
 - C. The postcode district and the estimated mileage.
 - D. The postcode district and a rate per capita.
37. What is the **primary** factor for an insurer when underwriting the renewal of a fleet of motor cars?
- A. Actual claims experience.
 - B. Age profile of drivers.
 - C. Location of the insured's business.
 - D. The insured's wage roll.
38. A private motor car policyholder advises her insurer of a change in her occupation, as she is now becoming a florist rather than working in education. In these circumstances, the insurer is **most likely** to
- A. cancel the existing policy.
 - B. impose an additional premium to reflect the cover required and the increased risk.
 - C. remove any no claims discount as the policy will now be a commercial policy.
 - D. seek a review of the policyholder's claims and accident record with reference to the Driver and Vehicle Licensing Agency's register.
39. How does an insurer test the suitability of cover in terms of the requirements and expectations of customers?
- A. By analysing repudiated claims.
 - B. By conducting surveys and seminars.
 - C. By referring to the Claims and Underwriting Exchange.
 - D. By regularly analysing its premium levels to ensure they are in line with industry standards.

40. Under section 8.1.2 of the Insurance: Conduct of Business sourcebook (ICOBS), what is a qualifying misrepresentation?
- A. One made by a consumer before a consumer insurance contract was entered into or varied.
 - B. One made by a consumer after a consumer insurance contract was entered into or varied.
 - C. One made by a large commercial insured before a commercial insurance contract was entered into or varied.
 - D. One made by a large commercial insured after a commercial insurance contract was entered into or varied.
41. What is the **maximum** period for referring motor insurance claim disputes to the Financial Ombudsman Service following an insurer advising the claimant of its final decision?
- A. 6 months.
 - B. 12 months.
 - C. 3 years.
 - D. 6 years.
42. With which database(s) does MIAFTR² have a link?
- A. Police National Computer only.
 - B. Hire Purchase Information and Police National Computer only.
 - C. Claims Underwriting Exchange, Hire Purchase Information and Police National Computer.
 - D. Driver and Vehicle Licensing Agency statutory vehicle record, Hire Purchase Information and Police National Computer.
43. What is a **key** difference between an insurer's claims mission statement and its claims vision statement?
- A. Only the mission statement will reflect its competitiveness.
 - B. Only the mission statement will reflect its level of customer service.
 - C. Only the vision statement will reflect its aspirations.
 - D. Only the vision statement will reflect its values.
44. Tim has a motor policy and a household policy with both insurers subscribing to the personal effects insurance contribution agreement. Following a motor accident, Tim makes a claim for personal effects. How will the claim be settled?
- A. Both insurers will pay the claim in proportion to the respective sums insured.
 - B. The insurer of the policy under which the claim is made will pay the claim subject to policy limits.
 - C. The household insurer will pay the claim in full.
 - D. The motor insurer will pay the claim in full.

45. To which category of claims costs does the Association of British Insurers' general terms of agreement apply?
- A. Car hire costs.
 - B. Labour costs.
 - C. Legal costs.
 - D. Material costs.
46. James had an accident with an untraced driver on 23 February 2018. By what **latest** date can James apply for assistance under the Untraced Drivers' Agreement?
- A. 23 February 2019.
 - B. 23 February 2020.
 - C. 23 February 2021.
 - D. 23 February 2022.
47. For an insurer to be ISO 9001 registered, it **must**
- A. be independently audited or certified.
 - B. deal with all claims within a specified timeframe.
 - C. not outsource its underwriting or claims functions to third parties.
 - D. only use approved reinsurers.
48. Which parties may use alternative dispute resolution in respect of a motor insurance claim?
- A. Insured and insurer only.
 - B. Insured and third party only.
 - C. Insurer and third party only.
 - D. Insured, insurer and third party.
49. What Act states that credit hire agreements require payment within a certain period together with a cancellation notice condition?
- A. Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013.
 - B. Consumer Credit (Exempt Agreements) Order 1989.
 - C. Consumer Credit Act 1974.
 - D. Stevens v Equity Syndicate Management Ltd (2015) EWCA Civ 93.
50. What is the deadline for a motor claim complaint by an insured to be referred to the Financial Ombudsman Service after the claimant knew or should have known that they had cause for complaint?
- A. 6 months.
 - B. 12 months.
 - C. 3 years.
 - D. 6 years.

Specimen Examination Answers and Learning Outcomes Covered

Question	Answer	Learning Outcome	Question	Answer	Learning Outcome	Question	Answer	Learning Outcome
Learning Outcome 1			Learning Outcome 4			Learning Outcome 5		
1	D	1.1	22	B	4.1	41	A	5.5
2	D	1.1	23	D	4.2	42	D	5.2
3	A	1.2	24	C	4.3	43	C	5.1
4	B	1.3	25	B	4.4	44	B	5.3
5	D	1.4	26	C	4.5	45	A	5.4
6	D	1.5	27	C	4.6	46	C	5.3
7	C	1.5	28	B	4.7	47	A	5.1
8	C	1.5	29	A	4.8	48	A	5.5
8 questions			30	B	4.8	49	A	5.4
			31	A	4.8	50	C	5.5
Learning Outcome 2			32	C	4.8	10 questions		
9	B	2.2	33	D	4.3			
10	C	2.1	34	D	4.8			
11	D	2.1	35	B	4.2			
12	D	2.1	36	B	4.8			
13	C	2.1	37	A	4.9			
14	C	2.2	38	B	4.10			
15	B	2.2	39	A	4.11			
16	C	2.2	40	A	4.4			
8 questions			19 questions					
Learning Outcome 3								
17	C	3.2						
18	B	3.1						
19	B	3.3						
20	D	3.4						
21	B	3.5						
5 questions								