



The
Insurance Institute
Of Ireland

PROMOTING PROFESSIONALISM SINCE 1885

CERTIFIED INSURANCE PRACTITIONER LEVEL 3
GEN 3A – THE GENERAL INSURANCE PROCESS
SAMPLE PAPER (BASED ON THE JUNE 2009 GEN 3A 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 3A – THE GENERAL INSURANCE PROCESS

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. The bases for calculation of the required solvency margin are the premium basis and the:
 - A claims basis.
 - B guarantee basis.
 - C cession basis.
 - D accumulation basis.

2. General damages can be described as compensation for:
 - A pain, suffering, inconvenience and loss of the pleasures of life.
 - B items that can be quantified such as loss of income and medical expenses.
 - C damage to personal and intellectual property.
 - D additional injuries caused by the actions of the defendant which have aggravated the injury suffered.

3. In recent years, Fresh Co. Supermarket chain have developed response procedures for dealing with liquid spills on floors which involves a speedy mopping-up, the area being cordoned off and an announcement being made on the public address system. This is an illustration of a risk management benefit which can be categorised as:
 - A external compliance.
 - B greater strategic awareness.
 - C increased safety awareness.
 - D improved documentation and information.

4. Which of the following is an objective of the claims process? To ensure that:
 - A the insured is indemnified by their policy.
 - B loss assessors are appointed by insurers in appropriate situations.
 - C legal professionals are appointed upon claim notification.
 - D the value of the loss is reasonable.

5. Which of the following statements is FALSE with regards to the legislation which regulates the Irish private medical insurance market ?
 - A Premium can only be increased based on an individual's claims experience.
 - B Consumers cannot be refused cover regardless of age at joining or medical history.
 - C Regardless of age, sex, medical history etc., there is one price for all consumers picking a given level of cover.
 - D All insurance policies must provide a minimum level of benefits to consumers.

6. A property surveyor who is engaged in the tasks of identifying target stock, considering the sums insured, reviewing circumstances which are reasonably likely to occur and noting the presence of Fire Break walls is undertaking the job of:
 - A assessing the Estimated Maximum Loss (EML).
 - B rating the risk for the insurer.
 - C compiling commentary on the standard of management.
 - D relating the risk to other similar trade risks.

7. In insurance practice, 'A term of the contract which must be strictly complied with and upon any breach of which, however trivial, the insurer is entitled to repudiate the policy' is a:
- A warranty.
 - B condition.
 - C representation.
 - D clause.
8. Insurance companies need to create and use appropriate Information Technology systems that generate accurate statistical information to enable them to:
- A fulfil their legal obligations in reporting year-end results.
 - B ensure compliance with Data Protection legislation.
 - C provide annual statistical information to the Irish Insurance Federation.
 - D identify areas of new business.
9. Which of the following statements is TRUE with regard to a motor insurance claims situation?
- A Accidents are to be reported to the insurer, irrespective of whether or not the insured anticipates a claim.
 - B Insurers keep paperwork to a minimum to simplify the job of the claims advisors.
 - C Notifications of fatal injury inquiries to the insurer enable them to determine possible recovery rights by subrogation.
 - D The use of the insurers' approved repairers allows insureds to benefit from premium discounts.
10. Which of the following does NOT impact on the medium through which consumers access insurance?
- A The number of non-standard insurance contracts required by the consumer.
 - B The size of the total insurance portfolio required.
 - C The cost of the insurance product.
 - D The complexity of the insurance product offered.
11. Which of the following risk classification definitions is INACCURATE?
- A Good: Moderate inception risk, low spread risk.
 - B Average (or Normal): Moderate inception risk, moderate spread risk.
 - C Below Average: Either high inception or low spread risk.
 - D Heavy: High inception and spread risk.
12. Life cycle segmentation recognises that the insurance needs of consumers differ at the various stages of their life cycle. Which of the following is NOT a recognised life cycle segment?
- A The solitary survivors.
 - B The baby boomers.
 - C The bachelor state.
 - D The empty nest.

13. Risk retention may NOT be carried out using:
- A a central fund.
 - B deductibles.
 - C derivatives.
 - D captives.
14. For a straightforward but very large fire loss, which of the following is the insurer MOST likely to employ for claims investigation?
- A Forensic scientist.
 - B Loss Assessor.
 - C Claims Official within the insurer's employ.
 - D Loss Adjuster.
15. What can be defined as 'decisions to accept exposure or to reduce exposure by either mitigating the risks or applying cost-effective controls'?
- A Risk management.
 - B Claims cost management.
 - C Strategic management.
 - D Underwriting management.
16. The need for reinsurance of personal insurances arises in part from:
- A variations in size of risk; geographical concentration.
 - B variations in size of risk; geographically independent.
 - C homogeneity of risk size; geographically independent.
 - D homogeneity of risk size; geographical concentration.
17. If an insurer decides that a liability risk is incapable of being improved to a minimum acceptable level, which of the following is the MOST likely action the insurer will take?
- A Apply an increased rate until action has been taken to improve the risk.
 - B Apply an excess until action has been taken to improve the risk.
 - C Apply a warranty on the policy to adjust future behaviour.
 - D Decline the risk.
18. To what does the term 'underwriting year' refer?
- A A calendar year accounting period.
 - B The annual period in which policies incept or renew.
 - C The annual period of risk of an individual insurance contract.
 - D A period of two consecutive years of account.

19. When creating a formal 'Risk Description' which of the following would form part of the 'Scope of risk' section?
- A Whether financial, strategic, operational, or hazard in nature.
 - B Different stakeholder expectations.
 - C Issues relating to significance and probability.
 - D Qualitative and quantitative description of events.
20. When considering risk acceptance where there are improvement measures that need to be undertaken, for which of the following classes of insurance will an insurer USUALLY decline the risk rather than apply a premium loading pending risk improvements being carried out?
- A Household.
 - B Theft.
 - C Employers liability.
 - D Fire.
21. Although there is no universal definition of risk in the insurance world, there are common elements in all the definitions: indeterminacy and:
- A hazard.
 - B peril.
 - C claims.
 - D loss.
22. Looking before a person crosses the road, switching off electrical equipment at night and keeping children away from, medicine cabinets are all examples of:
- A risk taking.
 - B risk management.
 - C risk analysis.
 - D risk identification.
23. When selling mortgage payment protection insurance linked to mortgages what, if anything, can banks insist on?
- A Their customer effecting a policy issued by the Bank's insurance subsidiary.
 - B Their customer effecting a policy but not that it has to be with their subsidiary.
 - C Their customer effecting a policy if the amount of the mortgage exceeds certain defined financial figures.
 - D Nothing.
24. When considering the underwriting of private motor insurance risks, which of the following occupations is LIKELY to give rise to special consideration by an underwriter regarding acceptability?
- A Bookmakers.
 - B Teachers.
 - C Motor traders.
 - D Financial Advisors.

25. The Reinstatement Memorandum under a property policy requires the sum insured for a building to be based upon the rebuilding cost:
- A on the day the risk is proposed.
 - B at the commencement of the policy year.
 - C on the date of a loss.
 - D at the time rebuilding is complete.
26. Which of the following is an example of physical risk control?
- A Transference of liability by contract.
 - B Reduction of liability by outsourcing production.
 - C Retention of liability using a captive insurer.
 - D Evaluation of measurable hazards.
27. In connection with forecasting future market needs, a scarcity of land available for building falls into the category of:
- A demographics / economics.
 - B physical.
 - C political / legal.
 - D socio-cultural.
28. Which of the following is an underlying risk improvement measure in relation to motor insurance?
- A Reduction of policy cover.
 - B Premium loading.
 - C Application of an excess.
 - D Installation of an immobiliser and alarm.
29. When calculating the Minimum Required Solvency Margin for a general insurer, how is it determined whether to use premiums or claims as the basis of the calculation?
- A The insurer may choose the most appropriate method to use.
 - B The Financial Regulator specifies the most appropriate method to be used.
 - C Both are calculated and the method giving the highest result is used.
 - D Both are calculated and the method giving the lowest result is used.
30. Which of the following broad descriptions describes the motivation of MOST intermediaries in the insurance market?
- A Sales-led.
 - B Production-led.
 - C Marketing-led.
 - D Commission-led.

31. How is the 'premises' risk for a commercial public liability insurance usually arrived at?
- A It is flat-rated.
 - B A rate is applied to wages.
 - C A rate is applied to turnover.
 - D A rate is applied to floor area.
32. When there are requirements for action on the part of a proposer essential to the acceptance of a property risk, an underwriter should:
- A obtain a suitable declaration of intent from the proposer.
 - B impose a warranty on these specific requirements.
 - C impose an excess for situations where requirements are not met.
 - D increase the premium to create a contingency fund in case requirements are not met.
33. Which of the following falls into the category of a social risk?
- A Accident and illness.
 - B Investment market performance.
 - C Imprisonment.
 - D Government stability.
34. Earned premiums can be described as the:
- A total of premiums debited in an accounting period.
 - B difference between sums debited and those expected.
 - C total of premiums proportionate to the period of time on risk for each.
 - D total premiums less claim provisions.
35. The basis of interaction between insurance and the risk management process is the:
- A shared objective of the insurer and proposer to minimise claims' incidence and values.
 - B fact that in the event of an incident occurring, both insurer and proposer will suffer financially.
 - C shared interest in the potential savings to the proposer's business.
 - D fact that when the risk is insured, the proposer's legal liabilities become the insurer's responsibility.
36. When considering external key risk drivers for firms, 'competition' falls into the category of:
- A financial.
 - B strategic.
 - C operational.
 - D hazard.

37. When considering the setting of sums insured in calculating the values at risk, which of the following is it legitimate for the policyholder to include?
- A Sentimental value.
 - B The effect of inflation.
 - C Loss of future profit.
 - D Consequential loss.
38. Risk probability is MOST closely related to which of the following?
- A Severity of loss.
 - B Frequency of loss.
 - C A combination of frequency and severity of loss.
 - D Trends of loss history.
39. Which of the following is a passive means of advertising?
- A Television.
 - B Posters.
 - C Radio.
 - D Newspapers.
40. In relation to the claims process and the Financial Regulator's Consumer Protection Code, which of the following statements is FALSE? The regulated entity must:
- A take reasonable steps to verify the validity of a claim before making a decision on the outcome.
 - B advise the claimant of update on the claim's progress within 5 days of the claim development.
 - C advise the claimant of the information necessary to make a claim, the InjuriesBoard.ie process and the claimant's responsibilities.
 - D provide the claimant with written details of any internal appeals mechanisms available to them.
41. If a potential claim under a motor policy is not reported in accordance with the notification requirements stated in the policy, the insurer will:
- A not be liable for payment of the particular claim but would need to pay any subsequent claim if reported in accordance with the policy terms.
 - B be liable for payment of the particular claim if this relates to an area of compulsory insurance and has no right of recovery from the policyholder.
 - C be liable for payment of the particular claim if this relates to an area of compulsory insurance but has a right of recovery from the policyholder.
 - D be liable for payment of the particular claim whether this relates to an area of compulsory insurance or not but has a right of recovery from the policyholder.
42. Which of the following can be described as a KEY element of success in the risk management process?
- A Limited, defined areas of risk should be measured to make the task practical.
 - B The process should be carried out as a single well-resourced exercise.
 - C The goal should be sustained benefit.
 - D The process must be independent of the achievement of company objectives.

43. In the context of marketing, which of the following would form part of the micro environment rather than the macro environment?
- A Competitors.
 - B Demographics.
 - C Economic issues.
 - D The physical environment.
44. The InjuriesBoard.ie (previously known as the Personal Injuries Assessment Board (PIAB)) assesses:
- A quantum, contributory negligence and legal costs.
 - B quantum and contributory negligence only.
 - C quantum and legal costs only.
 - D quantum only.
45. There are recognised estimation measures used in the context of risk management to describe the probability of risk occurrence (threats). To be considered as a 'low (remote)' category of risk, an event would be unlikely to occur in a:
- A 15 year period or less than 2% chance of occurrence.
 - B 5 year time period or less than a 33% chance of occurrence.
 - C 10 year time period or less than a 25% chance of occurrence.
 - D 10 year period or less than 2% chance of occurrence.
46. A retrocessionaire is the:
- A acceptor of retrocession.
 - B reinsurance of a reinsurer.
 - C acceptor of reinsurance.
 - D amount of reinsurance given by the reinsured to the reinsurer.
47. If it already has a surplus treaty reinsurance in place for its property insurances, an insurer would use facultative reinsurance for:
- A risks too large for the treaty arrangements only.
 - B risks excluded by the treaty arrangements only.
 - C risks excluded by or too large for the treaty arrangements.
 - D unusual risks the insurer wishes to exclude from the treaty arrangements.
48. Which of the following is NOT a contributing factor to the increase in major claims in private medical insurance and the consequential increased demand for reinsurance?
- A Medical inflation and advances in medical technology.
 - B Increased life expectancy.
 - C An overburdened public system.
 - D Increased competition in the PMI market.

49. With regard to a fire insurance claim, in the event of loss or damage, it is NOT a duty of the insured to:
- A establish whether the claim is valid and whether the policy was in force at the time of the loss.
 - B notify the insurer immediately.
 - C permit to be taken any action which may be reasonably practicable to prevent further damage.
 - D deliver to the insurer full information about the property damaged and the amount of damage.
50. When calculating the average rate, what exposure measure is MOST likely to be used by an insurance company?
- A Policies are flat-rated.
 - B Premium per €100 Sum insured.
 - C Premium per €1,000 Turnover.
 - D Premium per property.
51. What is meant by the term 'target stock' in relation to theft insurances?
- A Stock that is not adequately protected.
 - B High value stock with a limited market.
 - C Small bulk, high value stock easily re-sold.
 - D Stock insured on a 'first loss' basis.
52. Reinsurance can be used to help insurers address a range of core problems that they face when accepting risks. Which of the following is NOT one of those problems?
- A Individual risks where the sum insured is larger than that normally accepted by the insurer.
 - B A need for the insurer to address a negative credit rating.
 - C An accumulation of risks in a specific area that might be subject to a catastrophe.
 - D A higher frequency of losses than anticipated in a particular class.
53. The classification of a risk, for example pure or speculative, determines:
- A the likelihood of its occurrence.
 - B the severity of its consequences.
 - C its insurability.
 - D its homogeneity.
54. In the context of marketing which of the following falls in the category of 'secondary data'?
- A Data collected for a specific purpose but now out of date.
 - B Data collected for a specific purpose that remains current.
 - C A competitor's annual report.
 - D Agency produced market research.

55. In the context of the marketing mix, what does the term 'People' refer to?
- A Employees of the provider.
 - B Employees of the customer.
 - C Groupings of individual customers.
 - D Third parties who influence sales.
56. In recent years, the property insurance portfolio of Risksafe Insurance has produced fluctuating loss ratios (earned premiums compared with incurred claims) ranging from 22% to 85%. The management of Risksafe Insurance wish to explore reinsurance protection to deal with this issue in conjunction with a review of their underwriting practices. Which of the following types of reinsurance is most UNLIKELY to be available to Risksafe Insurance?
- A Surplus (lines).
 - B Quota share.
 - C Catastrophe X/L.
 - D Excess of loss ratio (Stop loss).
57. Which of the following is NOT a duty of a fire insurance surveyor?
- A Considering the role of reinsurance in relation to the risk in question.
 - B Providing a description of the trade and processes carried out at the premises to be insured.
 - C Describing the construction of all elements of construction relative to fire spread.
 - D Assessing the Estimated Maximum Loss (EML) on buildings, contents and stock by insured perils.
58. According to Meidan's theory which stage immediately follows the 'determine the premiums for the products' stage in the marketing of insurance products?
- A Identify the insurance needs and wants of the customer / market as a whole.
 - B Organise suitable channels through which these policies are distributed and sold to customers.
 - C Research and forecast future market needs.
 - D Advertise and promote these products to potential customers.
59. When an insurance company considers its cost of claims, which of the following would NOT form part of its review?
- A Monitoring the total amount of claims.
 - B Costs of running the claims function.
 - C Speed of claim payment.
 - D Speed of recovery of reinsurance payments.
60. Business interruption policies divide the turnover of a business into four elements in order to calculate the actual loss to the business. These elements are Wages, Net Profit, Standing Charges and:
- A Specified Working Expenses.
 - B Gross Profit.
 - C Closing Stock.
 - D Investment Income.

61. In relation to the Risk Management Standard 2002, which of the following statements is FALSE? One of the three bodies involved in the development of this standard was:
- A The Association of Insurance and Risk Managers (AIRMIC).
 - B The National Forum for Risk Management in the Public Sector (ALARM).
 - C The Institute of Risk Management Standards and Practices (IRMSP).
 - D The Institute of Risk Management (IRM).
62. Sensure Ltd., manufacturers of ladies' dresses and fashion garments, have property and business interruption policies that their broker, Insurall Ltd., has placed with Croaksafe Insurance Company. When Sensure received advice from Insurall, they were given only one option, which was the quotation from Croaksafe. However, they were wondering how representative this might be of the rest of the market. What information, if any, should they have been given that might assist them?
- A Details of every quotation that Insurall had obtained from the market.
 - B A list of those approached in the market.
 - C Whether Insurall is contractually obliged to place business with Croaksafe and / or others.
 - D None. Sensure must rely upon the fact that Insurall have produced the best deal.
63. Which of the following is NOT a recognised technique for fraud investigation?
- A Statement Validity Assessment.
 - B Conversation Management.
 - C Investigative questioning.
 - D Cognitive Interviewing.
64. Which of the following describes a characteristic of arbitration?
- A A dispute may only be referred to arbitration within six months of its occurrence.
 - B It has prescribed and pre-determined procedures.
 - C It avoids a public hearing on the matter in dispute.
 - D The scope of an arbitrator's powers are prescribed by law.
65. From a marketing perspective, the MOST significant influence that non-proportional reinsurance has is in:
- A product pricing.
 - B determining the type of customer.
 - C determining capacity.
 - D product design.
66. When developing an appropriate average rate which of the following is an external rather than an internal factor?
- A Expenses.
 - B Inflation.
 - C Reserve.
 - D Profit.

67. Risksafe Insurance knows that a key element in determining its reinsurance requirements is the extent of its free assets. To what does the term 'free assets' refer?
- A Share capital, free reserves and retained profit.
 - B Premium income (less claims provisions) and free reserves.
 - C Share capital, premium income (less claims provisions) and free reserves.
 - D Premium income (less claims provisions), retained profit and free reserves.
68. When applying the principle of contribution to a claims settlement, it is necessary to carry out a further calculation to share a loss in proportion to the independent liabilities of the insurers. If its independent liabilities:
- A cannot be easily measured.
 - B are equal to the loss.
 - C are less than the loss.
 - D are greater than the loss.
69. In the ABSENCE of a Cut-Through Clause, if a reinsurer went into liquidation, the insured's claim would be paid by:
- A no-one.
 - B the insurer.
 - C the reinsurer.
 - D the liquidator.
70. If buildings are insured on the basis of a 'Day One Reinstatement', this means that the sum insured will be adequate to cover the:
- A largest likely loss at the beginning of the period of insurance, and the insurer will give an open-ended commitment to pay any claim regardless of its size in the event that rebuilding is necessary.
 - B largest likely loss at the beginning of the period of insurance, and the insurer inflates this by a fixed percentage which becomes the sum insured.
 - C full rebuilding cost at the beginning of the period of insurance, and the insurer will give an open-ended commitment to pay any claim regardless of its size in the event that rebuilding is necessary.
 - D full rebuilding cost at the beginning of the period of insurance, and the insurer inflates this by a fixed percentage which becomes the sum insured.
71. In comparing the information required of personal and commercial general insurance proposers, which of the following is an information requirement UNIQUE to commercial general insurance?
- A Details of previous losses or claims.
 - B Potential liabilities.
 - C Description and value of contents at risk.
 - D Details of risk management measures.

72. Fidelity guarantee policies carry a period of notification beyond expiry during which claims can be notified. This period is known as the:
- A delay period.
 - B moratorium period.
 - C discovery period.
 - D diagnosis period.
73. Which of the following is NOT used as a basis for the development of the fire rate:
- A Regulation.
 - B Classification.
 - C Discrimination.
 - D Claims experience.
74. Roy effects a personal accident insurance policy because he intends to commit a theft and fears that he may get injured in the process. On what grounds would this insurance be invalid?
- A If a loss occurs it would not be a fortuitous loss.
 - B The policy would be against the public interest.
 - C There is no financially recognised interest.
 - D There would be insufficient homogeneous exposures.
75. Which of the following is a factor which influences an insurer's reinsurance retention decision?
- A Retention levels of competitors.
 - B Classes of business accepted.
 - C Financial Regulator (FR) guidelines.
 - D Access to a captive company.

SECTION B
ATTEMPT ALL QUESTIONS

76. Rogerson Insurance Brokers have been helping Sarah complete her claim. On receipt of the completed claims documentation on Wednesday May 3rd, Rogerson's must forward this documentation to the insurer:
- A By no particular date, just without delay.
 - B Monday May 8th.
 - C Friday May 12th.
 - D Tuesday May 16th.
77. Alcove Ltd. has a property insurance policy valued at €240,000 with Palm Insurance Company. It incurs €60,000 of damage to stock worth €320,000. The policy that covers this risk is subject to average and subject to a €5,000 excess. How much will Palm Insurance pay to settle this claim?
- A €15,000
 - B €40,000
 - C €45,000
 - D €60,000
78. If Long Drive Ltd's exposure to motor accidents is accurately represented by Bird's Triangle and two fatalities were suffered during a particular period, what is the MAXIMUM number of incidences leading to damage accidents that Long Drive Ltd. can expect to have during this same period?
- A 20
 - B 30
 - C 40
 - D 60
79. Binaural Ltd., manufacturers of audio equipment, have property and business interruption policies that their broker, InsureIT Ltd., has placed with VDR Insurance Company. If InsureIT failed to ask relevant questions about the business interruption cover so that the indemnity period is too short, which of the following statements is CORRECT?
- A Regulations require an identical amount of information and questioning regardless of the cover and provided InsureIT meet the regulatory minimum requirement they are not liable for any inadequacy of cover.
 - B If Binaural had employed a Risk Manager, InsureIT's responsibilities for explanations and questioning would automatically reduce.
 - C InsureIT's responsibility to determine the most appropriate indemnity period extends only to the physical risk at the premises, not customer or supplier dependency.
 - D Provided Binaural are made aware of the fact that not all elements will be taken into account in the advice that InsureIT provides, the responsibility for determining the adequacy of the indemnity period rests entirely with Binaural.

80. Using the data below from the accounts of BeSafe Insurance Company Ltd., calculate the Total Incurred Claims figure.
- Paid losses (€13 million); Outstanding claims at start of year (€5 million); IBNR provision (€3.5 million); IBNER provision (-€2.5 million); and Outstanding claims at end of year (€4.5 million).
- A €13.5 million.
 B €14.5 million.
 C €19.5 million.
 D €28.5 million.
81. Wing Ltd.'s insurance is arranged with Guard Insurance Ltd. on a 'Reinstatement Memorandum' Basis. The sum insured is €7 million and the reinstatement value is €8 million. Following a claim of €500,000, how much, if anything, will Guard Insurance Ltd. pay?
- A Nothing.
 B €425,000.
 C €437,500.
 D €500,000.
82. Alan, a farmer, has an insurance policy which includes a sum insured of €250,000 on his barley crop. In June, when the barley crop is valued at €300,000, Alan submits a claim for €60,000 for damage to crops. How much will the insurance company pay Alan for his loss?
- A €10,000
 B €45,000
 C 50,000
 D €60,000
83. Dean Ltd. has property to the value of €500,000, an annual turnover of €750,000 and an annual wage bill of €120,000. If All Class Insurance offers rates of 3%, 5% and 7% for Employer's Liability, Property and Product Liability business respectively, calculate Dean Ltd.'s total insurance premium.
- A €55,900
 B €56,500
 C €60,500
 D €81,100
84. Some insurers use a turnover-based premium, but have determined the rate by converting from a wages-based calculation. If an insurer calculates a premium for an insured based on a waggeroll of €75,000 and a rate of 2.5%, calculate the equivalent rate using the turnover figure of €250,000.
- A .3%
 B .75%
 C 3%
 D 7.5%

85. Delta Ltd.'s insurance is arranged with Foxtrot Insurance Ltd. on a 'Day One' Reinstatement Basis. The sum insured (declared value) is €15 million and the agreed inflation provision is 40%. The MAXIMUM that Foxtrot will be liable for is:
- A €9 million.
 - B €15 million.
 - C €17.85 million.
 - D €21 million.
86. Aaron received the following 'Reason Why' statement from BeSafe Insurance Brokers in relation to the commercial property insurance policy he is purchasing: 'Following information provided by yourself, our analysis of the features of your commercial property risk led us to undertake a thorough analysis of the market place. We focussed on insurance products which would meet your specific needs, particularly the public liability and property risks to which you are exposed. From the products available in the market, we identified a policy offered by BeSafe Insurance Company and would recommend it to you. In accordance with relevant Regulations, we are providing you with a copy of this 'Reason Why' statement and are retaining a copy or reference and as proof of compliance. Many thanks for your business'. However, there is information missing from Aaron's 'Reason Why' statement as it did not:
- A outline the reason why the type of product offered was considered to be suitable to Aaron.
 - B outline the reason why the recommended product was considered to be the most suitable product for Aaron.
 - C indicate that the intermediary is under a contractual obligation to refer insurance business exclusively to one or more insurers.
 - D reflect Aaron's insurance demands and needs on the basis of the information provided by him.
87. A machine in the factory of O'Mahony Manufacturing has a life expectancy of twenty years. After five years, as a result of a fire, it has to be replaced. Using the following data, calculate the indemnity to which O'Mahony's would be entitled. The machine originally cost €20,000. The cost of replacing the machine today is €40,000.
- A €10,000
 - B €20,000
 - C €30,000
 - D €40,000
88. ReadIt, a printing company with premises valued at €4 million and contents / stock valued at €5 million, have an Estimated Maximum Loss of 87% (premises) and 90% (contents / stock). Calculate the monetary value of ReadIt's Estimated Maximum Loss.
- A €1.02 million
 - B €7.965 million
 - C €7.98 million
 - D €9 million

89. On Thursday, July 1st upon notifying Treasure Insurance Company of their claim by telephone, O'Mahony Manufacturing are informed that a claim form must be completed and that it will be issued to them immediately. The LATEST date by which O'Mahony's should receive the claim form is:
- A Monday, July 5th.
 B Wednesday July 7th.
 C Sunday July 10th.
 D Wednesday, July 14th.
90. Two buildings are separated by a party wall. Both buildings are of the same size and value (€2,000,000 each) and owned by the same person. Side 1's contents are valued at €250,000. Side 2's contents are valued at €100,000. The owner wishes to effect fire and special perils insurance on the properties. EML for buildings is 60% and EML for contents is 90%. Calculate the monetary value of the EML.
- A €2,715,000
 B €2,750,000
 C €2,350,000
 D €4,350,000
91. Using the data below, calculate Smithson's 'Gross Profit' figure.
- Uninsured Working Expenses (€3,000); Turnover (€20,000); Work in Progress (€15,000); Closing Stock (€10,000); and Opening Stock (€12,000).
- A €4,000
 B €15,000
 C €34,000
 D €60,000
92. The Injuries Board.ie notifies Dune Insurance Company of Frances' intention to make a claim against them. 34 days later, Dune have still not confirmed that they are not disputing liability and are consenting to the Injuries Board.ie assessment. Within how many weeks must Dune confirm this?
- A 2
 B 4
 C 6
 D 8
93. A stock floater policy has a sum insured of €40,000 covering the stock of Runner Bean Ltd. at warehouses in three different locations (A, B and C). They also hold a separate insurance policy for stock solely at warehouse A with a sum insured of €100,000 subject to average. A loss of €128,000 has occurred in Warehouse A that is covered by both policies and at the time of the loss the total value in the warehouse is €160,000. Calculate the indemnity provided, if any, by the stock floater policy.
- A Nothing
 B €16,000
 C €32,000
 D €128,000

94. In the case of the following proportional facultative reinsurance arrangement, calculate the premium to be ceded to the reinsurer. The sum insured is €10 million, the retention is €2 million and the premium is €400,000.
- A €80,000.
 B €240,000
 C €320,000.
 D €400,000.
95. BeCool is a fashion clothing manufacturer which experiences a fire in its factory. The building is undamaged but the stock is totally destroyed. From the values given below, calculate the value of BeCool's insurance claim.
- Cost of raw materials at time of their purchase (€200,000), current replacement cost of raw materials (€250,000), cost of delivery of raw materials (€10,000), clothing in the course of production (€300,000), cost of labour incurred in relation to clothing in the course of production (€50,000), value of finished stock (€600,000) and market value of finished stock (€500,000).
- A €910,000.
 B €1,100,000.
 C €1,110,000.
 D €1,200,000.
96. In the following scenario, calculate how much the reinsured can cede to the Surplus treaty. The Surplus Treaty Limit is €3 million per risk, the Sum Insured is €3 million and the Maximum Retention is €600,000. The reinsured decides the risk is poor and retains €30,000.
- A €30,000.
 B €150,000.
 C €2,700,000.
 D €2,970,000.
97. Using the data below from the accounts of BeSafe Insurance Company Ltd., calculate the Earned Premiums figure :
- Annual policies that incept or renew on the first date of BeSafe's accounting period (€21 million); Short period policies that are fully exposed during BeSafe's accounting period (€2 million); Amounts debited during the present accounting period relating to policy coverage in the next accounting period (€11 million); Temporary additions to existing policies that are fully exposed during BeSafe's accounting period (€1 million); and Amounts debited during BeSafe's previous accounting period relating to policy coverage in this accounting period (€16 million).
- A €19 million.
 B €30 million.
 C €40 million.
 D €51 million.

98. Heaney's Garage has applied for property insurance with a sum insured of €90,000 from Signal Insurance Company. Signal's average property insurance rate is .3% and they decide to apply loadings for part-timber construction (.1%) and artificial heating (.1%) to this proposal. However they are willing to offer Heaney's a discount for fire extinguishing appliances (5%). Calculate the premium quoted.
- A €255.96
 - B €427.50
 - C €4,050
 - D €4,950
99. Calculate the liability incurred under Policy A and B in the following scenario. Policy A has a sum insured of €6,000 with a single article limit of €1,000. Policy B has a sum insured of €10,000 with a single article limit of €2,000. A loss of an item worth €2,400 occurs.
- A Policy A pays €1,200 and Policy B pays €1,200.
 - B Policy A pays €1,600 and Policy B pays €800.
 - C Policy A pays €800 and Policy B pays €1,600.
 - D Policy A pays €1,000 and Policy B pays €2,000.
100. Marie has a complaint regarding the conduct of Fisher Financial Services relating to dealings she had with them in February 2005. What is the LATEST date by which Marie can bring this complaint to the Financial Services Ombudsman (FSO) Bureau.
- A July 2005.
 - B February 2006.
 - C February 2009.
 - D February 2011.

SOLUTIONS

QUESTION	ANSWER	TEXT REFERENCE
1	A	Chapter 10, Section K
2	A	Chapter 9, Section C
3	C	Chapter 2, Section C
4	D	Chapter 8, Section E
5	A	Chapter 7, Section P
6	A	Chapter 6, Section D1
7	A	Chapter 6, Section H
8	A	Chapter 5, Section A
9	A	Chapter 8, Section F2
10	C	Chapter 4, Section D
11	C	Chapter 7, Section E
12	B	Chapter 3, Section D1
13	C	Chapter 2, Section B6C
14	D	Chapter 8, Section G3
15	A	Chapter 1, Section F
16	A	Chapter 10, Section J
17	D	Chapter 6, Section B
18	B	Chapter 5, Section E2
19	D	Chapter 2, Section B3B
20	C	Chapter 6, Section D4A
21	D	Chapter 1, Section A
22	B	Chapter 1, Section F
23	B	Chapter 3, Section F4C
24	A	Chapter 7, Section N2
25	D	Chapter 6, Section E1A
26	B	Chapter 2, Section B6A
27	B	Chapter 3, Section G
28	D	Chapter 6, Section C1
29	C	Chapter 10, Section K
30	C	Chapter 3, Section A
31	A	Chapter 7, Section K3
32	B	Chapter 6, Section H
33	C	Chapter 1, Section A
34	C	Chapter 5, Section C
35	A	Chapter 2, Section E1
36	B	Chapter 2, Section B3A
37	B	Chapter 6, Section E1
38	B	Chapter 1, Section G1B
39	D	Chapter 3, Section F3A
40	B	Chapter 9, Section B
41	C	Chapter 8, Section D2
42	C	Chapter 2, Section A
43	A	Chapter 3, Section C1 / C2
44	D	Chapter 9, Section C1
45	D	Chapter 2, Section B3C
46	A	Chapter 10, Section B
47	C	Chapter 10, Section I
48	D	Chapter 10, Section J
49	A	Chapter 8, Section B

50	B	Chapter 7, Section D
51	C	Chapter 7, Section G1
52	B	Chapter 10, Section A
53	C	Chapter 1, Section D
54	C	Chapter 3, Section E1
55	A	Chapter 3, Section F
56	D	Chapter 10, Section C2
57	A	Chapter 6, Section D
58	D	Chapter 3, Section B
59	B	Chapter 9, Section F
60	A	Chapter 7, Section I
61	C	Chapter 2, Section A
62	C	Chapter 4, Section E2
63	C	Chapter 9, Section G2
64	C	Chapter 9, Section D1
65	A	Chapter 3, Section C1B
66	B	Chapter 5, Section F2A
67	A	Chapter 10, Section E1
68	D	Chapter 8, Section H3A
69	B	Chapter 10, Section D
70	D	Chapter 6, Section F2
71	D	Chapter 4, Section E1A
72	C	Chapter 7, Section B2
73	A	Chapter 7, Section F
74	B	Chapter 1, Section E
75	B	Chapter 10, Section E
76	A	Chapter 9, Section B
77	B	Chapter 6, Section G1
78	D	Chapter 1, Section G
79	B	Chapter 4, Section E1A
80	A	Chapter 5, Section D
81	D	Chapter 6, Section E4
82	D	Chapter 6, Section G2
83	D	Chapter 7, Section D
84	B	Chapter 7, Section M5
85	D	Chapter 6, Section F2
86	B	Chapter 4, Section E2
87	C	Chapter 8, Section H1A
88	D	Chapter 6, Section D1D
89	B	Chapter 9, Section B
90	B	Chapter 6, Section D1D
91	B	Chapter 7, Section I
92	D	Chapter 9, Section C
93	C	Chapter 6, Section G3
94	C	Chapter 10, Section G1
95	C	Chapter 6, Section E2
96	B	Chapter 10, Section G1A2
97	C	Chapter 5, Section C1
98	B	Chapter 7, Section F
99	C	Chapter 8, Section H3A
100	D	Chapter 9, Section E1