

CII Certificate in Insurance - Insurance Broking Fundamentals (I10) Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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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 class of business is NOT typically handled by insurance brokers?**
 - A. Personal Lines**
 - B. Commercial**
 - C. Investment banking**
 - D. Specialties**
- 2. Why is it important for insurance brokers to understand loss ratios?**
 - A. To determine the market demand for their services**
 - B. To improve their negotiation skills**
 - C. To evaluate the financial viability of their insurance offerings**
 - D. To enhance advertising and promotional strategies**
- 3. What is one reason an insured might choose to buy insurance from a broker?**
 - A. Higher costs**
 - B. Limited product choices**
 - C. Independent quotation**
 - D. Direct sales from insurers**
- 4. Insurance brokers typically assist with which aspect of client interaction?**
 - A. Direct sale of policies**
 - B. Advising clients and assisting with claims**
 - C. Regulating the insurance market**
 - D. Setting insurance rates**
- 5. Why is it advantageous for companies to partner with brokers in insurance distribution?**
 - A. It allows for more direct marketing to clients.**
 - B. Brokers can offer multiple policies in one package.**
 - C. It relieves insurers from customer engagement.**
 - D. It enables the insurer to set strict pricing guidelines.**

6. What is a key reason some classes of business are more suited for insurance brokers?

- A. Availability of cover**
- B. Low risk factors**
- C. Standardization of contracts**
- D. Simplicity of needs**

7. What is a common consequence of underinsurance?

- A. Higher premiums for clients**
- B. Inadequate coverage leading to significant financial loss in the event of a claim**
- C. Improved negotiation position with insurers**
- D. Delayed policy renewals**

8. Which of the following is least likely to be an example of the mis-selling of a general insurance product?

- A. The product is not the cheapest available.**
- B. The product was sold without a need assessment.**
- C. The client was pressured to purchase a policy.**
- D. The product does not meet regulatory standards.**

9. What can a broker offer to clients regarding claims?

- A. The ability to write policies**
- B. Immediate policy adjustments**
- C. Advocacy and support during the claims process**
- D. Access to premium discounts**

10. Which activity is part of an insurance broker's responsibilities?

- A. Regulate the entire insurance industry**
- B. Provide detailed financial audits for clients**
- C. Negotiate with insurers on behalf of clients**
- D. Perform market research independently**

Answers

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

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Explanations

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1. What class of business is NOT typically handled by insurance brokers?

- A. Personal Lines**
- B. Commercial**
- C. Investment banking**
- D. Specialties**

Insurance brokers specialize in arranging and managing insurance policies for clients across various sectors, most commonly in personal lines, commercial insurance, and specialty lines. Personal lines cover individual or household risks, such as home and auto insurance. Commercial insurance deals with business-related risks, providing coverage for businesses of different sizes across various industries. Specialty lines refer to niche markets that require specialized knowledge or tailored insurance products. Investment banking, however, is not within the scope of services typically offered by insurance brokers. This field primarily focuses on financial services related to raising capital and advising on mergers and acquisitions, rather than facilitating the procurement of insurance. Insurance brokers operate within the insurance industry, focusing on protecting assets and managing risks rather than banking or financial investments. Thus, the choice marked pertains accurately to the responsibilities and services of insurance brokers, making it clear why investment banking is not a class of business they typically handle.

2. Why is it important for insurance brokers to understand loss ratios?

- A. To determine the market demand for their services**
- B. To improve their negotiation skills**
- C. To evaluate the financial viability of their insurance offerings**
- D. To enhance advertising and promotional strategies**

Understanding loss ratios is crucial for insurance brokers because it provides insight into the financial health and performance of the insurance products they are offering. The loss ratio represents the ratio of claims paid to premiums earned; a lower loss ratio generally indicates better profitability for the insurance company. When brokers are aware of these metrics, they can evaluate whether the products are sustainable and competitively priced. By comprehending the implications of loss ratios, brokers can identify which coverages are more likely to be financially viable and which may pose higher risks. This knowledge enables them to advise their clients effectively, suggesting products that are likely to provide solid coverage while also ensuring the long-term stability of the insurer. Consequently, brokers can better serve their clients with informed recommendations that align with their clients' needs and risk management strategies. The other options, while relevant to aspects of an insurance broker's role, do not directly connect to the fundamental rationale behind understanding loss ratios in the context of financial viability and product sustainability.

3. What is one reason an insured might choose to buy insurance from a broker?

- A. Higher costs**
- B. Limited product choices**
- C. Independent quotation**
- D. Direct sales from insurers**

An insured might choose to buy insurance from a broker because brokers can offer independent quotations from multiple insurers. This means that the broker acts as an intermediary, gathering and presenting various options and prices from different insurance providers. By doing so, the broker helps the insured compare coverage options, premiums, and terms, which can lead to more informed decision-making. This independence is particularly valuable, as it allows the insured to evaluate a broader range of policies that align with their specific needs and budget, rather than being limited to the offerings of a single insurer. Additionally, brokers can provide expert advice and insights based on their understanding of the insurance market, further enhancing the insured's ability to make a well-informed choice. This option stands in contrast to the other choices that suggest limitations in options or increased costs, which would be less appealing to someone seeking insurance.

4. Insurance brokers typically assist with which aspect of client interaction?

- A. Direct sale of policies**
- B. Advising clients and assisting with claims**
- C. Regulating the insurance market**
- D. Setting insurance rates**

Brokers play a crucial role in the insurance distribution process, particularly in advising clients and assisting with claims. Their primary function is to act as intermediaries between clients and insurance companies, which allows them to understand the unique needs of their clients and provide tailored advice on the best insurance products available. This advisory role involves assessing risks, recommending coverage options, and helping clients navigate the complexities of various insurance policies. In addition to advising clients on policy selection, brokers also assist during the claims process. They help clients understand how to file claims and may liaise with the insurance company on their behalf, ensuring that claims are processed smoothly and efficiently. This support is vital since navigating claims can often be a complicated process for clients unfamiliar with insurance procedures. The other options are associated with different roles in the insurance ecosystem. For example, direct sales of policies are typically handled by insurers or agents rather than brokers. Additionally, regulating the insurance market and setting rates are functions generally performed by government bodies and insurance companies, not brokers who focus on facilitating relationships and transactions between clients and insurers.

5. Why is it advantageous for companies to partner with brokers in insurance distribution?

- A. It allows for more direct marketing to clients.**
- B. Brokers can offer multiple policies in one package.**
- C. It relieves insurers from customer engagement.**
- D. It enables the insurer to set strict pricing guidelines.**

Partnering with brokers can significantly benefit insurers by relieving them from direct customer engagement responsibilities. Brokers serve as intermediaries between the insurers and clients, managing communications, inquiries, and the overall customer experience. This partnership allows insurers to focus on their core functions, such as risk assessment, underwriting, and claims management, while leaving the customer relationship aspects to the brokers who are often more adept at handling client interactions. This dynamics can lead to a smoother operational flow for insurers, enabling them to allocate resources more effectively and potentially reduce costs associated with customer service. While the other options may present certain aspects of broker practices, they don't capture the primary strategic advantage seen in the relationship between insurers and brokers, which is centered around effective customer engagement management.

6. What is a key reason some classes of business are more suited for insurance brokers?

- A. Availability of cover**
- B. Low risk factors**
- C. Standardization of contracts**
- D. Simplicity of needs**

Some classes of business are more suited for insurance brokers primarily due to the availability of cover. This means that certain risks or industries may have more specialized coverage options that brokers can access for their clients. Insurance brokers act as intermediaries who can navigate the complexities of the insurance market, identifying and obtaining policies that may not be readily available to clients directly. In cases where insurance products are less standardized or where risk assessment requires nuanced understanding, brokers are invaluable. They are equipped to find the right solutions that align with specific business needs, particularly in industries where traditional insurers may be hesitant to provide coverage due to perceived higher risks. In contrast, factors such as low risk factors, standardization of contracts, or simplicity of needs might suggest that a direct approach could suffice, as these scenarios often allow clients to engage with insurers without a broker's assistance. However, the intricacies and diversity of coverage necessary for certain sectors highlight the robust role of brokers in securing appropriate insurance.

7. What is a common consequence of underinsurance?

- A. Higher premiums for clients
- B. Inadequate coverage leading to significant financial loss in the event of a claim**
- C. Improved negotiation position with insurers
- D. Delayed policy renewals

Underinsurance refers to a situation where an individual or entity has insufficient insurance coverage to fully protect against potential losses. The correct answer highlights a critical risk associated with being underinsured: inadequate coverage can result in significant financial loss when a claim arises. When policyholders do not have enough coverage to meet the actual value of their assets or the real exposure to risk they face, they expose themselves to the possibility that, in the event of a loss, the compensation they can receive will not be enough to cover the damages. This can lead to substantial out-of-pocket expenses, jeopardizing the financial stability of the insured. For example, if a business is underinsured due to selecting a low policy limit on property insurance, and then suffers a fire that causes extensive damage, the payout from the insurer may not cover the full costs of repairs and losses. Therefore, the business would have to bear the remaining costs, which could be financially crippling. This situation does not lead to higher premiums for clients, as premiums are typically determined by the level of coverage purchased and the associated risk profile. It also does not improve negotiation positions with insurers, as underinsurance often weakens a client's standing since insurers prefer clients who are adequately insured to minimize their payout risks. Lastly

8. Which of the following is least likely to be an example of the mis-selling of a general insurance product?

- A. The product is not the cheapest available.**
- B. The product was sold without a need assessment.
- C. The client was pressured to purchase a policy.
- D. The product does not meet regulatory standards.

The least likely example of mis-selling a general insurance product relates to the product not being the cheapest available. Mis-selling is primarily concerned with whether the product sold meets the client's needs and whether the sales process adhered to ethical and regulatory standards. When assessing mis-selling, the focus is usually on whether a suitable product was identified based on the client's requirements, if proper assessments were conducted before making a sale, and whether the client was in any way coerced into purchasing a product. In the context of affordability or price—represented in the correct answer—it does not inherently indicate a failure in the suitability of the product or the manner in which it was sold. A more expensive product might very well be the best fit for a client's specific needs, and the important factor is whether the product's features align with the client's requirements, rather than simply its cost. Other choices, like selling without an assessment of needs, using high-pressure tactics, or not meeting regulatory standards, directly relate to the ethical principles guiding the sales process and the appropriateness of the product for the customer, making them clear examples of mis-selling.

9. What can a broker offer to clients regarding claims?

- A. The ability to write policies
- B. Immediate policy adjustments
- C. Advocacy and support during the claims process**
- D. Access to premium discounts

A broker plays a crucial role in the insurance ecosystem, especially when it comes to helping clients navigate claims. The key function that a broker can offer regarding claims is advocacy and support during the claims process. This entails assisting clients in understanding their rights and responsibilities, guiding them through the necessary documentation, and communicating with the insurance company on their behalf.

Brokers often have the experience and knowledge to navigate the complexities of claims management, ensuring that clients receive fair treatment from insurers. They can help clarify policy terms, assist in the gathering of evidence, and advocate for the client's interests to expedite the claims process. While brokers indeed provide valuable services, they do not write policies on behalf of clients or adjust policies immediately, as those functions belong to the insurance companies themselves. Likewise, access to premium discounts typically arises from underwriting practices rather than a broker's influence. Their strength lies in actively supporting clients through claims, which is why their advocacy and support is the correct emphasis in this context.

10. Which activity is part of an insurance broker's responsibilities?

- A. Regulate the entire insurance industry
- B. Provide detailed financial audits for clients
- C. Negotiate with insurers on behalf of clients**
- D. Perform market research independently

Negotiating with insurers on behalf of clients is a core responsibility of an insurance broker. Brokers act as intermediaries between clients looking for insurance coverage and the insurance companies that provide these products. Their role involves understanding the specific needs and preferences of their clients and then advocating for them when discussing terms, premiums, and coverage options with insurers. This negotiation is essential for ensuring that clients receive the best possible coverage that meets their unique requirements. The other options do not align with the specific responsibilities of an insurance broker. Regulating the insurance industry falls under the purview of government or regulatory bodies rather than brokers. Providing detailed financial audits is typically a function of accountants or financial advisors, not brokers. Performing market research independently is more aligned with the role of market analysts and may inform a broker's strategy, but it is not a direct responsibility as a broker acting on behalf of clients in securing insurance.

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:

<https://ciicertininsurancei10.examzify.com>

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

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