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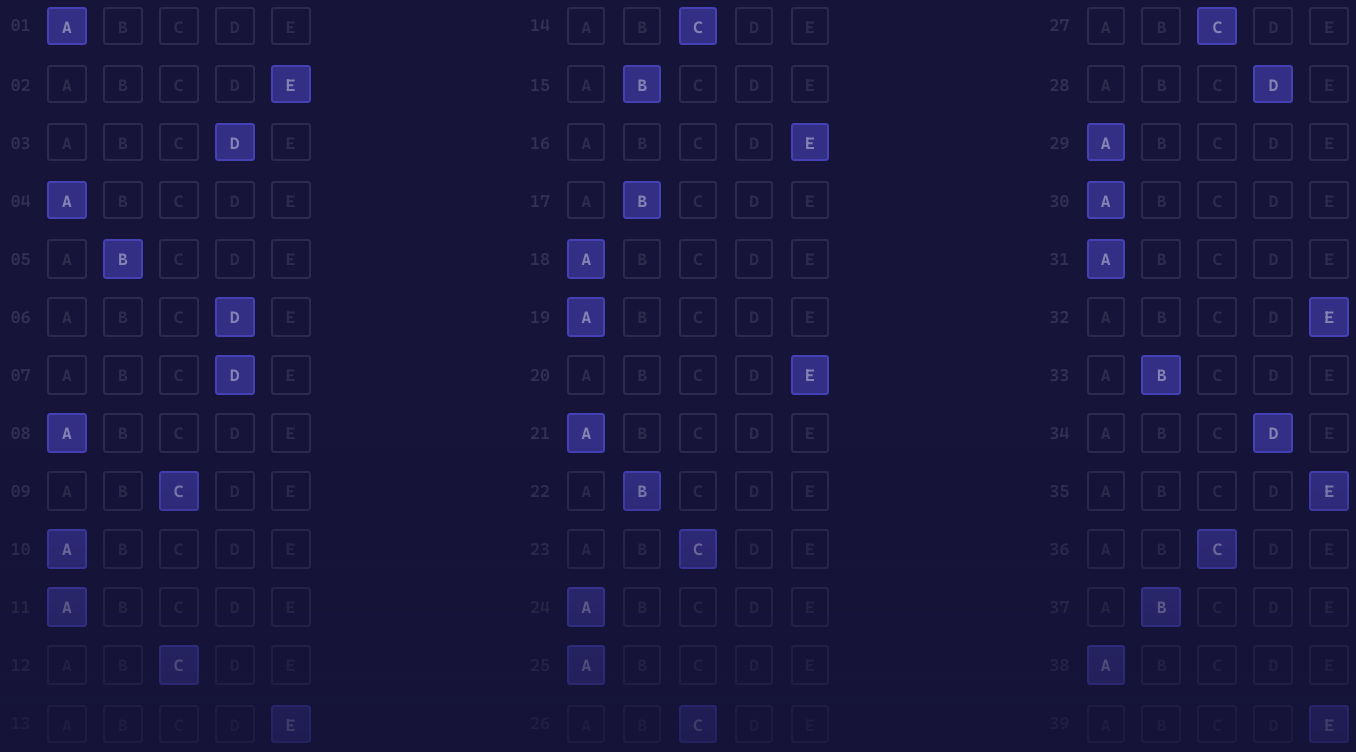

PRACTICE QUESTIONS

Chartered Insurance Institute (CII)

QXGUBZV5

WCE - Insurance claims handling (non-UK)

EDITION	QUESTIONS	FORMAT
Demo	9	Limited Edition PDF

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Before you begin

What this is

9 practice questions for Chartered Insurance Institute (CII) `QXGUBZV5`, each with its answer key and an explanation. Answer a question before you read its key — the explanation is worth more once you have committed.

If something looks wrong

Send us three things and we will check it:

- the exam code, `QXGUBZV5`
- the question number
- the email address on your order

Write to **support@mometrix.net**. We reply within one business day.

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QUESTION 1 SINGLE CHOICE

Which of the following best describes the primary purpose of insurance claims handling?

A To maximise the insurer's profit on every policy

B To deliver a fair, prompt and equitable settlement to the policyholder in accordance with the policy terms

C To investigate every loss for evidence of fraud before any payment is considered

D To minimise the number of claims paid out in any given year

ANSWER B

WHY The fundamental purpose of claims handling is to indemnify the policyholder — restoring them, as far as possible, to the position they were in before the loss — by delivering a fair, prompt and equitable settlement in line with the policy wording. The other options describe secondary or distorted aims that conflict with the insurer's duty of good faith and the principle of indemnity.

QUESTION 2 SINGLE CHOICE

A business insured under a commercial property policy notifies the insurer of a small fire at its premises. At what stage of the claims process should the claims handler first confirm the scope of cover provided by the policy?

A Only when the loss adjuster submits their report

B Only at the point of settlement

C At the earliest practical opportunity after notification, before progressing further

D After the policyholder has provided all requested documentation

ANSWER C

WHY Cover confirmation must be carried out at the earliest practical opportunity after notification of loss. This allows the handler to advise the policyholder on whether the loss is covered, to set appropriate reserves, and to identify any issues such as late notification or non-disclosure that may need to be investigated. Delaying this check risks unnecessary work and undermines the duty to handle claims promptly.

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QUESTION 3 SINGLE CHOICE

In claims handling, which type of evidence is generally regarded as the most reliable when establishing the facts of a loss?

A Hearsay evidence from third parties

B Physical evidence and contemporaneous documentation

C The policyholder's recollection of events

D Statements taken some time after the event

ANSWER B

WHY Physical evidence (e.g. damaged property, CCTV, forensic material) and contemporaneous documentation (e.g. invoices, logs, dated records) are considered the most reliable forms of evidence because they are created at the time of the event and are less susceptible to recollection bias or deliberate distortion. The other forms of evidence listed are useful but are inherently weaker and should be corroborated wherever possible.

QUESTION 4 SINGLE CHOICE

Under the principle of indemnity, how should a property insurance claim generally be settled when the insured property is damaged but not destroyed?

A By payment of the full replacement cost of the property as new

B By payment of the market value of the property immediately before the loss

C By repair, restoration or payment of an amount sufficient to put the insured in the same position as immediately before the loss occurred

D By payment of the sum insured stated in the policy, regardless of the actual loss

ANSWER C

WHY The principle of indemnity aims to restore the insured to the financial position they were in immediately before the loss, no better and no worse. For damaged property this is achieved through repair, replacement (where appropriate) or a cash payment equivalent to the cost. Paying full new replacement cost without regard to wear, tear or depreciation would over-indemnify the insured and is contrary to the principle, while paying market value or the full sum insured may under- or over-compensate.

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QUESTION 5 SINGLE CHOICE

A claims handler suspects that a policyholder has exaggerated the value of items stolen in a household contents claim. What is the most appropriate first action?

A Decline the entire claim immediately and inform the policyholder

B Refer the matter to the insurer's anti-fraud team and gather further evidence before any further communication on quantum

C Pay the undisputed portion of the claim and continue investigating the suspected exaggeration

D Increase the policy excess to deter future exaggeration

ANSWER **B**

WHY Where fraud or exaggeration is suspected, the claim should be referred to the specialist anti-fraud team and further evidence gathered before deciding how to respond. Repudiation should never be undertaken without proper investigation and evidence, and paying part of the claim while the rest is unresolved risks prejudicing the insurer's position. Adjusting policy terms is a separate underwriting action and is not an appropriate response to a suspected fraudulent claim.

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QUESTION 6 SINGLE CHOICE

Which of the following best describes the role of a claims handler in relation to customer service?

A Customer service is the responsibility of the marketing department and is not part of claims handling

B The claims handler should keep the policyholder informed of progress, treat them fairly and handle the claim with courtesy and empathy

C Customer service only matters when the claim is being declined

D Customer service is limited to responding to written complaints

ANSWER B

WHY Good customer service is integral to claims handling. The handler is the main point of contact for the policyholder at a difficult time and should keep them informed of progress, communicate clearly, treat them fairly and with empathy, and handle the claim in a way that maintains trust and meets regulatory expectations under treating customers fairly (TCF) principles. The other options either remove responsibility from the handler or restrict it unreasonably.

QUESTION 7 SINGLE CHOICE

Which legal principle requires an insured to act in good faith towards the insurer at all times, including when presenting a claim?

A The principle of indemnity

B The principle of subrogation

C The principle of utmost good faith (uberrima fides)

D The principle of proximate cause

ANSWER C

WHY The principle of utmost good faith (uberrima fides) obliges both parties to an insurance contract to act honestly towards each other, both at the point of application and throughout the life of the policy, including when presenting and negotiating a claim. Breach of this duty can entitle the insurer to avoid the contract or repudiate the claim. The other principles listed are important but address different aspects of insurance law.

QUESTION 8 TRUE FALSE

Subrogation allows an insurer, after paying a claim, to step into the shoes of the insured and pursue a third party who was responsible for the loss, in order to recover the amount paid.

A **True**

B False

ANSWER **A**

WHY This statement is true. Once the insurer has indemnified the insured, it is entitled to take over any rights of recovery the insured may have against a third party responsible for the loss. This right of subrogation is central to the principle of indemnity, as it prevents the insured from profiting by recovering from both the insurer and the third party.

QUESTION 9 MULTIPLE CHOICE

Which of the following are typically recorded on the claims file throughout the handling of a claim? (Choose two.)

A **Dates and details of all communications with the policyholder and any third parties**

B **Decisions taken, the rationale for those decisions and the evidence relied upon**

C The policyholder's previous insurance history with other insurers

D The marketing strategy used to sell the original policy

ANSWER **A** · **B**

WHY A complete and accurate claims file should record all communications (dates, content, method) and all decisions made, together with the supporting rationale and evidence. These records demonstrate fair treatment, support any decision to decline or reduce a claim, and allow the file to be audited or reviewed if a complaint or dispute arises. Policyholders' insurance history with other insurers and the original marketing strategy are not part of the claims file.

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