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NEW QUESTION: 1

Which body represents the solicitors' profession in England and Wales?

- A. The Faculty of Advocates.
- B. The Solicitors Regulation Authority.
- C. The Law Society.
- D. Bar Council.

Answer: C (LEAVE A REPLY)

The Law Society represents the solicitors' profession in England and Wales. It is the professional body for solicitors, providing support, setting standards, and promoting the interests of its members.

The Solicitors Regulation Authority (SRA) is responsible for regulating solicitors, but it is not the representative body.

NEW QUESTION: 2

For this question more than 1 option is correct. You must select all the correct options to gain the mark. What are the main sources of new English Law?

- A. Case law.
- B. Official law reports.
- C. Legislation.
- D. International treaties.

Answer: (SHOW ANSWER)

NEW QUESTION: 3

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?

- A. 9 years.
- B. 15 years.

C. 3 years.

D. 6 years.

Answer: C (LEAVE A REPLY)

NEW QUESTION: 4

Which divisional court of the High Court includes a Commercial Court?

A. Queen's Bench Division.

B. Chancery Division.

C. Partnership Division.

D. Family Division.

Answer: B (LEAVE A REPLY)

NEW QUESTION: 5

What are the main reasons why the law requires insurable interest to exist?

A. Reduce moral hazard and discourage gambling.

B. Reduce physical hazard and discourage gambling.

C. Discourage underinsurance and ensure premium adequacy.

D. Discourage betterment and ensure premium adequacy.

Answer: A (LEAVE A REPLY)

NEW QUESTION: 6

Which of the following is not a typical requirement for the formation of an insurance contract?

A. An offer to insure

B. An acceptance of the offer

C. The payment of a premium.

D. The disclosure of a medical history

Answer: (SHOW ANSWER)

The disclosure of a medical history

Explanation: While disclosure of material facts, such as medical history, is crucial under the principle of utmost good faith, it is not a requirement for the formation of an insurance contract. The core requirements are an offer, acceptance, and consideration (premium).

NEW QUESTION: 7

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?

A. Upon the request of any person(s) interested in the buildings.

B. When fraud or arson by the insured is suspected.

- C. Where the building was destroyed by an explosion.
- D. Where there is underinsurance.

Answer: A,B ([LEAVE A REPLY](#))

NEW QUESTION: 8

When, if at all, does the duty of fair presentation of a risk apply after a non-consumer insurance contract has been formed?

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 9

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?

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

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 10

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?

- A. Lien.
- B. Power of Attorney.
- C. Coinsurance.
- D. Trust.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 11

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. A deliberate attempt to obtain the proceeds of two policies.

- B. The inadvertent non-cancellation of a policy when a new policy is taken out.
- C. A merger between two major insurance companies.
- D. An overlap in cover between two different types of insurance policy.

Answer: A,D ([LEAVE A REPLY](#))

NEW QUESTION: 12

In the context of insurance law, who is considered a third-party claimant?

- A. The policyholder who initiates a claim
- B. A family member of the policyholder
- C. A person who suffers a loss or injury caused by the policyholder's actions
- D. An insurance broker acting on behalf of a client

Answer: ([SHOW ANSWER](#))

A third-party claimant is someone who is not a party to the insurance contract but claims compensation from the policyholder's insurer for losses or injuries caused by the policyholder.

NEW QUESTION: 13

A claimant may possibly recover money transferred under an illegal contract when

- A. the illegality makes the contract voidable rather than void.
- B. both parties to the contract are equal in wrongdoing.
- C. the legal portion of the contract can be severed from the illegal portion.
- D. the contract is against public policy but not substantive law.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 14

Bill owned a painting which was insured under a policy containing a first refusal clause.

The painting was stolen and Bill's claim was settled, but several months later the painting was recovered by the police. As a consequence, what is Bill's position under his insurance policy?

- A. Bill may exercise an option to buy the painting back.
- B. Bill may keep the claim settlement and also keep the painting.
- C. Bill must return the claim settlement in exchange for the painting.
- D. Bill must buy the painting back.

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 15

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?

- A. If there is a subrogation action against the manufacturer of the tumble dryer.
- B. If the policyholder exaggerates the value of the claim.

- C. If there is a breach of a warranty requiring the burglar alarm to be set.
- D. If the tumble dryer is covered by extended warranty insurance.

Answer: B (LEAVE A REPLY)

NEW QUESTION: 16

The principle of indemnity is the

- A. obligation of the insurer to pay all valid claims according to the terms and conditions of the policy.
- B. placing of the insured, after a loss, in the same financial position as enjoyed immediately before the loss.
- C. placing of the insured, at expiry of a policy, in the same financial position as enjoyed at inception.
- D. obligation of the insurer to provide a maximum sum insured or limit of liability.

Answer: B (LEAVE A REPLY)

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NEW QUESTION: 17

Which of the following is considered an exclusion in a standard property insurance policy?

- A. Loss caused by a fire
- B. Theft by a third party
- C. Loss due to war or civil unrest
- D. Damage caused by accidental breakage

Answer: C (LEAVE A REPLY)

Many property insurance policies exclude certain high-risk events such as war, civil unrest, and terrorism.

These exclusions limit the insurer's exposure to catastrophic losses.

NEW QUESTION: 18

A manufacturer was under contract to pay a supplier £1,000 on receipt of the delivery of raw materials.

However, the supplier failed to deliver and the manufacturer had to purchase identical materials from another supplier for £1,200. What amount of damages is the manufacturer legally entitled to claim from the supplier who failed to deliver?

- A. £200
- B. £2,200
- C. £1,000
- D. £1,200

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 19

Which of the following is an essential element in the formation of an insurance contract?

- A. A formal written agreement
- B. A signed declaration by the policyholder
- C. A valid claim history
- D. The payment of a premium

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 20

Adam was bitten by a stray dog in Africa. He washed his wound in a pond and a week later he became very ill with a high temperature. Initially, the local hospital treated him for malaria and later treated him for the fever following the dog bite. Adam died in hospital.

What is the proximate cause of his death?

- A. The original physical injury of the dog bite.
- B. The unhygienic washing of the dog bite.
- C. The delay in obtaining the correct medical treatment.
- D. The delay in seeking medical treatment.

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 21

The branch of law particularly relevant when handling negligence claims is

- A. public law.
- B. civil law.
- C. administrative.
- D. constitutional law.

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 22

Under insurance law, what is the effect of a fraudulent claim on an insurance policy?

- A. The insurer is required to pay the claim regardless of the fraud
- B. The insurer may cancel the policy and deny the claim
- C. The policyholder may still receive a partial payout
- D. The policyholder must repay any claim payments made previously

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 23

Which of the following is true regarding the insurable interest in life insurance?

- A. The policyholder must have a financial interest in the life of the person insured
- B. The policyholder must have a financial interest in the property of the person insured
- C. Insurable interest is required only at the time the policy is issued
- D. Insurable interest is not required for life insurance policies

Answer: A (LEAVE A REPLY)

Explanation: For life insurance, insurable interest refers to the requirement that the policyholder must have a legitimate financial or emotional stake in the life of the person insured. This must be present at the time of death, not just when the policy is issued.

NEW QUESTION: 24

A storm blew down the wall of a limber building. The falling wall broke electrical wiring, which short-circuited and the resultant sparks caused a fire. The fire brigade used water to put out the fire and the water caused damage to the unburnt contents. What is the proximate cause of the damage to the unburnt contents?

- A. The water damage.
- B. The fire.
- C. The storm.
- D. The falling wall.

Answer: C (LEAVE A REPLY)

NEW QUESTION: 25

How do an insurer's subrogation rights differ, if at all, between a theft policy and a personal accident policy?

- A. Subrogation rights apply under both policies.
- B. Subrogation rights only apply under a personal accident policy.
- C. Subrogation rights do not apply under either policy.
- D. Subrogation rights only apply under a theft policy.

Answer: D (LEAVE A REPLY)

NEW QUESTION: 26

In the context of an insurance claim, what does the principle of subrogation refer to?

- A. The insured's right to receive compensation up to the value of their loss
- B. The insurer's right to pursue a third party responsible for the loss
- C. The insurer's right to reduce the claim payout
- D. The insured's obligation to provide all relevant documents to the insurer

Answer: (SHOW ANSWER)

Subrogation is the principle that allows the insurer to step into the shoes of the insured and pursue any third party responsible for causing the loss. This helps the insurer recover the claim amount paid out to the insured.

NEW QUESTION: 27

Who is entitled to the surplus if a subrogation recovery from a negligent third party is greater than the amount the insurer has paid to the insured?

- A. The insured only.
- B. The State
- C. The insurer only.
- D. It is shared between the insurer and the insured.

Answer: A (LEAVE A REPLY)

NEW QUESTION: 28

Which of the following is a feature of an insurance contract under the principle of "utmost good faith"?

- A. The insurer must be transparent about the terms of the policy.
- B. The insured must disclose all material facts relevant to the risk.
- C. Both parties must agree on the premium amount in advance.
- D. The insurer must pay all claims, regardless of the terms of the policy.

Answer: B (LEAVE A REPLY)

Under the principle of utmost good faith (also known as "uberrimae fidei"), the insured must disclose all material facts to the insurer that could affect the insurer's decision to provide coverage or the terms of the policy.

NEW QUESTION: 29

Which of the following is a key principle of insurance that ensures that a policyholder is not overcompensated for a loss?

- A. Utmost good faith
- B. Indemnity
- C. Subrogation
- D. Insurable interest

Answer: (SHOW ANSWER)

The principle of indemnity ensures that the policyholder is compensated only to the extent of the loss suffered and does not profit from an insurance claim. This principle is essential to prevent overcompensation.

NEW QUESTION: 30

In the context of insurance, what does "utmost good faith" (uberrimae fidei) require?

- A. Both parties must fully disclose all relevant information
- B. The insurer must offer the policyholder the best possible coverage
- C. The policyholder must always pay premiums in advance
- D. The insurance contract must be written in simple, easy-to-understand language

Answer: A (LEAVE A REPLY)

The principle of utmost good faith requires both the insurer and the insured to disclose all material facts truthfully. Failure to do so can result in the contract being voided.

NEW QUESTION: 31

Dan made a financial arrangement on behalf of Liz. However, Liz had the arrangement set aside by the court on the basis that she had been unduly influenced by Dan. To establish undue influence, the court must have specifically identified Dan as

- A. a person holding a senior position at Liz's bank.
- B. Liz's independent financial adviser.
- C. Liz's husband.
- D. a person holding a dominant position over Liz.

Answer: D (LEAVE A REPLY)

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NEW QUESTION: 32

What is the effect of a waiver on an insurance contract?

- A. It terminates the policy
- B. It allows one party to ignore certain policy terms
- C. It allows the insurer to increase the premium
- D. It reduces the policyholder's obligation to make full disclosure

Answer: B (LEAVE A REPLY)

A waiver in insurance law refers to the voluntary relinquishment of a known right, such as forgiving a breach of a condition in the policy. It doesn't cancel the contract but may alter certain terms.

NEW QUESTION: 33

What is the role of an insurance broker in a typical insurance transaction?

- A. To act as a middleman between the insurer and the insured, negotiating the terms of the policy
- B. To provide legal advice and act as a lawyer for the insured
- C. To ensure the insurer complies with all regulatory requirements
- D. To pay insurance premiums on behalf of the insured

Answer: (SHOW ANSWER)

Insurance brokers act as intermediaries between the insurer and the insured, helping the insured find suitable coverage by comparing policies and negotiating terms. They do not typically act as legal advisors or manage premiums.

NEW QUESTION: 34

Which of the following is true regarding the "principle of subrogation"?

- A. It allows the insured to be compensated twice for the same loss
- B. It allows the insurer to pursue third parties responsible for the loss
- C. It means the insurer is entitled to the premium even if the claim is not paid
- D. It prevents the insurer from recovering any costs from a third party

Answer: (SHOW ANSWER)

Subrogation allows the insurer to "step into the shoes" of the insured after they pay a claim, allowing them to pursue recovery from any third parties who may be responsible for the loss.

NEW QUESTION: 35

What is the intended purpose of a subrogation waiver clause in an insurance po

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

Answer: B (LEAVE A REPLY)

NEW QUESTION: 36

An employee suffered a minor injury to his arm at work, due to a breach of duty by his employer. The medical treatment he received at hospital was negligent and caused his minor injury to deteriorate to the extent that his arm had to be amputated. To what extent, if at all, is the employer liable?

- A. The employer and the hospital will split liability on an equal basis
- B. The employer will not be liable for the employee's injuries at all
- C. The employer will be held strictly liable for the full extent of the employee's injuries
- D. The employer will not be held liable for the unforeseeable extent of the employee's injuries

Answer: (SHOW ANSWER)

NEW QUESTION: 37

What is the role of the Financial Ombudsman Service (FOS) in insurance disputes?

- A. It provides legal advice to insurers
- B. It helps consumers resolve complaints with their insurers
- C. It regulates the pricing of insurance products

D. It issues licenses to insurance companies

Answer: B (LEAVE A REPLY)

The Financial Ombudsman Service (FOS) is an independent body that helps consumers resolve disputes with financial services, including insurance companies. It provides a neutral mechanism for dispute resolution.

NEW QUESTION: 38

A survey of a car repairers reveals a spray booth exists by an unguarded paraffin space heater. Also, a day's supply of paint is kept within the building and waste is removed daily from a metal bin. What will the underwriter perceive as the main physical hazard?

- A. The waste bin.
- B. The spray booth.
- C. The unguarded paraffin space heater.
- D. The paint.

Answer: C (LEAVE A REPLY)

NEW QUESTION: 39

Which of the following is true about insurable interest?

- A. The policyholder must have a financial stake in the property or event insured at the time of loss
- B. The policyholder must have an interest in the property at the time of policy purchase but not at the time of loss
- C. Insurable interest is only required for life insurance policies
- D. Insurable interest must always be proven at the time the policy is issued

Answer: (SHOW ANSWER)

interest refers to the requirement that the policyholder must stand to suffer a financial loss from the event insured. In most cases, this must be proven at the time of loss, not just when the policy is issued.

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