

# 100% Pass Quiz 2026 IIC High-quality C11: New Principles and Practice of Insurance Practice Questions

## C11 Principles and Practice of Insurance

Areas of regulation for Intermediaries - ✓✓ Q-ualifaction (must pass test)

O-peration of business (must follow requirements)

L- icences - Must have license

L- icense Renewal - Renewed annual

The Categories of insurance: - ✓✓ 1) Social

-Workers Compensation

2) Life and Health

Life, accident and sickness, and disability.

3) General property/casualty insurance

Personal Property

Boiler and Machinery

Automobile

Commercial property

Crime

Business interruption

Liability

Aviation

Marine

Inland Transport

Main functions of insurance - ✓✓ 1.) Spread of risk - volume, diversity of risk, location

2.) Security - Peace of mind

3.) Credit - Individuals, banks

4.) Capital - Premium investments

5.) Employment - Insurance creates jobs

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This version of the practice exam is suitable for individuals who are comfortable in practicing for the exam online. This software contains all the features we have discussed above in the paragraph of the desktop version. TestkingPDF online practice test frees you from hassles of installing software and plugins. You can use this format of the IIC C11 Mock Exam on any operating system, and it is accessible via these browsers: Opera, Safari, Chrome, Firefox, MS Edge, and Internet Explorer.

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>> New C11 Practice Questions <<

## Free PDF Quiz 2026 Fantastic C11: New Principles and Practice of Insurance Practice Questions

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the Principles and Practice of Insurance (C11) certification exam and put all your efforts to pass this challenging C11 exam with good scores. However, you should keep in mind that to get success in the C11 certification exam is not a simple and easy task.

## IIC Principles and Practice of Insurance Sample Questions (Q21-Q26):

### NEW QUESTION # 21

Who has authority from a company to manage that company's business within their territory, to appoint other agents, and to settle claims?

- A. Wholesaler
- B. Operating agent
- C. Analyst
- **D. General agent**

**Answer: D**

Explanation:

A general agent is an individual or business entity that receives broad authority from an insurer to operate on its behalf within a designated geographic territory. This authority typically includes the power to manage the insurer's business, appoint sub-agents, oversee production, and settle certain types of claims within their delegated limits. In the traditional agency system in Canada, general agents act as intermediaries between the insurer and local agents, ensuring proper distribution of policies and adherence to underwriting rules.

This role is distinct from analysts, who do not hold managerial or appointment authority, and from wholesalers, whose function is typically limited to distributing insurance products to brokers rather than supervising an insurer's operations. Operating agents may have administrative duties but do not hold the broad binding and claim-settlement authority that defines a general agent. Thus, the only option that correctly matches the described authority structure is General agent.

### NEW QUESTION # 22

Why does the Office of the Superintendent of Financial Institutions (OSFI) control the types of investments insurers are allowed to make?

- A. To maximize industry profits
- B. To minimize industry indemnifications
- **C. To minimize insurers' investment loss exposures**
- D. To maximize insurers' returns on investments

**Answer: C**

Explanation:

OSFI regulates federally incorporated insurers to ensure they remain solvent and financially stable so they can pay claims. One of the key regulatory tools is restricting or monitoring insurers' investment portfolios. By controlling the types of investments insurers may purchase, OSFI aims to reduce exposure to excessive investment risks, ensuring that insurers do not jeopardize policyholder funds through speculative or volatile investments.

Option A is incorrect-OSFI's mandate is consumer protection, not profit maximization.

Option B is incorrect because indemnification amounts depend on claims, not investment rules.

Option C is incorrect-while returns are important, OSFI's priority is safety, not maximizing yield.

Thus, the correct purpose is D: minimizing insurers' investment loss exposures to protect policyholders and maintain financial stability.

### NEW QUESTION # 23

What does the term "subject of insurance" refer to?

- A. The type of wording applicable to the policy
- B. The perils associated with the risk
- **C. The thing being insured**
- D. The company providing the coverage

**Answer: C**

Explanation:

The subject of insurance is the property, person, or legal liability exposure that is being insured. This is the central object of the policy- what the insurer agrees to indemnify or protect. For example, a house in a homeowner's policy, a vehicle in an automobile policy, or a person's life in a life insurance contract.

Identifying the subject of insurance is essential because underwriting, policy wordings, rates, and coverage conditions all revolve around what is being insured.

Option B refers to perils, which are the causes of loss, not the insured item. Option C refers to the insurer itself and is unrelated to the definition. Option D refers to policy language but not the underlying exposure.

Thus, the correct meaning of the term is A: the thing being insured.

#### NEW QUESTION # 24

How are staff adjusters and independent adjusters similar?

- A. Both are licensed only in Quebec and New Brunswick
- B. Neither has any limitation on their authority to settle claims
- C. Neither is allowed to perform an investigation
- D. Both work on behalf of, and are paid by, the insurer

**Answer: D**

Explanation:

This question is identical to Question 25, so the correct answer and reasoning are the same. Whether an adjuster is a staff employee or an independent contractor, they are hired to represent the insurer in the claims process. They are both compensated by the insurer- staff adjusters through salary and benefits, independent adjusters through fees or billing arrangements. Both must meet licensing requirements established by provincial regulatory bodies, conduct investigations, and report their findings to the insurer. They are also both subject to authority limits on claim settlement.

Thus, the only option that correctly reflects their similarity is B: both serve and are paid by insurers.

#### NEW QUESTION # 25

Tame Insurance Company recently decided to terminate its broker agreement with XYZ Insurance Brokers.

Which situation would likely have resulted in this termination?

- A. XYZ Insurance Brokers did not keep handled premiums in a trust account and instead used them to pay expenses
- B. XYZ Insurance Brokers did not remit commissions owed to the insurer immediately after issuing a policy
- C. Tame Insurance Company provided quotes on all applications received from the broker
- D. Tame Insurance Company set a standard deductible for certain classes of business

**Answer: A**

Explanation:

Brokers are legally and ethically required to keep premiums in a trust account, separate from operating funds.

These trust monies belong to insurers (or insureds, depending on the context) until remitted. Misusing trust funds- such as using them to pay operating expenses- is considered a serious breach of fiduciary duty and a violation of insurance regulatory requirements. Such conduct jeopardizes financial integrity and can lead to immediate termination of the broker contract, regulatory sanctions, or license revocation. Therefore, option D reflects a valid and serious reason for terminating the agreement.

Option A concerns underwriting rules, not broker misconduct. Option B actually reflects good insurer service, not grounds for termination. Option C is incorrect because brokers do not owe commissions to insurers- insurers pay commissions to brokers. The broker's responsibility is to remit collected premiums, not commissions.

Thus, the only option representing a breach serious enough to terminate an agency contract is D.

#### NEW QUESTION # 26

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