

CII Certificate in Insurance - Insurance, Legal and Regulatory (IF1) 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 is meant by dual insurance?

- A. More than one insurer underwrites the same policy.**
- B. More than one policy covers the same risk.**
- C. Part of the risk is carried by a reinsurer.**
- D. Part of the risk is carried by the insured.**

2. Which of the following developments in the insurance market is an example of consolidation in the insurance sector?

- A. The creation of aggregators.**
- B. The growth of broker networks.**
- C. The emergence of direct insurers.**
- D. The introduction of contract certainty rules.**

3. Which concept is reformed by the Contracts (Right of Third Parties) Act 1999?

- A. Estoppel**
- B. Privity of contract**
- C. Proximate cause**
- D. Subrogation**

4. With a valid claim, what is the minimum percentage of liability amount that a personal lines policyholder will receive under the FSCS?

- A. 75%.**
- B. 80%.**
- C. 85%.**
- D. 90%.**

5. A person appointed by an insurance company to liaise with its insured in the process of settlement of a claim is known as a

- A. Loss adjuster**
- B. Loss assessor**
- C. Risk manager**
- D. Surveyor**

6. Jack is a broker and has acquired a large new commercial client who insists on settling all transactions in cash. He suspects an element of money laundering may be taking place. What must Jack do in compliance with the Chartered Insurance Institute's Code of Ethics?

- A. Disclose his concerns to the insurers and let them decide whether to continue trading with the client**
- B. Discontinue trading with the client**
- C. Maintain client confidentiality by not reporting his concerns and continue to trade**
- D. Report his concerns to the relevant authorities**

7. If Roy has two personal accident policies for loss of limb totaling £25,000 and £30,000, what is the total he would receive if he made a valid claim?

- A. £25,000**
- B. £30,000**
- C. £27,000**
- D. £55,000**

8. What least likely represents Sulla's services as an independent intermediary placing business for new clients?

- A. Decisions on the best market in which to place the risk**
- B. Actions on behalf of the insurer**
- C. Advice relating to policy wording**
- D. Negotiating initial terms**

9. Which organisation authorises insurers in the UK?

- A. The Association of British Insurers**
- B. The Department of Trade and Industry**
- C. The Prudential Regulation Authority**
- D. The Chartered Insurance Institute**

10. Which insurer should Sana notify of her health change at the anniversary of her policies?

- A. Both insurers**
- B. Insurer X only**
- C. Insurer Y only**
- D. Neither insurer**

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Answers

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

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Explanations

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1. What is meant by dual insurance?

- A. More than one insurer underwrites the same policy.**
- B. More than one policy covers the same risk.**
- C. Part of the risk is carried by a reinsurer.**
- D. Part of the risk is carried by the insured.**

Dual insurance refers to the situation where more than one policy covers the same risk. This means that the insured has multiple insurance policies that address the same exposure or event, allowing them to potentially claim from more than one insurer in the event of a loss. This arrangement can enhance the overall coverage by providing broader protection, although it may also complicate the claims process, as insurers will need to verify the extent of coverage and agree on how to settle any claims. The other options refer to different insurance concepts. For instance, having more than one insurer underwrite the same policy is more related to co-insurance rather than dual insurance. Reinsurance, the context in which part of the risk is transferred to another insurer, is specifically a separate agreement between an insurer and a reinsurer meant to manage risk exposure, not directly related to the insured holding multiple policies. Lastly, the notion of the insured carrying part of the risk applies to deductibles or self-insurance, which is also distinct from the idea of dual insurance.

2. Which of the following developments in the insurance market is an example of consolidation in the insurance sector?

- A. The creation of aggregators.**
- B. The growth of broker networks.**
- C. The emergence of direct insurers.**
- D. The introduction of contract certainty rules.**

The growth of broker networks exemplifies consolidation in the insurance sector due to the way these networks bring together independent brokers to operate under a more unified platform. This consolidation allows brokers to leverage shared resources such as technology, marketing, and administrative support, which can lead to greater bargaining power with insurers and increased efficiency in placing insurance policies. By operating collaboratively, they can enhance their market presence and customer service capabilities, reflecting a trend toward consolidation where multiple entities unite for enhanced performance in a competitive market. Other developments, such as the creation of aggregators, the emergence of direct insurers, and the introduction of contract certainty rules, represent different market strategies or regulatory changes but do not specifically illustrate the concept of consolidation in the same manner as broker networks do. Aggregators typically act as platforms for consumers to compare insurance products rather than consolidating entities. Direct insurers focus on selling directly to consumers, which is more about bypassing intermediaries than consolidating them. Contract certainty rules are regulatory frameworks intended to improve clarity and reliability in insurance contracts, representing a governance change rather than a structural consolidation within the market.

3. Which concept is reformed by the Contracts (Right of Third Parties) Act 1999?

- A. Estoppel**
- B. Priority of contract**
- C. Proximate cause**
- D. Subrogation**

The Contracts (Rights of Third Parties) Act 1999 fundamentally reforms the doctrine of privity of contract, which traditionally held that only the parties to a contract had the rights and obligations under that contract. This meant that third parties, who might have benefitted from the contract or been affected by it, had no legal standing to enforce its terms. With the introduction of this Act, third parties are given the right to enforce a contract if the contract expressly provides that they can do so or if the contract is made for their benefit. This significant shift allows individuals who are not party to the original agreement to seek legal remedies related to that contract, thereby broadening the scope and practical utility of contractual agreements. The Act aims to facilitate and acknowledge the expectations and interests of third parties in contractual relationships, enhancing overall fairness and practicality in contractual dealings. Other concepts, such as estoppel, proximate cause, and subrogation, do not relate directly to the changes brought about by the Contracts (Rights of Third Parties) Act. Estoppel refers to preventing a party from arguing something contrary to a previous position or representation. Proximate cause typically relates to tort law and the determination of liability for negligence. Subrogation is a principle in insurance law.

4. With a valid claim, what is the minimum percentage of liability amount that a personal lines policyholder will receive under the FSCS?

- A. 75%.**
- B. 80%.**
- C. 85%.**
- D. 90%.**

Under the Financial Services Compensation Scheme (FSCS), when a personal lines policyholder submits a valid claim, they are entitled to receive compensation of up to 90% of their claim amount, in the event that the insurance provider is unable to meet its obligations. This level of coverage is designed to protect consumers and ensure that they are not left adversely affected due to the financial failure of their insurer. This percentage reflects the FSCS's commitment to consumer protection in the insurance sector, emphasizing the importance of maintaining confidence in the financial services industry. It ensures that individuals can rely on a significant portion of their claimed amount during adverse circumstances, thereby enhancing financial stability for policyholders.

5. A person appointed by an insurance company to liaise with its insured in the process of settlement of a claim is known as a

- A. Loss adjuster**
- B. Loss assessor**
- C. Risk manager**
- D. Surveyor**

The correct answer is a loss adjuster. A loss adjuster is an individual appointed by the insurance company to investigate and settle claims made by policyholders. Their primary role includes assessing the damage or loss described in a claim, determining the validity of the claim, and negotiating settlements with the insured. They act as a representative of the insurer and are essential in ensuring that claims are handled fairly and accurately, adhering to the terms of the insurance policy. While a loss assessor also evaluates insurance claims, they typically work on behalf of the insured to advocate for their interests, which distinguishes them from loss adjusters who represent the insurer. A risk manager focuses on identifying and mitigating potential risks within an organization rather than settling claims. A surveyor may be involved in inspecting property or assessing damage, but their role is not specifically to manage claims settlements. Thus, the role of the loss adjuster aligns directly with the responsibility of liaising between the insurer and the insured during the claims process.

6. Jack is a broker and has acquired a large new commercial client who insists on settling all transactions in cash. He suspects an element of money laundering may be taking place. What must Jack do in compliance with the Chartered Insurance Institute's Code of Ethics?

- A. Disclose his concerns to the insurers and let them decide whether to continue trading with the client**
- B. Discontinue trading with the client**
- C. Maintain client confidentiality by not reporting his concerns and continue to trade**
- D. Report his concerns to the relevant authorities**

Jack, as a broker, has a responsibility to adhere to the highest ethical standards, particularly concerning money laundering and financial crime. The correct course of action in this scenario is for Jack to report his concerns to the relevant authorities. By doing so, he is fulfilling his duty to protect the integrity of the financial system and help prevent any potential illegal activities. When there is a suspicion of money laundering, there are specific legal obligations that individuals in the financial sector must comply with, including the requirement to report any suspicions to the authorities, such as the National Crime Agency in the UK. This reporting mechanism is fundamental to combating financial crime and ensuring that brokers do not inadvertently facilitate illicit activities. This choice emphasizes Jack's ethical and legal obligations not just to his client, but to the broader public and financial system. Reporting his suspicions supports accountability and transparency, aligning with the principles set out in the Chartered Insurance Institute's Code of Ethics. In contrast, choosing to disclose his concerns to the insurers or discontinuing trading without adequate action could potentially put him at risk of non-compliance with legal obligations and ethical standards. Maintaining client confidentiality at the expense of reporting suspicions is not only unethical but can also expose him to liabilities should illegal activities be confirmed later. Thus

7. If Roy has two personal accident policies for loss of limb totaling £25,000 and £30,000, what is the total he would receive if he made a valid claim?

- A. £25,000**
- B. £30,000**
- C. £27,000**
- D. £55,000**

In the scenario presented, Roy has two separate personal accident policies that each provide coverage for loss of limb. When someone holds multiple insurance policies for the same risk, they can potentially claim under each policy for the same incident without any restrictions on the total recovery. In this case, Roy has one policy that pays £25,000 and another that pays £30,000. If he makes a valid claim for loss of limb, he is entitled to the full amount from both policies, leading to a total payout of £55,000. This principle is often referred to as indemnity, which in this context allows for multiple insurance coverages to be collected as long as they are independent and cover the same loss. Thus, the correct total Roy would receive from both policies combined is indeed £55,000.

8. What least likely represents Sulla's services as an independent intermediary placing business for new clients?

- A. Decisions on the best market in which to place the risk**
- B. Actions on behalf of the insurer**
- C. Advice relating to policy wording**
- D. Negotiating initial terms**

The correct response highlights that actions on behalf of the insurer are least representative of Sulla's role as an independent intermediary. In the context of insurance, independent intermediaries, such as brokers, primarily represent the interests of their clients—who are the policyholders—rather than the insurers. Their key functions include assessing client needs, advising on market options, and negotiating terms with underwriters. Independent intermediaries focus on finding the best coverage for their clients, which involves making informed decisions on the appropriate markets for placement and negotiating terms that best serve their client's interests. They may also provide advice regarding policy wording to ensure that coverage aligns with client expectations and needs. Thus, the independent intermediary's actions aim to support the client's best interests rather than acting on behalf of the insurer, which would compromise their position as an advocate for the client.

9. Which organisation authorises insurers in the UK?

- A. The Association of British Insurers**
- B. The Department of Trade and Industry**
- C. The Prudential Regulation Authority**
- D. The Chartered Insurance Institute**

The correct answer is the Prudential Regulation Authority (PRA). This organization is responsible for the regulation and supervision of financial institutions in the UK, including insurers. The PRA operates under the Bank of England and has specific powers and responsibilities that include ensuring the safety and soundness of firms, promoting competition, and protecting policyholders. The PRA's role is crucial in maintaining the stability of the financial system, and part of this involves granting authorization for insurers to operate within the UK. This ensures that insurers meet the necessary capital requirements and adhere to regulatory standards, which helps in protecting consumers and maintaining confidence in the insurance market. In contrast, the other organizations mentioned have different roles. The Association of British Insurers is a trade body representing insurance companies but does not have the authority to regulate or authorize insurers. The Department of Trade and Industry focuses on broader trade and economic policies rather than insurance authorization. The Chartered Insurance Institute plays a role in professional education and the development of standards in the insurance industry but does not have regulatory authority over insurers.

10. Which insurer should Sana notify of her health change at the anniversary of her policies?

- A. Both insurers**
- B. Insurer X only**
- C. Insurer Y only**
- D. Neither insurer**

Sana should notify Insurer Y of her health change at the anniversary of her policies because it is likely that the terms and conditions of her policy with Insurer Y specify the need for such disclosure in the event of a health change. Insurers often require updates on a policyholder's health status to assess the risk and determine the appropriateness of coverage. If Insurer Y has specific clauses that necessitate this notification, failure to do so could result in complications regarding claims or the validity of the policy. The other options suggest a need to notify both insurers or just Insurer X, which may not align with the requirements stipulated by the policies. In typical practices, if there is no requirement from a specific insurer for such notification, then the insured is not obliged to disclose changes to that insurer. Thus, focusing on the correct insurer's policy requirements becomes essential in this context.

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://ciicertininsuranceif1.examzify.com>

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

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