

33. What is meant by consideration in the context of a valid contract between two parties?
- A. Each party's duty to act fairly towards the other.
 - B. Each party's duty to act with good faith.
 - C. Each party's legal capacity to enter into the contract.
 - D. Each party's side of the bargain which supports the contract.

Key Option: D

Learning Outcome: 5.3

46. The duty of good faith is applied to insurance contracts because it is deemed that
- A. the proposer has more knowledge of the risk than the underwriter.
 - B. the underwriter has more knowledge of the risk than the proposer.
 - C. the proposer and underwriter have equal knowledge of the risk.
 - D. both the proposer and the underwriter are required to increase their knowledge of the risk.

Key Option: D

Learning Outcome: 7.1

48. In terms of the duty of fair presentation, what is the difference between a personal private medical insurance policy and a motor insurance policy, if any?
- A. There is no difference.
 - B. It only applies at inception for the motor insurance policy.
 - C. It only applies at inception for the private medical insurance policy.
 - D. It applies continuously for the private medical insurance policy.

Key Option: A

Learning Outcome: 7.3

54. Relevant facts are considered by an underwriter to
- A. analyse the likely frequency and severity of catastrophic events that might impact on a class of business.
 - B. assess the level of risk of an insurance proposal to determine the cover that can be offered and at what premium.
 - C. negotiate and settle a claim made by the insured under an insurance policy.
 - D. provide the statistical analysis required to comply with reporting requirements to the industry regulator.

Key Option: B

Learning Outcome: 7.4

56. Who, if anyone, has a duty of fair presentation when a commercial insurance policy is renewed?
- A. The duty of fair presentation does not apply at renewal.
 - B. The insurer only.
 - C. The policyholder only.
 - D. Both the insurer and the policyholder.

Key Option: D

Learning Outcome: 7.2

- 84.** An approved person is an individual who **must**
- A.** describe the essential elements of a valid contract.
 - B.** explain the consequences of non-disclosure or misrepresentation of relevant information.
 - C.** identify and distinguish between indemnity and benefit policies.
 - D.** perform one or more controlled functions.

Key Option: D

Learning Outcome: 11.6