



The
Insurance Institute
Of Ireland

PROMOTING PROFESSIONALISM SINCE 1885

INSURANCE FOUNDATION CERTIFICATE / LEVEL 1 CIP
GEN 1A – GENERAL INSURANCE– AN INTRODUCTION
SAMPLE PAPER (BASED ON THE MAY 2009 GEN 1A TEXTBOOK)

IMPORTANT NOTES

- All questions in this paper are based on Irish law and practice unless stated otherwise in the question, and should be answered accordingly.
- From your studies of this module, you will have noted that 'typical' or market figures are used throughout the textbook to illustrate the way insurers deal with various aspects of policy cover (e.g. policy limits, excesses etc.). While these may differ from the figures your own Company uses, it is important for you to be able to recall these 'typical' figures as some questions in your examination may be based on these figures.

INSTRUCTIONS: READ CAREFULLY BEFORE ANSWERING THIS SAMPLE EXAMINATION PAPER

- It is recommended that you attempt to complete this sample paper under simulated examination conditions, i.e. only allow yourself two hours to complete the paper and do not refer back to the course textbook or any other revision notes while you are completing the paper.
- It is recommended that you only attempt this sample paper **after** you have fully completed your studies of the module.
- The solutions to the paper and the textbook reference(s) where the solution can be sourced (e.g. 1E2 – Chapter 1, Section E2) are provided at the end of this document to enable you to assess your performance. For any questions you answered incorrectly, it is recommended that you refer back to the relevant areas of the textbook to ensure you understand the material.
- The instructions which follow are indicative of the actual instructions you will be given on the day of your examination so it would be beneficial for you to familiarise yourself with these now.
- Two hours are allowed for the examination.
- There are 100 multiple choice questions on this examination paper.
- No marks are deducted for incorrect answers, so do not leave any questions unanswered.
- In the actual examination you will be required to fill in the personal information required below and on the answer form supplied by the invigilator.
- In the actual examination, the examination paper, along with your answer form, must be handed in personally by you to the invigilator before you leave the examination. Failure to do so will result in your examination not being marked and no grade being awarded.
- In the actual examination, if you wish to use a calculator, it must be a silent battery or solar powered non-programmable calculator and you must enter the serial number, model and make in the space provided below.

CANDIDATE'S NAME (Block Capitals)

CANDIDATE'S SIGNATURE

CANDIDATE NO. DATE

CALCULATOR MAKE MODEL..... SERIAL NO.

GEN 1A – GENERAL INSURANCE – AN INTRODUCTION

CANDIDATE INSTRUCTIONS

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

The questions on this examination paper are numbered and four options follow the question. The options are labelled either A, B, C or D. Only one of these options will be correct. In the actual examination, you will be provided with an answer form. When you have selected your answer, you should go to the answer form and using a **HB pencil**, shade in the appropriate box (A, B, C or D) next to the corresponding question number.

Example :

1. In order to be insurable, the risk to be insured (as far as the insured is concerned) **MUST** be:

- A avoidable
- B fortuitous
- C inevitable
- D unavoidable

In this example, the answer to this question is option **B**. So, to answer the question you would simply locate Question 1 on your answer form and shade in the box labelled B.

For the purpose of this sample paper you should simply record your answer next to the question on the paper so you can check your answers with the solutions provided upon completion of the paper.

Special note to candidates

Whilst every effort has been made to ensure that each question is a reasonable test of the candidate's up-to-date knowledge, it is possible that changes in law or practice after the questions have been printed may render some questions inappropriate or no longer relevant. Any questions which fall into this category will be disregarded when the paper is marked and the pass mark is set, so that candidates will not be prejudiced should this situation arise.

ATTEMPT ALL QUESTIONS

1. That which gives rise to a claim under an insurance policy is known as the:
 - A cover.
 - B hazard.
 - C peril.
 - D risk.

2. The doctrine of proximate cause relates to the:
 - A application of contribution.
 - B disclosure of material facts.
 - C legal requirements of a simple contract.
 - D occurrence of insured perils.

3. Moral hazard describes aspects of a risk that are to do with:
 - A dimensions and measurements.
 - B loss potential and frequency of loss.
 - C attitude and conduct.
 - D sums insured and exposure.

4. What piece of legislation ended the virtual monopolistic position of the VHI?
 - A Voluntary Health Insurance Act, 1957.
 - B Third Non-life Directive, 1992.
 - C Risk Equalisation Scheme, 2003.
 - D Health Insurance (Miscellaneous Provisions) Bill, 2008.

5. What is the CORRECT sequence of the risk management process?
 - A Economic control; identification; analysis.
 - B Analysis; identification; economic control.
 - C Identification; analysis; economic control.
 - D Identification; economic control; analysis.

6. Providers of what type of insurance do NOT receive recovery rights?
 - A Private Medical Insurance (PMI).
 - B Buildings Insurance.
 - C Motor Cycle Insurance.
 - D Contents Insurance.

7. Hillman Brothers, insurance agents, are asked by their client Mrs Burke to add a new location to her property owners' insurance policy held with WTG Insurers. Hillman Brothers are authorised by WTG Insurers to accept risks on their behalf. Hillman Brothers write to Mrs Burke and acknowledge her instructions but fail to notify WTG Insurers. A few weeks later the new premises suffer flood and Mrs Burke submits a claim. Who has to pay for the cost of the damage?
- A Hillman Brothers.
 - B The Financial Services Ombudsman Bureau.
 - C Mrs Burke.
 - D WTG Insurers.
8. A reinsurance company will cover risks:
- A already insured by insurance companies.
 - B directly from individuals.
 - C from individuals via a broker.
 - D on a co-insurance basis with an insurer.
9. A fire occurs in a warehouse in which stock is held on behalf of a client for a fee. The fire insurer for the client pays the claim and acquires subrogation rights that arise from:
- A Tort.
 - B Contract.
 - C Statute.
 - D the subject-matter of insurance.
10. Julie has just inherited a ring in her Grandmother's will. For which of these values will she NOT be able to insure it?
- A Replacement.
 - B Sentimental.
 - C Intrinsic.
 - D Market.
11. George and Gertrude are both 75 years old and have a joint weekly income of €263. By how much would this income have to INCREASE for them to lose their full medical card entitlement?
- A €35
 - B €61.50
 - C €387
 - D €400
12. For which one of the following types of peril can insurance cover USUALLY be purchased in Ireland?
- A Loss of profit arising from a business decision.
 - B Liquidation of the insured's company.
 - C A loss caused by interest rate movement.
 - D Malicious damage to property.

13. The duty of disclosure means that a proposer MUST:
- A advise the insurer of all material facts.
 - B complete a proposal form.
 - C pay the premium in full.
 - D have an insurable interest in an item.
14. Credit insurance protects against:
- A fraudulent use of stolen credit cards.
 - B higher rates of interest on variable mortgages.
 - C non-payment of debts to creditors.
 - D credit cards debts if unemployment occurs.
15. Brett, an Australian citizen, is working on a 3 month contract as a doctor at Beaumont Hospital, Dublin. By how many more months, if any, would he have to extend the secondment if he wanted to be regarded as 'ordinarily' resident?
- A None.
 - B 6
 - C 9
 - D 18
16. The exception to the general rule that indemnity settlements for stock should include no element of profit is:
- A farming stock.
 - B manufacturers' stock.
 - C retailers' stock.
 - D wholesalers' stock.
17. Which of the following describes the 'creating a programme' stage of general insurance planning?
- A Establishing a snapshot of the current general insurance situation.
 - B Establishing the ideal solution to the current general insurance situation.
 - C Developing a general insurance plan including risk control measures.
 - D Purchasing insurance or paying for risk control measures.
18. The eligibility for free General Practitioner (GP) visits for those who do not qualify for a full Medical Card, but have limited means, is means tested. The guidelines are set at a fixed percentage ABOVE that for Medical Card holders. What is this percentage?
- A 10%
 - B 33%
 - C 50%
 - D 75%

19. On May 1st, the Financial Services Ombudsman made a final decision in the dispute between Rocking Insurers and Mitch. What is the LATEST date by which either party can appeal to the High Court?
- A May 11th
 - B May 22nd
 - C June 1st
 - D November 1st
20. John and Stephanie's house is valued at €220,000. John now needs to go into Long Term care. What is the MAXIMUM amount that the State will be able to use from the value of the house towards the funding of the care?
- A €15,000
 - B €16,500
 - C €33,000
 - D €67,500
21. To whom could a private individual go to arrange an insurance policy?
- A A captive insurance company.
 - B An Authorised Adviser.
 - C A Lloyd's name.
 - D A reinsurance company.
22. Michael Clark's car has been written off in a motorway pile up. ABC Insurance has paid him the car's full market value. To whom does the salvage belong?
- A Both ABC Insurance and Michael Clark equally.
 - B Michael Clark.
 - C The agent that removed the car from the motorway.
 - D ABC Insurance.
23. Why does the principle of utmost good faith apply to insurance contracts?
- A The proposer has more knowledge of the risk than the underwriter.
 - B The underwriter has more knowledge of the risk than the proposer.
 - C The insurance contract is a tangible product.
 - D The proposer and the underwriter need to increase their knowledge of the risk.
24. Which type of insurance company is ALWAYS owned solely by its policyholders?
- A Captive.
 - B Composite.
 - C Mutual.
 - D Proprietary.

25. Which body is responsible for the supervision of the solvency margins of insurance companies?
- A Irish Brokers' Association.
 - B Central Bank of Ireland.
 - C Department of Enterprise, Trade and Employment.
 - D The Financial Regulator.
26. Roley's Insurance Brokers currently hold €5,000 in shareholder's funds. How much MORE do they need to hold in order to be compliant with the Handbook for Prudential Requirements for Authorised Advisors and Restricted Intermediaries?
- A €5,000
 - B €10,000
 - C €25,000
 - D €50,000
27. How is the conduct of Lloyd's Brokers regulated?
- A Lloyd's Brokers are exempt from regulation.
 - B A special Lloyd's Code of Conduct applies.
 - C A form of self-regulation exists.
 - D The Financial Services Authority regulates the conduct of Lloyd's brokers.
28. In the offer and acceptance of a motor insurance contract what would be the consideration from the proposer which makes the cover valid?
- A Completion of a proposal form.
 - B The receipt of a policy.
 - C The issue of a policy.
 - D The agreement to pay the premium.
29. Which costs for a direct insurer will tend to INCREASE premiums compared with a company dealing through intermediaries?
- A Commission.
 - B The wide range of classes of business offered.
 - C Marketing costs.
 - D Staff costs.
30. Backspace Ltd. has employed a risk manager to analyse its accident record. Between January and July, it records accidents leading to 1 major injury and 16 minor injuries this year. According to the Heinrich Triangle, how many ADDITIONAL accidents leading to minor injuries can it expect to have for the year?
- A 4
 - B 9
 - C 14
 - D 24

31. Which piece of legislation provided for the formation of the Health Insurance Authority?
- A Third Non-Life Insurance Directive, 1992.
 - B Health Insurance Act, 1994.
 - C Insurance Act, 2000.
 - D EU Insurance Mediation Directive, 2002.
32. The Financial Services Ombudsman Bureau may direct a service provider to pay an amount up to a MAXIMUM of:
- A €100,000 or €11,000 as an annuity.
 - B €250,000 or €26,000 as an annuity.
 - C €350,000 or €36,000 as an annuity.
 - D €500,000 or €52,000 as an annuity.
33. What is the PRINCIPAL function performed by a risk manager or risk management department?
- A The provision of specialist claims handling.
 - B Advice on loss control and prevention.
 - C Negotiation for lower premium levels at renewal.
 - D Provision of loss assessment services in the event of a claim.
34. In terms of frequency and severity, how would third party motor insurance be MOST likely to be classed?
- A. Low frequency, low severity.
 - B. High frequency, Low severity.
 - C. High frequency, high severity.
 - D. Low frequency, high severity.
35. What is one of the MAIN functions of an actuary?
- A To apply mathematical techniques to business problems.
 - B To manage the company's investment portfolio.
 - C To develop new insurance products based on research data.
 - D To negotiate claim settlement with the insured on behalf of the insurer.
36. Elizabeth insures a piece of artwork which her very old and ill Great Granddad Lee has promised to leave to her in his will. The policy is only a week old when the artwork is burnt in a fire. If Elizabeth makes a claim under this policy she will be legally entitled to:
- A full indemnity payable directly to Elizabeth.
 - B partial indemnity.
 - C full indemnity payable to Great Granddad Lee.
 - D nothing.

37. In the context of the insurance market cycle, which of the following factors tends to lead towards a general INCREASE in insurance premiums?
- A High interest rates.
 - B Claims frequency reduction.
 - C Failure of an insurer.
 - D Increased underwriting profits.
38. Which of the following are required by statute to have professional indemnity insurance in the Republic of Ireland?
- A Actuaries.
 - B Chartered accountants.
 - C Chartered surveyors.
 - D Solicitors.
39. Global Manufacturing has two policies covering the same building for fire and special perils. One policy is with ABC insurance for €400,000; the other with XYZ Insurance for €800,000. Both are subject to average. The total rebuilding cost is €2,400,000. What will each insurer pay if there is a fire loss of €120,000?
- A ABC pays €60,000; XYZ pays €60,000.
 - B ABC pays €20,000; XYZ pays €40,000.
 - C ABC pays €40,000; XYZ pays €80,000.
 - D ABC pays €30,000; XYZ pays €30,000.
40. What is the MINIMUM amount that health insurance companies are estimated to pay into the Health Industry per annum?
- A €1 million.
 - B €10 million.
 - C €100 million.
 - D €1 billion.
41. How are therapeutic costs NORMALLY set differently when compared to other costs met out of private health insurance?
- A Maximum amount per visit regardless of cost.
 - B Maximum total amount can be paid out.
 - C Maximum number of visits stated.
 - D Means tested before being set.
42. Which type of insurance company by definition accepts MORE than one class of insurance business?
- A Captive.
 - B Composite.
 - C Mutual.
 - D Proprietary.

43. In Ireland, insurance companies are USUALLY required by the authorities to possess a minimum solvency margin which is set at:
- A the same as the EU required minimum.
 - B between 100% and 150% of the EU required minimum.
 - C between 150% and 200% of the EU required minimum.
 - D between 200% and 250% of the EU required minimum.
44. Under the current HSE guidelines, Mildred, a single lady aged 79, does not qualify for a medical card or GP visit card. She may, however, qualify for the new health support payment, on the condition that her gross weekly income of €200 does not increase by MORE than:
- A €1.50
 - B €98
 - C €450
 - D €900
45. Brian discovers one morning that someone has damaged his car while it was parked overnight outside his house. He claims for the damage from his insurer. The loss is settled subject to a €100 excess. Brian then receives a letter from Gillian explaining that she caused the damage and offering to pay the cost of the repairs. What should Brian do?
- A Obtain payment from Gillian for the full amount of the repairs and keep the money.
 - B Tell Gillian that she does not need to pay as his insurer has already settled the loss.
 - C Advise his insurer, who will be entitled to keep the money, claiming only the €100 excess from Gillian himself.
 - D Tell Gillian that he only wishes to recover the amount of his excess.
46. What have the following got in common – the stock in a baker's shop, a car with new tyres, a healthy individual? They are:
- A good physical hazards.
 - B poor physical hazards.
 - C good moral hazards.
 - D poor moral hazards.
47. An Authorised Advisor has a responsibility to recommend to a client:
- A the most suitable product from an insurer with whom the advisor holds an agency.
 - B the product that is the least expensive.
 - C the most suitable product regardless of the relationship between the advisor and provider.
 - D the product generating the best return for the advisor.
48. Which of the following circumstances give rise to a need to meet the Financial Regulator's Competency Requirements for those involved?
- A Arranging retail financial products for consumers though not on a professional basis.
 - B Arranging retail financial products for consumers on a professional basis.
 - C Providing advice to consumers regarding retail financial products though not on a professional basis.
 - D Providing back office support regarding retail financial products on a professional basis.

49. Because of an earthquake, the gas main to a factory is ruptured and the gas is ignited by a portable heater. The resulting explosion causes a fire in the factory. What is the proximate cause of any resulting loss?
- A The earthquake.
 - B The ignition of the released gas.
 - C The fire.
 - D The rupture of the gas main.
50. Under the terms of the Irish Insurance Federation's (IIF) Non-Life Insurance General Code what is the position regarding warranties under personal insurance policies? Insurers may:
- A require a proposer to warrant the truth of answers.
 - B refuse to pay claims where a warranty is breached whether or not connected with the claim.
 - C apply warranties about any matters they wish.
 - D apply warranties about matters connected with the risk.
51. Which of the following is responsible for the LARGEST and most expensive claims from private health insurers?
- A Hospitals.
 - B Consultants.
 - C General Practitioners.
 - D Out-patient clinics.
52. Smart Snacks Limited has a standard Fire and Special Perils policy covering its factory with a sum insured for the buildings and machinery of €150,000. During a storm, the building suffers major structural damage costing €100,000 to repair. The loss adjuster notes that the actual value of the building and machinery prior to the loss was €250,000. What will Smart Snacks Limited receive under the policy?
- A €50,000
 - B €60,000
 - C €66,667
 - D €100,000
53. When considering the structure of the insurance market, which of the following is NOT a buyer of insurance?
- A A broker.
 - B An individual.
 - C A corporation.
 - D A public body.
54. What is the PRIMARY function of the Insurance Institute of Ireland (III)?
- A The provision of education and training for the insurance industry.
 - B The provision of statistical data for use by the insurance industry.
 - C The regulation of insurance companies.
 - D The regulation of non-broker insurance intermediaries.

55. Sally has made a claim for €16,500, but discovers her policy has a franchise of €3,000. Sally does not understand what this means and contacts her insurer to find out how this will affect her claim. She is informed that it means, in relation to the claim, she will be entitled to:
- A nothing.
 - B €13,500
 - C €16,500
 - D €19,500
56. In a TYPICAL commercial property policy the principle of utmost good faith (disclosure of material facts) is modified by the:
- A change of risk (increase in risk of damage) clause.
 - B subrogation (recovery rights) clause.
 - C contribution (dual insurance) clause.
 - D business definition.
57. A painting insured for €5,000 by an agreed value policy is stolen and at the time of the loss is believed to be worth only €3,000. How much, would the insurers pay?
- A €2,000
 - B €3,000
 - C €4,000
 - D €5,000
58. The Financial Services Ombudsman Bureau is funded by:
- A levying fees on those who are unsuccessful with their claims.
 - B levying fees on Financial Services providers.
 - C Government.
 - D levying fees on complainants.
59. ABC Insurance Company receives a proposal form from Sarah. On the basis of the information ABC quotes a premium of €300 valid for 15 days. Sarah thinks that this is too expensive and writes to say that she will take out the policy only if ABC reduces the premium to €250. ABC refuses. In checking the market, Sarah finds that the original quote was actually competitive. However, the 15 days has expired. She writes to ABC to say that she accepts their original quotation. What is the legal position for ABC? They are:
- A bound to honour the acceptance and the policy will be drawn up on the basis of the original figure.
 - B entitled to refuse to maintain its original quote.
 - C bound to quote but may change its terms.
 - D bound to negotiate between the lower and higher figures.
60. What is the legal position regarding conditional acceptance of an offer?
- A It is binding upon both parties.
 - B It is binding upon both parties if made within a reasonable time after the original offer.
 - C The person to whom the counter-offer is made is free to accept or reject it.
 - D The person to whom the counter-offer is made is free to reject it provided this is done straight away.

61. Despite no emergency an agent acts outside the terms of the agency agreement he has with his principal. The principal agrees to be bound by these actions in any case. This is an example of an agency created by:
- A the doctrine of estoppel.
 - B express appointment.
 - C urgent necessity.
 - D subsequent ratification.
62. When considering the relationship between principal and agent, the principal has two MAIN duties towards the agent. What are they?
- A Obedience and remuneration.
 - B Personal performance and remuneration.
 - C Indemnity and remuneration.
 - D Accountability and remuneration.
63. It is estimated that just over how many million people in Ireland have Health Insurance?
- A 1
 - B 2
 - C 3
 - D 4
64. Fire damage to a house is an example of which type of risk?
- A Fundamental.
 - B Speculative.
 - C Non-financial.
 - D Particular.
65. For settlement of a liability claim which option do insurers use?
- A Cash / cheque.
 - B Repair.
 - C Reinstatement.
 - D Replacement.
66. The subject-matter of a contract of insurance is the:
- A thing actually insured.
 - B liability actually insured.
 - C insured's financial interest in what is insured.
 - D agent's financial interest in what is insured.
67. When MUST insurable interest exist in motor insurance for a valid claim to be considered?
- A Policy inception only.
 - B Time of loss only.
 - C Policy inception and time of loss.
 - D Time when the vehicle is purchased and time of a loss.

68. Once authorised in one Member State of the EU an intermediary will be entitled to:
- A apply for authorisation by regulators of other Member States.
 - B conduct business via an intermediary in other Member States.
 - C conduct business directly in other Member States.
 - D conduct business anywhere in the world.
69. What MUST the insured be able to show in the event of a claim for there to be full insurable interest under a motor car policy? That he:
- A regularly drives the car and has suffered a financial loss.
 - B regularly drives the car and pays its running costs.
 - C pays the running costs although he doesn't drive it.
 - D owns the car and that he has suffered financial loss.
70. On his retirement from the Army, Captain Byrne, received €500 worth of shares in a cutting-edge marine equipment development company in part payment of his pension. The Captain is obviously exposed to a financial risk, but what other type of risk is the Captain exposed to?
- A Pure.
 - B Speculative.
 - C Fundamental.
 - D Particular.
71. What do material facts enable a prudent underwriter to assess? Whether:
- A the cover being sold is the most suitable cover for the proposer.
 - B the claim against a policy is valid and how much should be paid.
 - C a risk should be accepted and on what terms.
 - D the proximate cause of a loss is an insured peril.
72. What does an insurer's revenue account show?
- A Underwriting profit or loss.
 - B Total profit or loss during a stated period.
 - C Assets and liabilities at a point in time.
 - D Projected business forecasts.
73. Which of these prerequisites for insurance is considered to be an ideal rather than an absolute requirement?
- A Homogeneity.
 - B Insurable interest.
 - C Fortuitous loss.
 - D Not being against public policy.

74. For personal general insurance policies, at common law the duty of disclosure exists:
- A throughout the policy term whether or not the policy conditions refer to this fact.
 - B only up to the time when the policy is effective but not at renewal.
 - C up to the time when the policy is effective and revives at renewal.
 - D only if the policy contains a condition referring to this fact.
75. Which of the following statements is **TRUE** regarding the Injuries Board.ie (previously known as the Personal Injuries Assessment Board (PIAB))? It is a:
- A non-statutory body that operates under a code of conduct.
 - B non-statutory body that operates under the control of the Irish Insurance Federation (IIF).
 - C statutory body funded by the Exchequer.
 - D statutory body funded by fees payable by respondents.
76. How does Secondary Care differ from Tertiary Care?
- A Secondary Care only takes place on an out-patient basis.
 - B Tertiary care never takes place in hospitals.
 - C Secondary care never takes place in private hospitals.
 - D Tertiary care only takes place in specialist hospitals.
77. The proprietor of a sales shop has been insured for the past three years with the same insurer. When investigating a theft claim the insurer discovers that the insured was convicted of theft when aged 11. What action, if any, can the insurer take?
- A Avoid the policy from its inception.
 - B None, they must deal with the claim and ignore the conviction.
 - C Avoid liability for the particular claim but otherwise leave the policy in force.
 - D Sue the insured for damages.
78. All insurers **MUST** maintain a Minimum Guarantee Fund of at least €3 million. However, this figure can rise depending on solvency margins. What would the Minimum Guarantee Fund be for a company with a solvency margin of €24 million?
- A €4 million.
 - B €8 million.
 - C €12 million.
 - D €16 million.
79. Insurance is **PRIMARILY** a means of dealing with risk by:
- A avoidance.
 - B containment.
 - C reduction.
 - D transfer.

80. Insurers use a particular means to alter the way in which the usual doctrine of proximate cause operates. How do they do this?
- A Restrict the named perils insured under a policy.
 - B Apply an excess or other restriction.
 - C Widen the scope of an exclusion so that it embraces indirect results.
 - D Apply a specific proximate cause exclusion.
81. Irish insurers should refer to guidelines in which document when drafting personal lines proposal forms?
- A The Financial Regulator's Minimum Competency Requirements.
 - B The Insurance Institute of Ireland's (IIF) Code of Conduct.
 - C The Irish Insurance Federation's (IIF) Non-Life Insurance General Code.
 - D The Financial Regulator's Handbooks for Intermediaries and Advisors.
82. A contract of indemnity reflects the obligation to place the insured, after a loss, in the same financial position he enjoyed:
- A at the inception of the policy.
 - B at the date of purchase of the subject matter of the insurance.
 - C immediately before the loss.
 - D on the date the claim was made.
83. The legal right to insure arising out of a financial relationship, recognised at law between an insured and the subject matter of the insurance, is the definition of:
- A Indemnity.
 - B Insurable Interest.
 - C Subrogation.
 - D Utmost good faith.
84. A building is jointly owned by Karen and Tony who each individually arrange insurance on it. Karen insures the building for €100,000. Tony insures the building for €150,000. Neither policy is subject to average. A loss of €55,000 occurs. Assuming a valid claim would be paid in full under each individual policy, how much of the valid claim is each insurer liable to pay?
- A Karen's insurer is liable for €22,000 and Tony's for €33,000.
 - B Karen's insurer is liable for €27,500 and Tony's for €27,500.
 - C Karen's insurer is liable for €33,000 and Tony's for €22,000.
 - D Karen's insurer is liable for €55,000 and Tony's for €55,000.
85. Which of the following is covered by a personal accident policy?
- A Compensation on an indemnity basis.
 - B Payments for death or injury.
 - C Injury arising solely from employment.
 - D Legal costs for employees to pursue claims against others.

86. Vintage or classic cars are commonly insured under which type of policy?
- A First loss.
 - B Agreed value.
 - C 'New for old'.
 - D Reinstatement.
87. Five years ago Frank bought a table for €400, which is now worth €200. It is badly damaged and will cost €600 to repair, or €500 to replace. How much will Frank be paid under his 'new for old' policy, given that this is a valid claim and no excess applies?
- A €200
 - B €400
 - C €500
 - D €600
88. A loss assessor is employed by whom?
- A The insurer alone.
 - B The insured, with the agreement of the insurer.
 - C The insured alone.
 - D The insurer, with the agreement of the insured.
89. A statistical analysis of insurance sectors is provided by:
- A The Insurance Institute of Ireland (III).
 - B The Financial Regulator (FR).
 - C The Irish Insurance Federation (IIF).
 - D The Insurance Information Service (IIS).
90. Following a fire, the claim is agreed as a total loss at €20,000. The policy sum insured is €10,000 and the policy is subject to average. How much is payable?
- A €5,000
 - B €10,000
 - C €15,000
 - D €20,000
91. Greendale Insurance Brokerage acted for Molly in 2006. In order to be compliant with the Handbook for Prudential Requirements for Authorised Advisors and Restricted Intermediaries, in what year can Greendale dispose of the records of this transaction?
- A 2008
 - B 2010
 - C 2012
 - D 2014

92. A golfer is found to be legally liable for injuries caused to a third party by a flying ball. He has a Golfer's policy which covers liability but his insurer finds that he also has Personal Liability cover with another insurer. They demand that the other insurer pays a proportionate part of the third party's claim. This is termed:
- A co-insurance.
 - B contribution.
 - C indemnity.
 - D subrogation.
93. Insurance can help to improve Ireland's balance of payments (BoP) position by :
- A being a profitable export.
 - B reducing the size and number of business losses.
 - C helping to keep employees in work.
 - D releasing capital within companies.
94. A house has a rebuilding cost of €100,000 and is insured for €60,000 with one insurer and €40,000 with a second insurer. A valid claim is made for fire damage of €10,000. If contribution is applied, how much will be paid by each insurer?
- A Both insurers each pay €5,000.
 - B First insurer pays €6,000, and second pays €4,000.
 - C First insurer pays nothing and second insurer pays €10,000.
 - D First insurer pays €10,000 and second insurer pays nothing.
95. Which form of insurance is compulsory under statute in the Republic of Ireland?
- A Employer's liability.
 - B Fidelity guarantee.
 - C Motor insurance.
 - D Products liability.
96. Who is responsible for the overall co-ordination and implementation of healthcare policy in Ireland?
- A Health Service Executive.
 - B Department of Health and Children.
 - C Health Information & Quality Authority.
 - D Health Insurance Authority.
97. Which category of risk has three possible outcomes; either a loss, break-even or gain?
- A Fundamental.
 - B Particular.
 - C Pure.
 - D Speculative.

98. Which power of intervention is NOT available to the Financial Regulator in relation to the regulation of insurers?
- A Prohibiting the disposal of assets.
 - B Increasing premium rates.
 - C Revoking authorisation.
 - D Suspending taking on new business.
99. If a building is covered by a first loss policy, at a first loss sum insured of €50,000, against a full value of €100,000, how much would be paid following an insured loss of €60,000?
- A €10,000
 - B €30,000
 - C €50,000
 - D €60,000
100. Mary pays for her All Risks policy to be renewed. It includes a specified valuable watch. Three months later she gives this as a birthday gift to her nephew Fergal. A fire occurs at Fergal's home and it destroys the watch. As Fergal has no insurance cover, Mary claims under her policy because it provides cover anywhere in Ireland. What is the legal position regarding the claim?
- A Mary cannot claim because she no longer has an insurable interest in the watch.
 - B Mary is entitled to claim because she paid the premium for the watch.
 - C Mary can only claim if she can prove that Fergal was not negligent.
 - D Mary can claim a proportion of the cost because she owned the watch for part of the period of insurance.

Solutions

1. Answer: C GEN 1A Ref: 1C
2. Answer: D GEN 1A Ref: 8A
3. Answer: C GEN 1A Ref: 1C
4. Answer: B GEN 1A Ref: 3B
5. Answer: C GEN 1A Ref: 2I
6. Answer: A GEN 1A Ref: 10E
7. Answer: D GEN 1A Ref: 5G3B
8. Answer: A GEN 1A Ref: 1E2
9. Answer: B GEN 1A Ref: 10D2
10. Answer: B GEN 1A Ref: 1F1
11. Answer: A GEN 1A Ref: 3E
12. Answer: D GEN 1A Ref: 1G1 / 1G3 / 1F3
13. Answer: A GEN 1A Ref: 7B1
14. Answer: C GEN 1A Ref: 1H1
15. Answer: C GEN 1A Ref: 3S
16. Answer: A GEN 1A Ref: 9B2E
17. Answer: C GEN 1A Ref: 1J
18. Answer: C GEN 1A Ref: 3E
19. Answer: B GEN 1A Ref: 4J10
20. Answer: B GEN 1A Ref: 3I
21. Answer: B GEN 1A Ref: 2C2
22. Answer: D GEN 1A Ref: 10D3
23. Answer: A GEN 1A Ref: 7 Intro
24. Answer: C GEN 1A Ref: 2D2
25. Answer: D GEN 1A Ref: 4C2
26. Answer: A GEN 1A Ref: 4F2C
27. Answer: D GEN 1A Ref: 2E1

- 28. Answer: D GEN 1A Ref: 5C
- 29. Answer: C GEN 1A Ref: 2F
- 30. Answer: C GEN 1A Ref: 1B
- 31. Answer: B GEN 1A Ref: 4E
- 32. Answer: B GEN 1A Ref: 4J10
- 33. Answer: B GEN 1A Ref: 2I
- 34. Answer: D GEN 1A Ref: 1B2
- 35. Answer: A GEN 1A Ref: 2J
- 36. Answer: D GEN 1A Ref: 6D
- 37. Answer: C GEN 1A Ref: 2L
- 38. Answer: D GEN 1A Ref: 4A6A
- 39. Answer: B GEN 1A Ref: 10B1B
- 40. Answer: D GEN 1A Ref: 3J
- 41. Answer: A GEN 1A Ref: 3L
- 42. Answer: B GEN 1A Ref: 2D5
- 43. Answer: C GEN 1A Ref: 4C2
- 44. Answer: C GEN 1A Ref: 3E
- 45. Answer: C GEN 1A Ref: 10C
- 46. Answer: A GEN 1A Ref: 1C
- 47. Answer: C GEN 1A Ref: 2C2 / 4G
- 48. Answer: B GEN 1A Ref: 4H2
- 49. Answer: A GEN 1A Ref: 8B
- 50. Answer: D GEN 1A Ref: 4I1A1
- 51. Answer: A GEN 1A Ref: 3L
- 52. Answer: B GEN 1A Ref: 9D3
- 53. Answer: A GEN 1A Ref: 2A
- 54. Answer: A GEN 1A Ref: 4J5
- 55. Answer: C GEN 1A Ref: 9D4

56. Answer: A GEN 1A Ref: 7C3
57. Answer: D GEN 1A Ref: 9C1
58. Answer: B GEN 1A Ref: 4J10
59. Answer: B GEN 1A Ref: 5B2 / 5B3
60. Answer: C GEN 1A Ref: 5B2
61. Answer: D GEN 1A Ref: 5G2
62. Answer: C GEN 1A Ref: 5G5
63. Answer: B GEN 1A Ref: 3B
64. Answer: D GEN 1A Ref: 1F3
65. Answer: A GEN 1A Ref: 9A2A
66. Answer: C GEN 1A Ref: 6A1B
67. Answer: C GEN 1A Ref: 6B5
68. Answer: C GEN 1A Ref: 4G
69. Answer: D GEN 1A Ref: 6B5
70. Answer: B GEN 1A Ref: 1F
71. Answer: C GEN 1A Ref: 7A
72. Answer: A GEN 1A Ref: 4C3
73. Answer: A GEN 1A Ref: 1G4
74. Answer: C GEN 1A Ref: 7C1 / 7C2
75. Answer: D GEN 1A Ref: 4J9
76. Answer: D GEN 1A Ref: 3G / 3H
77. Answer: B GEN 1A Ref: 7D2B
78. Answer: B GEN 1A Ref: 4C2
79. Answer: D GEN 1A Ref: 1A
80. Answer: C GEN 1A Ref: 8C
81. Answer: C GEN 1A Ref: 4I1A1
82. Answer: C GEN 1A Ref: 9A
83. Answer: B GEN 1A Ref: 6A

- 84. Answer: A GEN 1A Ref: 10B1A
- 85. Answer: B GEN 1A Ref: 1H2
- 86. Answer: B GEN 1A Ref: 9C1
- 87. Answer: C GEN 1A Ref: 9B2D
- 88. Answer: C GEN 1A Ref: 2H2
- 89. Answer: C GEN 1A Ref: 4J1
- 90. Answer: B GEN 1A Ref: 9D3
- 91. Answer: C GEN 1A Ref: 4F3A
- 92. Answer: B GEN 1A Ref: 10A
- 93. Answer: A GEN 1A Ref: 1K
- 94. Answer: B GEN 1A Ref: 10B1A
- 95. Answer: C GEN 1A Ref: 4A1
- 96. Answer: B GEN 1A Ref: 3D
- 97. Answer: D GEN 1A Ref: 1F2
- 98. Answer: B GEN 1A Ref: 4C4
- 99. Answer: C GEN 1A Ref: 9C2
- 100. Answer: A GEN 1A Ref: 6B