

Feb-2024 Free CII E05 Exam Question Practice Exams [Q13-Q31]



Feb-2024 Free CII E05 Exam Question Practice Exams Ace E05 Certification with 52 Actual Questions NO.13 A married couple have equal shares in a property and are insured under a buildings insurance policy. What is the likely position in law of a breach of good faith by one party, which was unknown to the other party?

- * Cover for both parties would be invalidated as the cover is likely to be a composite policy.
- * Cover would be maintained in full for the innocent party as the cover is likely to be a composite policy.
- * Cover for both parties would be invalidated as the cover is likely to be a joint policy.
- * Cover would be maintained in full for the innocent party as the cover is likely to be a joint policy

NO.14 Within what time period, from the date when the damage first began, does the owner of an office block have a right to sue the builder for negligent construction work?

- * 3 years.
- * 6 years.
- * 9 years.
- * 15 years.

NO.15 In the tort of negligence, a primary victim of nervous shock is a class of person who suffers psychiatric injury

- * through fear for his own safety in an accident.
- * through fear for the safety of another person involved in an accident which he witnessed.
- * as a result of stress or harassment at work.
- * as a result of grief or sorrow for the loss of a person with whom he had a close relationship.

NO.16 A professional indemnity policy includes a condition requiring that the insured must give prompt notice of any circumstance that could give rise to a claim. What type of condition is this?

- * A suspensive condition.
- * A condition precedent to the contract.
- * A condition precedent to liability.
- * A collateral condition.

NO.17 Why may an insurer insert a continuing warranty into an insurance policy?

- * To ensure that underinsurance is avoided at all times.
- * To enable an insurer to charge an additional premium if the warranty is continually breached.
- * To maintain the annual aggregate limit of liability throughout the policy period.
- * To encourage good risk management by the insured throughout the policy period.

NO.18 For this question more than 1 option is correct. You must select all the correct options to gain the mark.

The Insurance: Conduct of Business sourcebook (ICOBS) rules in respect of claims handling specify that an insurer must

- * settle a claim promptly once settlement has been agreed.
- * handle a claims notification within 14 days.
- * provide reasonable guidance to an insured to help him make a claim.
- * not unreasonably reject an insured's claim.

NO.19 In what circumstances is abandonment automatic under a marine hull insurance policy?

- * The insured has performed an action of abandonment.
- * The actual total loss of the vessel.
- * The constructive total loss of the vessel.
- * The insured has sent a formal notice of abandonment.

NO.20 What is the intended purpose of a subrogation waiver clause in an insurance po

- * The doctrine of subrogation is excluded from the policy.
- * The insured has a duty to ensure that the insurer's subrogation rights are maintained.
- * Cover is suspended whilst the insurer pursues an action for subrogation.
- * The insurer's subrogation rights will not be exercised against certain parties associated with the insured.

NO.21 What is the maximum contingency fee percentage under a damages-based agreement that can be charged by a solicitor for personal injury cases and employment tribunal cases respectively?

- * 35% for personal injury cases and 25% for employment tribunal cases.
- * 25% for personal injury cases and 35% for employment tribunal cases.
- * 35% for both cases.
- * 50% for both cases.

NO.22 As a result of a breach of good faith under a commercial insurance policy, the insurer avoided the policy as a whole, but was NOT permitted to retain the premium because

- * the misrepresentation was fraudulent.
- * the premium was paid by monthly installments.
- * no claim had been submitted or paid.

- * the misrepresentation was innocent.

NO.23 For this question more than 1 option is correct. You must select all the correct options to gain the mark.

In what circumstances does the Fires Prevention (Metropolis) Act 1774 require insurance companies to ensure that claims monies are used to rebuild or reinstate buildings destroyed or damaged by fire?

- * When fraud or arson by the insured is suspected.
- * Where the building was destroyed by an explosion.
- * Where there is underinsurance.
- * Upon the request of any person(s) interested in the buildings.

NO.24 What are the main objectives of the principle of insurable interest?

- * To reduce moral hazard and to discourage profiteering.
- * To reduce physical hazard and to discourage profiteering.
- * To reduce physical hazard and to discourage wagering.
- * To reduce moral hazard and to discourage wagering.

NO.25 John owns stock that he intentionally insured for £15,000, although the full value of the stock is £18,000. His insurance policy has no excess and is subject to a pro rata condition of average. In the event of water damaging

£6,000 of John's stock, how much will the insurer pay for a valid claim after the application of average?

- * £3,000
- * £5,000
- * £6,000
- * £15,000

NO.26 A person insures her own life under a life insurance policy but does so expressly for the benefit of another. To facilitate this, which type of arrangement is most commonly established?

- * Lien.
- * Coinsurance.
- * Power of Attorney.
- * Trust.

NO.27 When, if at all, does the duty of fair presentation of a risk apply after a non-consumer insurance contract has been formed?

- * From the date of a breach of warranty.
- * It does not apply as the duty is to take reasonable care not to make a misrepresentation.
- * Where there is a variation in the insured risk.
- * On submission of a claim.

NO.28 Ambiguous terms in a household insurance contract are generally construed against the

- * policyholder due to the literal rule.
- * policyholder due to the noscitur a sociis rule.
- * insurer due to the contra proferentem rule.
- * insurer due to the ejusdem generis rule.

NO.29 A household insurance policyholder leaves his home to go to work without setting the burglar alarm. Whilst he was out, his new tumble dryer overheats and causes fire damage to the kitchen. In what circumstances may the insurer legally reject a fire claim?

- * If there is a subrogation action against the manufacturer of the tumble dryer.
- * If the policyholder exaggerates the value of the claim.
- * If there is a breach of a warranty requiring the burglar alarm to be set.

* If the tumble dryer is covered by extended warranty insurance.

NO.30 For this question more than 1 option is correct. You must select all the correct options to gain the mark. What are the characteristics of an express term in reaching or recording an agreement?

- * It will usually override any implied term which conflicts with it.
- * It must be evidenced in documentary form.
- * It may be oral or in writing.
- * It may be implied by conduct.

NO.31 For this question more than 1 option is correct. You must select all the correct options to gain the mark. How may double insurance arise?

- * A deliberate attempt to obtain the proceeds of two policies.
- * A merger between two major insurance companies.
- * An overlap in cover between two different types of insurance policy.
- * The inadvertent non-cancellation of a policy when a new policy is taken out.

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