# Insurance Institute C11 Practice Questions

**Shared by Simpson on 16-11-2026**

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## Question 1

Question Type: MultipleChoice

[Industry Organizations; The Customer]

What does the Institute for Catastrophic Loss Reduction (ICLR) encourage?

### Options:

A- The understanding of weather patterns to aid all citizens in predicting weather
B- The development of mandatory evacuation procedures in the event of any moderate weather changes
C- The pooling of funds by all members of society to deal with the predicted cost of a large-scale natural disaster
D- The building of resilient communities through cost-effective techniques that enable structures to withstand severe weather or earthquakes

### Answer:

D

### Explanation:

The Institute for Catastrophic Loss Reduction (ICLR) is a research-based organization supported by the Canadian property and casualty insurance industry. Its mission is to reduce the loss of life and property caused by natural hazards by promoting scientifically grounded mitigation strategies. One of its central goals is to encourage the development of resilient buildings and communities by advocating for improved building codes, retrofitting standards, and construction methods that reduce vulnerability to severe weather events such as hurricanes, floods, wildfires, and earthquakes.

Options A and B do not reflect the ICLR's mandate; the organization does not focus on personal weather prediction or creating mandatory evacuation procedures. Option C describes a risk-financing mechanism, not risk reduction. ICLR's true focus is loss prevention and mitigation, specifically through cost-effective, research-supported construction and community planning measures. Therefore, the correct answer is D.

## Question 2

Question Type: MultipleChoice

[Introduction to Risk and Insurance -- Perils & Loss Types]

What best describes a direct loss?

## Options:

A- Damage to property caused directly by the insured
B- Damage to property by direct action of a peril insured against
C- A loss not covered on the policy but covered by an endorsement
D- A loss covered by an insured peril, but not caused directly by the peril

## Answer:

B

## Explanation:

A direct loss is damage that results immediately and directly from the action of an insured peril. For example, fire burning a building, wind damaging a roof, or theft taking merchandise. The loss must be the proximate (dominant) cause and must flow directly from the peril named or covered in the policy.

Option A is incorrect because direct loss refers to a peril's action, not to who caused it.

Option C describes extensions of coverage, not direct losses.

Option D describes an indirect (consequential) loss, such as business interruption resulting from a fire---not the physical damage itself.

Therefore, the correct definition of a direct loss is B: Damage to property by the direct action of an insured peril.

# Question 3

Question Type: MultipleChoice

Which legal term describes the time in which a claim may be brought by the policyholder?

## Options:

A- Waiver
B- Release
C- Non-waiver
D- Prescription

## Answer:

D

## Explanation:

Prescription refers to the legally defined period during which an insured is permitted to initiate legal action to enforce a claim under the insurance contract. Once the prescriptive period expires, the insured loses the legal right to pursue the claim, even if the claim itself is otherwise valid. This protects insurers from indefinite liability and encourages timely reporting and settlement of claims.

A waiver is the voluntary relinquishment of a known right. A release is a document signed by the insured surrendering further claims, usually after settlement. A non-waiver agreement preserves the insurer's right to investigate a claim without admitting liability. None of these terms relate to the legal time limit for bringing an action. Therefore, the correct term describing the time frame for commencing legal proceedings is prescription.

# Question 4

Question Type: MultipleChoice

[Claims]

Ivana is in an auto accident. The agreed market value of her vehicle is $17,000.

Her policy deductible is $1,500.

A wrecking company offers $3,000 for the salvage.

Ivana chooses to keep the salvage.

What amount will Ivana receive?

## Options:

A- $12,500
B- $14,000
C- $15,500

D- $17,000

## Answer:

A

## Explanation:

Comprehensive Explanation (150--250 words):

When a vehicle is deemed a total loss, the insurer typically pays the actual cash value (ACV) minus the deductible. If the insured decides to keep the salvage, the salvage value must also be deducted from the settlement, because the insured retains something of monetary worth.

The formula for this situation is:

Settlement=ACVDeductibleSalvage Value\text{Settlement} = \text{ACV} - \text{Deductible} - \text{Salvage Value}Settlement=ACVDeductibleSalvage Value

Using Ivana's numbers:

ACV = $17,000

Deductible = $1,500

Salvage value = $3,000

17,0001,5003,000=12,50017,000 - 1,500 - 3,000 = 12,50017,0001,5003,000=12,500

Therefore, Ivana receives $12,500, and she keeps the damaged vehicle, which she values for personal reasons.

Option B ($14,000) ignores the salvage deduction.

Option C ($15,500) ignores the deductible.

Option D ($17,000) ignores both deductible and salvage, which is not permitted.

The only correct settlement amount is $12,500.

# Question 5

Question Type: MultipleChoice

Which is NOT one of the three types of knowledge an underwriter requires to be successful in their role?

## Options:

A- Prescription knowledge
B- Claims knowledge
C- Industry knowledge
D- Insurance product knowledge

## Answer:

A

## Explanation:

Successful underwriters must blend several types of knowledge to properly assess risk and construct suitable terms. The core areas typically highlighted in insurance education are:

Insurance product knowledge -- Understanding policy wordings, coverages, exclusions, conditions, endorsements, and how different products respond to various loss scenarios.

Industry knowledge -- Knowing the industries they insure (e.g., construction, retail, manufacturing): operational hazards, typical loss trends, regulatory environment, and risk-management practices.

Claims knowledge -- Appreciating how losses actually occur, how claims are adjusted, common coverage disputes, and historical loss experience. This helps underwriters anticipate problem areas and price and structure coverage appropriately.

''Prescription knowledge'' is not a standard category in underwriting education. While underwriters may need guidelines, manuals, and rules, this is not recognized as one of the three foundational knowledge types. Therefore, the item that is NOT one of the three required knowledge types is A. Prescription knowledge.

# Question 6

Question Type: MultipleChoice

[Industry Organizations; The Customer -- Communication Skills]

Patrice works as a broker meeting a new client. He is building rapport by performing similar actions to those of his client. Which form of in-person communication is he engaging in?

## Options:

A- Mirroring
B- Copycatting
C- Transparency
D- Open listening

## Answer:

A

## Explanation:

Mirroring is a communication technique used to build rapport by subtly matching another person's body language, tone, gestures, or pace of speech. It is widely used in sales, client consultations, and negotiations. When done professionally and subtly, mirroring helps clients feel understood and creates psychological comfort, making it easier to discuss needs and gather accurate underwriting information.

Option B, copycatting, implies obvious or exaggerated imitation and is not a recognized professional communication method. Option C, transparency, refers to openness and honesty, not physical or behavioural alignment. Option D, open listening, is active listening---important, but unrelated to mirroring physical actions.

Since Patrice is deliberately performing similar actions to his client, he is engaging in mirroring, making A the correct answer.

# Question 7

Question Type: MultipleChoice

[Insurance as a Contract]

Which statement best explains the concept of utmost good faith?

## Options:

A- Requires a high standard of honesty
B- Is a requirement of all legal contracts
C- Implies the ability to void an insurance policy
D- Is a lack of conduct that exceeds mere negligence

## Answer:

A

## Explanation:

The principle of utmost good faith (uberrima fides) is fundamental to all insurance contracts. It requires a higher standard of honesty than ordinary commercial agreements because the insurer must rely on the applicant to disclose all material facts that could affect the underwriting decision. The insured has superior knowledge of the risk, and failure to disclose material information can jeopardize the insurer's ability to assess the exposure properly.

Option B is incorrect because utmost good faith is not required in all legal contracts---only in specific types where one party must rely heavily on the full disclosure of the other, such as insurance. Option C is partially related---breaches can lead to policy voidance---but that is a consequence, not the definition. Option D is incorrect because utmost good faith refers to the presence of elevated honesty, not the absence of negligence.

Therefore, the best explanation is A: Requires a high standard of honesty.

# Question 8

Question Type: MultipleChoice

[Regulatory Framework -- Privacy Legislation]

What does the acronym PIPEDA stand for?

## Options:

A- Personal Insurance Products Electronically Delivered Act
B- Private Information Protected from Email Decoding Attacks
C- Protect Insurance Products by Electronic Decoding Algorithms
D- Personal Information Protection and Electronic Documents Act

## Answer:

D

## Explanation:

PIPEDA is the federal Canadian privacy legislation governing how private-sector organizations---

including insurance companies, brokers, and adjusters---collect, use, and disclose personal information during commercial activities. Its full and correct name is:

Personal Information Protection and Electronic Documents Act

PIPEDA sets out requirements for informed consent, accuracy, safeguarding of data, client access rights, and limitations on secondary use of personal information. Insurance operations rely heavily on personal data, so compliance is mandatory.

Options A, B, and C are fictitious and have no connection to Canadian insurance regulation or privacy law.

Thus, the correct answer is D.

## Question 9

Question Type: MultipleChoice

[Claims]

Robin is employed as a loss adjuster handling a large residential fire claim. Which is NOT one of their responsibilities?

### Options:

A- Assess the claim with integrity
B- Explain relevant insurance coverage
C- Uphold the law with respect to its interpretation
D- Provide legal advice even if the claimant has legal counsel

### Answer:

D

### Explanation:

Loss adjusters are required to conduct themselves with professionalism, fairness, and integrity. Their responsibilities include explaining how coverage applies, gathering facts, assessing damage, and ensuring the claim is handled according to policy terms and applicable law. This includes respecting legal requirements and proper interpretation of insurance statutes and conditions.

However, adjusters must not provide legal advice. Legal advice is the domain of licensed lawyers. Adjusters may explain policy terms, clarify obligations, or interpret claims procedures,

but they cannot advise a claimant on legal strategy, liability, lawsuit responses, or legal rights beyond policy interpretation. Doing so breaches professional boundaries and regulatory expectations.

Therefore, the only option that is not a responsibility is D: Provide legal advice, making it the correct answer.

## Question 10

Question Type: MultipleChoice

[Insurance Documents and Processes]

Usually, what must an insurance intermediary do before using the personal information of a client for a purpose other than that for which the information was originally collected?

### Options:

A- Obtain permission from the client to do so
B- Write to the client advising of the alternate usage
C- Advise the insurer's ombudsperson of the intended usage
D- Obtain permission from the federal privacy officer to continue

### Answer:

A

### Explanation:

Under Canadian privacy legislation (such as PIPEDA), personal information may only be used for the specific purpose for which it was originally collected unless the client provides informed consent for additional use. Insurance intermediaries must therefore obtain explicit permission from the client before using or disclosing their information for any new purpose, such as marketing, cross-selling, or sharing data with third-party providers.

Option B---simply notifying the client---is insufficient without consent. Option C is incorrect, as the ombudsperson deals with complaints, not privacy approvals. Option D is incorrect because privacy officers do not grant permissions; the law requires consent from the individual, not from government officials.

Since consent is central to privacy compliance in insurance operations, the intermediary must obtain permission from the client, making A the correct answer.

## Question 11

Question Type: MultipleChoice

[Introduction to Risk and Insurance]

Why does the need for liability insurance arise?

### Options:

A- Reduce personal risk to oneself
B- Fulfill legal obligations to others
C- Meet societal obligations and norms
D- Uphold ethical feelings of responsibility

### Answer:

B

### Explanation:

Liability insurance arises because individuals and businesses have legal obligations not to cause bodily injury or property damage to others. When someone is negligent, the law allows the injured party to seek compensation. These legal obligations can be substantial and financially devastating. Liability insurance provides protection by transferring the financial burden of compensating others to an insurer. It ensures that the insured can meet their legal responsibilities and that injured third parties receive compensation.

Option A is incorrect because liability insurance is not for protecting oneself from personal risk---it protects against obligations to others. Option C refers to social norms, which may influence behavior but do not impose enforceable financial duties. Option D refers to ethics, but ethical feelings alone do not create legal liability.

The key reason liability insurance exists is the legal requirement to compensate others when negligent, making B the correct answer.

## Question 12

Question Type: MultipleChoice

[Insurance Documents and Processes]

What is a cover note?

## Options:

A- Purchase agreement between the agent or broker and the insurer
B- An amendment added to a written document that alters its provisions
C- File notes confirming insurance discussions between the intermediary and the insured
D- Document issued by intermediaries to inform the insured that coverage has been arranged

## Answer:

D

## Explanation:

A cover note is a temporary document issued by a broker or agent to confirm that insurance coverage has been arranged and is in force, pending the issuance of the formal policy. It is typically used when immediate proof of insurance is required before the insurer can produce the finalized policy wording. Cover notes outline essential information such as the insured's name, type of coverage, limits, and effective dates.

Option A is incorrect because a cover note is not a contract between insurer and broker. Option B describes an endorsement, not a cover note. Option C refers to internal file documentation but does not serve as official proof of insurance.

Thus, the correct definition is option D: a document issued to the insured confirming that temporary coverage is effective until the formal policy is issued.

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