



Chartered  
Insurance  
Institute

# I11

## Certificate in Insurance

### Unit 11 – Introduction to risk management

Based on the 2024 syllabus  
examined from 1 January 2024 until 31 December 2024

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### Published in October 2023 by:

The Chartered Insurance Institute

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# Unit 11 – Introduction to risk management

**Based on the 2024 syllabus examined from 1 January 2024 until 31 December 2024**

## Introduction

This examination guide has been produced by the Qualifications and Assessment Department at the Chartered Insurance Institute to assist students in their preparation for the I11 examination. It contains a specimen examination with answer key.

Ideally, students should have completed the majority of their studies before attempting the specimen examination. Students should allow themselves two hours to complete the examination. They should then review their performance to identify areas of weakness on which to concentrate the remainder of their study time.

Although the specimen examination in this guide is typical of an I11 examination, it should be noted that it is not possible to test every single aspect of the syllabus in any one particular examination. To prepare properly for the examination, candidates should make full use of the tuition options available and read as widely as possible to ensure that the whole syllabus has been covered. They should also endeavour to keep as up-to-date as possible with developments in the industry by reading the periodicals listed in the I11 reading list, which is located on the syllabus in this examination guide and on the CII website at [www.cii.co.uk](http://www.cii.co.uk).

## Background Information

CII examination questions undergo a rigorous writing and editing process before reaching an examination. The questions are written to strict guidelines by practitioners with relevant technical knowledge and experience. Questions are very carefully worded to ensure that all the information required to answer the question is provided in a clear and concise manner. They are then edited by an independent panel of experienced practitioners who have been specifically trained to ensure that questions are technically correct, clear and unambiguous. As a final check, each examination is scrutinised by the Senior Examiner and a CII assessment expert.

Occasionally a question will require amendment after the examination guide is first published. In such an event, the revised question will be published on the CII website:

- 1) Visit [www.cii.co.uk/learning/qualifications/unit-introduction-to-risk-management-i11](http://www.cii.co.uk/learning/qualifications/unit-introduction-to-risk-management-i11)
- 2) Select 'exam guide update' on the right-hand side of the page

Candidates should also refer here for the latest information on changes to law and practice and when they will be examined.

## Syllabus

The I11 syllabus is published on the CII website at [www.cii.co.uk](http://www.cii.co.uk). **Candidates should note that the examination is based on the syllabus, rather than on any particular tuition material.** Of course, the CII tuition material will provide the vast majority of the information required to perform well in the examination, but the CII recommends that students consult other reference materials to supplement their studies.

Supporting information for the syllabus which contains a detailed overview of the areas covered can be found on the unit page. Select Supporting information for the 2024 syllabus on the right-hand side of the page.

## Skill Specification

The skill level tested in each examination question is determined by the syllabus. Each learning outcome specifies the level of skill required of candidates and thus the level at which candidates may be tested. Learning outcomes for I11 begin with *understand*.

*Understand* To answer questions based on understanding, the candidate must be able to link pieces of information together in cause-and-effect relationships. Typically questions may ask 'Why'. Questions set on an *understand* learning outcome can test either knowledge or understanding or both.

## Examination Information

The method of assessment for the I11 examination is 75 multiple choice questions. 2 hours are allowed for this examination.

The I11 syllabus provided in this examination guide will be examined from 1 January 2024 until 31 December 2024.

Candidates will be examined on the basis of English law and practice unless otherwise stated.

The general rule is that legislative and industry changes will not be examined earlier than 3 months after they come into effect.

A multiple choice question consists of a problem followed by four options, labelled A, B, C and D, from which the candidate is asked to choose the correct response. Each question will contain only one correct response to the problem posed.

One mark is awarded for each correct response identified by the candidate. No mark is awarded if the candidate either chooses an incorrect response, chooses more than one response or fails to choose any response. No marks are deducted for candidates choosing an incorrect response.

While no questions involve complex calculations, candidates are permitted to use calculators during the examination. If you bring a calculator into the examination room, it must be a silent battery or solar-powered non-programmable calculator. The use of electronic equipment capable of being programmed to hold alphabetic or numerical data and/or formulae is prohibited. You may use a financial or scientific calculator, provided it meets these requirements.

Candidates are permitted to make rough notes. Candidates are **not** permitted, in any circumstances, to remove any papers relating to the examination from the examination room.

## Examination Technique: Multiple Choice Questions

The best approach to multiple choice examinations is to work methodically through the questions.

The questions are worded very carefully to ensure that all the information required is presented in a concise and clear manner. It cannot be emphasised too strongly that understanding the precise meaning of the question is vital. If candidates miss a crucial point when reading the question it could result in choosing the wrong option. Candidates should read carefully through the question and all the options before attempting to answer.

Candidates should pay particular attention to any words in the question which are emphasised in bold type, for example, **maximum**, **minimum**, **main**, **most**, **normally** and **usually**. Negative wording is further emphasised by the use of capital letters, for example **NOT**, **CANNOT**.

Candidates should not spend too much time on any one question. If they cannot make up their mind, they should leave the question and come back to it later.

When all of the questions have been answered, it is prudent to use any remaining time to go through each question again, carefully, to double-check that nothing has been missed. Altering just one incorrect response to a correct response could make the difference between passing and failing.

## Before the Examination

Before sitting the examination, please visit the preparation page on the CII website to familiarise yourself with the different requirements for sittings via remote invigilation and at an exam centre [www.cii.co.uk/learning/qualifications/assessment-information/before-the-exam/](http://www.cii.co.uk/learning/qualifications/assessment-information/before-the-exam/)

## After the Examination

Rigorous checks are made to ensure the correctness of the results issued. A pre-defined quota of passes to be awarded does not exist. If all candidates achieve a score of at least the pass mark, then all candidates will be awarded a pass grade. Individual feedback on the candidate's examination performance is automatically provided and will indicate the result achieved and, for each syllabus learning outcome, the percentage of questions in the examination that were answered correctly.

# Introduction to risk management

## Objective

To provide knowledge and understanding of the basic elements of risk and the role of insurance within these principles.

Summary of learning outcomes	Number of questions in the examination
1. Understand the concept of risk.	21
2. Understand how risk can be identified and analysed.	12
3. Understand how risk can be evaluated.	10
4. Understand how risk can be treated.	16
5. Understand how risk is managed in practice.	12
6. Understand business continuity management.	4

## Important notes

- Method of assessment: 75 multiple choice questions (MCQs). 2 hours are allowed for this examination
- This syllabus will be examined from 1 January 2024 to 31 December 2024.
- The syllabus is examined on English law and practice unless otherwise stated
- This PDF document has been designed to be accessible through screen reader technology. If for accessibility reasons you require this document in an alternative format, please contact us at [online.exams@cii.co.uk](mailto:online.exams@cii.co.uk) to discuss your needs.
- Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:

1. Visit [www.cii.co.uk/qualifications](http://www.cii.co.uk/qualifications)
2. Select the appropriate qualification
3. Select your unit from the list provided
4. Select qualification update on the right hand side of the page

## 1. Understand the concept of risk.

- 1.1 Describe risk and its main components.
- 1.2 Explain the role of risk in society.
- 1.3 Describe risk perception.
- 1.4 Describe the effects of risk upon organisations.
- 1.5 Describe the main types of risk.
- 1.6 Describe the main categories of risk faced by an organisation.
- 1.7 Describe the main risks specific to insurance companies.

## 2. Understand how risk can be identified and analysed.

- 2.1 Describe risk information.
- 2.2 Describe the main techniques of risk identification.
- 2.3 Describe the main methods of collecting risk information.
- 2.4 Describe the main factors in risk analysis.

## 3. Understand how risk can be evaluated.

- 3.1 Describe how risk can be evaluated.
- 3.2 Describe the main evaluation factors.
- 3.3 Describe the use of risk registers.

## 4. Understand how risk can be treated.

- 4.1 Describe the main ways in which risk can be treated.
- 4.2 Describe the main types of risk control.
- 4.3 Describe how and why risk may be spread.
- 4.4 Describe the use of insurance in risk transfer.
- 4.5 Describe the other main types of risk transfer mechanism.
- 4.6 Describe how and why risk may be retained.

## 5. Understand how risk is managed in practice.

- 5.1 Describe the main risk management roles and responsibilities.
- 5.2 Describe the generic risk management process and the role of enterprise risk management (ERM).
- 5.3 Describe the risk management factors unique to insurance brokers.
- 5.4 Describe the main function of risk management service providers.

## 6. Understand business continuity management.

- 6.1 Describe the role of and standard approach to business continuity management (BCM).
- 6.2 Describe the main elements of the BCM process.

## Reading list

The following list provides details of further reading which may assist you with your studies.

**Note: The examination will test the syllabus alone.**

The reading list is provided for guidance only and is not in itself the subject of the examination.

The resources listed here will help you keep up-to-date with developments and provide a wider coverage of syllabus topics.

### CII study texts

Introduction to risk management. London: CII. Study text I11.

### Books and eBooks

Handbook of insurance. Georges Dionne. New York: Springer, 2013.\*

Handbook of the economics of risk and uncertainty. Mark Machina, W. Kip Viscusi. North Hollans, 2014.\*

Introduction to risk management and insurance. 10th ed. Mark S Dorfman, David A Cather. Upper Saddle River, New Jersey: Pearson Prentice Hall, 2013.

Principles of risk management and insurance. 14<sup>th</sup> ed. George E. Rejda, Michael J. McNamara. Pearson Education, 2021.

### eBooks

The following eBooks are available via [www.cii.co.uk/elibrary](http://www.cii.co.uk/elibrary) (CII/PFS members only):

A short guide to operational risk. David Tattam. Gower, 2011.

Enterprise risk management: a common framework for the entire organisation. Philip E.J. Green. Oxford: Butterworth-Heinemann, 2016.

Enterprise risk management: from incentives to controls. James Lam. 2nd ed. Hoboken: Wiley, 2013.

Ethics and risk management. Lina Svedin. Charlotte, NC: Information Age Publishing, 2015.

Fundamentals of risk management: understanding, evaluating and implementing effective risk management. Paul Hopkin, Kogan Page, 2014.

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\* Also available as an eBook through eLibrary via [www.cii.co.uk/elibrary](http://www.cii.co.uk/elibrary) (CII/PFS members only).



Fundamentals of enterprise risk management: how top companies assess risk, manage exposure and seize opportunity. John J. Hampton. New York: American Management Association, 2015.

Principles of risk analysis: decision making under uncertainty. 2<sup>nd</sup> ed. Charles E. Yoe. Boca Raton, Florida: CRC Press, 2019.

### **Journals and magazines**

Financial times. London: Financial Times. Daily. Available online at [www.ft.com](http://www.ft.com).

Post magazine. London: Incisive Financial Publishing. Monthly. Contents searchable online at [www.postonline.co.uk](http://www.postonline.co.uk).

The Journal. London: CII. Six issues a year.

### **Reference materials**

Concise encyclopedia of insurance terms. Laurence S. Silver, et al. New York: Routledge, 2010.\*

Dictionary of insurance. C Bennett. 2nd ed. London: Pearson Education, 2004.

### **Examination guide**

If you have a current study text enrolment, the current examination guide is included and is accessible via Revisionmate ([ciigroup.org/login](http://ciigroup.org/login)). Details of how to access Revisionmate are on the first page of your study text. It is recommended that you only study from the most recent version of the examination guide.

### **Exam technique/study skills**

There are many modestly priced guides available in bookshops. You should choose one which suits your requirements.

1. In respect of controllability, an individual's perception of risk increases where the
  - A. outcome can be influenced.
  - B. outcome cannot be influenced.
  - C. premium is known.
  - D. premium is unknown.
  
2. Within an insurance company, which risk applies to the designing of policy wordings?
  - A. Accumulation.
  - B. Concentration.
  - C. Liquidity.
  - D. Underwriting.
  
3. What are the two **main** factors used to assess risk?
  - A. Cause and frequency.
  - B. Frequency and severity.
  - C. Reparation and cause.
  - D. Severity and reparation.
  
4. For an insurer, the analysis of a large number of homogeneous risks will **primarily** allow it to
  - A. assess risk levels objectively.
  - B. assess risk levels subjectively.
  - C. reinsure a greater proportion of risks.
  - D. retain a greater proportion of risks.
  
5. In terms of risk, a flood is **best** described as an example of a
  - A. contingency.
  - B. control.
  - C. hazard.
  - D. peril.
  
6. In the context of insurance, moral hazards **usually** arise from the
  - A. attitudes and behaviours of policyholders.
  - B. characteristics of the physical risk.
  - C. influence of external circumstances.
  - D. security measures used to protect property.
  
7. What **key** factor has increased societal risk in the last decade?
  - A. Financial stability.
  - B. Regulatory intervention.
  - C. Risk perception.
  - D. Workforce migration.

8. When an individual makes a decision in relation to risk, what does the anchoring effect mean?
- A. An individual's risk appetite should always be aligned with his peers.
  - B. The first piece of information received by an individual may disproportionately influence the decision.
  - C. The last piece of information received by an individual will always disproportionately influence the decision.
  - D. Risk can only be measured by an individual against a fixed point of reference.
9. An insurer has set new underwriting limits in respect of a particular class of business. This decision is **usually** described as part of which component of risk?
- A. Hedging.
  - B. Mapping.
  - C. Tolerance.
  - D. Transfer.
10. A healthy risk culture in an organisation can be demonstrated by
- A. clear messages on acceptable levels of risk.
  - B. delayed decision-making on risk issues.
  - C. no audit checks being necessary.
  - D. rising profitability and demand for its products.
11. Following a risk evaluation exercise a manufacturing company decided to double the size of the deductible under its property insurance policy. How is this **best** explained in terms of the company's risk position?
- A. Risk retention has increased.
  - B. Risk retention has reduced.
  - C. The risk of an insured event occurring has increased.
  - D. The risk of an insured event occurring has reduced.
12. In respect of a pure risk, the **best** outcome for an individual is
- A. no change in the current situation.
  - B. a reduction in the cost of insurance.
  - C. a profit arising from a risk event.
  - D. a loss arising from a risk event.
13. A **key** aspect of fundamental risk is that it affects
- A. companies.
  - B. individuals.
  - C. large groups of people.
  - D. localised areas.

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14. A company has lost business as a result of marketing its products at the wrong target markets. This is an example of which **main** type of risk?
- A. Financial.
  - B. Market.
  - C. Strategic.
  - D. Upside.
15. In respect of risk management, foreign exchange rate fluctuation is a type of
- A. financial risk.
  - B. infrastructure risk.
  - C. operational risk.
  - D. reputational risk.
16. The possibility that one party in a contract will fail to meet its contractual payment obligations to the other party is **normally** an example of
- A. compliance risk.
  - B. concentration risk.
  - C. default risk.
  - D. outsourcing risk.
17. An insurer is subject to a cyber-attack which causes a short-term system failure for a few hours. This is **primarily** an example of
- A. compliance risk.
  - B. legal risk.
  - C. operational risk.
  - D. regulatory risk.
18. Boundary risk in a company is **best** described as a risk that
- A. affects its cross-border operations.
  - B. is at the upper limit of its risk appetite.
  - C. is difficult to categorise.
  - D. is always the responsibility of more than one risk manager.
19. A firm actively takes measured risks so that it can profit from any upside. This is an example of
- A. credit risk.
  - B. financial risk.
  - C. opportunity risk.
  - D. strategic risk.
20. In respect of an individual policy of insurance, a **key** component of reserving risk relates to
- A. any likelihood of errors in the policy wording.
  - B. the certainty with which multiple claims will occur under the policy.
  - C. the uncertainty over the cost of any claim.
  - D. whether the risk is homogeneous or heterogeneous.

21. When a person accepts a risk voluntarily, their perception of the risk will **normally**
- A. increase.
  - B. decrease.
  - C. become easier to quantify.
  - D. become harder to quantify.
22. An organisation is considering its risks at the inherent level. This confirms that it is assuming that
- A. controls and precautions will work satisfactorily.
  - B. controls and precautions will fail to work.
  - C. the cost of risk control is economic.
  - D. the cost of risk control is uneconomic.
23. Within an organisation, the risk team will **normally** use risk codes to quantify risk where the risk
- A. cannot be quantified in financial terms.
  - B. can only be quantified using historical data.
  - C. has been fully retained.
  - D. has been fully transferred.
24. Within a manufacturing company's risk assessment process, one of the **key** purposes of risk information is to
- A. assess the frequency of future risk events.
  - B. help the company's management make better decisions.
  - C. improve engagement with the company's suppliers.
  - D. remove the requirement for internal audits.
25. A large retailer is **likely** to consider the use of business process analysis as part of its
- A. health and safety procedures.
  - B. internal compliance function.
  - C. risk identification procedures.
  - D. risk transfer contracts.
26. Within an organisation that has established the context of its risk management process, the next step is to
- A. eliminate the risks.
  - B. find the risks.
  - C. insure the risks.
  - D. transfer the risks.
27. A building society is considering lending against a property. It would **most likely** assess the suitability of the property with the use of
- A. a building survey.
  - B. a claims flow chart.
  - C. a risk register.
  - D. telematics.

28. Which type of risk identification technique involves organising meetings of subject experts to discuss particular areas of risk?
- A. Dependency chart.
  - B. External audit.
  - C. Fault tree.
  - D. A workshop.
29. A risk report carried out by an insurance surveyor will contain recommendations on risk
- A. control.
  - B. governance.
  - C. modelling.
  - D. statistics.
30. An organisation is categorising its risk information. How would it define information relating to facts?
- A. Objective.
  - B. Quantitative.
  - C. Static.
  - D. Subjective.
31. What method does a motor insurer employ to continuously monitor insured risks during a policy period?
- A. Proposal forms.
  - B. Risk modelling.
  - C. Risk surveys.
  - D. Telematics.
32. A business recently suffered from a major power outage. The **most likely** risk identification method it would use to identify the possible underlying cause is
- A. contingency planning.
  - B. external audit.
  - C. organisational chart review.
  - D. root cause analysis.
33. When the risk controls within a firm are operating effectively, this will be an example of
- A. fundamental risk.
  - B. inherent risk.
  - C. pure risk.
  - D. residual risk.
34. A **main** purpose of a risk register within an organisation is to
- A. increase the level of risk appetite within the organisation.
  - B. increase the level of risk tolerance within the organisation.
  - C. record the details of all risk events that have occurred within the organisation.
  - D. record the various types of risks to which the organisation is exposed.

35. What is the **main** purpose of a scorecard in relation to the risk management process?
- A. It allows the costs of a risk mitigation programme to be assessed.
  - B. It compares risk appetite between peer companies.
  - C. It facilitates the identification and classification of risks.
  - D. It quantifies the effectiveness of risk controls and precautions.
36. An organisation would **typically** present its risk register to key stakeholders to demonstrate that
- A. all the risks set out in the register have been eliminated.
  - B. any emerging risks in the future will automatically be included.
  - C. it has undertaken an assessment of the relevant risks.
  - D. it accepts all the risks set out within the register.
37. A **key** benefit to an organisation of managing its risks via a web-based database is that
- A. automated reminders can be sent out to review existing risks.
  - B. risk priorities can be edited by any member of staff.
  - C. it removes the requirement to use detective risk controls.
  - D. it will always reduce the premiums on all insured risks.
38. During which stage of the risk management process should the opportunity to profit from risks **usually** be considered?
- A. Analysis.
  - B. Establishment.
  - C. Evaluation.
  - D. Treatment.
39. Within an organisation, the **best** definition of risk evaluation is
- A. assessing the uncertainty of risk events.
  - B. identifying which risks are acceptable.
  - C. identifying which risks exist.
  - D. predicting the frequency of risk events.
40. A waste disposal organisation that fails to implement new safety regulations increases its exposure to
- A. fundamental risk.
  - B. homogeneous risk.
  - C. legal risk.
  - D. pure risk.
41. When considering the methods of classifying risk, an example of an external risk to a catering company would be
- A. cashflow forecasts.
  - B. competition levels.
  - C. health and safety.
  - D. staff retention.

42. Within an organisation's risk register, the **main** function of a risk owner is to
- A. eliminate the likelihood of losses.
  - B. ensure prescribed actions are completed.
  - C. recommend remedial actions.
  - D. recover any losses suffered.
43. A risk assessment is considered to be the result of risk identification and which two other factors?
- A. Acceptance and ownership.
  - B. Analysis and evaluation.
  - C. Analysis and information.
  - D. Evaluation and acceptance.
44. To mitigate the financial consequences of negligent advice, insurance brokers obtain
- A. employers' liability insurance.
  - B. product guarantee insurance.
  - C. product liability insurance.
  - D. professional indemnity insurance.
45. An organisation wants to avoid any loss from an identified risk. Which decision would it make in respect of the risk?
- A. Control.
  - B. Elimination.
  - C. Retention.
  - D. Transfer.
46. The type of risk transfer contract between two parties that releases one party from legal claims is known as a
- A. disclaimer.
  - B. guarantee.
  - C. hold harmless agreement.
  - D. surety agreement.
47. A services business establishes a dedicated fund to pay for losses from specific risks. This is an example of which method of risk financing?
- A. Contingency reserve.
  - B. Current reserve.
  - C. Internal risk.
  - D. Non-replacement.
48. A retail store has installed video surveillance cameras. This represents an example of risk
- A. control.
  - B. elimination.
  - C. tolerance.
  - D. transfer.



49. A retail company bought fidelity guarantee insurance because it was concerned about the risk of internal fraud. This represents an example of risk
- A. control.
  - B. elimination.
  - C. retention.
  - D. transfer.
50. A **key** benefit that may follow from retaining a risk rather than eliminating it is a
- A. potential for upside return.
  - B. reduction in residual risk.
  - C. reduction in risk appetite level.
  - D. removal of risk controls.
51. When deciding which risk control to implement, a company would consider what **key** factor about the control?
- A. Cost.
  - B. Delay.
  - C. Perception.
  - D. Trust.
52. When considering preventive controls, what **key** factor **normally** makes physical barriers more effective than natural barriers?
- A. Cost.
  - B. Implementation.
  - C. Reliability.
  - D. Staff tolerance.
53. What is the purpose of a directive control?
- A. To enhance the effectiveness of an existing control.
  - B. To identify the existence of an unwanted occurrence.
  - C. To make people behave in a particular manner.
  - D. To mitigate the effects of an adverse event.
54. Where a company separates the duties of two groups of staff within the same department, this is **normally** described as which type of risk control?
- A. Corrective.
  - B. Detective.
  - C. Directive.
  - D. Preventive.
55. At what stage of the risk management process are corrective controls implemented?
- A. Before a loss has occurred.
  - B. After a loss has occurred.
  - C. Before introducing preventive controls.
  - D. During risk identification.

56. An organisation that seeks to manage the volatility of the price it pays for raw materials would **typically** use which risk management method?
- A. Accumulating.
  - B. Borrowing.
  - C. Hedging.
  - D. Reserving.
57. Catastrophe bonds offer which **key** benefit to insurers?
- A. The risk can be spread more widely.
  - B. They are the cheapest method of reinsurance.
  - C. They are the most profitable type of insurance contract.
  - D. They eliminate all the risk to the insurer.
58. A large company addresses some of its risks by adopting a formal self-insurance approach. This is **most likely** to involve
- A. establishing a captive arrangement.
  - B. establishing a hold harmless agreement.
  - C. purchasing a catastrophe bond.
  - D. reducing its policy deductibles.
59. A detective control is designed to identify risk at what stage(s) of the risk management process?
- A. Only before a risk has occurred.
  - B. At all stages of the risk management process.
  - C. Only after a risk has occurred.
  - D. Both before and after a risk has occurred.
60. An organisation absorbs the loss of obsolete assets from its operating income without making any provision to cover them. Which method of risk financing is this known as?
- A. Contingency reserve.
  - B. Current reserve.
  - C. Internal risk.
  - D. Non-replacement.
61. Within a FTSE-100 listed bank, in respect of corporate governance the chief risk officer would **normally** report to the
- A. chief executive officer.
  - B. chief financial officer.
  - C. director of human resources.
  - D. senior independent director.
62. In respect of negotiating an insurance claim, a loss assessor acts for which party(ies)?
- A. The policyholder only.
  - B. The insurance company only.
  - C. The policyholder and the insurance company jointly.
  - D. The insurance company and the third party claims administrator jointly.

63. A **key** benefit of enterprise risk management is that it accepts risk-taking in order to
- A. analyse individual risks in isolation.
  - B. gain a commercial advantage.
  - C. increase the premiums paid to insurers.
  - D. manage all risks on a reactive basis.
64. To ensure an independent view is considered before a large firm makes a **key** strategic decision, the firm should consult its
- A. chief risk analyst.
  - B. chief risk officer.
  - C. corporate governance committee.
  - D. non-executive directors.
65. Following receipt of a claim, an insurer is reviewing the reinstatement sum insured of a policyholder's factory premises. Which external agent would the insurer appoint?
- A. An appraisal and valuation specialist.
  - B. A business continuity management specialist.
  - C. A corporate governance consultant.
  - D. A risk management consultant.
66. For what reason would an insurance broker review an insurer's financial strength?
- A. To assess the insurer's underwriting policy.
  - B. To determine the insurer's ability to pay claims.
  - C. To guarantee the prompt payment of claims.
  - D. To identify which insurer will have the lowest premiums.
67. For a company that operates on an international basis, a **key** benefit of enterprise risk management is
- A. a common approach to risk management.
  - B. increased competitive advantage in all markets.
  - C. a need for risk management at local level only.
  - D. reduced regulatory reporting requirements.
68. Risk analysts engaged by an insurer are involved in supplying
- A. business process analysis.
  - B. claims management.
  - C. statistical output.
  - D. thought leadership.
69. Within an insurance company, who is **ultimately** responsible for setting the company's level of risk appetite?
- A. The actuaries.
  - B. The board of directors.
  - C. The compliance manager.
  - D. The underwriters.

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70. In respect of an errors and omissions risk, an insurance broker on an insurance risk will **most likely** be exposed to a potential claim from which party?
- A. The actuary.
  - B. The insured.
  - C. The insurer.
  - D. The reinsurer.
71. A **key** reason why a supplier would adopt a business continuity plan would be to
- A. demonstrate resilience to its customers.
  - B. ensure risk management is embedded in its operations.
  - C. increase the deductibles under its insurance arrangements.
  - D. prevent the need for risk controls.
72. Following a major incident, a business continuity plan is **primarily** designed to
- A. identify the cause.
  - B. mitigate the impact.
  - C. prevent future recurrence.
  - D. provide directive controls.
73. What is **normally** considered to be the **primary** aim of the continuity planning component of a business continuity management programme?
- A. Recovering the losses incurred from a major accident.
  - B. Returning to normal operations as quickly as possible.
  - C. Reducing the likelihood of an undesired event occurring.
  - D. Monitoring the impact of a crisis situation.
74. In respect of business continuity plans, the final component is **typically**
- A. business relocation.
  - B. continuity planning.
  - C. recovery planning.
  - D. crisis management.
75. What **key** consideration would lead a UK listed company to adopt business continuity planning?
- A. It demonstrates engagement with shareholders.
  - B. It is a mandatory requirement of the UK Corporate Governance Code.
  - C. Some risk events can only be insured through retention.
  - D. Some risk events cannot be prevented or insured.

## Specimen Examination Answers and Learning Outcomes Covered

Question	Answer	Learning Outcome	Question	Answer	Learning Outcome	Question	Answer	Learning Outcome
<b>Learning Outcome 1</b>			<b>Learning Outcome 3</b>			<b>Learning Outcome 5</b>		
1	B	1.3	36	C	3.3	61	A	5.1
2	D	1.7	37	A	3.3	62	A	5.4
3	B	1.1	38	C	3.1	63	B	5.2
4	A	1.7	39	B	3.1	64	D	5.1
5	D	1.1	40	C	3.2	65	A	5.4
6	A	1.1	41	B	3.1	66	B	5.3
7	D	1.2	42	B	3.3	67	A	5.2
8	B	1.3	43	B	3.1	68	C	5.4
9	C	1.4	<b>8 Questions</b>			69	B	5.1
10	A	1.4				70	B	5.3
11	A	1.4	<b>Learning Outcome 4</b>			<b>10 Questions</b>		
12	A	1.5	44	D	4.4			
13	C	1.5	45	B	4.1	<b>Learning Outcome 6</b>		
14	C	1.6	46	C	4.5	71	A	6.1
15	A	1.6	47	C	4.6	72	B	6.1
16	C	1.6	48	A	4.1	73	B	6.2
17	C	1.6	49	D	4.1	74	C	6.2
18	C	1.6	50	A	4.1	75	D	6.1
19	C	1.6	51	A	4.2	<b>5 Questions</b>		
20	C	1.7	52	C	4.2			
21	B	1.3	53	C	4.2			
<b>21 Questions</b>			54	D	4.2			
			55	B	4.2			
<b>Learning Outcome 2</b>			56	C	4.3			
22	B	2.4	57	A	4.5			
23	A	2.4	58	A	4.6			
24	B	2.1	59	C	4.2			
25	C	2.2	60	D	4.6			
26	B	2.1	<b>17 Questions</b>					
27	A	2.2						
28	D	2.2						
29	A	2.4						
30	A	2.1						
31	D	2.2						
32	D	2.2						
33	D	2.4						
34	D	2.3						
35	C	2.4						
<b>14 Questions</b>								