

CII CERTIFICATE IN INSURANCE - INSURANCE, LEGAL AND REGULATORY (IF1) 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. What is the definition of a hazard in relation to insurance?**
 - A. can adversely affect the risk to be insured.
 - B. does not affect the risk to be insured.
 - C. is always covered by an insurance policy.
 - D. is always excluded from an insurance policy
- 2. In which situation is an independent intermediary considered to be the agent of the insured?**
 - A. Handling insurer's proposal forms
 - B. Collecting premiums
 - C. Giving advice on cover
 - D. Surveying property for the insurer
- 3. What is the primary reason the regulator approves individuals for controlled functions?**
 - A. To comply with EU solvency requirements
 - B. To ensure that they are fit and proper
 - C. To comply with Insurance Premium Tax legislation
 - D. To ensure compliance with the Chartered Insurance Institute's Code of Ethics
- 4. Who, if anyone, may terminate a household insurance policy?**
 - A. The insured only.
 - B. The insurer only.
 - C. Both the insured and the insurer.
 - D. Neither the insured nor the insurer.
- 5. In contract law, what does a counter offer operate as?**
 - A. Acceptance of the original offer
 - B. Consideration by the offeree
 - C. Unconditional acceptance of the original offer
 - D. Rejection of the original offer

- 6. What is the appropriate action for a claims handler who receives a holiday offer from a policyholder?**
- A. Accept the offer and continue handling the claim
 - B. Accept the offer and pass the claim to a colleague
 - C. Temporarily reject the offer until the claim's validity is established
 - D. Reject the offer entirely
- 7. Which document outlines the terms of insurance coverage between the insurer and the insured?**
- A. The policy schedule.
 - B. The application form.
 - C. The claims form.
 - D. The renewal notice.
- 8. What is the proximate cause of damage to Tracey's garden shed?**
- A. The storm
 - B. The fallen tree
 - C. The neighbour's failure to secure the tree
 - D. Tracey's failure to protect her shed
- 9. What is a key requirement of an agency agreement?**
- A. Set out the requirements and responsibilities for just the agent
 - B. Define and allocate the responsibilities and rights of each party
 - C. Set out the requirements and responsibilities for just the principal
 - D. Set out the broad principles and conduct requirements that each party will be subject to
- 10. Who would normally make a settlement to an insured following the occurrence of an insured peril?**
- A. An actuary
 - B. Claims personnel
 - C. A loss assessor
 - D. An underwriter

Answers

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

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Explanations

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1. What is the definition of a hazard in relation to insurance?

- A. can adversely affect the risk to be insured.
- B. does not affect the risk to be insured.
- C. is always covered by an insurance policy.
- D. is always excluded from an insurance policy

A hazard in the context of insurance refers to any condition or situation that can increase the likelihood of a loss occurring or can increase the severity of a loss. This aligns with the definition that a hazard can adversely affect the risk to be insured. Hazards can take various forms, such as physical hazards (e.g., slippery floors), moral hazards (e.g., dishonesty), and legal hazards (e.g., changes in legislation that can affect liability). Understanding the role of hazards is crucial for insurers when assessing risks and determining appropriate coverage and premiums. By identifying hazards, insurers can better evaluate the level of risk presented by a potential policyholder and make informed decisions regarding underwriting. In contrast, the other options presented do not accurately reflect the relationship between hazards and insurance. Some may suggest that hazards do not have any impact on the risks being insured, which overlooks their critical role in risk assessment. Others infer that hazards are either always covered or excluded by insurance policies, which is not the case; coverage depends on the specifics of the policy and the nature of the hazard involved.

2. In which situation is an independent intermediary considered to be the agent of the insured?

- A. Handling insurer's proposal forms
- B. Collecting premiums
- C. Giving advice on cover
- D. Surveying property for the insurer

An independent intermediary is considered to be the agent of the insured when they provide advice on cover. In this role, the intermediary is acting in the interests of the insured, helping them understand their insurance needs and suggesting appropriate coverage options. This advisory function is a key aspect of the intermediary's role in ensuring that the insured receives adequate protection tailored to their specific circumstances. When an intermediary gives advice, they are effectively representing the insured's interests, which establishes an agency relationship. This is distinct from other functions, such as handling the insurer's proposal forms or collecting premiums, where the intermediary is typically fulfilling duties that relate more to the insurer's interests rather than directly advocating for the insured. Surveying property for the insurer also aligns more closely with the insurer's requirements for risk assessment rather than the needs or interests of the insured.

3. What is the primary reason the regulator approves individuals for controlled functions?

- A. To comply with EU solvency requirements
- B. To ensure that they are fit and proper
- C. To comply with Insurance Premium Tax legislation**
- D. To ensure compliance with the Chartered Insurance Institute's Code of Ethics

The primary reason for the regulator's approval of individuals for controlled functions is to ensure that they are fit and proper. This is a crucial aspect of regulatory oversight in the insurance industry. The "fit and proper" test is designed to assess the competence, integrity, and financial standing of individuals who hold certain roles that have a significant impact on the stability and conduct of an insurance firm. This process helps maintain public confidence in the insurance sector, ensuring that those in control possess the necessary skills and ethical standards to perform their duties effectively. By prioritizing the fit and proper criteria, the regulator upholds high professional standards that are essential for protecting policyholders and promoting sound business practices within the market. The other options, while related to regulatory compliance or ethical conduct, do not directly address the primary reason for individual approval in controlled functions. Compliance with EU solvency requirements, Insurance Premium Tax legislation, and adherence to ethical codes are important, but they are not the central focus of the fit and proper assessment distinctively aimed at approving individuals for specific roles.

4. Who, if anyone, may terminate a household insurance policy?

- A. The insured only.
- B. The insurer only.
- C. Both the insured and the insurer.**
- D. Neither the insured nor the insurer.

In the context of household insurance, both the insured and the insurer have the right to terminate the policy under certain circumstances. The insured can choose to cancel their policy for various reasons such as finding a better rate, selling the house, or dissatisfaction with the coverage. On the other hand, the insurer may also terminate the policy if there are valid grounds, such as non-payment of premiums, material misrepresentation, or significant changes in the risk associated with the insured property. This mutual right to terminate the policy reflects the principles of contract law, where both parties hold certain rights and obligations. Such flexibility helps ensure that both the insured and the insurer can protect their interests and adjust their commitments as necessary. The other options suggest that termination is exclusive to one party or not permitted at all, which does not align with the principles of insurance contracts and the rights afforded to both the insurer and the insured.

5. In contract law, what does a counter offer operate as?

- A. Acceptance of the original offer
- B. Consideration by the offeree
- C. Unconditional acceptance of the original offer
- D. Rejection of the original offer**

In contract law, a counter offer operates as a rejection of the original offer. When the offeree responds to an offer with a counter offer, it effectively nullifies the original offer. This means that the terms of the original proposal are not accepted, and instead, new terms are being put forward for consideration. The essence of a counter offer is that it demonstrates the offeree's willingness to negotiate the terms rather than accept them as they are. Once a counter offer is made, the original offer is no longer on the table, and the original offeror must then decide whether to accept, reject, or make another counter offer based on the new terms proposed. This understanding is crucial in contract negotiations as it indicates that both parties are engaged in a process of negotiation rather than simply agreeing to the initial terms presented.

6. What is the appropriate action for a claims handler who receives a holiday offer from a policyholder?

- A. Accept the offer and continue handling the claim
- B. Accept the offer and pass the claim to a colleague
- C. Temporarily reject the offer until the claim's validity is established
- D. Reject the offer entirely**

The most appropriate action for a claims handler receiving a holiday offer from a policyholder is to reject the offer entirely. This is because accepting any form of incentive or gift from a policyholder can create a conflict of interest and compromise the integrity of the claims process. Claims handlers are expected to maintain objectivity and impartiality while assessing claims, and accepting personal benefits can undermine this duty. Additionally, the ethical standards in the insurance industry generally prohibit claims handlers from accepting gifts or incentives, as this can lead to perceptions of bias or favoritism. By rejecting the holiday offer, the claims handler ensures adherence to professional standards and maintains the trust of all parties involved in the claims process. The rejection of the offer helps safeguard the integrity of the claims handler's work and the insurance company's reputation. It also reinforces the expectation of fair dealings, ensuring that the claim is handled based solely on its merits and the terms of the insurance policy.

7. Which document outlines the terms of insurance coverage between the insurer and the insured?

- A. The policy schedule.**
- B. The application form.
- C. The claims form.
- D. The renewal notice.

The policy schedule is the document that outlines the terms of insurance coverage between the insurer and the insured. It is a vital part of an insurance contract, detailing the specific coverage provided, the limits of that coverage, any exclusions, and the premium to be paid. The policy schedule typically accompanies the insurance policy and is tailored to reflect the individual needs and circumstances of the insured, making it significant for both parties in understanding their rights and obligations under the contract. While the application form serves as a preliminary document where the insured provides information necessary for underwriting, it does not define the terms of coverage. The claims form is used to report a loss and initiate a claim under the policy; it does not outline coverage terms. Similarly, the renewal notice is a communication reminding the insured about policy renewal but does not provide the initial terms of the coverage. Thus, the policy schedule is crucial as it specifies the agreed terms for insurance protection.

8. What is the proximate cause of damage to Tracey's garden shed?

- A. The storm**
- B. The fallen tree
- C. The neighbour's failure to secure the tree
- D. Tracey's failure to protect her shed

The proximate cause of damage refers to the primary or immediate cause that set the chain of events in motion leading to the damage. In this scenario, the storm serves as the triggering event that created the conditions for damage to occur. It is the inclement weather that ultimately caused the fallen tree, which directly damaged Tracey's garden shed. While the fallen tree is a significant event, it is ultimately a consequence of the preceding storm. The storm's severity is the reason why the tree fell. This makes it the most direct cause of the damage as it initiated the chain of events. Other factors, such as the neighbor's neglect or Tracey's own actions, are secondary and do not directly lead to the damage without the initial impact of the storm. Thus, considering the nature of proximate cause, the storm is correctly identified as the main factor leading to the damage incurred by Tracey's garden shed.

9. What is a key requirement of an agency agreement?

- A. Set out the requirements and responsibilities for just the agent
- B. Define and allocate the responsibilities and rights of each party**
- C. Set out the requirements and responsibilities for just the principal
- D. Set out the broad principles and conduct requirements that each party will be subject to

A key requirement of an agency agreement is to clearly define and allocate the responsibilities and rights of each party involved—the agent and the principal. This mutual understanding is crucial because it establishes the framework for the relationship, outlining what the agent is authorized to do on behalf of the principal, as well as the obligations the principal has to the agent. By explicitly stating the rights and responsibilities, the agency agreement helps prevent misunderstandings and conflicts that may arise in the relationship. For instance, it might specify the extent of the agent's authority, any commissions or fees payable, and the duration of the agency. This clarity is essential for maintaining effective business operations, ensuring accountability, and protecting the interests of both parties involved in the agency relationship.

10. Who would normally make a settlement to an insured following the occurrence of an insured peril?

- A. An actuary
- B. Claims personnel**
- C. A loss assessor
- D. An underwriter

The role of claims personnel is primarily focused on managing and processing insurance claims when an insured event occurs. When an insured peril happens, such as damage to property or loss of assets, claims personnel are responsible for evaluating the claim, assessing the extent of the loss, and determining the appropriate settlement amount to be paid to the insured. They work with the policyholder to gather necessary documentation, analyze the terms of the insurance policy, and ensure that the settlement aligns with the policy coverage. Claims personnel are trained to handle the complexities involved in claims processing and are equipped to make informed decisions about payouts based on the details of the case and the insurance policy terms. Their expertise in navigating the claims process is crucial for maintaining the integrity of the insurance system and ensuring that insured parties receive the benefits they are entitled to under their policies. In contrast, actuaries focus on analyzing statistical data to set premiums and assess risk rather than handling claims. A loss assessor, while knowledgeable about evaluating claims, typically acts on behalf of the insured to negotiate with the insurer but does not make settlement payments. Underwriters, on the other hand, are responsible for evaluating insurance applications and determining the terms and conditions under which insurance coverage is offered, rather than managing claims post-event.

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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