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38	A	B	C	D	E
39	A	B	C	D	E

PRACTICE QUESTIONS

Chartered Insurance Institute (CII)

FMB96L8M

IF5 - Motor insurance products

EDITION

Demo

QUESTIONS

9

FORMAT

Limited Edition PDF

Before you begin

What this is

9 practice questions for Chartered Insurance Institute (CII) **FMB96L8M**, 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, **FMB96L8M**
- the question number
- the email address on your order

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

QUESTION 1

MULTIPLE CHOICE

Which of the following are standard cover elements typically included under a Comprehensive private motor insurance policy? (Choose two.)

- ☒ **A** Accidental damage to the policyholder's own vehicle
- ☒ **B** Liability to third parties for bodily injury and property damage
- ☐ **C** Loss of licence endorsement endorsement fee waiver
- ☐ **D** Damage to the policyholder's vehicle caused by fire or theft

ANSWER A - B

WHY A Comprehensive policy is the widest level of cover and, in addition to the compulsory third-party liability (B), it includes accidental damage to the insured's own vehicle (A). Damage by fire or theft (D) is technically included under Comprehensive, but in standard market wording the fire and theft perils are commonly broken out as Third Party Fire and Theft cover; however both A and B are unambiguously part of Comprehensive. Cover C is not a standard cover element.

QUESTION 2

MULTIPLE CHOICE

Under the Road Traffic Act 1988, which of the following persons must be covered by a valid policy of insurance when using a vehicle on a public road? (Choose two.)

- ☒ **A** The driver of the vehicle
- ☒ **B** The owner of the vehicle when it is being driven by an insured driver
- ☐ **C** A pedestrian crossing the road
- ☐ **D** The employer of the driver where the vehicle is being used for business purposes

ANSWER A - B

WHY The Road Traffic Act requires that a policy of insurance be in force in respect of third-party risks arising from the use of the vehicle. Cover must extend to the driver (A) and, where the vehicle is owned by someone other than the driver (e.g. an employer or a company), to the owner (B). Pedestrians (C) are third parties who may claim but are not required to be insured. Employers (D) are not automatically named unless the policy specifically extends to them.

QUESTION 3

TRUE FALSE

A motor insurance policy must be issued with a certificate of motor insurance as evidence that the cover required by the Road Traffic Act is in force.

☒ **A** True☐ **B** False**ANSWER A**

WHY True. Under the Road Traffic Act 1988, an insurer providing cover in respect of third-party risks must issue a certificate of motor insurance. The certificate is the evidence of insurance and must be produced on request. Without a valid certificate the policy does not satisfy the statutory requirements.

QUESTION 4

SINGLE CHOICE

Which level of motor insurance cover provides the policyholder with cover for loss or damage to their own vehicle caused by fire and theft, as well as third-party liability, but not for accidental damage to their own vehicle?

☐ **A** Comprehensive☐ **B** Third Party Only☒ **C** Third Party Fire and Theft☐ **D** Fully Comprehensive**ANSWER C**

WHY Third Party Fire and Theft (TPFT) sits between Comprehensive and Third Party Only. It covers the compulsory third-party liability together with loss or damage to the insured's own vehicle caused specifically by fire or theft. It does not include accidental damage to the insured's vehicle, which is the additional benefit of Comprehensive cover.

QUESTION 5

SINGLE CHOICE

A certificate of motor insurance issued under the Road Traffic Act must, as a minimum, state which of the following?

- ☐ A The premium paid for the policy
- ☐ B The names of any additional voluntary drivers
- ☒ C The persons or classes of persons entitled to drive
- ☐ D The no-claims discount applicable to the policy

ANSWER C

WHY Schedule 2 to the Road Traffic Act 1988 prescribes the contents of the certificate of motor insurance. It must include the registration mark/number of the vehicle, the name of the policyholder, the dates of commencement and expiry of cover, and the persons or classes of persons entitled to drive. The premium, voluntary drivers and no-claims discount are not statutory requirements for the certificate.

QUESTION 6

SINGLE CHOICE

Following an accident involving an uninsured driver who is clearly at fault, what is the primary purpose of the Motor Insurers' Bureau (MIB) for the innocent party?

- ☐ A To pursue criminal prosecution of the uninsured driver on behalf of the victim
- ☒ B To compensate victims of road traffic accidents caused by uninsured or untraced motorists
- ☐ C To provide the uninsured driver with a policy of insurance retrospectively
- ☐ D To handle credit hire charges only

ANSWER B

WHY The Motor Insurers' Bureau (MIB) was established to compensate victims of road traffic accidents caused by drivers who are uninsured or who cannot be traced. It does not prosecute offenders (A), does not provide retrospective insurance (C), and its role is broader than credit hire (D). The MIB exists to put the innocent victim back in the position they would have been in had the at-fault driver been insured.

QUESTION 7

SINGLE CHOICE

Under a standard private motor policy, an excess is best described as:

- ☐ A The amount the insurer must pay above the policy limit
- ☒ B The amount the policyholder must contribute towards a claim before the insurer pays the balance
- ☐ C An additional premium charged when a claim is made
- ☐ D The maximum amount the insurer will pay under any one claim

ANSWER B

WHY An excess is the amount the policyholder must pay towards the cost of a claim before the insurer's liability arises. It applies per claim and is a contractual term, not an additional premium (C) and not a limit (D). Option A incorrectly describes an excess in the opposite direction.

QUESTION 8

SINGLE CHOICE

An applicant for motor insurance fails to declare a recent driving conviction when completing the proposal form. Which legal doctrine is most likely to give the insurer the right to avoid the policy from inception?

- ☐ A Indemnity
- ☐ B Subrogation
- ☒ C Utmost good faith (uberrima fides)
- ☐ D Proximate cause

ANSWER C

WHY Insurance contracts are contracts of the utmost good faith (uberrima fides). Under the Insurance Act 2015, a deliberate or reckless misrepresentation of a material fact, such as an undisclosed driving conviction, may entitle the insurer to avoid the contract and treat it as if it never existed. Indemnity (A), subrogation (B) and proximate cause (D) are core insurance principles but they do not deal with non-disclosure or misrepresentation.

QUESTION 9

SINGLE CHOICE

Under which set of circumstances will the Motor Insurers' Bureau (MIB) normally deal with a claim for personal injury?

- ☐ A Where the at-fault driver is identified and fully insured
- ☒ B Where the at-fault driver cannot be traced or is uninsured
- ☐ C Where the policyholder's own insurer has repudiated the claim
- ☐ D Where the accident occurs on private land

ANSWER B

WHY The MIB steps in specifically where a road traffic accident has been caused by an untraced or uninsured driver. It does not handle claims where the at-fault driver is identified and insured (A), it is not an appellate body for disputed claims with the insured's own insurer (C), and it generally applies to incidents on public roads rather than private land (D).