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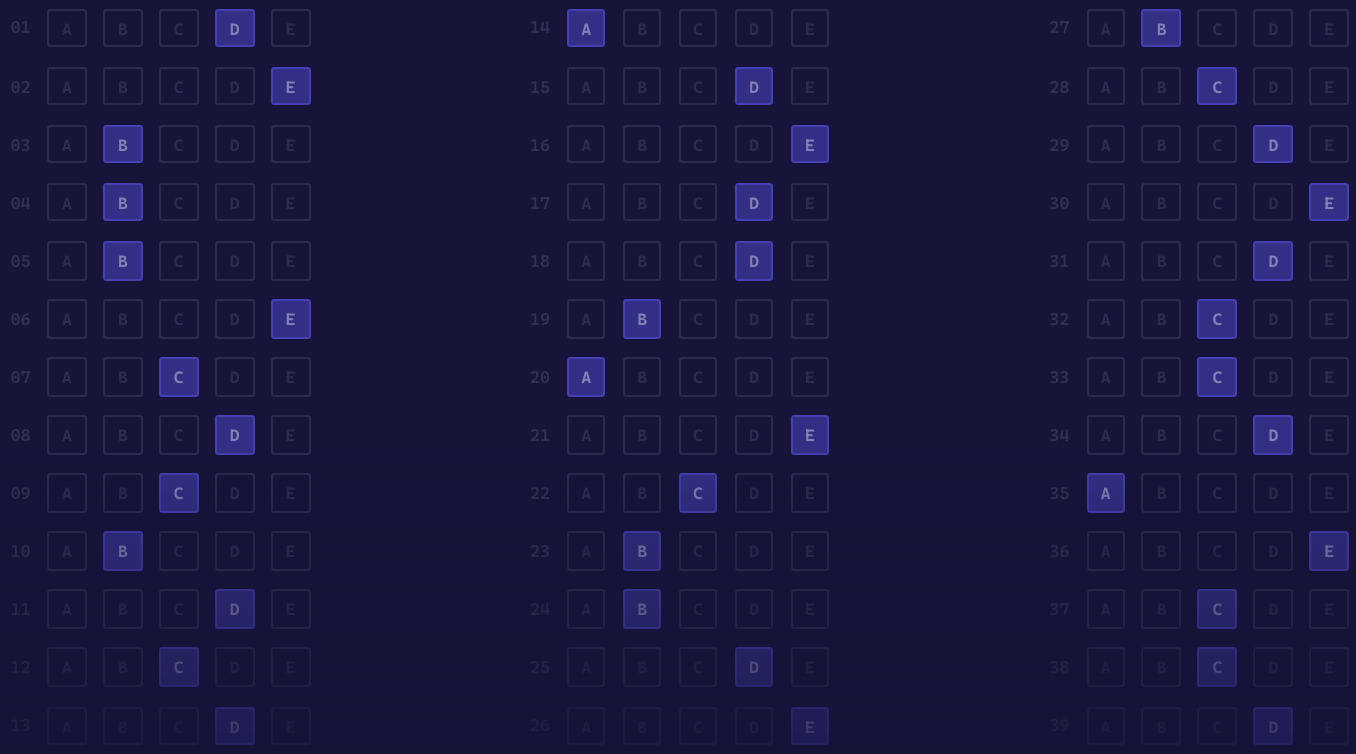

PRACTICE QUESTIONS

Chartered Insurance Institute (CII)

HRX6UWJL

E94 - Motor 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) `HRX6UWJL`, 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, `HRX6UWJL`
- the question number
- the email address on your order

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

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QUESTION 1 SINGLE CHOICE

Which of the following is the principal document that evidences a contract of motor insurance between the insurer and the policyholder?

A Certificate of motor insurance

B Policy schedule

C Insurance premium tax invoice

D Statement of fact

ANSWER B

WHY The policy schedule, together with the policy wording, forms the full contract of insurance and evidences the cover provided. The certificate of motor insurance is only evidence that the motor insurance required by the Road Traffic Act is in force; it is not the contract itself.

QUESTION 2 SINGLE CHOICE

Under standard private motor policy classes of use, which class would cover driving to and from a permanent place of work as well as social, domestic and pleasure use?

A Class 1 – Social, domestic and pleasure only

B Class 2 – Social, domestic and pleasure and commuting

C Class 3 – Social, domestic and pleasure, commuting and business use

D Class 4 – Commercial travelling

ANSWER B

WHY Class 2 covers social, domestic and pleasure use plus commuting to and from a permanent place of work. Class 1 excludes commuting, and Class 3 extends further to include business use by the policyholder or named driver in connection with their employment or business.

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QUESTION 3 MULTIPLE CHOICE

Which of the following are compulsory classes of cover that an authorised motor insurer must offer, although the policyholder may choose which one to purchase? (Choose two.)

A **Third party only**

B **Third party, fire and theft**

C Comprehensive

D Accidental damage and fire only

ANSWER **A** · **B**

WHY Under the Road Traffic Act and related regulations, an authorised insurer must offer at least third party only cover and third party, fire and theft cover as a minimum. Comprehensive cover is a voluntary addition offered by insurers but is not a compulsory class.

QUESTION 4 SINGLE CHOICE

A husband sells his car to his wife. The motor policy is in the husband's name. He continues to drive the car with her permission. Which statement about insurable interest is correct?

A The husband retains insurable interest because he previously owned the vehicle.

B **The wife has insurable interest as the new owner and must arrange her own cover.**

C Both spouses always share equal insurable interest regardless of registration.

D Insurable interest ceases the moment a sale is agreed verbally.

ANSWER **B**

WHY Insurable interest must exist at the time of the loss. As the new owner of the car, the wife has insurable interest and is the person who should be arranging cover in her own name. The husband no longer has an insurable interest because he has parted with ownership of the vehicle.

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QUESTION 5 TRUE FALSE

Under the duty of utmost good faith, the proposer for a motor insurance policy must disclose every material circumstance that would influence the judgement of a prudent insurer in fixing the premium or deciding whether to accept the risk.

A **True**

B False

ANSWER **A**

WHY True. Insurance contracts are contracts of the utmost good faith. The proposer must disclose every material circumstance, and any misrepresentation or non-disclosure of a material fact may entitle the insurer to void the contract or amend it as appropriate.

QUESTION 6 SINGLE CHOICE

Following an accident, the policyholder's three-year-old car is written off. The market value immediately before the accident was £8,000. How will a typical private motor comprehensive policy settle the claim?

A Pay the cost of a brand-new replacement car of the same model.

B **Pay the market value of the car immediately before the loss, less any policy excess.**

C Pay the original purchase price paid by the policyholder.

D Pay the agreed value stated on the policy schedule regardless of market conditions.

ANSWER **B**

WHY The principle of indemnity means the insurer will compensate the policyholder by paying the market value of the vehicle immediately before the loss (subject to the policy excess). New-car replacement is an optional extension typically only available for a short period after first registration.

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QUESTION 7 SINGLE CHOICE

After an accident, the policyholder repairs the damaged car at an unapproved garage before notifying the insurer. Under a standard motor policy, which action is the insurer most likely to be entitled to take in respect of the claim?

A Settle the claim in full because the car was repairable.

B **Refuse to meet any part of the claim arising from the unnotified repairs.**

C Increase the policy excess for the remainder of the policy period.

D Cancel the policy from inception as if it had never existed.

ANSWER B

WHY Most motor policies contain a claims cooperation condition requiring the policyholder to notify claims promptly and not to authorise repairs or dispose of damaged property without the insurer's consent. Breach of this condition can entitle the insurer to reject the cost of unauthorised repairs, although the policy itself may remain in force.

QUESTION 8 SINGLE CHOICE

Which statement about no claims discount (NCD) under a standard UK private motor policy is correct?

A NCD is a compulsory discount regulated by statute.

B NCD applies to compulsory third party cover as well as to fire and theft.

C **NCD is granted at the insurer's discretion and applies only to the own-damage element of the premium.**

D NCD is transferred automatically between insurers without any documentation.

ANSWER C

WHY NCD is not regulated by statute; it is a commercial discount applied at the insurer's discretion, typically to the own-damage (accidental damage, fire and theft) portion of the premium rather than to the compulsory third party element. Insurers usually require evidence such as a renewal notice or NCD letter when it is being transferred from a previous insurer.

QUESTION 9 MULTIPLE CHOICE

Which of the following are standard policy exclusions commonly found in a UK private motor comprehensive policy? (Choose two.)

A **Wear, tear and mechanical or electrical breakdown**

B Damage caused by an insured peril such as fire or theft

C **Loss or damage occurring while the vehicle is being driven by an unlicensed driver**

D Damage to audio equipment fitted as standard by the vehicle manufacturer

ANSWER **A · C**

WHY Wear, tear and mechanical/electrical breakdown is excluded under most motor policies, as is loss or damage arising while the vehicle is being driven by an unlicensed driver or used for purposes not covered by the certificate of motor insurance. Damage caused by an insured peril (fire or theft) is covered, and standard-fitted audio equipment is generally covered without limit.

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