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CIP C131 Exam Questions & Answers – 2026 Update | 100% Correct

Risk - ☑☑The possibility of a loss or an unfavourable outcome from an event or activity.

Pure Risk - ☑☑A risk that involves only the possibility of loss or no loss (no chance of gain). Example: fire destroying a building.

Speculative Risk - ☑☑A risk that involves the possibility of gain, loss, or no change. Example: investing in stocks.

Risk Management - ☑☑A structured process of identifying, analyzing, and addressing an organization's risk exposures to minimize the financial impact of loss.

5-Step Risk Management Process - ☑☑1. Identify and analyze risk exposures 2. Formulate options to deal with exposures 3. Select the best technique to address exposures 4. Implement the risk management plan 5. Monitor results and modify the plan as necessary

Risk Manager's Role - ☑☑Identify exposures, prevent loss, reduce loss, finance loss, educate corporate managers, act as a resource to other managers.

Methods for Locating Clients - ☑☑Referrals, online marketing, advertising and walk-ins, cold calling, tracking of expiry dates, upselling/cross-selling.

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## IIC C131 Exam Syllabus Topics:

| Section | Objectives |
|---|---|
| Underwriting and Policy Management | - Policy administration and endorsements<br>- Underwriting guidelines and decision-making |
| Risk and Insurance Fundamentals | - Insurance principles and coverage types<br>- Risk identification and assessment |
| Insurance Brokerage Practice | - Professional ethics and conduct<br>- Broker roles and responsibilities<br>- Client relationship management |
| Claims and Loss Handling | - Claims processes and documentation<br>- Loss adjustment principles |
| Regulatory and Legal Environment | - Compliance and consumer protection<br>- Insurance regulations in Canada |

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# IIC Advanced Skills for the Insurance Broker and Agent Sample Questions (Q56-Q61):

**NEW QUESTION # 56**
A broker binds a property policy for a future date, and follows up for documentation. While reviewing documents the client sent, it is discovered that the property is actually used as a rooming house, and not a family home. Why does underwriting instruct that the policy be cancelled?

- A. The use of the home is a material fact that the client should have disclosed.
- B. The broker did not complete an in-person home inspection.
- C. The policy cannot be bound without proof of how the home is used.
- D. The insurer already has too many rooming houses in their book of business.

**Answer: A**

Explanation:
The correct answer is D. The use of the home is a material fact that the client should have disclosed . A material fact is information that would influence an insurer's decision to accept a risk, set premium, apply conditions, restrict coverage, or decline the risk. The use of a property is one of the most important material facts in property underwriting. A family home and a rooming house are not the same risk. A rooming house may involve multiple unrelated occupants, higher fire exposure, cooking hazards, tenant turnover, maintenance issues, liability concerns, vandalism, theft, and regulatory requirements. If the insurer bound the policy believing the property was a family home, the underwriting decision was based on incorrect material information. Once the true occupancy is discovered, underwriting may cancel or rewrite the policy because the risk no longer matches the basis on which coverage was granted. The issue is not merely the absence of an inspection. Nor is it automatically because the insurer has too many similar risks. The client's failure to disclose the true use is the decisive problem. Course topic reference: Introduction to Commercial Insurance; Material Facts; Underwriting Disclosure; Occupancy and Property Use .

**NEW QUESTION # 57**
By conducting online research of a risk's profile and website, and asking about supplies, machinery, and manufacturing process used, which liability exposure of the risk is being assessed?

- A. Professional
- B. Premises
- C. Contractual
- D. Current

**Answer: D**

Explanation:
The correct answer is A. Current . The wording points to current operations liability exposure. When a broker researches a business profile, reviews its website, and asks about supplies, machinery, and manufacturing processes, the broker is trying to understand what the business is currently doing and how those operations may injure third parties or damage their property. Current operations exposure includes the risk arising from ongoing business activities, such as manufacturing, processing, handling raw materials, operating machinery, moving goods, using hazardous substances, or interacting with customers and suppliers.
Premises liability focuses mainly on hazards connected with the insured location, such as slip and fall risks, building condition, access, lighting, and maintenance. Contractual liability focuses on obligations assumed under contracts, indemnity agreements, leases, or service agreements. Professional liability concerns errors in specialized advice or professional services. The facts in this question are operational: supplies, machinery, and manufacturing process. These are not mainly premises, contract, or professional issues. The broker is assessing the liability arising from the insured's current business operations. Course topic reference:

Liability; Analyzing Risk Exposures; Current Operations Liability; Manufacturing Process and Operational Hazards .

**NEW QUESTION # 58**
What does pure risk entail?

- A. Chance of profit without loss
- B. Chance of loss without gain
- C. Either gain or loss
- D. Only gain

**Answer: B**

Explanation:
The correct answer is D. Chance of loss without gain . Pure risk is a fundamental risk management concept.
It describes a situation where the possible outcomes are loss or no loss, but not profit. Examples include fire damaging a building, theft of property, a customer slipping and falling, machinery breaking down, or an employee being injured. In each case, the insured can suffer a loss, or nothing may happen, but the event does not create a chance of financial gain. This differs from speculative risk, where there is a chance of gain, loss, or no change, such as investing in a business venture or buying stock. Insurance is generally designed to deal with pure risk because the risk can be measured, pooled, priced, and transferred. Option A is impossible in a risk context because risk involves uncertainty, not only gain. Option B describes speculative risk. Option C describes a gain-only situation, which is not an insurable risk. Brokers must understand pure risk because commercial insurance programs are built around identifying and financing pure loss exposures. Course topic reference: Risk Management; Pure Risk; Speculative Risk; Insurable Risk; Commercial Exposure Analysis .

**NEW QUESTION # 59**
Which phrase will best help an intermediary close a sale, after presenting the proposal to a client?

- A. "Do you have any objections?"
- B. "Would you like to insure with our company?"
- C. "Which day would you like the payment plan to start?"
- D. "How does our proposal compare to your current coverage?"

**Answer: C**

Explanation:
The correct answer is B. "Which day would you like the payment plan to start?" This is an example of an assumptive close. After the intermediary has analyzed the client's needs, presented the insurance proposal, answered questions, and explained the value of the recommendation, the next step is to move the client toward a decision. An effective closing question should assume that the client is ready to proceed and should guide the discussion toward implementation. Asking which day the payment plan should start moves the conversation from general consideration to practical execution. Option A is weak because asking about objections may invite resistance and shift the client into a negative frame. Option C is a direct yes-or-no question, which gives the client an easy opportunity to decline. Option D may be useful during the discussion stage, but it does not close the sale. In commercial insurance, closing professionally means helping the client act on a suitable recommendation, not pressuring them. The payment-plan question is practical, clear, and action-oriented. Course topic reference: Introduction to Commercial Insurance; Client Communication; Sales Process; Presenting and Closing Proposals .

**NEW QUESTION # 60**
A company that owns several large coal mines is sent a letter of notification from its insurer, stating that policy coverage will be more restrictive going forward, particularly regarding pollution. Why would the coverage become more restrictive?

- A. Reduction in mandatory arbitration
- B. Changes in the law
- C. Decrease in remediation expenses
- D. Insurer competition

**Answer: B**

Explanation:

The correct answer is A. Changes in the law . Coal mining creates significant environmental and pollution exposures, including contamination, runoff, tailings, emissions, remediation obligations, and regulatory compliance issues. If laws change, insurers may respond by restricting coverage because the legal cost of pollution events can increase sharply. New legislation may expand liability, impose stricter cleanup standards, increase penalties, require broader remediation, or make insureds responsible for environmental damage that was previously less regulated. Insurers must modify policy terms when external conditions change the nature or cost of the risk. This can lead to pollution exclusions, sublimits, higher deductibles, stricter reporting conditions, or separate environmental impairment liability requirements. Insurer competition would more likely broaden terms in a soft market, not restrict pollution coverage. A decrease in remediation expenses would reduce concern, not increase restrictions. Mandatory arbitration is not the central reason for pollution coverage changes. The key trigger is that legal and regulatory changes can materially increase the insurer's exposure. Course topic reference: Monitoring and Modifying the Risk Management Plan; Environmental Risk; Pollution Exclusions; Legal and Regulatory Change .

**NEW QUESTION # 61**

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