Introduction to the Canadian Insurance Industry

Insurance Studies · Answer Key · 10 Questions

1. What is the primary role of the Office of the Superintendent of Financial Institutions (OSFI)?

A) Licensing insurance brokers
B) Regulating the financial soundness of insurers
C) Managing consumer complaints
D) Setting insurance premiums

2. What does the term 'fiduciary' mean in the context of insurance?

A) An insurer's legal right to reject claims
B) A position of special trust in handling funds
C) The ability to sell products across provinces
D) A government tax on insurance companies

3. Which federal act prohibits banks from tying the sale of insurance to other financial products?

A) Insurance Companies Act
B) Financial Consumer Agency of Canada Act
C) Bank Act
D) Consumer Protection Act

4. What is the main mandate of the Canadian Council of Insurance Regulators (CCIR)?

A) To sell insurance products to the public
B) To harmonize insurance regulations across Canada
C) To act as a legal representative for brokers
D) To set interest rates for banks

5. In an independent brokerage channel, who owns the business produced?

A) The insurer
B) The insurance broker
C) The brokerage
D) The government

6. What happens if a broker exceeds their limit of binding authority as defined in the agency agreement?

A) The insurer is always liable
B) The broker is automatically fired
C) The brokerage may be responsible for the loss
D) The contract becomes void

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7. Who is considered the 'first party' in an insurance contract?

A) The insurer
B) The broker
C) The insured
D) The regulator

8. What is the function of the Property and Casualty Insurance Compensation Corporation (PACICC)?

A) To regulate insurance broker ethics
B) To respond to losses if an insurer becomes insolvent
C) To provide legal advice to consumers
D) To set standardized insurance rates

9. Which organization provides neutral mediation for consumer disputes with insurers?

A) OSFI
B) General Insurance OmbudService (GIO)
C) PACICC
D) Insurance Bureau of Canada (IBC)

10. What is the primary difference between proprietary and non-proprietary insurers?

A) Proprietary insurers are always larger
B) Proprietary insurers aim for profit, while non-proprietary are owned by policyholders
C) Non-proprietary insurers are illegal in Canada
D) Proprietary insurers do not pay taxes

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