



Chartered
Insurance
Institute

IMU

Motor insurance claims and underwriting (India)

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

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Introduction

This examination guide has been produced by the Qualifications and Assessments Department at the Chartered Insurance Institute to assist students in their preparation for the IMU 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 IMU 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.

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
- 2) Select 'exam guide update' on the right-hand side of the IMU unit page

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

Syllabus

The IMU 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 IMU begin with *understand*. 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.

Examination Information

The method of assessment for the IMU examination is 65 multiple choice questions (MCQs) and 2 case studies, each comprising 5 MCQs. 2 hours are allowed for this examination.

The IMU 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.

Section A consists of 65 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 two 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 claims and underwriting (India)

Objective

To provide knowledge and understanding of the fundamental principles and practices relating to motor insurance claims and underwriting in India.

Summary of learning outcomes	Number of questions in the examination*
1. Understand the material facts and information relating to the motor insurance underwriting process	6
2. Understand the underwriting procedures relating to the motor insurance underwriting process	13
3. Understand pricing factors and managing exposure in the motor insurance underwriting process	9
4. Understand renewals and cancellation in relation to the motor insurance underwriting process	8
5. Understand the general principles in the motor claims-handling process	9
6. Understand claims considerations and administration	13
7. Understand motor claim settlement	7

* 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: 65 multiple choice questions (MCQs) and 2 case studies, each comprising 5 MCQs. 2 hours are allowed for this examination
- This syllabus will be examined from 1 May 2020 until 30 April 2021.
- 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 material facts and information relating to the motor insurance underwriting process**
 - 1.1 Explain what insurable interest is and how it arises
 - 1.2 Explain the information gathered from the customer, its purpose and importance
 - 1.3 Describe the methods used to obtain material facts and information
 - 1.4 Explain peril and hazard and the relationship between them
- 2. Understand the underwriting procedures relating to the motor insurance underwriting process**
 - 2.1 Describe the questions asked of proposers
 - 2.2 Describe how the premium is calculated
 - 2.3 Explain the significance of documentation issued in relation to the policy
 - 2.4 Explain the significance of premium payment
- 3. Understand pricing factors and managing exposure in the motor insurance underwriting process**
 - 3.1 Explain the nature of risk
 - 3.2 Explain the significance of claims loss ratios
 - 3.3 Explain the importance of managing exposure
- 4. Understand renewals and cancellation in relation to the motor insurance underwriting process**
 - 4.1 Explain the process for mid-term adjustments and renewals, including cancellations
- 5. Understand the general principles in the motor claims-handling process**
 - 5.1 Describe the requirements for a valid claim
 - 5.2 Explain why a claim may be partially met or invalid
- 6. Understand claims considerations and administration**
 - 6.1 Describe the role of the claims department and associated personnel and services
 - 6.2 Explain the difference to the insurer of the different parties to a claim
- 7. Understand motor claim settlement**
 - 7.1 Explain how claims are settled
 - 7.2 Describe the key parties involved in claims settlement

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 claims and underwriting.
London: CII. Study text IMU.

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. Which principle of insurance is essential for a valid motor insurance contract?
 - A. Contribution.
 - B. Indemnity.
 - C. Insurable interest.
 - D. Subrogation.

2. What is the **main** purpose of material information in the motor underwriting process?
 - A. To confirm that insurable interest exists.
 - B. To confirm the classification of the vehicle.
 - C. To help an underwriter assess and price a risk.
 - D. To keep records updated.

3. In what circumstances may a motor insurer have the right to avoid paying a claim and to void a policy from inception?
 - A. When a deliberately undisclosed material circumstance is discovered.
 - B. When a premium instalment is not paid.
 - C. When a second insurer is used by the insured.
 - D. When the value of the vehicle is mistakenly underestimated by the insured.

4. Which document would a motor insurance underwriter use to obtain key information during the underwriting process?
 - A. A certificate of insurance.
 - B. A cover note.
 - C. A policy document.
 - D. A proposal form.

5. A car is damaged as a result of a fire. The motor insurer will consider the damage to be an
 - A. insured hazard.
 - B. insured peril.
 - C. uninsured hazard.
 - D. uninsured peril.

6. What is the **most common** way in which insurable interest arises in a car?
 - A. Being a passenger in the car.
 - B. Being involved in a car accident.
 - C. Driving the car.
 - D. Owning the car.

7. When requesting a quotation for standard motor insurance, the proposer will **usually** be asked for
- A. a copy of his driving licence.
 - B. a copy of the vehicle registration certificate.
 - C. his previous claims history.
 - D. proof of the vehicle's value.
8. The Insured Declared Value (IDV) of a four-year-old car is fixed at what percentage of the manufacturer's selling price?
- A. 20%
 - B. 30%
 - C. 40%
 - D. 50%
9. How is a deductible applied under a commercial vehicle insurance policy?
- A. It is a compulsory amount determined by the insurer only.
 - B. It is a voluntary amount chosen by the insured only.
 - C. It is both a compulsory amount determined by the insurer and a voluntary amount chosen by the insured.
 - D. It can either be a compulsory amount determined by the insurer, or a voluntary amount chosen by the insured, but not both.
10. What is the **typical** level of compulsory excess under a private car insurance policy?
- A. Rs.100 to Rs.200
 - B. Rs.200 to Rs.500
 - C. Rs.500 to Rs.1,000
 - D. Rs.1,000 to Rs.2,000
11. On what basis does a motor insurer set the premium for comprehensive own damage cover?
- A. The India Motor Tariff.
 - B. The insurer's full motor claims experience.
 - C. The insurer's own damage claims experience only.
 - D. The insurer's third party liability claims experience only.
12. A motor insurance policyholder has changed his car's fuel so it runs on LPG. What action is the insurer **most likely** to take?
- A. It will apply an increased deductible.
 - B. It will charge an additional premium.
 - C. It will decline the risk.
 - D. It will take no action.

13. A motor insurance policyholder wishing to take the protected no claims bonus protection extension should be aware that
- A. he will need to pay an additional premium.
 - B. his premium will remain unchanged.
 - C. the policy excess will increase.
 - D. the policy excess will reduce.
14. The sunset clause under a motor insurance policy relates to
- A. drivers over 70 years old.
 - B. laid-up vehicles.
 - C. misrepresentation.
 - D. no claims bonus discount.
15. Which document is issued as evidence of motor insurance for a temporary period?
- A. A certificate of insurance.
 - B. A cover note.
 - C. A policy schedule.
 - D. A policy wording.
16. Which regulation states that third party liability insurance is compulsory and an insurer **must** issue a certificate of insurance?
- A. The Central Motor Vehicle Rules 1989.
 - B. The Insurance Act 1938.
 - C. Motor Vehicle Act 1988 as amended by the Motor Vehicles (Amendment) Act 2019.
 - D. The Regional Transport Office Regulations.
17. The application of depreciation and compulsory deductibles when a claim is made are examples of
- A. operative clauses.
 - B. policy conditions.
 - C. policy exclusion.
 - D. warranties.
18. Which regulation states that the premium **must** be paid before the motor insurer provides cover for the risk?
- A. The Central Motor Vehicle Rules 1989.
 - B. The Insurance Act 1938.
 - C. Motor Vehicle Act 1988 as amended by the Motor Vehicles (Amendment) Act 2019.
 - D. The Regional Transport Office Regulations.

19. Ayaan takes out a motor insurance policy with an insurance agent and pays the premium by cheque. Within what time period **must** the agent forward the cheque to the insurer?
- A. 24 hours.
 - B. 48 hours.
 - C. 72 hours.
 - D. 1 week.
20. In terms of frequency and severity, a major fire at a multi-storey car park is classed as
- A. high frequency and high severity.
 - B. high frequency and low severity.
 - C. low frequency and high severity.
 - D. low frequency and low severity.
21. Which type of risk is **NOT usually** insurable?
- A. A financial risk.
 - B. An objective risk.
 - C. A pure risk.
 - D. A speculative risk.
22. When calculating a risk premium for motor insurance, the fixed costs for salaries and office rent and the variable costs for acquisitions are examples of
- A. expenses and contingencies.
 - B. a pure premium.
 - C. reinsurance costs.
 - D. an underwriting profit margin.
23. A motor insurance policy has a loss ratio of 105%. How much will be paid out in claims by the insurer for every Rs.10,000 of premium received?
- A. Rs.500
 - B. Rs.5,000
 - C. Rs.9,500
 - D. Rs.10,500
24. A motor insurer has a low loss ratio which is well below its target. What action may the insurer take?
- A. Cancel its reinsurance.
 - B. Continue to monitor the performance.
 - C. Decrease rates.
 - D. Increase rates.

25. Why is it important for a motor insurer to accurately maintain claims reserves?
- A. To ensure that future claims costs are met by the premiums.
 - B. To ensure that future premiums are paid.
 - C. To prevent fraudulent claims.
 - D. To reduce the number of claims.
26. When rates are increasing across the motor insurance market, the market is considered to be
- A. flat.
 - B. hardening.
 - C. peaking.
 - D. softening.
27. When an insurer purchases an insurance policy to protect itself against major losses and to enhance its capacity, this is known as
- A. average.
 - B. contribution.
 - C. reinsurance.
 - D. subrogation.
28. Who is responsible for controlling exposure within a motor insurer?
- A. The actuary.
 - B. The call centre operative.
 - C. The claims manager.
 - D. The underwriter.
29. Changes to a motor insurance policy are processed by issuing
- A. a cancellation.
 - B. an endorsement.
 - C. a renewal.
 - D. a warranty.
30. When, if at all, should a change in the usage of a vehicle covered under a motor insurance policy be notified to the insurer?
- A. Immediately.
 - B. At renewal.
 - C. When a claim is made.
 - D. The insurer does not need to be notified.

31. What action would an underwriter take, if any, if a motor insurance policyholder wants to use his car in a country outside of India?
- A. Apply an increased deductible.
 - B. Charge an additional premium.
 - C. Decline the risk.
 - D. No action would be taken.
32. Sudipta has just moved to a new home and contacts her motor insurer to advise of her change of address. The insurer will **usually** deal with this change by issuing a
- A. cancellation.
 - B. financial endorsement.
 - C. non-financial endorsement.
 - D. renewal.
33. Krish has been the sole user of his employer's car for the last five years and has earned a no claims discount. The employer has now agreed to transfer the vehicle to him and have completed the necessary paperwork. How will the insurer respond?
- A. It is not possible to transfer the ownership and the policy will be cancelled immediately.
 - B. The ownership can be transferred but the no claims bonus cannot be retained.
 - C. The ownership can be transferred and the no claims bonus can be retained.
 - D. The policy will continue until renewal and then it will be cancelled.
34. It is considered good practice for an insurer to issue a renewal notice to a motor insurance policyholder within
- A. one week of the renewal date.
 - B. two weeks of the renewal date.
 - C. one month of the renewal date.
 - D. two months of the renewal date.
35. In what circumstances can a motor insurance policy **NOT usually** be cancelled?
- A. A cheque has been dishonoured.
 - B. A claim has been settled on a total loss basis.
 - C. The death of a policyholder.
 - D. The existence of double insurance.
36. On what type of policy is a short period scale used?
- A. A policy with a period of less than one year.
 - B. A policy with a period of one year.
 - C. A liability only policy for a car.
 - D. A liability only policy for a two-wheeled vehicle.

37. Krish's vehicle is covered under a liability policy. Following an accident, Krish submits a claim to the insurer for damage to his vehicle. The insurer subsequently discovers that Krish had intentionally driven the vehicle, even though he does **NOT** hold a valid driving licence. In these circumstances, how will the insurer deal with the claim?
- A. The claim for third party injuries and damages will be paid.
 - B. Only the claim for third party damages will be paid.
 - C. Only the claim for third party injuries will be paid.
 - D. The claim will be declined in full.
38. Following a major accident involving a commercial goods carrying vehicle, which document would the insurer wish to review to validate the vehicle's usage?
- A. Driving licence.
 - B. Fitness certificate.
 - C. Permit.
 - D. Registration certificate.
39. Following an accident, a motor insurance policyholder makes a claim which includes damage to parts made of glass. What percentage will the insurer deduct for depreciation, if any, in respect of the glass damage?
- A. Nil
 - B. 15%
 - C. 30%
 - D. 50%
40. The duty of the insured to co-operate with the insurer at all times during the motor insurance claims process is a policy
- A. condition.
 - B. endorsement.
 - C. exclusion.
 - D. term.
41. Aarush has a motor own damage insurance policy and in accordance with the policy is required to park his car in his garage at night. One night he parks the car on the street and the car is stolen. The subsequent claim was declined by the insurer because of a breach of a policy
- A. endorsement.
 - B. exclusion.
 - C. term.
 - D. warranty.

42. How, if at all, will a comprehensive insurance policyholder be prejudiced if he forgets to renew his fitness certificate?
- A. All cover will be ineffective.
 - B. Only cover as required by legislation will apply.
 - C. All cover will apply other than accidental damage.
 - D. All cover will apply.
43. Manuik has a comprehensive package motor policy. His five-year-old car is a total loss following an accident which was his fault. He submits a claim for the replacement costs of a brand-new car to his insurer. What will his insurer pay after allowing for salvage and the policy excess?
- A. The Insured Declared Value (IDV).
 - B. The cost of a new car.
 - C. Nothing, as the accident was Manuik's fault.
 - D. The value of the car at the time of the accident.
44. What is the **maximum** liability payable for third party property damage under a comprehensive motor insurance policy for a private car?
- A. Rs.6,000
 - B. 1 lakh
 - C. 5 lakhs
 - D. 7.5 lakhs
45. On what basis is the deductible applied under a motor insurance policy?
- A. Per claim.
 - B. Per person.
 - C. Per policy year.
 - D. It is at the insurer's discretion.
46. In addition to setting up and validating a motor insurance claim after notification, a claims handler will also
- A. advise the policyholder and manage the process until settlement.
 - B. inspect the damage to the vehicle.
 - C. make ex gratia payments.
 - D. visit the accident scene.
47. It is **NOT** the responsibility of a motor insurance claims manager to
- A. be aware of garages not being up to standard in terms of quality.
 - B. ensure the timely and fair settlement of claims.
 - C. reduce the claims costs by better negotiations with garages.
 - D. setting the premiums for own damage policies.

48. Which task can be outsourced by a motor insurer in relation to claims?
- A. Managing the network of garages.
 - B. The payment process.
 - C. Reserving.
 - D. Roadside assistance.
49. A mandatory survey by an IRDAI-licenced surveyor is required for motor losses in excess of
- A. Rs.10,000
 - B. Rs.20,000
 - C. Rs.30,000
 - D. Rs.50,000
50. What evidence is a motor insurance customer **usually** required to provide to the insurer as part of the pre-insurance inspection?
- A. Driving licence.
 - B. Fitness certificate.
 - C. Permit.
 - D. Photo or video of the vehicle.
51. What is the **main** objective of a motor insurer setting service standards?
- A. Improve cash flow.
 - B. Maximise profits.
 - C. Protect the interests of policyholders.
 - D. Reduce average claims payment.
52. What is the **main** purpose of a motor insurer's claims management system?
- A. Capture all data and provide a report containing all the details.
 - B. Determine if a claim is valid.
 - C. Evaluate the value of claims.
 - D. Identify fraudulent claims.
53. When a motor Insurer receives a claim, the setting aside of an amount to pay the claim in the future is known as
- A. contribution.
 - B. reserving.
 - C. settlement.
 - D. subrogation.

54. The effect of fraudulent motor claims on an insurer is a reduction in
- A. claims payments.
 - B. claims reserves.
 - C. loss assessors' fees.
 - D. profits.
55. As well as paid claims, the costs for motor insurance claims should also include
- A. incurred but not reported (IBNR) claims only.
 - B. incurred but not enough reported (IBNER) claims only.
 - C. outstanding claims only.
 - D. incurred but not reported (IBNR), incurred but not enough reported (IBNER) and outstanding claims.
56. In accordance with Consumer Protection Act 2019, a motor insurance complaint referred to the Insurance Ombudsman should be resolved within how many days?
- A. 30 days.
 - B. 60 days.
 - C. 90 days.
 - D. 120 days.
57. The first party in relation to a motor insurance policy is the
- A. broker.
 - B. financier.
 - C. insured.
 - D. insurer.
58. When two or more insurers are involved in a motor insurance claim and they are party to a market agreement, what impact is this **most likely** to have on the claim?
- A. Minimise leakage.
 - B. Improve the accuracy of reserving.
 - C. Reduce the cost of dealing with the claim.
 - D. Reduce fraudulent activity.
59. What percentage of the Insured Declared Value (IDV) would the cost of vehicle repairs need to exceed to be considered a constructive total loss?
- A. 55%
 - B. 65%
 - C. 75%
 - D. 85%

60. To what type of motor insurance claim would depreciation **NOT** apply?
- A. Own damage repairs.
 - B. Own damage replacement.
 - C. Theft.
 - D. Tyres and batteries.
61. Which insurance principle applies when a motor policyholder has double insurance?
- A. Contribution.
 - B. Indemnity.
 - C. Insurable interest.
 - D. Subrogation.
62. Which insurance principle is involved by an insurer seeking to recover the cost of a claim from a third party who is responsible for the damage?
- A. Contribution.
 - B. Indemnity.
 - C. Insurable interest.
 - D. Subrogation.
63. Quantum fixation in relation to motor insurance is setting the
- A. claims settlement amounts.
 - B. level of fixed expenses.
 - C. level of premiums.
 - D. level of reinsurance.
64. The **main** purpose of which role is to assess vehicle damage and agree repair costs?
- A. Actuary.
 - B. Claims manager.
 - C. Motor engineer.
 - D. Underwriter.
65. Who has an approved network of vehicle repairers?
- A. The broker.
 - B. The insured.
 - C. The insurer.
 - D. The loss assessor.

SECTION B

Ryna, aged 40, has a car which is nearly three years old.

His insurance policy is due for renewal and he decides to approach an insurer for comprehensive package insurance. He has made no claims in the last three years and is willing to take a deductible of Rs.2,500.

Ryna was involved in an accident nearly four years ago, for which he was found to be at fault.

Shortly after the accident, Ryna received a speeding conviction. He has chosen **NOT** to disclose this conviction to the insurer.

66. How would the insurer respond to Ryna's insurance proposal?
- A. It would accept the risk on standard terms.
 - B. It would accept the risk but charge an increased premium.
 - C. It would decline the risk.
 - D. It would only offer third party liability cover.
67. The Insured Declared Value (IDV) of Ryna's car will be fixed at what percentage of the manufacturer's selling price?
- A. 20%
 - B. 30%
 - C. 40%
 - D. 50%
68. To what percentage of no claim bonus would Ryna be entitled?
- A. 25%
 - B. 30%
 - C. 35%
 - D. 45%
69. What premium discount will Ryna achieve with his chosen deductible?
- A. 20% on the own damage premium only.
 - B. 20% on the third party liability premium only.
 - C. 20% on the total premium excluding any optional extras.
 - D. 20% on the total premium for the vehicle.
70. Ryna's behaviour towards his insurer with regard to the conviction will be considered to be
- A. contribution.
 - B. misrepresentation.
 - C. non-disclosure.
 - D. reserving.

Shyam drives an expensive sports car and his neighbour, Leela, has an estate car. Both cars are less than one year old.

Shyam and Leela both arranged their insurance with an insurance broker and have comprehensive package motor policies with no claims bonus protector. Shyam's policy has a Rs.5,000 deductible and Leela's policy has a Rs.1,000 deductible.

One day whilst reversing from his driveway, Shyam accidentally hit Leela's car. Minimal damage was caused to Leela's car, but Shyam's car sustained damage costing Rs.20,000.

Later that day, Leela was out with her father in his car. Her father was driving when they were hit from behind by another car, which drove away without stopping. Leela was admitted to hospital with bodily injuries. Her father's car was badly damaged and had to be towed from the scene of the accident. It was subsequently discovered that Leela's father had arranged for the accident to happen in order to make an insurance claim.

- 71.** Following Shyam's accident, for which car(s) will his insurer pay to be repaired?
- A. Both cars, less the policy deductible.
 - B. Leela's car only, in full.
 - C. Shyam's car only, less the policy deductible.
 - D. Shyam's car only, in full.
- 72.** What policy excess, if any, will Shyam need to pay?
- A. Nil.
 - B. Rs.1,000
 - C. Rs.3,000
 - D. Rs.5,000
- 73.** What impact, if any, will Shyam's claim have on his policy's no claim bonus at next renewal?
- A. It will be removed.
 - B. It will decrease.
 - C. It will stay the same.
 - D. It will increase.
- 74.** What act has Leela's father committed in arranging for the accident to make a claim?
- A. Bribery.
 - B. Fraud.
 - C. Inside dealing.
 - D. Money laundering.

75. What is the **maximum** level of compensation that Leela could receive for her injuries following the accident?
- A. Rs 10,000
 - B. Rs 20,000
 - C. Rs 30,000
 - D. Rs 50,000

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 7		
1	1.1	C	29	4.1	B	59	7.1	C
2	1.1	D	30	4.1	A	60	7.1	A
3	1.2	C	31	4.1	B	61	7.1	A
4	1.2	A	32	4.1	C	62	7.1	D
5	1.3	D	33	4.1	C	63	7.1	A
6	1.4	B	34	4.1	C	64	7.2	C
6 Questions			35	4.1	C	65	7.2	C
			36	4.1	A	7 Questions		
Learning Outcome 2			8 Questions			SCENARIO FORMAT		
7	C	2.1						
8	D	2.2	Learning Outcome 5			66	2.2	A
9	C	2.2	37	5.1	D	67	2.2	B
10	C	2.2	38	5.1	C	68	2.2	C
11	C	2.2	39	5.1	A	69	2.2	A
12	B	2.2	40	5.2	A	70	2.1	C
13	A	2.2	41	5.2	D	71	5.2	C
14	D	2.2	42	5.2	A	72	5.2	D
15	B	2.3	43	5.2	D	73	2.2	C
16	C	2.3	44	5.2	D	74	6.1	B
17	A	2.3	45	5.2	A	75	6.2	D
18	B	2.4	9 Questions			10 Questions		
19	A	2.4						
13 Questions			Learning Outcome 6					
			46	6.1	A			
Learning Outcome 3			47	6.1	D			
20	C	3.1	48	6.1	D			
21	D	3.1	49	6.1	D			
22	A	3.1	50	6.1	D			
23	D	3.2	51	6.1	C			
24	C	3.2	52	6.1	A			
25	A	3.2	53	6.1	B			
26	B	3.2	54	6.1	D			
27	C	3.3	55	6.1	D			
28	D	3.3	56	6.1	C			
9 Questions			57	6.2	C			
			58	6.2	C			
			13 Questions					