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Mark Your Answers With a Dark Pencil

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CLAIMS TODAY! FINAL EXAM

1. Intentional losses are against _____.
 - A. Public policy
 - B. State ethics rules
 - C. The grain
 - D. Personal codes of ethics
2. There are many elements to a valid claim. To begin with, losses must be _____.
 - A. Over \$10,000
 - B. Under \$50,000
 - C. Fortuitous (by chance)
 - D. Perpetrated
3. Examples of moral hazards include which of the following:
 - A. Bad reputation / police record
 - B. Philandering / intoxication
 - C. Collusion / Fraudulent acts
 - D. All of the above
4. One of the objectives of a "medical examination" after a claim is to help determine
 - A. If allegations of the disability are true
 - B. If the alleged injuries resulted from the accident
 - C. The true extent of disability
 - D. All of the above
5. A drafting history contains detailed records of insurers regarding policies to seek
 - A. Who is responsible
 - B. The original meaning of policy terms
 - C. Subrogation
 - D. Fair warning
6. Reinsurance is often defined as insurance of
 - A. Insurance companies
 - B. The last resort
 - C. Primary defense
 - D. Latent abilities
7. The fiduciary duty of an agent prevents him from _____ other than what is stipulated or agreed.
 - A. Making a secret profit
 - B. Working late
 - C. Sharing his workload
 - D. Appointing with the lowest priced carrier
8. The Honeycutt vs Kendall case focuses on an agent's duty to
 - A. Provide full coverage
 - B. Notify client coverage is not available
 - C. Find the lowest premium
 - D. Inspect the insured's premises
9. A "first party" auto claim is a claim made by _____.
 - A. A third party
 - B. The policyholder against his own coverage
 - C. The first person involved in the accident
 - D. The most damaged party in a claim
10. Contributory negligence by a claimant in some states means he contributed to the accident and may
 - A. Collect nothing
 - B. Double his claim
 - C. Reduce his claim by half
 - D. Be underinsured
11. A fine arts floater _____ provide coverage on a worldwide basis.
 - A. Does not
 - B. Will
 - C. May
 - D. Will always
12. Many business contracts are "contracts of adhesion" where one party creates the terms of the contract and the other party _____.
 - A. Is exempt
 - B. Adheres to them
 - C. Makes their own terms
 - D. Negotiates different ones
13. Under a claims-made policy, both the damage or injury and the claim must be _____.
 - A. Made during the policy period
 - B. Filed at the same time
 - C. Filed within 10 years of policy expiration
 - D. Filed within 5 years of policy expiration
14. A disability is defined as a condition or diminished mental or physical function that adversely impacts the ability of an individual to
 - A. Move
 - B. Perform activities of daily living
 - C. Earn a livelihood
 - D. Make more money than before
15. In order to be classified as a "preexisting condition, a medical condition may have had to be _____ and the policyholder sought or should have sought medical treatment.
 - A. Obvious
 - B. Life threatening
 - C. Serious
 - D. Painful
16. Risk managing can be defined as any action that
 - A. Identifies the frequency of a loss claim
 - B. Identifies the severity of a loss claim
 - C. Identifies the unpredictability of a loss claim
 - D. All of the above
17. The Parsaie vs United Olympic emphasizes how language barriers can result in a failure to disclose important health information on the app. The court forced coverage saying there was no intent to _____.
 - A. Pay
 - B. Actually obtain insurance
 - C. Deceive
 - D. Get sick

CLAIMS TODAY! FINAL EXAM

18. A public adjuster is typically hired by
- The claimant
 - The insurer
 - The court
 - The agent
19. Generally, punitive damages can only be recovered in bad faith litigation upon proof by the claimant that the insured
- Is over 21
 - Has more than \$500,000 in assets
 - Intended to inflict injury or damage
 - Is a criminal
20. The reason claims adjusters should obtain "separate statements" from witnesses is that
- Two are better than one
 - Two witnesses are needed to agree for a valid claim
 - No two people will ever see an accident exactly alike
 - The courts require two
21. Which of the following are considered important components of hospital records when investigating a serious accident claim:
- Admission information
 - Examination reports / nurses notes
 - The diagnosis and prognosis
 - All of the above
22. Concealment of information or material facts by an insured buying insurance can void the policy. In general, the rule on determining when a policy is voided lies in the issue of _____.
- Bad faith
 - Error and intent
 - Mandated purpose
 - Willful corruption
23. Claim prevention or loss control is a plan of action to _____.
- Stop criminal behavior
 - Reduce or eliminate hazards and losses to prevent a claim or accident
 - Monitor the insured
 - Investigate suspicious claims
24. Showing the "proximate cause" of an accident at work means a victim must establish that his injuries _____.
- Disabled him for life
 - Were actually and proximately caused by the propensities of an employee/employer
 - Are severe and disarming
 - Amount to \$100,000 or more in lost wages
25. In *McConnell vs Ehrlich*, an agent's license was revoked after he made a concerted effort to _____.
- Market too much insurance
 - Attract "bad risk" business
 - Acquire too many clients
 - Made promises he couldn't keep to new insureds
26. If the damage to a windshield is in the "driver's line of vision" a repair _____.
- Must be performed by an expert
 - Is usually not permitted. It must be replaced
 - Must be authorized by head office
 - Must be made within 24 hours
27. Good claim handling procedures involve which of the following:
- Proper preparation and prompt investigation
 - Decision and action
 - Adequate reporting and self-discipline
 - All of the above
28. Under the absolute comparative negligence doctrine, claimants can collect _____.
- Punitive damages
 - All amounts over \$250,000
 - The amount of their damages minus any costs attributed to their own negligence
 - Double or triple normal damages
29. The HO 2000 definition of an "insured college student" includes which of the following:
- A student enrolled full time
 - A resident of the insured's household before moving out to school
 - Under age 24 and a relative
 - All of the above
30. Common law relies strongly on
- Past court decisions
 - Precedents
 - Fair and unbiased juries
 - A & B only
31. Vicarious liability encompasses an insured's liability for _____.
- Acts of any other party
 - Claims over \$150,000
 - Actions brought by relatives
 - Damages he causes personally
32. An "all claims" database system can be used by insurers and law enforcement agencies to _____.
- Help identify questionable claims
 - Help identify insurance fraud
 - Uncover personal data
 - A & B

CLAIMS TODAY! FINAL EXAM

33. A line supervisor
- Directly supervises adjusters
 - Specializes in claims surrounding a line or specific type of insurance
 - Has the final word on the settlement of a claim
 - All of the above
34. Physical infirmities may include:
- Glasses required and not used
 - Loss or impaired use of fingers, arm or leg
 - Insured or driver with a condition or disease the could disable him
 - All of the above
35. Salvage property is property which
- The total value has been paid as a result of a claim
 - Belongs to the insurer
 - Can be an important source of revenue for an insurance company
 - All of the above
36. Insurance companies have a "duty to defend" an insurer where _____ gives the insured reasonable expectation that the insurer will provide a defense.
- The policy language
 - The claimant
 - The actions of other insurers
 - Previous insurer experiences
37. The doctrine of negligent hiring extends liability to employers who place a person with _____ in an employment position posing a threat of injury to others.
- A disability
 - Known propensities
 - Criminal intent
 - A bad attitude
38. The "general liability policy" provides coverage for an *occurrence* which is defined as _____.
- An accident, not a failure to perform
 - A single event
 - A claim over \$50,000
 - A serious or deadly claim
39. Applications and the attention you give to proper completion and submission is so important that it is recommended you _____.
- Make copies before mailing
 - Have a manager review them
 - Spend at least 50% more time on them than you do now
 - Fill them out in triplicate
40. In the Bayley vs Pete's case, we learned that agent's who promise a client _____ and fail to deliver can be sued for negligence.
- Good service
 - Full coverage
 - A lower premium
 - Reasonable protection
41. From the Hardt vs Brink case, agents must not breach their duty to advise clients to obtain _____. Especially, where client's tend to follow all of an agent's recommendations.
- Endorsements
 - Sufficient coverage
 - Complete coverage
 - Special coverage
42. Compulsory liability insurance law is principally designed to protect _____.
- Travelers
 - Homeowners
 - Businessowners
 - Farmers
43. Hearsay evidence is generally inadmissible in motor vehicle accident cases because _____.
- It would not meet the truth of testimony test
 - Evidence value would be derived not form the witness, but the competency of some other person
 - Irrelevancy and immateriality issues
 - All of the above
44. Property in storage is typically covered with up to _____ of Coverage C limits or \$1,000, whichever is greater.
- 5%
 - 10%
 - 25%
 - 50%
45. Actual cash value is based on a number of factors. Which of the following are included?
- Physical condition
 - Obsolescence / age
 - Market value / worth of improvements on the property
 - All of the above
46. In State Auto vs Midwest, the courts determined that lost computer data did not constitute tangible property. However, _____ was .
- Security data
 - Loss of computer use
 - Time invested
 - Lost man-hours

CLAIMS TODAY! FINAL EXAM

47. Claims-made policies provide coverage for any claims presented during a policy year _____.
- A. Exceeding \$25,000
 - B. For less \$100,000
 - C. Regardless of when the underlying liability conduct occurred.
 - D. Except errors and omissions
48. Concerning a valid claim, a loss must be sustained to be covered. So, there can be no recovery for _____ since no loss has been sustained.
- A. Personal property
 - B. Worthless property
 - C. Expensive property
 - D. Real property
49. A release is a legally binding document which provides that the person who executed it settled a claim for valuable consideration, and _____.
- A. Did so knowingly
 - B. Without prejudice
 - C. With prejudice
 - D. Cannot look back
50. A "knock for knock" agreement between insurers is a reciprocity type arrangement whereby one company agrees not to press its _____ rights against another insurance company.
- A. Legal
 - B. Subrogation
 - C. Salient
 - D. Inalienable
51. Which of the following are ways to manage claims better:
- A. Cost reduction through automation
 - B. Identification of exceptional claims
 - C. Detection of induced fraud
 - D. All of the above
52. Warranties and conditions are generally used to mean the same thing -- a _____ by the insured incorporated into the contract.
- A. Representation
 - B. Promise
 - C. Criminal intention
 - D. A & B only
53. About _____% of fires in the workplace have suspicious causes.
- A. 5%
 - B. 15%
 - C. 25%
 - D. 40%
54. Twisting or churning by an agent is defined as misrepresentation of _____ for the purpose of inducing a client to change, surrender or lapse an existing policy.
- A. Facts
 - B. Insurers or policies
 - C. License authority
 - D. Property information
55. Concerning online communications with clients, e-mails should be treated the same as _____.
- A. Faxes
 - B. Memos
 - C. A phone call
 - D. A written contract
56. The lesson from the Bell vs O'Leary case is that agents have _____ and failure to notify clients the coverage is unavailable is crucial.
- A. Superior knowledge
 - B. Inside information
 - C. Commissions at stake
 - D. A financial interest
57. A representation in the law of insurance is an oral or written statement by the insured or his authorized agent made _____.
- A. At the site of a claim
 - B. Within the hearing two witnesses
 - C. Prior to completion of the contract
 - D. In front of a licensed agent
58. Opinion evidence is _____ when facts can be produced before a jury to show the conditions of a claim.
- A. Admissible
 - B. Not as a rule admissible
 - C. Always accepted
 - D. Never accepted
59. In a partial comparative negligence case, a claimant can collect from another party's carrier if such other person has contributed to under _____ % of the damages.
- A. 10%
 - B. 25%
 - C. 50%
 - D. 75%
60. Riding mower coverage has changed under ISO Homeowners 2000. The word _____ made a huge difference as to a mower's use.
- A. Limited
 - B. Solely
 - C. Possible
 - D. Registered

CLAIMS TODAY! FINAL EXAM

61. An "intervening cause" breaks the _____ leading to an injury. It is used to defend a case of negligence.
- A. Chain of events
 - B. Bank
 - C. Limited liability
 - D. Underlying purpose
62. A "mini tail" is an extended reporting period added to a claims-made policy. It can extend the period of time, for example sixty days, to _____.
- A. Increase coverage
 - B. Report claims that have not been reported during the policy period
 - C. Change covered premises
 - D. Modify insured premises
63. Which of the following are occupational diseases typically covered under workers' compensation laws:
- A. Hernias, allergies, hearing loss
 - B. Dermatitis, infertility, black-lung
 - C. Lead poisoning, asbestosis, carpal tunnel
 - D. All of the above
64. Insurance adjusters are trained in the areas of examination, evaluation and dispensation of claims. They are also responsible to counteract _____ claims.
- A. Exaggerated claims
 - B. Fraudulent claims
 - C. Frivolous claims
 - D. All of the above
65. The ultimate interpreter of an insurance policy is
- A. The carrier
 - B. A corporate attorney
 - C. The courts
 - D. An arbitration team
66. Depreciation is calculated by an insurance carrier using the rule of thumb that an item loses _____ every year over its expected life.
- A. Appreciation
 - B. Value
 - C. Moisture
 - D. DNA
67. Signed statements for insurance claims take up much working time for claims people and it is an important phase operations. However, only _____ of all signed statements may ever be used.
- A. The most accurate
 - B. The most damaging
 - C. A small percentage
 - D. The legal oriented
68. Documenting the loss site in the _____ is essential.
- A. Morning
 - B. Afternoon
 - C. Evening
 - D. Earliest cycle
69. Concerning fire sprinklers, statistics show that in fully sprinklered premises _____% of fires are controlled.
- A. 25%
 - B. 40%
 - C. 75%
 - D. 99%
70. Which of the following are considered indoor pollution sources:
- A. Oil, gas kerosene, coal, wood
 - B. Building materials, furnishings, cabinetry
 - C. Products for household cleaning personal care, hobbies, heating and air, humidification devices, etc.
 - D. All of the above
71. Customer handling is part of reducing claims. For instance, a totally dissatisfied customer is said to decrease revenue at a rate equal to _____ that contributed to the business by a totally satisfied customer.
- A. 1.5 times
 - B. 1.8 times
 - C. 2 times
 - D. 3 times
72. The Alianz vs Simpson case underscores the agent's duty to NOT mislead an applicant for insurance into believing _____.
- A. He is insured when he is not
 - B. The competition
 - C. That premiums will not increase
 - D. Everything he reads in the policy
73. In Sobotor vs Prudential, an agent suffered claims because the courts ruled a _____ existed because the agent held himself to have special knowledge.
- A. Fiduciary relationship
 - B. Mistrial
 - C. Punitive issue
 - D. Special evidence breach
74. A "condition precedent" in an insurance policy means a condition must be performed _____.
- A. After the policy is signed
 - B. Before the policy becomes effective
 - C. Concurrent with policy approval
 - D. In the presence of the insurance carrier

CLAIMS TODAY! FINAL EXAM

75. Photographs are evidence in a motor vehicle accident when they appear to _____.
- A. Be accurately taken
 - B. Be a faithful and clear representation of the subject
 - C. Be of such nature as to throw light upon a disputed point
 - D. All of the above
76. Personal vehicle liability insurance imposes on the carrier the duty to pay third party claims as well as an obligation to provide _____.
- A. Complete reimbursement of expenses
 - B. Counseling
 - C. Legal representation
 - D. \$5,000 in comfort fees
77. A loss settlement holdback provision states that that an insurer shall pay NO MORE than the _____ until actual repair or replacement is complete.
- A. Actual cash value
 - B. Replacement cost
 - C. Depreciated cost
 - D. Wholesale cost
78. Which of the following are considered defenses against a negligence claim:
- A. Intervening cause / last clear chance
 - B. Contributory or comparative negligence
 - C. Assumption of risk
 - D. All of the above
79. A pro rata contributions clause of a policy provides that each carrier will pay _____ when there is more than one policy in effect for the same property.
- A. A 50/50 share
 - B. A 75/25 share
 - C. A share of a loss in proportion to the degree of coverage provided
 - D. An equal
80. Under replacement cost coverage, settlement is conditioned upon a claimant _____. Otherwise, the settled amount is limited to actual cash value.
- A. Actually replacing the damaged property
 - B. Being completely satisfied
 - C. Telling the truth
 - D. Restoring a desired portion of lost or damaged property
81. Most agent records should be kept for a total of _____ years after the expiration or cancellation of the policy.
- A. 3 years
 - B. 5 Years
 - C. 7 Years
 - D. 10 years
82. Redlining occurs where an agent/insurer refuses to accept _____.
- A. A premium payment in cash
 - B. An application for insurance based on a person's race, marital status, sex or religion
 - C. A renter as an additional insured
 - D. Certain policy conditions, but not others
83. In *Fitzpatrick vs Hayes* an agent promoted a "family insurance checkup" but failed to advise the need for an umbrella. A loss ensued, but the courts sided with the agent because
- A. He did not misrepresent the scope of coverage
 - B. The insured did not make a specific request for a particular coverage
 - C. The agent did not hold himself out to be an expert.
 - D. All of the above
84. Under most no-fault insurance policies, a policyholder is required to waive his right to sue the party at fault, except in the case of _____.
- A. Death
 - B. Permanent disfigurement or injury
 - C. Commercial vehicles
 - D. A & B
85. An accident report is generally NOT admissible evidence in an action to recover damages in an accident for the reason that it is _____.
- A. Illegally obtained
 - B. Too old
 - C. A self-serving declaration
 - D. Never correct
86. "Residence employee" coverage would only apply to an employee of an insured whose duties related to the _____ of the residence premises.
- A. Maintenance or use
 - B. Construction
 - C. Remodel
 - D. Indoor portion
87. Last clear chance refers to a defense argument that states the plaintiff had the last clear chance or final opportunity to _____.
- A. Avoid the loss or damage
 - B. Settle early
 - C. Call the police
 - D. Apologize
88. A "midi tail" extends the amount of time under which a claim is made for a period of up to _____ years.
- A. 2 years
 - B. 3 years
 - C. 5 years
 - D. 20 years

CLAIMS TODAY! FINAL EXAM

89. The ultimate effect of court decisions regarding insurance has been to _____.
- A. Broaden coverage
 - B. Include unwritten terms and conditions in the policy
 - C. Create standard practices
 - D. All of the above
90. Appraisals in the insurance claims process are only appropriate where there is _____.
- A. A dispute
 - B. A significant amount of money in controversy
 - C. Real estate involved
 - D. Agreement among the parties
91. Handling salvage claims might involve which of the following:
- A. Obtain credit for or take the salvage
 - B. Store or Protect the salvage from theft
 - C. Explore the market for all possible buyers
 - D. All of the above
92. Your "agent records" can be admissible in defending claims against you if they are _____.
- A. Neat and organized
 - B. Part of your standard operating procedure
 - C. Detailed
 - D. Current
93. A false claim or fraudulent claim submitted by an agent to receive insurance loss proceeds is _____.
- A. Not unusual
 - B. Illegal
 - C. Permissible with a client's authorization
 - D. A widespread practice
94. An agent's errors and omissions policy may have very specific limitations or exclusions such as:
- A. Punitive damages
 - B. Business outside the state
 - C. Hold harmless clauses
 - D. All of the above
95. In Flattery vs Gregory, an agent's "promise" to procure optional coverage was _____ based on an earlier transaction.
- A. Implied
 - B. Denied
 - C. Possible
 - D. Excluded
96. The Osendorf vs American Family Insurance case demonstrates the fiduciary nature of longstanding agent/client relationships. Despite visits to the client's farm, the agent failed to advise client he needed _____.
- A. Liability coverage for employees
 - B. Umbrella protection
 - C. Business coverage
 - D. Lower deductibles
97. An "occurrence" is typically defined as an accident or exposure to the same conditions over a length of time which produces _____.
- A. Bodily injury
 - B. Property damage
 - C. Implied negligence
 - D. A&B
98. Under the "assumption of risk" defense, the defendant must prove that the plaintiff understood _____, including the possibility of damage and injury, and yet allowed the act to occur.
- A. The policy
 - B. Insurance law
 - C. The risks involved
 - D. Claims
99. A pollution liability extension endorsement provides coverage by _____ the portion of the policy that states that bodily injury or property damage is excluded arising out of discharge, seepage or release of pollutants.
- A. Including
 - B. Adding
 - C. Deleting
 - D. Amending
100. In Mate vs Wolverine, a special relationship between agent and client was proven by notes in the agent file. As a result, the courts felt the agent had a duty of care to know the insured's son was _____.
- A. An uninsured motorist
 - B. Underinsured
 - C. A college student with no coverage
 - D. A high risk



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