

EXAMINATION AND EVALUATION DIVISION
DEPARTMENT OF POLYTECHNIC EDUCATION
(MINISTRY OF HIGHER EDUCATION)

COMMERCE DEPARTMENT

FINAL EXAMINATION
JUNE 2012 SESSION

PN 301 : MOTOR INSURANCE

DATE: 18 NOVEMBER 2012 (SUNDAY)
DURATION: 2 HOURS (11:15 AM – 1:15PM)

This paper consists of **FIVE (5)** pages including the front page.
Essay (6 questions – answer 4 question)

CONFIDENTIAL

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INVIGILATOR**

QUESTION 3

- (a) Describe **THREE (3)** reasons why insurance is compulsory for all motor vehicle in Malaysia. (6 marks)
- (b) Classify the **TWO (2)** defenses specified in Section 90 of Road Transport Act 1987 which could be used by a person accused of having a vehicle on a road without an insurance policy or security complying with the requirement of the Act? (6 marks)
- (c) An insured can cancels the policy before expiry. Describe what should the insured do with regards to the cancellation? (8 marks)
- (d) Describe the reason for insurance regulation (5 marks)

PART A

ESSAY (100 marks)

INSTRUCTION:

This sections consists of **THREE (3)** questions. Question 1 is **COMPULSORY** and choose **Any One** from question 2 and 3.

QUESTION 1

- (a) In the insurance industry, the insurance markets are segmented in four ways. Briefly describe how the insurance market is being segmented? (20 marks)
- (b) Discuss the role and the influence of *No Claim Discount System* in marketing a motor insurance. (5 marks)

QUESTION 2

- (a) Define *Cash Before Cover*. (2 marks)
- (b) What type of vehicles that is not compulsory to be covered under Section 90 (5) of Road Transport Act 1987? (10 marks)
- (c) Explain the duty of the insurer to the Registrar of Motor vehicle which is imposed by Section 102(2) of Road Transport Act 1987. (5 marks)
- (d) Discuss the objective of establishing of the following Bureau:
- i. Motor Insurers' Bureau (MIB) (4 marks)
 - ii. The Financial Mediation Bureau (FMB) (4 marks)

QUESTION 2

- (a) Explain the following condition which is applicable to Private Car Insurance policy :
- i. Duty of Disclosure (3 marks)
 - ii. Accident and Claim Procedures (7 marks)
 - iii. Other Insurance (3 marks)
- (b) Differentiate the maximum amount of towing charges available for Private Car Policy, Motorcycle Policy and Commercial Vehicle Policy. (6 marks)
- (c) Distinguish between Carrier's License 'A' and Carrier's License 'C' under Commercial Vehicle Policy. (6 marks)

QUESTION 3

- (a) Differentiate between *Knock For Knock Agreement* and *Third Party Sharing Agreement*. (10 marks)
- (b) What are the documents that must be presented in any submission for reimbursement under Knock For Knock Agreement? (3 marks)
- (c) Compare the documents needed in the following claim handling:-
- i) Accident damage claim (3 ½ marks)
 - ii) Personal injury claim (3 ½ marks)

PART B

INSTRUCTION :

This sections also consists of **THREE (3)** questions . Choose **ANY TWO** from 3 question.

QUESTION 1

- (a) Define *underwriting*. (3 marks)
- (b) Briefly explain the following :
- i. Endorsement 2 : Excess Damage Claim (3 marks)
 - ii. Endorsement 2f : Compulsory Excess (3 marks)
 - iii. Endorsement 94 : Compulsory Excess- Damage Claim (3 marks)
- (c) Briefly explain **THREE (3)** factors that should be considered when rating a private car risk. (9 marks)
- (d) Briefly explain **TWO (2)** principal objectives of the green card system (4 marks)