

**EXAM 6 – CANADA, SPRING 2015**

1. (1 point)

a. (0.5 point)

Briefly describe two ways that Canadian insurance legislation promotes solvency.

b. (0.5 point)

Identify two insurance contract matters under Canadian provincial jurisdiction.

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**EXAM 6C SPRING 2015 SAMPLE ANSWERS AND EXAMINER'S REPORT**

<b>QUESTION 01</b>	
<b>TOTAL POINT VALUE: 1</b>	<b>LEARNING OBJECTIVE: A1 for both parts</b>
<b>SAMPLE ANSWERS (BY PART, AS APPLICABLE)</b>	
<b>Part a: 0.5 point</b>	
<p>Any two of the following received full credit:</p> <ul style="list-style-type: none"> <li>• By controlling the creation of domestic insurers and licensing foreign insurers</li> <li>• By limiting the types of investments insurers could make</li> <li>• By providing for the periodic filing of financial information</li> <li>• By giving a government department authority to ensure compliance</li> <li>• Creation or recognition of rating bureaus to improve the actuarial soundness of underwriting decisions</li> <li>• In the case of a few provinces, the creation of administrative boards to encourage minimum or adequate rates which were reasonable and non-discriminatory</li> <li>• Impose requirements for entering the insurance market</li> <li>• Company are required to file MCT and DCAT which help assessing the financial soundness of the company</li> <li>• Control the investment activities of the insurers.</li> </ul>	
<b>Part b: 0.5 point</b>	
<p>Any two of the following received full credit:</p> <ul style="list-style-type: none"> <li>• Contents of insurance policy</li> <li>• Insurable interest</li> <li>• Contract taking effect</li> <li>• Payment of premiums</li> <li>• Duty to disclose</li> <li>• Incontestability</li> <li>• Reinstatement</li> <li>• Designation of beneficiaries</li> <li>• Insured dealing with the contract</li> <li>• Policy terms</li> <li>• Contract provisions</li> </ul>	
<b>EXAMINER'S REPORT (BY PART, AS APPLICABLE)</b>	
<ul style="list-style-type: none"> <li>• Candidates performed much better on part A than part B</li> </ul>	
<b>Part a</b>	
<ul style="list-style-type: none"> <li>• -</li> <li>• Most candidates received full credit for this part. Candidates who do not receive full credit were able to only identify one item. For candidates who put filing of MCT and filing of DCAT as two separate items, we considered as only one item as they are both relating to accessing the financial soundness of the company.</li> </ul>	

## EXAM 6C SPRING 2015 SAMPLE ANSWERS AND EXAMINER'S REPORT

<b>Part b</b>
<ul style="list-style-type: none"><li>• The most common error is to provide Insurance transaction matters instead of insurance contract matters. Some candidates answered policy wording instead of policy contents or policy terms. Others provided examples of contracts like auto policy or home policy.</li></ul>