

CII CERTIFICATE IN INSURANCE - INSURANCE BROKING FUNDAMENTALS (I10) PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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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. How can insurance loss ratios be accurately calculated?**
 - A. By multiplying total losses by the total premiums earned
 - B. By adding total losses to total premiums earned
 - C. By dividing the total losses paid by the total premiums earned
 - D. By assessing total claims over a five-year period
- 2. What is meant by 'material fact' in insurance underwriting?**
 - A. Any irrelevant information submitted
 - B. Information influencing the insurer's policy decision
 - C. Details that are always disclosed
 - D. Information only relevant after a claim
- 3. What impact does excellent customer service have on an insurance broker's reputation?**
 - A. It has no significant impact on reputation
 - B. It enhances client perceptions and strengthens the broker's reputation
 - C. It can lead to higher regulatory fines
 - D. It solely affects pricing strategies
- 4. 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
- 5. Under the Insurance Distribution Directive (IDD), how many hours of professional training must insurance staff complete each year?**
 - A. 10 Hours
 - B. 20 Hours
 - C. 15 Hours
 - D. 25 Hours

- 6. Which of the following best describes the role of customer service in insurance broking?**
- A. It focuses solely on policy discounts and pricing
 - B. It ensures compliance with industry regulations
 - C. It ensures client satisfaction, loyalty, and retention through effective communication and support
 - D. It primarily focuses on claim investigations and outcomes
- 7. Which duty regarding remuneration is imposed by the law of agency on an agent?**
- A. To receive commissions in advance.
 - B. To be transparent about all expenses.
 - C. To be accountable to their principal for their earnings.
 - D. To share profits with the principal.
- 8. What is the primary role of the Financial Conduct Authority (FCA) in insurance?**
- A. To increase insurance premiums annually
 - B. To regulate the conduct of financial firms
 - C. To provide insurance products directly to consumers
 - D. To eliminate all forms of insurance fraud
- 9. What best describes excellence in customer service for an insurance intermediary?**
- A. Offering the lowest prices
 - B. Always completing what has been agreed by the deadline
 - C. Providing flexible payment options
 - D. Regularly checking in with clients
- 10. What primary role do brokers play in the insurance market?**
- A. They act as underwriters for risks.
 - B. They provide legal advice on policies.
 - C. They facilitate and arrange insurance coverage for clients.
 - D. They set regulatory standards for insurance practices.

Answers

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

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Explanations

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1. How can insurance loss ratios be accurately calculated?

- A. By multiplying total losses by the total premiums earned
- B. By adding total losses to total premiums earned
- C. By dividing the total losses paid by the total premiums earned**
- D. By assessing total claims over a five-year period

The calculation of insurance loss ratios is a critical metric used to assess the profitability of an insurance company. The loss ratio is calculated by dividing the total losses (or claims paid) by the total premiums earned. This ratio gives insight into how much of the earned premiums are being used to cover claims, thus indicating the efficiency and performance of the insurance underwriting. In this context, dividing total losses paid by total premiums earned accurately reflects the company's claims experience relative to premium income. A lower loss ratio suggests better performance, as it indicates that a smaller proportion of premiums is being used to pay out claims, leaving more for operating costs and profit. Other options do not represent the correct formula. Multiplying total losses by total premiums earned does not provide a ratio but rather a statistical figure that doesn't have practical interpretative value in this context. Similarly, adding total losses to total premiums earned fails to establish a relationship between incurred claims and earned premiums. Assessing total claims over a five-year period, while potentially informative for trend analysis, does not directly yield a current loss ratio but rather a view of historical claims trends. Therefore, only the division of total losses paid by total premiums earned provides the accurate representation of the loss ratio.

2. What is meant by 'material fact' in insurance underwriting?

- A. Any irrelevant information submitted
- B. Information influencing the insurer's policy decision**
- C. Details that are always disclosed
- D. Information only relevant after a claim

A 'material fact' in insurance underwriting refers to any information that could influence the insurer's decision to provide coverage, set the terms of the policy, or determine the premium. When applying for insurance, applicants are required to disclose all material facts that may affect the insurer's assessment of risk. This obligation ensures that the insurer has a clear understanding of the risk being underwritten, which is crucial for accurately evaluating the application. For example, if a prospective policyholder has a pre-existing medical condition or has had multiple claims in the past, this information is a material fact that could affect the insurer's willingness to offer coverage or the premium charged. Failure to disclose material facts can lead to the denial of claims or cancellation of the policy later. The other options do not appropriately define a material fact. Irrelevant information is not considered when assessing risk. While not all details are automatically disclosed, material facts specifically relate to what impacts the insurer's decisions. Lastly, information that only becomes relevant after a claim typically does not fall under the definition of material facts during the underwriting process, as the focus is on the applicant's risk profile at the time of application.

3. What impact does excellent customer service have on an insurance broker's reputation?

- A. It has no significant impact on reputation
- B. It enhances client perceptions and strengthens the broker's reputation**
- C. It can lead to higher regulatory fines
- D. It solely affects pricing strategies

Excellent customer service significantly enhances client perceptions and strengthens an insurance broker's reputation, which is vital in a highly competitive market. When brokers provide exceptional service, clients often feel valued and secure in their choices, leading to increased trust and loyalty. Satisfied clients are also more likely to recommend the broker to others, resulting in an expanded client base and positive word-of-mouth referrals. Moreover, a strong reputation built on exemplary customer service can differentiate a broker from competitors, making it easier to attract new clients. When brokers consistently meet or exceed client expectations, they often enjoy a competitive advantage, as clients tend to choose service providers they can rely on during uncertain times, such as when they need to make claims or navigate policy decisions. In contrast, options suggesting no significant impact or that the effects are solely economic, like pricing strategies, fail to recognize the broader implications of customer satisfaction on reputation. Regulatory fines generally arise from compliance issues rather than customer service quality, highlighting the importance of understanding the relationship between service and reputation in the insurance industry.

4. 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.

5. Under the Insurance Distribution Directive (IDD), how many hours of professional training must insurance staff complete each year?

- A. 10 Hours
- B. 20 Hours
- C. 15 Hours**
- D. 25 Hours

Under the Insurance Distribution Directive (IDD), insurance staff are required to complete a minimum of 15 hours of professional training each year. This requirement is in place to ensure that insurance professionals maintain their competence and stay updated on industry changes, products, and regulations. The directive emphasizes the importance of continuous professional development as a means to enhance consumer protection and ensure high standards of conduct within the insurance sector. By mandating this training, the IDD aims to ensure that insurance distribution is conducted by knowledgeable and well-informed individuals.

6. Which of the following best describes the role of customer service in insurance broking?

- A. It focuses solely on policy discounts and pricing
- B. It ensures compliance with industry regulations
- C. It ensures client satisfaction, loyalty, and retention through effective communication and support**
- D. It primarily focuses on claim investigations and outcomes

The role of customer service in insurance broking is best described as ensuring client satisfaction, loyalty, and retention through effective communication and support. In the context of insurance broking, customer service encompasses a range of activities that prioritize the needs and experiences of clients. This includes providing clear information about policies, assisting clients with their inquiries, and addressing their concerns promptly. By fostering strong relationships and maintaining open lines of communication, brokers can help clients feel valued, which ultimately leads to higher retention rates and loyalty. Other options, while they may involve aspects of the insurance industry, do not capture the essence of customer service in broking. For instance, focusing solely on policy discounts and pricing neglects the broader relationship-building aspects that customer service entails. Ensuring compliance with industry regulations is vital but is more about regulatory adherence than direct client engagement. Similarly, while claims investigations are an important part of the insurance process, they do not encompass the proactive customer support and relationship management that are central to effective customer service.

7. Which duty regarding remuneration is imposed by the law of agency on an agent?

- A. To receive commissions in advance.
- B. To be transparent about all expenses.
- C. To be accountable to their principal for their earnings.**
- D. To share profits with the principal.

In the context of the law of agency, one of the fundamental duties imposed on an agent is the responsibility to be accountable to their principal for their earnings. This means that any commissions or earnings that the agent receives from their activities performed on behalf of the principal must be disclosed and reported back to the principal. The agent has a fiduciary duty to act in the best interests of the principal, which includes managing the principal's resources and funds honestly and transparently. This accountability ensures that the principal can trust the agent to operate without any hidden manipulations of earnings that could undermine the principal's interests. The relationship is based on trust, and the obligation to account for any earnings reflects the agent's duty to maintain that trust and act with integrity. In contrast, the other options do not accurately represent the legal obligations placed on agents. For instance, receiving commissions in advance is not a standard requirement; transparency about expenses may be important, but the legal obligation leans more towards accountability for earnings especially concerning commissions received; and sharing profits with the principal is not a legal requirement unless explicitly outlined in their agreement.

8. What is the primary role of the Financial Conduct Authority (FCA) in insurance?

- A. To increase insurance premiums annually
- B. To regulate the conduct of financial firms**
- C. To provide insurance products directly to consumers
- D. To eliminate all forms of insurance fraud

The primary role of the Financial Conduct Authority (FCA) in insurance is to regulate the conduct of financial firms. This includes ensuring that firms operate in a manner that is fair to consumers, maintains market integrity, and promotes competition in the financial services industry. The FCA establishes rules and standards that insurance companies must adhere to, thus safeguarding consumers while ensuring that the markets function effectively. The emphasis on regulating conduct means the FCA has the authority to supervise and enforce compliance with legislation, protecting consumers' rights and enhancing their trust in financial products. This regulatory framework is crucial for maintaining the stability and integrity of the insurance market, ultimately benefiting both consumers and firms. The other options do not accurately reflect the FCA's role in insurance. Increasing insurance premiums is related to market forces and specific company policies, while providing insurance products directly to consumers is not a function of the FCA; rather, it is the responsibility of insurance firms. Eliminating all forms of insurance fraud is an important goal but is not the sole or primary function of the FCA, which focuses on regulation and oversight rather than direct action against fraud.

9. What best describes excellence in customer service for an insurance intermediary?

- A. Offering the lowest prices
- B. Always completing what has been agreed by the deadline**
- C. Providing flexible payment options
- D. Regularly checking in with clients

Excellence in customer service for an insurance intermediary is best described by consistently completing what has been agreed upon by the deadline. This is crucial because timeliness reflects reliability and trustworthiness, which are essential qualities for building strong relationships with clients. When an intermediary fulfills commitments on time, it demonstrates professionalism and reinforces the client's confidence in the intermediary's ability to manage their insurance needs effectively. Meeting deadlines indicates that the intermediary values the client's time and priorities, fostering a positive client experience. While offering competitive pricing, providing flexible payment options, and regularly checking in with clients are important aspects of customer service, they do not specifically address the fundamental aspect of reliability and accountability that comes with meeting agreed-upon deadlines. These other factors can augment the service quality, but they do not encapsulate the core essence of excellence in customer service as effectively as consistently delivering on commitments.

10. What primary role do brokers play in the insurance market?

- A. They act as underwriters for risks.
- B. They provide legal advice on policies.
- C. They facilitate and arrange insurance coverage for clients.**
- D. They set regulatory standards for insurance practices.

Brokers play a crucial role as facilitators in the insurance market, serving as intermediaries between clients seeking insurance coverage and insurance companies offering these policies. Their primary responsibility is to help clients identify their insurance needs, compare different policy options, and negotiate terms and pricing to secure the most suitable coverage. Brokers typically have in-depth knowledge of the insurance market, allowing them to provide tailored advice to clients based on their unique circumstances. While underwriters assess and decide on the risks associated with insuring a client, brokers do not perform this function. Similarly, although legal advice may be part of a broker's service, it is not their main role, which is centered around arranging coverage. Additionally, setting regulatory standards falls within the purview of regulatory bodies, not brokers. Their focus is on serving clients by helping them navigate the complexities of insurance offerings and ensuring they get the appropriate protection for their situations.

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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