

CII CERTIFICATE IN INSURANCE - AWARD IN GENERAL INSURANCE (NON-UK) (W01) PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

**VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE**

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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1. What is 'insurance portability'?

- A. The ability of the insured to transfer a policy or benefits without loss of coverage
- B. A measurement of risk factors in underwriting
- C. The process of renewing an insurance contract
- D. A legal document outlining policy exclusions

2. How does 'catastrophic insurance' function?

- A. It covers minor medical expenses incurred during the policy period
- B. It provides coverage for high-risk events that could result in significant losses
- C. It is designed for low-cost coverage options
- D. It only covers natural disasters

3. What is 'business interruption insurance' designed to cover?

- A. Expenses related to routine business operations
- B. Loss of income due to a disruption in business operations from a covered event
- C. Liabilities arising from product defects
- D. Costs associated with legal defense

4. In an insurance policy, what is a 'waiver'?

- A. A rejection of a claim for specific coverage items
- B. A voluntary relinquishment of a known right, usually related to coverage
- C. A temporary suspension of a policy's terms
- D. A fixed period after which coverage automatically ceases

5. What does "risk appetite" refer to in an organization?

- A. The maximum risk an organization can take without incurring losses
- B. The level of risk that an organization is willing to accept in pursuit of its objectives
- C. The process of diversifying investments to minimize risk
- D. The total amount of risk identified in a risk assessment

- 6. What does "claims-made" refer specifically in an insurance policy?**
- A. Coverage that applies to past incidents only
 - B. Protection for claims reported during the duration of the policy
 - C. Only active claims at the time of the policy purchase
 - D. Claims for future incidents only
- 7. What is 'customer due diligence' in insurance practices?**
- A. A strategy for decreasing claims made by customers
 - B. A process to verify the identity and assess risks associated with clients
 - C. A method for determining policy premiums
 - D. A review of company financial statements
- 8. What is the primary function of health insurance?**
- A. To provide income after retirement.
 - B. To cover legal fees associated with claims.
 - C. To pay for medical expenses, including hospital stays and surgeries.
 - D. To protect against loss of physical assets.
- 9. Which of these is NOT a function of insurance?**
- A. Providing peace of mind
 - B. Facilitating economic growth
 - C. Increasing operational risks
 - D. Distributing risk among many insured
- 10. What is the primary focus of general liability insurance?**
- A. To provide coverage for vehicle-related accidents
 - B. To protect businesses against claims of bodily injury or property damage
 - C. To insure business property against fire
 - D. To cover employee injuries on the job

Answers

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1. A
2. B
3. B
4. B
5. B
6. B
7. B
8. C
9. C
10. B

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Explanations

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1. What is 'insurance portability'?

- A. The ability of the insured to transfer a policy or benefits without loss of coverage**
- B. A measurement of risk factors in underwriting
- C. The process of renewing an insurance contract
- D. A legal document outlining policy exclusions

Insurance portability refers to the ability of the insured to transfer their insurance policy or benefits from one provider to another without losing coverage. This concept is significant because it allows policyholders to maintain their insurance benefits even when they change jobs or move to a different state, as long as they continue to meet eligibility requirements. The correct definition emphasizes the continuity of coverage, which is particularly important in scenarios such as health insurance, where pre-existing conditions may otherwise lead to a loss of benefits or higher premiums. Portability ensures that insured individuals can take their coverage with them, which enhances consumer protection by reducing the risk of gaps in coverage during transitions. The other options present different aspects related to insurance but do not accurately define the concept of insurance portability. For example, measuring risk factors in underwriting pertains to assessing potential losses for pricing and policy issuance, while the renewal process involves extending the duration of an existing policy, and a legal document outlining exclusions deals with the limitations of coverage rather than portability itself. Each of these aspects is important in the broader context of insurance, yet none captures the essence of portability as the ability to transfer benefits without loss.

2. How does 'catastrophic insurance' function?

- A. It covers minor medical expenses incurred during the policy period
- B. It provides coverage for high-risk events that could result in significant losses**
- C. It is designed for low-cost coverage options
- D. It only covers natural disasters

Catastrophic insurance is primarily designed to provide coverage for high-risk events that may result in substantial financial losses. This type of insurance acts as a safety net, protecting individuals or businesses from severe and unexpected events that could have a devastating financial impact, such as major accidents, critical illnesses, or large-scale disasters. By offering a high deductible and lower premiums, catastrophic insurance policies ensure that the insured has coverage for significant claims, which could otherwise be prohibitively expensive. The focus on high-risk events allows policyholders to manage their financial exposure to scenarios that are not just likely to occur, but that could also lead to extraordinary costs. This differentiates catastrophic insurance from other types of insurance that might cover more routine or minor expenses, ensuring that it serves a specific need in the insurance landscape. The other options describe characteristics that do not align with how catastrophic insurance is structured or intended to be used. For instance, it does not cover minor medical expenses as that falls outside its scope. While it may provide some coverage in the event of natural disasters, it is not limited to this alone, as it encompasses a wider range of high-impact risks. Lastly, describing it as designed for low-cost coverage is misleading, as the aspect of having a high deductible implies that

3. What is 'business interruption insurance' designed to cover?

- A. Expenses related to routine business operations
- B. Loss of income due to a disruption in business operations from a covered event**
- C. Liabilities arising from product defects
- D. Costs associated with legal defense

Business interruption insurance is specifically designed to cover the loss of income that a business suffers due to a temporary disruption in its operations caused by a covered event, such as a natural disaster, fire, or another unforeseen incident. This insurance helps businesses maintain their financial stability during periods when they cannot operate at full capacity or when they are forced to suspend operations entirely. When a covered disruption occurs, business interruption insurance can compensate for lost profits, ongoing expenses such as rent or utilities, and other necessary costs to help the business recover and resume normal operations. This type of insurance is crucial for businesses as it ensures they can navigate financial difficulties while addressing operational repairs or operational adjustments needed after a loss event. The other options do not accurately capture what business interruption insurance entails. While routine business expenses, product liability, and legal costs are important aspects of business operations, they fall under different types of coverage and are not the focus of business interruption policies.

4. In an insurance policy, what is a 'waiver'?

- A. A rejection of a claim for specific coverage items
- B. A voluntary relinquishment of a known right, usually related to coverage**
- C. A temporary suspension of a policy's terms
- D. A fixed period after which coverage automatically ceases

In the context of an insurance policy, a 'waiver' refers to a voluntary relinquishment of a known right, usually related to coverage. This concept arises when an insurer or policyholder intentionally decides not to enforce a particular right that they possess under the insurance contract. For example, if a policyholder has the right to claim for certain damages but chooses not to pursue that claim, they have effectively waived their right to coverage for that specific incident or circumstance. This decision can significantly impact the terms of the insurance policy, as waiving a right means that the individual cannot later enforce or reclaim that right in relation to the specific situation covered by the waiver. Waivers are often documented to ensure clarity and understanding on both sides about what rights are being relinquished and the implications of that decision. In contrast, the other options presented do not accurately capture the essence of a waiver in insurance. Rejecting a claim refers more to denial based on policy terms rather than relinquishing rights. A temporary suspension of a policy's terms involves pausing coverage rather than waiving rights. Lastly, the fixed period after which coverage ceases is about the duration of coverage, not about the voluntary giving up of rights.

5. What does "risk appetite" refer to in an organization?

- A. The maximum risk an organization can take without incurring losses
- B. The level of risk that an organization is willing to accept in pursuit of its objectives**
- C. The process of diversifying investments to minimize risk
- D. The total amount of risk identified in a risk assessment

"Risk appetite" specifically refers to the level of risk that an organization is willing to accept in pursuit of its objectives. This concept is crucial for decision-making as it helps organizations to align their strategies with their ability to take risks. Understanding risk appetite allows organizations to establish a framework for evaluating potential opportunities and threats, guiding the pursuit of growth while managing potential downsides. In practical terms, an organization's risk appetite will inform various aspects of its operations, including investment strategies, project initiation, and compliance with regulatory requirements. By clearly defining what level of risk is acceptable, organizations can balance potential rewards with the risks they are prepared to manage, ultimately leading to more strategic and effective decision-making. Other options, while relevant to risk management, do not encapsulate the definition of risk appetite. Statements about the maximum risk that can be taken without losses, the process of diversifying investments, or the total amount of risk identified in a risk assessment do not accurately convey the organization's willingness to accept risk in pursuit of specific goals or objectives.

6. What does "claims-made" refer specifically in an insurance policy?

- A. Coverage that applies to past incidents only
- B. Protection for claims reported during the duration of the policy**
- C. Only active claims at the time of the policy purchase
- D. Claims for future incidents only

The term "claims-made" specifically refers to a type of insurance coverage that provides protection for claims that are reported during the policy period, regardless of when the incident that gave rise to the claim occurred, as long as the incident happened after the policy's retroactive date. This means that if an insured party receives a claim for an event that occurred while the claims-made policy was active, they are covered, provided they report that claim while the policy is still in force. This type of coverage contrasts with occurrence-based policies, which cover claims related to incidents that occur during the policy period, regardless of when the claim is made, as long as the policy is active during the occurrence. The focus on when claims are reported in claims-made policies is a crucial distinction that typically affects the premiums, coverage terms, and ease of managing potential liabilities. Claims-made insurance is commonly used in professions that have a high risk of claims over time, such as medical malpractice. Understanding this concept is vital for professionals in the insurance field, particularly when advising clients on risk management and policy selection.

7. What is 'customer due diligence' in insurance practices?

- A. A strategy for decreasing claims made by customers
- B. A process to verify the identity and assess risks associated with clients**
- C. A method for determining policy premiums
- D. A review of company financial statements

Customer due diligence (CDD) in insurance practices refers to the systematic process of verifying the identity of clients and assessing the risks associated with each client. This is essential for financial institutions, including insurance companies, to prevent fraud, money laundering, and other financial crimes. By conducting thorough CDD, insurers ensure that they understand who they are doing business with and establish a risk profile for each customer. This process involves gathering and verifying personal information about the client, such as identification documents and financial background, which plays a critical role in maintaining compliance with regulatory requirements and ensuring the integrity of the financial system. The significance of CDD extends beyond simple verification; it also encompasses the continuous monitoring of customer relationships and transactions to identify any suspicious activities. By employing this due diligence process, insurance companies can uphold their responsibility to protect their businesses and the broader community from potential risks associated with non-compliant customers.

8. What is the primary function of health insurance?

- A. To provide income after retirement.
- B. To cover legal fees associated with claims.
- C. To pay for medical expenses, including hospital stays and surgeries.**
- D. To protect against loss of physical assets.

The primary function of health insurance is to pay for medical expenses, which encompasses a wide range of healthcare services including hospital stays, surgeries, doctor visits, prescription medications, and preventive care. This type of insurance is designed to help individuals manage the financial burden of healthcare costs, thereby ensuring access to necessary medical care without the risk of overwhelming medical debt. Health insurance serves as a safeguard against high medical expenses that can arise from unexpected health issues or accidents. By pooling risk among many policyholders, health insurance allows individuals to share costs and receive financial support for medical services, which can often be prohibitively expensive if paid out of pocket. This role is foundational to the concept of health insurance, making option C the most fitting choice.

9. Which of these is NOT a function of insurance?

- A. Providing peace of mind
- B. Facilitating economic growth
- C. Increasing operational risks**
- D. Distributing risk among many insured

Increasing operational risks is not a function of insurance because the primary purpose of insurance is to manage and mitigate risks rather than increase them. By pooling resources from multiple policyholders, insurance redistributes risk, allowing individuals or businesses to share potential losses. Functions of insurance typically include providing peace of mind to policyholders by mitigating fears of financial loss in case of unfortunate events, facilitating economic growth by ensuring stability and predictability in financial planning, and distributing risk among many insured individuals or organizations to lessen the financial burden on any single entity. In this context, operational risks are not enhanced by insurance; rather, insurance serves to alleviate the impact of such risks through coverage and support.

10. What is the primary focus of general liability insurance?

- A. To provide coverage for vehicle-related accidents
- B. To protect businesses against claims of bodily injury or property damage**
- C. To insure business property against fire
- D. To cover employee injuries on the job

The primary focus of general liability insurance is to protect businesses against claims of bodily injury or property damage. This type of insurance serves as a financial safeguard for businesses, covering legal expenses and settlements that may arise if a third party claims that they have suffered an injury or damage due to the business's operations, products, or services. General liability insurance is essential for businesses as it allows them to operate with a degree of confidence, knowing they have financial protection if they are held responsible for accidents or damage that occur in the course of their operations. This coverage extends beyond the business's physical premises, as it also applies to incidents that may occur off-site, such as while conducting business activities or attending events. In contrast, while vehicle-related accidents, coverage for fire damage to property, and employee injuries on the job are important aspects of risk management, they fall under different types of insurance policies. Vehicle accidents would typically be covered under auto insurance. Property insurance would address damage due to fire, and workers' compensation insurance would provide coverage for employee injuries. Therefore, the focus of general liability insurance distinctly highlights its role in safeguarding businesses from liability claims, making it vital for operational sustainability.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

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We wish you the very best on your exam journey. You've got this!

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