

1. A material circumstance is best described as a circumstance that
- A. has no bearing on physical hazard.
  - B. has no bearing on moral hazard.
  - C. may influence an underwriting decision.
  - D. must be on the Association of British Insurers' approved list.

**Key option: C**

**Learning outcome: 1.1**

2. At the renewal of an insurance policy, policyholders are **always** obliged under common law to
- A. renew the policy with the same insurer.
  - B. increase the sum insured in line with inflation.
  - C. disclose any changes to material circumstances.
  - D. complete a new proposal form.

**Key option: C**

**Learning outcome: 1.2**

6. In a proposal form, **risk** specific questions are those
- A. that are common to most general insurance risks.
  - B. that pertain to the particular details of a proposed risk.
  - C. that relate to matters evaluating whether information is material or not.
  - D. where the proposer warrants the answer to be correct.

**Key option: B**

**Learning outcome: 2.1**

8. Chris is completing a proposal form and has been advised that he is **legally** obliged to declare all material circumstances. If he is unsure whether the information is material or not, he should
- A. disclose it fully.
  - B. not disclose it.
  - C. only disclose it if it is specifically addressed by one of the questions.
  - D. only disclose it if it relates to a criminal offence.

**Key option: A**

**Learning outcome: 2.3**

19. What is the current rate of Insurance Premium Tax, if any, for the majority of insurance policies?
- A. Nil.
  - B. 5%
  - C. 10%
  - D. 20%

**Key option: C**

**Learning outcome: 2.8**