



The
Insurance Institute
Of Ireland

PROMOTING PROFESSIONALISM SINCE 1885

CERTIFIED INSURANCE PRACTITIONER LEVEL 2
GEN 2A – GENERAL INSURANCE MARKET REGULATION
SAMPLE PAPER (BASED ON THE MAY 2009 GEN 2A 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 2A – GENERAL INSURANCE MARKET REGULATION

CANDIDATE INSTRUCTIONS

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS

This paper is in two sections; Section A and Section B.

SECTION A

There are 75 questions in this section which will test your knowledge and understanding of the subject matter. 1 mark is awarded for each question answered correctly.

SECTION B

There are 25 questions in this section which will test your ability to apply your knowledge and understanding of the material in a practical way to every day scenarios. 1 mark is awarded for each question answered correctly.

All of 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 record your answer next to the question on the paper so that on completion of the paper you can check your answers with the solutions provided at the end.

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.

SECTION A
ATTEMPT ALL QUESTIONS

1. One of the PRINCIPAL functions of the Irish Insurance Federation is providing:
 - A representation for risk managers and reinsurers.
 - B technical training for member companies.
 - C an arbitration service for disputes.
 - D an insurance information service for the public.

2. Within the European Union (EU), an insurer based in one Member State should be permitted to provide its products into another Member State without setting up a business base in that Member State. This relates to the EU's founding principle of freedom of movement of:
 - A goods.
 - B persons.
 - C services.
 - D capital.

3. The Health Insurance Act 1994 defined:
 - A occupational group schemes.
 - B health insurance.
 - C age adjusted community rating.
 - D pre-existing conditions.

4. Which of the following is NOT a regulatory principle of the Irish Financial Regulator (FR)? The expectation that service providers would:
 - A act with prudence and integrity and in the best interests of their organisation at all times.
 - B produce accurate, complete and timely information when required.
 - C maintain sufficient financial resources to meet all their commitments at all times.
 - D conduct their functions in a transparent and accountable manner.

5. InsureIt is an insurer established in Ireland which specialises in commercial property business. If InsureIt decide to establish a branch in the UK, it must FIRST:
 - A advise the Financial Regulator (FR) of its intention to open the Branch.
 - B advise the UK Regulator of its intention to open the Branch.
 - C set up the branch as a going concern.
 - D print stationery and open the appropriate bank accounts.

6. The main purpose of the Financial Conglomerates Directive 2002 is:
 - A ensuring the consolidation of assets in groups of companies.
 - B ensuring an independent measure of assets of group member companies.
 - C eliminating the need for the separation of balance sheets for member companies of the same group.
 - D eliminating double counting of assets in groups of companies.

7. In which of the following circumstances is an independent intermediary considered the agent of the client rather than the insurer?
- A Where there is implied or actual authority to grant cover.
 - B When carrying out a survey on behalf of the insurer.
 - C When giving advice on claims procedures.
 - D When collecting premiums from the client.
8. Which regulatory tools are used to ensure assets are more than adequate to meet liabilities?
- A Deposit requirement and fund matching.
 - B Reserve requirement and claims frequency.
 - C Capital requirement and solvency margins.
 - D Right of examination and supervision.
9. The two MAIN categories of intermediary in the Non-Life insurance market are:
- A Multi-Agency Intermediaries and tied agents.
 - B Multi-Agency Intermediaries and Authorised Advisors.
 - C Authorised Advisors and insurance brokers.
 - D Brokers and tied agents.
10. In relation to the Irish Insurance Federation (IIF) Non-Life Insurance General Code of Practice, which of the following statements is TRUE?
- A The Financial Regulator's (FR's) Consumer Protection Code prohibits the use of voluntary codes of practice.
 - B If there is a conflict between the IIF Code and the Financial Regulator's (FR's) Consumer Protection Code, the IIF Code prevails.
 - C Many areas of the IIF Code have been superseded by the Financial Regulator's (FR's) Consumer Protection Code.
 - D The IIF Code places legal obligations upon member companies.
11. The independent statutory regulator for the private health insurance market in Ireland is:
- A the Health Services Executive.
 - B the Minister for Health and Children.
 - C the Health Insurance Authority (HIA).
 - D the Financial Regulator.
12. In the past, Ireland has delayed the implementation of an element of an EU Regulation into its legal system. This practice is contrary to which characteristic of fair regulation?
- A Uniform and Homogenous.
 - B Appropriate for the business or product.
 - C Foster market development.
 - D Clear and unambiguous.

13. To whom does the European Communities (Misleading Advertising) Regulations, 1988 give powers to require firms to discontinue misleading advertising?
- A Attorney General.
 - B Director of Consumer Affairs.
 - C Financial Regulator (FR).
 - D Financial Services Ombudsman Bureau (FSO).
14. Employee Benefit Consultants (EBC) are regulated as:
- A Insurers.
 - B Authorised Advisors (AA).
 - C Group Secretaries.
 - D Multi-Agency Intermediaries (MAI).
15. Insurelt is an insurer established in Ireland but also offering insurance in the United Kingdom. With regard to their investment policy, Insurelt:
- A is free to choose any reasonable investment for funds regardless of currency.
 - B must hold a fixed proportion (25%) of assets in GB£.
 - C must match liabilities and assets denominated in GB£.
 - D must maintain the investment mix originally advised to the Financial Regulator (FR) when applying to operate in Ireland.
16. According to the Insurance Act 1936, what type of business cannot be written by insurers in the same company?
- A Reinsurance.
 - B Composite.
 - C General.
 - D Life and Pensions.
17. Which of the following are NOT covered by the renewal section of a private medical insurance policy?
- A The process by which the contract should be renewed.
 - B The frequency of renewal.
 - C The methods by which the renewal premium can be paid.
 - D The consequences of the policy not being renewed.
18. Where a regulated financial service provider commits a prescribed contravention, the Financial Regulator, in determining a sanction, will NOT have regard for the:
- A nature and seriousness of the prescribed contravention.
 - B conduct of the financial service provider after the contravention.
 - C previous record of the financial service provider.
 - D market share of the financial service provider.

19. An agent who has the authority to perform those acts which are standard in a particular trade or profession is described as having:
- A actual authority.
 - B apparent authority.
 - C usual authority.
 - D incidental authority.
20. Ethics, in a business context, is concerned with:
- A the moral issues faced by businesses.
 - B matters covered by the law and regulations.
 - C being independent of the law.
 - D membership of professional bodies.
21. Health insurers may impose an 'initial waiting period' at the outset of a health insurance contract. During this period, the insurer is:
- A required to pay benefits only in respect of treatment resulting from an accident.
 - B required to pay all benefit entitlements under the policy coverage.
 - C required to pay benefits except those in respect of treatment resulting from an accident.
 - D not required to pay any benefits under the policy coverage.
22. Details of the client's business activities, risk appetite and claims history are examples of the type of information that intermediaries:
- A are required to hold under the Data Protection Act 2003.
 - B are required to hold under the Investment Intermediaries Act 1995.
 - C acquire in order to establish their clients' claims propensity.
 - D acquire in order to establish their clients' needs.
23. Which of the following does NOT act as an insurer?
- A A captive company.
 - B The State.
 - C A mutual company.
 - D A specialist reinsurance company.
24. The EC Third Non-Life Insurance Directive provides that any non-life insurance company which is authorised to transact insurance business in an EU Member State:
- A is allowed to transact the same classes of business in any other Member State.
 - B is subject to financial supervision in its 'home' Member States and all other Member States in which it operates.
 - C is subject to financial supervision only in the other (not home) Member States in which it operates
 - D cannot transact the same classes of business in any other Member State.

25. Disclosure of material facts in private medical insurance differs significantly from other classes of insurance because, in general terms, private medical insurers:
- A are not permitted to discriminate between 'better' or 'poorer' risks.
 - B do not require the completion of proposal forms.
 - C are prohibited from requesting basic medical information under Data Protection legislation.
 - D cannot apply limitations to insured's cover due to the minimum benefit requirement.
26. Which of the following methods of terminating an agency may lead to a breach of contract by the agent?
- A Performance.
 - B Revocation.
 - C Renunciation.
 - D Frustration.
27. Regulation of insurance business and practice is NOT necessary for:
- A public policy protection.
 - B consumer confidence.
 - C product innovation.
 - D competition.
28. The case of Kelly v Hennessy 1995 determined that what type of damages should be allowed in specific circumstances?
- A Damages for consequential loss.
 - B Punitive damages.
 - C Damages for nervous shock.
 - D Damages for loss flowing from poor financial advice.
29. Agents have two MAIN rights in respect of their employment. These are the rights to:
- A remuneration and authority.
 - B remuneration and indemnity.
 - C duty and indemnity.
 - D authority and duty.
30. The European Union (EU) has been behind a drive for high standard of consumer protection in the insurance and financial services markets. Regulation introduced to achieve these standards has NOT been concerned with the:
- A protection of consumer rights.
 - B pricing of insurance products.
 - C provision of a competitive and stable market.
 - D fair treatment of customers.

31. Delegated legislation is brought about through:
- A Statutory Instruments.
 - B Acts of the Oireachtas.
 - C the Irish Constitution.
 - D European Union Directives.
32. Under the terms of the Insurance Act 1989 when a regulated entity wishes to appoint a director to the board of the company, what powers, if any, does the Financial Regulator's have in relation to the appointment?
- A None.
 - B Addition of conditions to appointment.
 - C Deferral of appointment.
 - D Refusal of appointment.
33. Under European law, the cooling-off period, if any, applicable to private medical insurance policies sold at a distance is:
- A none.
 - B 7 days.
 - C 14 days.
 - D 21 days.
34. The private medical insurance principle of charging the same rate of premium for an equal level of cover, regardless of age, gender or health status is known as:
- A lifetime cover.
 - B open enrolment.
 - C minimum benefits.
 - D community rating.
35. The Personal Injuries Assessment Board (Amendment) Act 2007 introduced which of the following changes?
- A The categories of personal injury claim dealt with by the Board were widened.
 - B The time limitations for bringing actions for personal injury claims were shortened and a notification requirement introduced.
 - C The claimant's entitlement to recover legal costs if a court award is lower than the Board's assessment was reduced.
 - D The categories of personal injury claim dealt with by the Board were reduced.
36. The European Health Insurance Card will not cover a person for healthcare in any country outside the EEA with the exception of:
- A Switzerland.
 - B the United States of America.
 - C Australia.
 - D the Galápagos Islands.

37. Gary acts as a sub-agent for Greally's Insurance Brokers. The work delegated to him relates to Diane's household insurance policy with BeSure Insurance Company. Who, if anyone, is responsible for paying Gary?
- A Greally's Insurance Brokers.
 - B Diane.
 - C BeSure Insurance Company.
 - D No one, as a sub-agent, Gary works for free.
38. In relation to the Health Insurance (Amendment) Act 2001, which of the following statements is FALSE? This Act:
- A amended the definition of a 'health insurance contract'.
 - B extended the existing open enrolment provisions to allow over 55s to take out their first health insurance policy.
 - C permitted insurers to apply 'late entry loadings'.
 - D permitted the Minister for Health and Children to increase the powers of the Health Insurance Authority (HIA).
39. If a plaintiff gives false evidence in an action for damages for personal injury what action is the Court is entitled to take?
- A None, provided the plaintiff can demonstrate a good reason for the deception.
 - B None, unless fraud is proved.
 - C Reduce the award damages in proportion to the estimated impact of the deception.
 - D Dismiss the plaintiff's action.
40. How often must an insurance intermediary carry out a detailed reconciliation of amounts due to regulated entities with the balance on each client premium account it operates?
- A Daily.
 - B Weekly.
 - C Bi-weekly.
 - D Monthly.
41. Which of the following is NOT one of the four MAIN components of regulation and supervision?
- A Structural.
 - B Systemic.
 - C Prudential.
 - D Disciplinary.
42. Insurance products range in complexity from short-term travel insurance products to pension products and annuities. Because of this feature, the Financial Regulator recognises that 'Reasons Why' letters for non-life products are to be less onerous than their life counterparts. This relates to which characteristic of effective regulation?
- A Uniform and Homogenous.
 - B Appropriate for the business or product.
 - C Foster market development.
 - D Clear and unambiguous.

43. A wholesale broker is one which:
- A has a scheme accessible directly to clients.
 - B sells products through other intermediaries.
 - C does not deal with personal insurances.
 - D operates in the State on a 'freedom of services' basis.
44. Which of the following is NOT a remedy if an agent fails in their duties?
- A Sue the agent for damages for breach of contract.
 - B Dismiss the agent without notice or compensation.
 - C Rescind any contract made through the agent and refuse commission.
 - D Require the agent to work commission-free until recompense is made.
45. Wayne is aged 63 and has requested to upgrade his private medical insurance cover. How many years ADDITIONAL waiting period can his insurers impose?
- A 1
 - B 2
 - C 3
 - D 5
46. Which of the following is NOT a reason for a private medical insurer to terminate a contract? The policyholder:
- A misleads the insurer regarding any material information relevant to a claim.
 - B fails to provide original accounts and receipts in support of a claim.
 - C fails to renew membership.
 - D fails to pay premiums on their due date.
47. If an insurer terminates the agency of an intermediary, which of the following statements is TRUE regarding the remuneration of the agent?
- A The agent will not receive any remuneration for business transacted after the cancellation of the agency.
 - B The insurer will be responsible for assessing future loss of earnings of the agent and providing compensation.
 - C Policies that had been arranged by the agent are automatically terminated and the agent receives no commission.
 - D Policies that had been arranged by the agent are automatically transferred to a different agent who then receives the commission.
48. In terms of premium income, which of the following is the LARGEST class of non-life insurance in Ireland?
- A Fire and Damage to Property.
 - B Motor.
 - C Private Medical Insurance (PMI).
 - D Liability.

49. The exclusion imposed by the European Union relating to the granting of authorisation to an insurance undertaking where there are any 'close links' is concerned with:
- A common activities.
 - B common directors.
 - C effective regulatory supervision.
 - D geographic proximity.
50. In relation to the agent, which of the following AUTOMATICALLY terminates an agency?
- A Insanity and bankruptcy.
 - B Death and bankruptcy.
 - C Insanity and death.
 - D Death and frustration.
51. The first Irish private medical insurer was established for the purpose of providing private medical insurance under which piece of legislation?
- A The Voluntary Health Insurance Act 1957.
 - B The EU Third Non-Life Insurance Directive 1992.
 - C The Health Insurance Act 1994.
 - D The Health Insurance Regulations 1996.
52. Insurer's security, capacity, price and claims service are examples of the:
- A areas which fall within the remit of the Financial Regulator (FR).
 - B areas which fall within the remit of the Irish Insurance Federation (IIF).
 - C criteria against which insurance products will be measured to establish their value to the client.
 - D criteria against which intermediaries measure insurers to determine if they want to become their agents.
53. Under the Distance Marketing of Consumer Financial Services Regulations 2004, which of the following policies is exempt from the cooling-off period?
- A Motor insurance.
 - B Household insurance.
 - C Commercial property insurance.
 - D Travel insurance.
54. The mission statement of the Irish Brokers Association is concerned with:
- A standards of conduct, professionalism and practice.
 - B minimum qualification standards for those advising the public.
 - C members' continuing professional development activities.
 - D minimum levels of experience for those employed in the sector.

55. Ostensible authority is another term for:
- A apparent authority.
 - B express authority.
 - C incidental authority.
 - D usual authority.
56. Which of the following statements is TRUE regarding appropriate ethical standards of operation in the insurance market?
- A The correct ethical approach is to ensure that nothing is done which results in legal action against a person's employer.
 - B Ethical standards for the insurance industry are identical to those of any other industry.
 - C Ethical standards in the insurance market must include pro-active compliance with the letter and spirit of regulation and best practice.
 - D Ethical standards in the insurance market do not require active compliance with rules and regulations. It is sufficient to ensure that there are no complaints.
57. If an authorised Non-Life insurer wishes to operate on a freedom of services basis in that territory rather than setting up a branch office, what information must the Financial Regulator (FR) send to a host EU Member State?
- A Risks to be covered and financial information.
 - B Scheme of operations and financial information.
 - C Risks to be covered and solvency certificate.
 - D Scheme of operations and solvency certificate.
58. The European Communities (Misleading Advertising) Regulations, 1988 defines 'misleading' as advertising that is:
- A deceptive.
 - B unreasonable.
 - C fraudulent.
 - D excessive.
59. The Barrington Report noted that the risk equalisation scheme was:
- A a high barrier to entry within the Irish private medical insurance market.
 - B the cornerstone of the private medical insurance market.
 - C key to rewarding private medical insurers for their efforts in providing innovative products.
 - D responsible for facilitating VHI's monopolistic situation from 1957 to 1996.
60. Wherever the appointment of an intermediary is discontinued, the insurer is required to notify the Financial Regulator (FR) of the circumstances surrounding the termination:
- A within 14 days.
 - B immediately.
 - C within a month.
 - D within a year.

61. Under the terms of the Minimum Competency Requirements issued by the Financial Regulator (FR) which of the following products is NOT deemed to be a Retail Financial Product?
- A Motor breakdown cover.
 - B Household insurance cover.
 - C Shares and bonds.
 - D Motor insurance cover.
62. Which of the following categories of authorised insurance undertakings has the HIGHEST number in Ireland?
- A Companies with Irish authorised head offices.
 - B Branch offices whose head office is in the EEA, but not in Ireland.
 - C Branch offices whose head office is outside the EEA.
 - D Companies operating in Ireland on a 'freedom of services' basis.
63. In relation to insurance taxes and the EC Third Non-Life Insurance Directive, which of the following statements is FALSE? This Directive makes it clear that:
- A Member States are free to impose their own insurance premium taxes.
 - B Member States are free to maintain their own systems to ensure that their insurance premium taxes are collected.
 - C the imposition of these insurance premium taxes does not constitute an unjustified barrier to entry into the relevant Member State's market.
 - D these insurance premium taxes must be in line with the provisions of the Financial Conglomerates Directive.
64. Which of the following is NOT a responsibility of the Financial Regulator?
- A Insurance legislation and policy development.
 - B Policy wording approval and guidance.
 - C Consumer protection.
 - D Authorisation and prudential supervision.
65. Elizabeth, an Irish resident, has purchased an insurance policy with Alonza Insurance Company, based in Spain. The policy contains a Jurisdiction Clause and a Territorial Limits Clause. Under Article 7 of the Second Non-Life Insurance Directive 1988, in the event of a dispute, the law applicable to this contract:
- A is the choice of the insurer.
 - B depends on the wording of the Territorial Limits Clause.
 - C is the law of the insurer's Member State (Spain).
 - D depends on the wording of the Jurisdiction Clause.
66. What piece of legislation states that it is an offence for any person to 'effect or endeavour to effect any contract of assurance with.... any person..... who is not the holder of an assurance licence....' ?
- A The Insurance Act 1936.
 - B The European Communities (Non-Life Insurance) Regulations 1994.
 - C The EC (Swiss Confederation Agreement) Regulations 1996.
 - D The Insurance Act 1989.

67. Which of the following measures is recommended by The Motor Insurance Advisory Board (MIAB)?
- A Greater use of experts in legal cases.
 - B The protection of data collected for claims purposes.
 - C Penalties for fraudulent or exaggerated claims.
 - D An increase in the solvency margins of authorised motor insurers.
68. A health insurer which must accept all consumers who wish to obtain private health insurance (subject to certain limited restrictions specified in legislation) is known as a(n):
- A open membership commercial undertaking.
 - B restricted membership undertaking.
 - C composite insurer.
 - D community rated insurer.
69. The Distance Marketing of Consumer Financial Services Regulations 2004 requires that Member States provide for appropriate sanctions in the event of failure to comply. It required that sanctions be effective, proportional and:
- A financial.
 - B dissuasive.
 - C severe.
 - D exclusive.
70. The frequency of an intermediary's review of their client's insurance portfolio and the kind of review that is appropriate varies depending on a number of different factors. The two particular aspects relevant to setting an appropriate review pattern are the aspects of the risk requiring urgent attention and:
- A the Financial Regulator's requirements.
 - B the intermediary's professional body's membership requirements.
 - C the nature of the relationship with the client.
 - D the practices within the industry.
71. The imbalance between the expertise of insurance individuals and commercial organisations is recognised by insurers in their provision of:
- A claim forms.
 - B motor recovery services.
 - C proposal forms.
 - D helplines.
72. The rationale behind the introduction of a risk equalisation scheme into the Irish private medical insurance market was that in its absence insurers would have a strong financial incentive to target low risk individuals. This would enable them to:
- A reject proposals from high risk individuals.
 - B narrow the scope of their policy coverage.
 - C charge a higher community-rated premium.
 - D achieve a higher profit margin.

73. When accounting for monies received from its clients by an Authorised Adviser, the Financial Regulator (FR), under the terms of its Consumer Protection Code insists upon separate Client premium accounts for:
- A each insurer dealt with.
 - B each class of insurance business.
 - C life and non-life business.
 - D consumer and commercial business.
74. An agent is a person who has the authority to act on behalf of another person or corporate body, known as the:
- A principal.
 - B professional.
 - C practitioner.
 - D provider.
75. The case of *Kelleher v. Irish Life Assurance Company* (1993) affirmed which of the following principles regarding disclosure? An insurer:
- A may expect voluntary disclosure of all material facts, regardless of the way in which the proposal form is worded.
 - B may expect voluntary disclosure of all material facts provided a general notice to this effect appears in the proposal form wording regardless of the precise wording of individual questions.
 - C waives its right to disclosure if questions in its proposal forms are too vague.
 - D waives its right to full disclosure if it places restrictions on information requested in proposal forms.

SECTION B
ATTEMPT ALL QUESTIONS

76. ProtectU Insurers have applied for authorisation to the Irish Financial Regulator. The company has a paid-up share capital of €200,000. Under the EU (Non-Life Insurance) Framework Regulations 1994, how much MORE paid-up share capital would ProtectU need to possess to meet authorisation requirements?
- A €269,834
 - B €434,869
 - C €569,834
 - D €634,869
77. Today is Polly's 54th birthday and she is considering buying a private medical insurance policy. She knows that her premium may be loaded by 25% because of her age. By how much may this loading INCREASE if Polly waits another year to take out her PMI policy?
- A 5%
 - B 10%
 - C 15%
 - D 20%
78. All insurers must maintain a Minimum Guarantee Fund. However, this figure varies depending on solvency margins. What would the Minimum Guarantee Fund be for a company with a solvency margin of €21 million?
- A €3.5 million
 - B €7 million
 - C €14 million
 - D €21 million
79. In 2007, Shine Insurance Company sold Sarah a single premium policy and under the Criminal Justice Act 1994 required proof of her identity. In what year can Shine Insurance Company dispose of this documentation?
- A 2008
 - B 2010
 - C 2012
 - D 2014
80. In applying for authorisation as a Multi-Agency Intermediary, Pay-Up Insurance Brokers have only provided the Financial Regulator (FR) with cash flow projections for one month. How many MORE months records must Pay-Up Insurance Brokers provide in order to meet authorisation requirements?
- A 1 months.
 - B 5 months.
 - C 11 months.
 - D 23 months.

81. Under the tax credit system designed to replace the risk equalisation system in the Irish private medical insurance market, what combined tax credits will George (64) and Anna (72) be entitled to in the tax year in which they pay their PMI premium?
- A €700
 - B €1,150
 - C €1,175
 - D €1,450
82. Josephine signs a contract for a credit agreement on June 30th. On what date does her 'cooling off' period end under the Consumer Credit Act 1995?
- A July 7th
 - B July 10th
 - C July 14th
 - D July 30th
83. Aoife has a third party fire and theft motor insurance policy through BeSure Insurance Brokers, an intermediary regulated by the Financial Regulator (FR). She is involved in a crash in which her car is damaged. Aoife is surprised that her policy does not cover damage to her car and complains to BeSure that they did not inform her of the limited nature of the cover. In these circumstances, which of the following statements is TRUE?
- A Provided BeSure can satisfy themselves as to their procedures at the time of providing advice, they do not need to treat this as a complaint.
 - B Aoife is entitled to refer the matter to the Financial Services Ombudsman Bureau (FSO) without delay.
 - C BeSure are in breach of the Financial Regulator's (FR's) Consumer Protection Code if they do not have an explicit written procedure for handling such complaints.
 - D If inadequate advice has been given by BeSure, this would be dealt with under the terms of the Consumer Information Act 1978.
84. Adam, age 59, applies for private medical insurance on May 14th 2009. What is the EARLIEST date by which his PMI insurer must pay benefits other than those in respect of treatment resulting from an accident?
- A June 14th 2009.
 - B November 14th 2009.
 - C May 14th 2010.
 - D May 14th 2011.
85. An intermediary that appoints sub-brokers has shareholders' funds of €50,000. How much MORE, if any, must the intermediary hold to be compliant with the Investment Intermediaries Act 1995 (as amended)?
- A nothing.
 - B €10,000
 - C €50,000
 - D €150,000

86. According to the Financial Regulator's Consumer Protection Code, if an insurance company receives all relevant information from a consumer on Monday November 4th and cover has been underwritten, by what date, at the LATEST, must the policy documents be issued?
- A November 14th
 - B November 18th
 - C November 25th
 - D December 1st
87. BeSafe Insurers have applied for authorisation to the Irish Financial Regulator. The company has a solvency margin of 100% of the EU minimum. Under the EU (Non-Life Insurance) Framework Regulations 1994, what is the MINIMUM by which BeSafe would need to increase its solvency margins to meet authorisation requirements?
- A 50%
 - B 100%
 - C 150%
 - D 200%
88. Gareth is an Irish insurance intermediary who has professional indemnity cover with a limit of indemnity of €650,000 per claim. To meet the minimum requirements outlined in the European Communities (Insurance Mediation) Regulations, 2005, by how much, if any, would he need to INCREASE this insurance cover?
- A nothing.
 - B €100,000
 - C €200,000
 - D €350,000
89. Wheeler Insurance discontinued the appointment of Rogerson Insurance Brokers on September 1st 2009. What is the LATEST date by which Rogerson Insurance Brokers must publish a notice to this effect in a national newspaper?
- A September 8th 2009.
 - B September 15th 2009.
 - C October 1st 2009.
 - D March 1st 2010.
90. Patrick's motor policy with BeSure has been in force for one month, but the policy was only sent to him two days ago. Which of the following statements is TRUE in relation to regulatory requirements?
- A The timing is acceptable since there is no need for a written document for the cover to be effective.
 - B The issue of the policy is within the 30 days permitted by regulatory requirements.
 - C The policy is ineffective unless issued before cover commences.
 - D Patrick would be entitled to pursue a complaint against BeSure for the delay in the issue of the policy.
91. Dan has a PMI policy with YourHealth Insurers. The policy covers Dan, his wife and their three children. Calculate the community rated levy charge incurred by YourHealth in relation to this policy.
- A €265
 - B €320
 - C €479
 - D €1,175

92. James' household insurance is due for renewal on Monday July 31st. What is the LATEST date by which his insurer must send out his renewal papers?
- A July 10th
 - B July 15th
 - C July 20th
 - D July 21st
93. SteadFast, an Irish authorised insurer, wants to underwrite business in France by way of services. On February 17th 2009, it notifies the Irish Financial Regulator of the nature of the risks which it proposes to cover. What is the LATEST date by which the Financial Regulator must transmit that information to the French authorities?
- A February 28th 2009.
 - B March 17th 2009.
 - C August 17th 2009.
 - D February 17th 2010.
94. Catherine decides to cancel her private medical insurance on Monday, January 1st 2009. What is the LATEST date by which she can reactivate her policy with the same or another insurer without penalty?
- A Monday January 29th 2009.
 - B Monday April 2nd 2009.
 - C Monday July 2nd 2009.
 - D Monday April 2nd 2010.
95. Eleanor incurs a loss of €35,000 as a result of her investment firm being unable to meet its financial obligations to her. She is awarded €17,000 by the Investor Compensation Company Limited (ICCL) but feels that she should have received more. What is the MAXIMUM additional amount that Eleanor could have received from the ICCL?
- A €3,000
 - B €18,000
 - C €31,500
 - D €35,000
96. Wheeler Insurance intends to cease operations on August 1st 2009. What is the LATEST date by which it must inform affected consumers?
- A August 1st 2008.
 - B February 1st 2009.
 - C June 1st 2009.
 - D July 1st 2009.
97. Daniel has a shady past when it comes to some of the financial transactions that he has been involved in. He currently holds 3% of Brokers-Or-Us share capital. Brokers-Or-Us are in the process of applying to the Financial Regulator for authorisation. How much MORE share capital would Daniel have to hold before the Financial Regulator would need to be satisfied as to his 'good standing'?
- A 7%
 - B 12%
 - C 22%
 - D 47%

98. On October 5th 2009, Liam, age 69, decides to upgrade his basic private medical insurance policy to one with more comprehensive coverage. What is the EARLIEST date by which Liam can claim for the additional benefits of his more comprehensive PMI coverage?
- A October 5th 2009.
 - B October 5th 2010.
 - C October 5th 2011.
 - D October 5th 2014.
99. Kareful Insurance Brokers has a client who wishes to place commercial property insurance with them. If Kareful place this with ABC Insurers the client will be charged a premium of €550 and they will receive a commission of €200. Kareful also has a delegated authority scheme with XYZ Insurers. If they place the policy with them, the client will be charged a premium of €600 and they will receive a commission of €300. What is the MOST ethical action for Kareful to take in this situation?
- A Refer the situation to the Financial Services Ombudsman Bureau (FSO) for decision.
 - B Recommend the policy with XYZ Insurers.
 - C Refer the situation to the Financial Regulator (FF) for decision.
 - D Recommend the policy with ABC Insurers.
100. All insurers must maintain a Minimum Guarantee Fund but this figure varies depending on solvency margins and the type of company or risks involved. SafeNet, a pure captive reinsurance company has a solvency margin of €15 million. What would the Minimum Guarantee Fund be for SafeNet?
- A €1 million
 - B €3.5 million
 - C €5 million
 - D €15 million

Solutions

Section A

1. Answer: D GEN 2A Ref: 1B1
2. Answer: C GEN 2A Ref: 3A1
3. Answer: B GEN 2A Ref: 5B
4. Answer: A GEN 2A Ref: 1H2
5. Answer: A GEN 2A Ref: 4E
6. Answer: D GEN 2A Ref: 3E7
7. Answer: C GEN 2A Ref: 6B2
8. Answer: C GEN 2A Ref: 1F3
9. Answer: B GEN 2A Ref: 7A
10. Answer: C GEN 2A Ref: 8A1
11. Answer: C GEN 2A Ref: 5G
12. Answer: A GEN 2A Ref: 2C1
13. Answer: B GEN 2A Ref: 9D1
14. Answer: B GEN 2A Ref: 1D2
15. Answer: C GEN 2A Ref: 3C3
16. Answer: B GEN 2A Ref: 4A3
17. Answer: C GEN 2A Ref: 5H1B
18. Answer: D GEN 2A Ref: 2D2D
19. Answer: C GEN 2A Ref: 6D1
20. Answer: A GEN 2A Ref: 1H
21. Answer: A GEN 2A Ref: 5D1
22. Answer: D GEN 2A Ref: 7E1
23. Answer: D GEN 2A Ref: 1A
24. Answer: A GEN 2A Ref: 3D
25. Answer: A GEN 2A Ref: 4F
26. Answer: C GEN 2A Ref: 6F

- 27. Answer: C GEN 2A Ref: 2B
- 28. Answer: C GEN 2A Ref: 8A5
- 29. Answer: B GEN 2A Ref: 6C
- 30. Answer: B GEN 2A Ref: 1F2
- 31. Answer: A GEN 2A Ref: 3A2B
- 32. Answer: D GEN 2A Ref: 4D1
- 33. Answer: C GEN 2A Ref: 4G
- 34. Answer: D GEN 2A Ref: 5C
- 35. Answer: C GEN 2A Ref: 1B9
- 36. Answer: A GEN 2A Ref: 3F
- 37. Answer: A GEN 2A Ref: 6E
- 38. Answer: B GEN 2A Ref: 5E
- 39. Answer: D GEN 2A Ref: 8B7
- 40. Answer: D GEN 2A Ref: 9G3
- 41. Answer: D GEN 2A Ref: 1G
- 42. Answer: B GEN 2A Ref: 2C2
- 43. Answer: B GEN 2A Ref: 7A
- 44. Answer: D GEN 2A Ref: 6E1
- 45. Answer: B GEN 2A Ref: 5D1A
- 46. Answer: B GEN 2A Ref: 5H1D
- 47. Answer: A GEN 2A Ref: 6C1
- 48. Answer: B GEN 2A Ref: 1E3
- 49. Answer: C GEN 2A Ref: 3B5
- 50. Answer: C GEN 2A Ref: 6F
- 51. Answer: A GEN 2A Ref: 5A
- 52. Answer: C GEN 2A Ref: 7F
- 53. Answer: D GEN 2A Ref: 9I
- 54. Answer: A GEN 2A Ref: 1B2

55. Answer: A GEN 2A Ref: 6D2
56. Answer: C GEN 2A Ref: 1H
57. Answer: C GEN 2A Ref: 4E
58. Answer: A GEN 2A Ref: 9D1
59. Answer: A GEN 2A Ref: 1G1A
60. Answer: B GEN 2A Ref: 7C1
61. Answer: A GEN 2A Ref: 9H
62. Answer: D GEN 2A Ref: 1E1
63. Answer: D GEN 2A Ref: 3D3
64. Answer: B GEN 2A Ref: 2D1
65. Answer: D GEN 2A Ref: 3C1
66. Answer: A GEN 2A Ref: 4A1
67. Answer: C GEN 2A Ref: 2B
68. Answer: A GEN 2A Ref: 5G4
69. Answer: B GEN 2A Ref: 9I
70. Answer: C GEN 2A Ref: 7G
71. Answer: D GEN 2A Ref: 1C3
72. Answer: D GEN 2A Ref: 5F
73. Answer: C GEN 2A Ref: 9G3
74. Answer: A GEN 2A Ref: 6A
75. Answer: D GEN 2A Ref: 8A5

Section B

76. Answer: B GEN 2A Ref: 4B
77. Answer: D GEN 2A Ref: 5C1
78. Answer: B GEN 2A Ref: 3B12
79. Answer: C GEN 2A Ref: 8B4
80. Answer: C GEN 2A Ref: 7B
81. Answer: D GEN 2A Ref: 5F1

82. Answer: B GEN 2A Ref: 9C
83. Answer: C GEN 2A Ref: 9G2
84. Answer: C GEN 2A Ref: 5D1
85. Answer: A GEN 2A Ref: 7D2C
86. Answer: B GEN 2A Ref: 9G3
87. Answer: A GEN 2A Ref: 4B
88. Answer: D GEN 2A Ref: 9E
89. Answer: B GEN 2A Ref: 7C1
90. Answer: D GEN 2A Ref: 9G3
91. Answer: C GEN 2A Ref: 5F1
92. Answer: A GEN 2A Ref: 9J
93. Answer: B GEN 2A Ref: 4E
94. Answer: B GEN 2A Ref: 5H1D
95. Answer: A GEN 2A Ref: 9K
96. Answer: C GEN 2A Ref: 9G2
97. Answer: A GEN 2A Ref: 7B
98. Answer: D GEN 2A Ref: 5D1A
99. Answer: D GEN 2A Ref: 1H3
100. Answer: A GEN 2A Ref: 4C3