

01	A	B	C	D	E
02	A	B	C	D	E
03	A	B	C	D	E
04	A	B	C	D	E
05	A	B	C	D	E
06	A	B	C	D	E
07	A	B	C	D	E
08	A	B	C	D	E
09	A	B	C	D	E
10	A	B	C	D	E
11	A	B	C	D	E
12	A	B	C	D	E
13	A	B	C	D	E

14	A	B	C	D	E
15	A	B	C	D	E
16	A	B	C	D	E
17	A	B	C	D	E
18	A	B	C	D	E
19	A	B	C	D	E
20	A	B	C	D	E
21	A	B	C	D	E
22	A	B	C	D	E
23	A	B	C	D	E
24	A	B	C	D	E
25	A	B	C	D	E
26	A	B	C	D	E

27	A	B	C	D	E
28	A	B	C	D	E
29	A	B	C	D	E
30	A	B	C	D	E
31	A	B	C	D	E
32	A	B	C	D	E
33	A	B	C	D	E
34	A	B	C	D	E
35	A	B	C	D	E
36	A	B	C	D	E
37	A	B	C	D	E
38	A	B	C	D	E
39	A	B	C	D	E

PRACTICE QUESTIONS

Chartered Insurance Institute (CII)

PW8VTM7C

PL1 - Introduction to motor insurance

EDITION

Demo

QUESTIONS

9

FORMAT

Limited Edition PDF

Before you begin

What this is

9 practice questions for Chartered Insurance Institute (CII) PW8VTM7C , 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, PW8VTM7C
- 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 principle of motor insurance means the insured should not profit from a claim but should be restored to the same financial position as before the loss?

- ☐ A Insurable interest
- ☒ B Indemnity
- ☐ C Utmost good faith
- ☐ D Subrogation

ANSWER B

WHY Indemnity is the principle that aims to put the insured back in the financial position they were in immediately before the loss occurred, no better and no worse. Insurable interest is the requirement that the insured must have a legal or equitable relationship to the subject matter of the insurance. Utmost good faith relates to disclosure of material facts, and subrogation allows the insurer to take over the insured's rights after paying a claim.

QUESTION 2 SINGLE CHOICE

Under the Road Traffic Act, third-party motor insurance covers which of the following?

- ☐ A Damage to the policyholder's own vehicle only
- ☐ B Theft of the insured vehicle
- ☒ C Liability for death or bodily injury to third parties and damage to their property
- ☐ D Personal accident benefits for the driver

ANSWER C

WHY Compulsory third-party motor insurance required by the Road Traffic Act covers the policyholder's legal liability for death or bodily injury to any third party, and damage to third-party property, arising from the use of the vehicle on a public road. It does not cover own-vehicle damage, theft, or personal accident benefits for the driver.

QUESTION 3

SINGLE CHOICE

With regard to motor policies, the term 'use' typically refers to which of the following?

- ☐ A Only commuting to and from a place of work
- ☐ B Only social, domestic and pleasure purposes
- ☒ C The purposes for which the vehicle may be driven, as defined by the policy
- ☐ D Any purpose whatsoever, with no restrictions

ANSWER C

WHY On a motor insurance policy, 'use' refers to the permitted purposes for which the vehicle may be driven. Common categories include Social, Domestic and Pleasure (SDP); SDP plus commuting; and Business use. The wording specifies what is and is not covered, so insurers know the risk they are accepting.

QUESTION 4

SINGLE CHOICE

What is the main purpose of the Motor Insurers' Bureau (MIB)?

- ☐ A To set motor insurance premium rates across the market
- ☒ B To compensate victims of uninsured and untraced drivers
- ☐ C To regulate the sale of motor insurance policies
- ☐ D To investigate fraudulent motor insurance claims

ANSWER B

WHY The Motor Insurers' Bureau (MIB) is an organisation funded by motor insurers that compensates victims of road traffic accidents caused by uninsured drivers (under the Uninsured Drivers Agreement) and, where applicable, by untraced drivers (under the Untraced Drivers Agreement). It does not set premiums, regulate the market, or investigate fraud as its primary purpose.

QUESTION 5

SINGLE CHOICE

Which level of motor insurance cover is mandatory under the Road Traffic Act?

- ☐ A Comprehensive
- ☐ B Third party, fire and theft
- ☒ C Third party only
- ☐ D Fully comp

ANSWER C

WHY Third party only is the minimum legal requirement for motor vehicles used on public roads under the Road Traffic Act. It covers the policyholder's liability to third parties for injury and property damage. Third party, fire and theft and comprehensive cover are optional extras that provide additional protection.

QUESTION 6

SINGLE CHOICE

Which of the following is most likely to be considered a material fact that must be disclosed when applying for motor insurance?

- ☐ A The colour of the vehicle's interior trim
- ☒ B Previous motor insurance refusals, cancellations or special terms
- ☐ C The radio station the applicant usually listens to
- ☐ D The name of the applicant's pet

ANSWER B

WHY Previous refusals, cancellations or special terms imposed on motor insurance are material facts because they provide insurers with information about the applicant's claims and risk history. Material facts are those that would influence an insurer's decision to accept the risk or the premium charged. Vehicle trim colour, radio preferences and pet names are not material to the underwriting decision.

QUESTION 7

SINGLE CHOICE

Which of the following is typically a key rating factor used to calculate a private car motor insurance premium?

- ☐ A The applicant's eye colour
- ☒ B The applicant's driving licence holding period and claims history
- ☐ C The applicant's favourite football team
- ☐ D The applicant's height

ANSWER B

WHY Motor insurers use factors such as the length of time the applicant has held a driving licence, their driving experience, claims history (no claims discount), age, vehicle type, and where the vehicle is kept. Eye colour, football team preferences and height are not used in underwriting or rating.

QUESTION 8

TRUE FALSE

A motor insurance policyholder is generally entitled to make a profit from a claim under the principle of indemnity.

- ☐ A True
- ☒ B False

ANSWER B

WHY False. The principle of indemnity means the insured is restored to the same financial position as immediately before the loss, no better and no worse. The insured should not profit from a claim; therefore the statement is false.

QUESTION 9

MULTIPLE CHOICE

Which of the following are typically required to be produced when applying for or holding motor insurance in the UK? (Choose two.)

- ☒ **A** A current driving licence
- ☒ **B** Proof of vehicle ownership or registration
- ☐ **C** A medical history going back to birth
- ☐ **D** A mortgage statement for the policyholder's home

ANSWER A • B

WHY When applying for motor insurance, a current driving licence and proof of vehicle ownership or registration (such as the V5C registration document) are typically required to confirm eligibility and the vehicle to be insured. Full medical histories and home mortgage statements are not standard requirements.