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PRACTICE QUESTIONS

Chartered Insurance Institute (CII)

YTLQVUG2

E91 - Aviation and space insurance

EDITION	QUESTIONS	FORMAT
Demo	9	Limited Edition PDF

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Before you begin

What this is

9 practice questions for Chartered Insurance Institute (CII) `YTLQVUG2`, each with its answer key and an explanation. Answer a question before you read its key — the explanation is worth more once you have committed.

If something looks wrong

Send us three things and we will check it:

- the exam code, `YTLQVUG2`
- the question number
- the email address on your order

Write to **support@mometrix.net**. We reply within one business day.

QUESTION 1 SINGLE CHOICE

Which section of an aviation hull and liability policy typically responds to claims arising from damage to the insured aircraft itself, including while it is in flight, taxiing, or on the ground?

A Section 1 – Legal liability to passengers

B Section 2 – Legal liability to third parties (including cargo)

C **Section 3 – Hull (loss of or damage to the aircraft)**

D Section 4 – War and allied perils

ANSWER C

WHY Under the standard London market aviation policy wording (such as AVN 1), the policy is divided into sections: Section 1 covers passenger liability, Section 2 covers third-party (and cargo) liability, Section 3 covers the aircraft hull itself (loss of or damage to the aircraft), and Section 4 covers war and allied perils. Hull cover therefore sits in Section 3.

QUESTION 2 SINGLE CHOICE

In an aviation liability policy, what is the practical effect of a 'sub-limits per passenger' endorsement relative to the overall policy limit?

A It restricts the insurer's total exposure for any one event regardless of passenger numbers

B **It caps the amount recoverable in respect of any single passenger, with the overall policy limit remaining the aggregate maximum payable**

C It increases the overall policy limit by the number of passengers carried

D It only applies to corporate passengers and excludes private travellers

ANSWER B

WHY Passenger liability policies routinely carry a per-passenger sub-limit. This sub-limit caps recovery for any one passenger, but the overall policy limit still represents the aggregate maximum the insurer will pay for any one occurrence. The per-passenger cap does not increase or replace the overall limit.

QUESTION 3 SINGLE CHOICE

When underwriting an airline fleet hull policy, which factor is most directly relevant to setting the agreed value at which the aircraft is insured?

A The number of routes operated by the airline

B The manufacturer's list price of a new aircraft of the same type

C **The current market value of the specific aircraft (or an agreed value reflecting replacement cost, depreciation and engine hours/cycles)**

D The annual revenue of the insured airline

ANSWER **C**

WHY Hull cover on aircraft is invariably written on an agreed value basis reflecting the specific aircraft's market value, replacement cost, depreciation, and condition (notably engine hours/cycles and airframe life remaining). Manufacturer list price is rarely the basis because aircraft depreciate substantially from new, and the airline's revenue or route structure are not relevant to the value at risk.

QUESTION 4 SINGLE CHOICE

Which of the following best describes 'spares' cover in an airline aviation policy?

A Cover for replacement cabin crew uniforms lost in transit

B **Cover for the aircraft's rotable components and spare parts held by the airline, against physical loss or damage**

C Cover for spare runway slots at congested airports

D Cover for the personal effects of passengers carried on board

ANSWER **B**

WHY Spares insurance provides hull-type cover for the airline's rotable components, engines held in storage, and other spare parts that have a substantial value. These items are exposed to loss or damage in hangars, on shelves, or in transit and are insured separately from, but alongside, the flying fleet.

QUESTION 5 SINGLE CHOICE

A non-commercial private aircraft owner is typically insured under which class of aviation cover?

- **A Aircraft hull and third-party legal liability cover (non-commercial / pleasure use)**
- B Cargo legal liability cover only
- C Spacecraft launch liability cover only
- D Marine cargo cover

ANSWER **A**

WHY Private / non-commercial aircraft owners are insured under non-commercial hull and liability policies designed for pleasure and business use. These are distinct from airline fleet covers and exclude commercial passenger-carrying operations, which require airline fleet cover with passenger liability.

QUESTION 6 SINGLE CHOICE

What is the principal purpose of hangarkeepers' liability insurance?

- A To cover damage to the hangar building caused by fire
- **B To cover the operator's legal liability for loss of or damage to aircraft in their custody and control, including while taxiing or moving them on the apron**
- C To cover passengers inside the hangar during a tour
- D To cover the manufacturer's product liability for aircraft components

ANSWER **B**

WHY Hangarkeepers' liability cover protects the operator of a hangar, FBO or maintenance facility against their legal liability for loss of or damage to customers' aircraft while the aircraft are in their custody and control – typically when taxiing, towing, moving, or storing the aircraft.

QUESTION 7 SINGLE CHOICE

What is the principal reason aviation hull policies are typically written on an 'agreed value' basis rather than on an indemnity (market value) basis?

A Because aircraft rarely suffer physical damage

B Because aviation hull cover excludes partial loss

C **Because aircraft values fluctuate sharply, and agreed value provides certainty for both insured and insurer at inception, avoiding disputes over market value at the time of loss**

D Because aviation insurers are not licensed to offer indemnity cover

ANSWER C

WHY Aircraft values are notoriously volatile, particularly for older types and where engine condition matters. Writing hull cover on an agreed value basis (declared at inception and stated in the schedule) gives both parties certainty of the sum insured, removing the need to argue about market value at the time of loss and avoiding the average condition that would otherwise apply under marine-style indemnity cover.

QUESTION 8 SINGLE CHOICE

Which of the following perils is most typically excluded from the standard aviation hull and liability policy and instead covered under a separate war risk policy (such as AVN 48)?

A Birdstrike during normal take-off and landing

B Engine failure due to maintenance defect

C **Loss or damage caused by hijacking, terrorism, or warlike operations**

D Damage to the aircraft during a taxiing collision at the insured's home airfield

ANSWER C

WHY Standard hull and liability wordings exclude war, hijacking, terrorism and similar perils. These are written separately under a war risk policy such as AVN 48, which responds to loss or damage (and associated liability) arising from those excluded perils.

QUESTION 9 MULTIPLE CHOICE

Which of the following are typical components of a satellite (space) insurance programme? (Choose two.)

- **A** **Pre-launch cover, covering the satellite while in storage, transit and preparation**
- **B** Cover for routine software updates performed on a healthy satellite in orbit
- **C** **Launch cover, attaching at lift-off and running through orbital insertion and initial in-orbit testing**
- **D** Cover for losses arising from a fall in the satellite's resale value due to technology obsolescence

ANSWER **A** · **C**

WHY Space insurance programmes are conventionally split into pre-launch cover (storage, transit and pre-launch preparation) and launch plus initial in-orbit life cover (often split into 'launch' and 'in-orbit' tranches). Cover for routine software updates is not insured, and pure market-value/obsolescence cover is not typically available in the space market.