

CII Insurance Law (M05) Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

This is a sample study guide. To access the full version with hundreds of questions,

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Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	6
Answers	9
Explanations	11
Next Steps	17

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. Don't worry about getting everything right, 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, and take breaks to retain information better.

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.

7. Use Other Tools

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!

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Questions

- 1. What is the term used for the main cause of a loss under an insurance policy?**
 - A. Ultimate cause**
 - B. Key cause**
 - C. Proximate cause**
 - D. Direct cause**
- 2. What term describes a clause that prevents an employee from joining a rival company or starting their own?**
 - A. Non-compete agreement**
 - B. Restraint of trade**
 - C. Confidentiality clause**
 - D. Exclusivity agreement**
- 3. Under the Married Women's Property Act 1882, who is entitled to benefit from a life policy?**
 - A. The insured's spouse**
 - B. The insured's children**
 - C. The insured's estate**
 - D. The original policyholder**
- 4. In which type of insurance can an insurer not decline a legitimate claim based on late notification?**
 - A. Employers Liability Insurance**
 - B. Property Insurance**
 - C. Life Insurance**
 - D. Automobile Insurance**
- 5. When can an insurer change the terms of an insurance policy?**
 - A. Only with approval from the regulatory body**
 - B. Upon discovery of careless misrepresentation**
 - C. When the policyholder requests changes**
 - D. To align with market standards**

- 6. What must a claimant establish in order to succeed in an action for trespass to the person?**
- A. Intention**
 - B. Negligence**
 - C. Causation**
 - D. Foreseeability**
- 7. What is a potential outcome if an insurer fails to properly assess a proposal form?**
- A. The insurer is liable for all claims**
 - B. The proposal might be deemed invalid**
 - C. The insurer may lose its license**
 - D. The proposal will automatically be accepted**
- 8. What is NOT a benefit to the insurer from including an express subrogation clause in standard policy wordings?**
- A. It facilitates a quicker claims process**
 - B. It allows the insurer to potentially recover an amount greater than the loss**
 - C. It strengthens the insurer's subrogation rights**
 - D. It helps in managing the overall risk portfolio**
- 9. What does the term "proximate cause" refer to in an insurance policy?**
- A. The direct cause of loss**
 - B. The immediate cause of a claim**
 - C. A cause that is legally sufficient to establish liability**
 - D. Any cause that ultimately contributes to a loss**
- 10. What is the primary legal relevance of the relationship between the insurer and the insured under consumer insurance?**
- A. It affects the premium amount**
 - B. It establishes the trust and duty of good faith**
 - C. It determines the length of coverage**
 - D. It allows claims to be expedited**

Answers

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

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Explanations

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1. What is the term used for the main cause of a loss under an insurance policy?

- A. Ultimate cause**
- B. Key cause**
- C. Proximate cause**
- D. Direct cause**

The term used for the main cause of a loss under an insurance policy is "proximate cause." This concept is fundamental in insurance law as it refers to the primary event or factor that sets in motion the series of events leading to the loss. In determining whether an insurer is liable for a claim, the proximate cause helps clarify the relationship between the cause and the loss incurred. For instance, if a fire destroys a building, the proximate cause would be the fire itself, while the subsequent damages that arise from that fire would be evaluated in the context of this main cause. Understanding proximate cause is essential for both insurers and policyholders because it can significantly impact the outcome of claims and the interpretation of policy coverage. Other terms, such as "ultimate cause," "key cause," or "direct cause," may imply causation but do not specifically capture the legal nuances that define proximate cause within the realm of insurance claims. Thus, relying on the recognized definition of proximate cause provides clarity in assessing liability and coverage in insurance contexts.

2. What term describes a clause that prevents an employee from joining a rival company or starting their own?

- A. Non-compete agreement**
- B. Restraint of trade**
- C. Confidentiality clause**
- D. Exclusivity agreement**

The correct term that describes a clause preventing an employee from joining a rival company or starting their own is a non-compete agreement. This agreement is specifically designed to restrict employees from engaging in business activities that directly compete with their employer after the employment relationship ends. A non-compete agreement typically outlines the duration and geographic scope in which the employee is prohibited from competing. It aims to protect the employer's business interests, trade secrets, and client relationships. While "restraint of trade" is a broader legal principle that encompasses various agreements limiting business competition, it is not the specific term used to define an agreement designed to prevent employees from entering into competition with their former employers. The other options—confidentiality clause and exclusivity agreement—serve different purposes. A confidentiality clause protects sensitive information from being disclosed, while an exclusivity agreement ensures that parties involved in a contract will only deal with each other, rather than engaging with others in competing interests.

3. Under the Married Women's Property Act 1882, who is entitled to benefit from a life policy?

- A. The insured's spouse**
- B. The insured's children**
- C. The insured's estate**
- D. The original policyholder**

Under the Married Women's Property Act 1882, the primary beneficiary of a life insurance policy taken out by the insured is typically the insured's children. This legislation was significant because it granted married women the ability to hold property in their own right, separate from their husbands, and provided them with certain legal protections in matters of property and financial arrangements. The act allowed for the proceeds of a life insurance policy to be paid directly to the children of the insured, ensuring that these benefits would not be subject to the claims of creditors or the husband's potential control or management. Thus, the intent of the law was to protect the financial interests of the children in the event of the insured's death, prioritizing their welfare and support. The other choices, while they might appear to be possible beneficiaries in different contexts, do not align with the specific provisions of the Married Women's Property Act. The spouse may have been a typical beneficiary in the past, the estate would typically receive remaining assets rather than specific policy proceeds, and the policyholder does not generally receive the benefits of a policy that they have taken out for someone else's benefit, particularly under the protective legislation established by the Act.

4. In which type of insurance can an insurer not decline a legitimate claim based on late notification?

- A. Employers Liability Insurance**
- B. Property Insurance**
- C. Life Insurance**
- D. Automobile Insurance**

In Employers Liability Insurance, insurers are generally compelled to honor legitimate claims regardless of delays in notification, provided that the delays are not unreasonable and do not significantly hinder the investigation or settlement of the claim. This characteristic is often related to the nature of the coverage, as employers liability insurance is designed to protect employees who may sustain injuries or illnesses in the workplace. The underlying principle is rooted in protecting workers' rights and ensuring they have access to the necessary benefits or compensation promptly, even if there was a delay in reporting the incident. In contrast, other types of insurance, like Property Insurance, Life Insurance, and Automobile Insurance, often contain specific clauses that allow insurers to decline claims if the insured person fails to notify the insurer within a stipulated timeframe. This is typically designed to ensure that claims are reported while evidence is fresh and to protect against fraudulent claims. Therefore, the nature of Employers Liability Insurance's coverage is particularly beneficial to the insured, emphasizing timely protection for employees regardless of administrative delays.

5. When can an insurer change the terms of an insurance policy?

A. Only with approval from the regulatory body

B. Upon discovery of careless misrepresentation

C. When the policyholder requests changes

D. To align with market standards

The ability of an insurer to change the terms of an insurance policy is influenced significantly by the nature of the circumstances surrounding the policy. A key condition under which an insurer can make such changes is indeed upon discovery of careless misrepresentation by the insured. This means that if the insurer finds that the policyholder has provided false or misleading information that affects the risk being insured, it is within the insurer's rights to adjust the policy terms accordingly. This is because the insurer relies on the accuracy of the information provided at the time of underwriting the policy and if it becomes apparent that misrepresentations were made, the insurer's obligation under the policy may change. Changes due to careless misrepresentation are essential to the risk assessment process, as insurers must ensure they are accurately reflecting the risk they are underwriting. This principle is foundational in insurance law and helps protect the integrity of the insurance contract. In contrast, while regulatory approval might often be required for significant policy changes, this does not universally apply to all minor adjustments or to changes prompted by misrepresentations. Similarly, while a policyholder can request adjustments, the insurer is not obligated to comply with all such requests, particularly if they believe modifications could increase their risk unnecessarily. Aligning with market standards is also an important factor

6. What must a claimant establish in order to succeed in an action for trespass to the person?

A. Intention

B. Negligence

C. Causation

D. Foreseeability

To succeed in an action for trespass to the person, a claimant must establish intention. This means that the defendant either acted deliberately or with knowledge that their actions could cause contact with the claimant. In the context of trespass to the person, such as assault or battery, the focus is on the intention behind the act rather than the outcome or the level of care taken. Establishing intent is crucial because it distinguishes tortious conduct from situations where harm occurred but was accidental. For instance, if someone accidentally bumps into another person without intent to harm, it may not constitute trespass. By proving that the defendant intended to make contact or anticipated the contact would occur, the claimant can establish a stronger case in trespass actions. While factors like negligence, causation, and foreseeability are important in various tort claims, they do not play the primary role in proving trespass to the person. Negligence involves a duty of care and a breach, which is not a requirement for trespass; causation pertains to establishing a link between the defendant's actions and the claimant's injury; foreseeability relates to whether the harm was predictable, none of which directly define the intention necessary for trespass claims.

7. What is a potential outcome if an insurer fails to properly assess a proposal form?

- A. The insurer is liable for all claims**
- B. The proposal might be deemed invalid**
- C. The insurer may lose its license**
- D. The proposal will automatically be accepted**

If an insurer fails to properly assess a proposal form, the potential outcome is that the proposal might be deemed invalid. This is because a thorough assessment is crucial for determining the risk presented by the applicant and for ensuring that the information provided is accurate and complete. When an insurer neglects this process, it may lead to situations where critical information is overlooked or misrepresented, potentially rendering the proposal void or unenforceable. In insurance contracts, the principle of utmost good faith (uberrima fides) requires both parties to act honestly and disclose all material facts. If the insurer does not conduct a proper assessment, this could violate that principle, allowing them to reject the proposal based on a lack of proper due diligence. The other outcomes listed do not accurately reflect the direct implications of failing to assess a proposal form. An insurer is not automatically liable for all claims due to a failure in assessment, nor does this affect their license directly. Additionally, a proposal does not automatically get accepted just because it hasn't been properly assessed; rather, the assessment is a necessary step in the acceptance process.

8. What is NOT a benefit to the insurer from including an express subrogation clause in standard policy wordings?

- A. It facilitates a quicker claims process**
- B. It allows the insurer to potentially recover an amount greater than the loss**
- C. It strengthens the insurer's subrogation rights**
- D. It helps in managing the overall risk portfolio**

Including an express subrogation clause in standard policy wordings offers numerous benefits to insurers, but the idea that it allows them to potentially recover an amount greater than the loss is misleading. Subrogation typically involves the insurer stepping into the shoes of the insured to recover amounts equivalent to what was paid out on a claim, rather than exceeding that amount. Insurers can recover costs from a third party whose negligence caused the loss, but they are generally limited to the actual financial loss incurred by the insured. The other benefits linked to express subrogation clauses highlight their importance in risk management and efficiency in the claims process. For instance, quicker claims processes, enhanced subrogation rights, and better management of the overall risk portfolio are all significant aspects of utilizing such clauses. By streamlining the recovery of funds from third parties, insurers can efficiently handle claims and maintain financial stability, but this does not imply that they can seek amounts exceeding the original loss.

9. What does the term "proximate cause" refer to in an insurance policy?

A. The direct cause of loss

B. The immediate cause of a claim

C. A cause that is legally sufficient to establish liability

D. Any cause that ultimately contributes to a loss

The term "proximate cause" specifically refers to the direct cause of loss in the context of an insurance policy. It establishes a clear connection between the cause of the loss and the resulting damage, demonstrating that the loss would not have occurred without that specific event. This concept is crucial in insurance claims, as insurers evaluate whether the proximate cause aligns with the covered risks in the policy. In determining liability and coverage under the policy, understanding proximate cause helps to clarify which losses are indemnified based on the policy terms. It signifies not just any cause, but the one that has the closest link to the loss itself. This is essential for ensuring that claims are evaluated fairly and in accordance with the policy's provisions.

10. What is the primary legal relevance of the relationship between the insurer and the insured under consumer insurance?

A. It affects the premium amount

B. It establishes the trust and duty of good faith

C. It determines the length of coverage

D. It allows claims to be expedited

The primary legal relevance of the relationship between the insurer and the insured under consumer insurance is that it establishes the trust and duty of good faith. This relationship is foundational in insurance contracts, as it requires both parties to act honestly and fairly towards one another. The duty of good faith means that the insurer must not mislead or deceive the insured regarding the terms of the policy and must handle claims in a fair manner. Likewise, the insured is expected to provide accurate information and disclose all relevant facts when entering the contract. This principle of utmost good faith (uberrima fides) is essential in ensuring that both parties can rely on each other's representations and conduct throughout the insurance relationship. While factors such as the premium amount, the length of coverage, and the speed of claims handling are important, they are more outcomes or consequences of the insurer-insured relationship than its foundational legal relevance. The crux of the matter lies in the trust and good faith that must underpin their interactions, making the second option the most pertinent to the legal framework surrounding consumer 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://ciiinsurancelaw.examzify.com>

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