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1. The Multi-Peril Policy is intended to cover all exposures common to _____, excluding auto and surety.
 - A. Schools
 - B. Ownership & operation of certain commercial risks
 - C. Restaurants only
 - D. Homeowners
2. "Strict liability" describes activities that present an _____ to others when mishaps occur but have substantial benefits when performed without mishap.
 - A. An extreme likelihood of harm
 - B. A violation of duty
 - C. Little chance of harm
 - D. A duty
3. The Standard Fire Policy is composed of five basic parts:
 - A. Body, text, index, declarations, agreements
 - B. Sections I, II, III, IV, V
 - C. Declarations, insuring agreements, exclusions, conditions, miscellaneous
 - D. Deductibles, options, coverage C, eligibility, exclusions
4. A mobile home policy's insuring agreement typically covers _____ while the mobile home is being moved to a new location.
 - A. Manufacturing omissions
 - B. Transportation errors
 - C. Collision
 - D. Repainting
5. Contractual liability applies to liability assumed by the insured
 - A. For all contracts oral and written
 - B. For oral contracts
 - C. For actions implied
 - D. Under a written agreement
6. A comprehensive automobile liability policy is used for insuring the automobile exposure of
 - A. Autos with trailers
 - B. A commercial business where a number of units are be covered and there are frequent additions and subtractions during the policy term
 - C. A family member
 - D. Specialized equipment like bulldozers, grading equipment, etc
7. "Incidental occupancy" coverage permits a dwelling owner to carry on incidental or professional operations at home, including
 - A. Small service operations (beauty parlor, shoe repair, etc)
 - B. Those businesses with no more than two persons working at the same time
 - C. Private schools, studios & offices where merchandise stored does not exceed \$5,000
 - D. All of the above
8. The Business Auto Policy includes "where and when" provisions which cover accidents and losses in the
 - A. USA, Puerto Rico, Canada
 - B. USA, Mexico, Canada
 - C. USA and Canada only
 - D. USA, Canada and Europe
9. Multi Line insuring agreements typically cover "unscheduled property" usual or incidental to the occupancy of a dwelling or anywhere in the world if
 - A. Owned or used by an insured
 - B. Owned by a guest while in a residence occupied by an insured
 - C. Owned by a residence employee while engaged in the service of an insured
 - D. All of the above
10. Actual cash value means
 - A. Replacement cost less depreciation
 - B. Value for property paid with cash
 - C. Value less depreciation
 - D. Estimated costs minus real costs
11. Methods of "fire rating" are based upon four elements
 - A. Cash value, water supply, exposure, purpose
 - B. Construction, occupancy, protection, exposure
 - C. Roads, use, conditions, construction
 - D. Framing, roof materials, exposure, weather
12. Farmowners Policy eligibility is _____ restricted to owner occupied and _____ be a one or two family dwelling used exclusively for residential purposes.
 - A. Always / not always
 - B. Not / must
 - C. Usually / must
 - D. Not / can

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13. The California Fair Plan is designed to provide basic property insurance for those who are entitled to such insurance but . . .

- A. Can't afford it
- B. Cannot obtain it through ordinary channels
- C. Refuse to sign up
- D. Need specialized coverage

14. Inland marine insurance usually applies to the insuring of

- A. Boats on dry land
- B. Property at a fixed location
- C. Property of a movable nature that is carried or transported
- D. Property having wheels and axles

15. A "personal effects floater" does NOT cover _____, but does cover property of a type usually carried by _____.

- A. Fine art / business owners
- B. Unscheduled personal property / tourist or traveler
- C. Autos / commercial agents
- D. All risks / homeowners

16. Notice of Loss provisions require the insured to report any loss to the company or its agent . . .

- A. As soon as possible
- B. Within 90 days from date of loss
- C. Within 6 months of loss
- D. A & B Only

17. A Surety Contract involves the following three parties

- A. Payee, payor, obligor
- B. Principal, obligee, surety
- C. Surety, payee, obligor
- D. Payee, surety, obligee

18. The "standard fire policy" is an interest policy which insures the interest of the insured in the product but _____ require that such interest be that of sole and unconditional ownership.

- A. Does NOT
- B. Does
- C. May not
- D. Might

19. A Liability Policy is a _____ contract requiring the insurer to pay on behalf of the insured any damages the insured may be legally obligated to pay

- A. Second party
- B. First party
- C. Third party
- D. Blanket

20. Types of general liability policies include

- A. Premises and operations
- B. Contractual liability & independent contractors
- C. Products and completed operations
- D. All of the above

21. State Compensation Fund considers the following injuries to be "total and permanent"

- A. Loss of both eyes or hands
- B. Practically total paralysis
- C. Incurable imbecility
- D. All of the above

22. Conditions of a policy can be required

- A. Before a loss
- B. After a loss
- C. Before and after a loss
- D. All of the above can be conditions

23. Boiler & Machinery Insurance covers pressure vessels and machinery used for power,, heating, processing and air conditioning. If insurance is written on a "scheduled basis", newly installed equipment at new locations are . . .

- A. Automatically covered
- B. Covered under the blanket group plan
- C. Not automatically covered. They must be added by endorsement.
- D. Treated similar to objects at old locations

24. A "storekeepers burglary & robbery" policy is a package policy providing a _____ of insurance coverage.

- A. Variable amount
- B. Fixed amount
- C. Modest amount
- D. Limited amount

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25. The typical Automobile Policy requires "additional duties" where auto damage has occurred. They are

- A. Take reasonable steps after a loss to protect the covered auto from further loss
- B. Promptly notify police if the auto is stolen
- C. Permit the insurance company to inspect and appraise the damage before it is repaired or disposed
- D. All of the above

26. Concealment, with reference to insurance, whether intentional or unintentional entitles the injured party to _____ the insurance contract.

- A. Modify
- B. Extend
- C. Rescind
- D. Double the proceeds of

27. "Eligibility" for a homeowner's package policy requires that the dwelling

- A. Be designed for owner occupancy (tenants and condominiums are also ok)
- B. Contain no more than two families and not more than two boarders per family
- C. Cannot be used for a dwelling on a farm if it is located within 200 feet of a farm building
- D. All of the above

28. Before submitting an application to the California Fair Plan, participating agents and brokers must

- A. Make a bona fide effort to secure required insurance through ordinary channels
- B. Have an ordinary insurance program ready as a back-up
- C. Donate his or her time since no commission is available
- D. Invoice the customer directly

29. A liability policy generally excludes coverage for "intentional torts" but may cover _____ liability an insured incurs for the intentional torts of its employees, agents or children.

- A. Extended
- B. Peripheral
- C. Vicarious
- D. Absentee

30. An assignment of a fire policy is permitted only when

- A. A large creditor of the insured is involved
- B. The insurer has given written consent
- C. The building is Class A fire rated
- D. The insured deems it appropriate

31. A Business Auto Policy does NOT typically cover "auto medical payments" because

- A. Few people are injured in business accidents
- B. It is covered by the insured's personal auto plan
- C. The FAIR plan automatically kicks in
- D. Most business exposures are covered by workers' compensation.

32. In a fire policy, the following is true about a "short rate cancellation"

- A. It is calculated according to an established short rate table
- B. It includes an extra charge to the insured over the pro-rate premium
- C. It is granted without an extra premium charge as a good faith gesture
- D. A & B only

33. A "general loss" under an Ocean Marine Insurance policy reimburses any contributions by owners required by maritime law where the losses incurred are

- A. Voluntary sacrifices to save the remainder of the vessel (such as dumping a ship's fuel to save it)
- B. Due to the owner's complete negligence
- C. For the common benefit, such as salvage assistance
- D. A & C only

34. Which of the following are true about fiduciary bonds.

- A. They are bonds given by a person entrusted with the care and custody of the property of another
- B. They guarantee that the principal will faithfully perform duties and account for the property in accordance with terms of the trust
- C. They are generally given in probate proceedings by administrators and guardians
- D. All of the above are true

35. As a general rule, insurance companies only invest AFTER they have met

- A. The head of the company they are planning to invest in
- B. Their surplus and reserve requirements
- C. The acid test
- D. The cash vs. assets ratio

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36. Typical exclusions found in a Glass Insurance Policy include

- A. All of the following are true
- B. Loss by fire
- C. Loss due to war
- D. Loss due to nuclear reaction

37. Which of the following is true concerning a representation used to induce an insurance sale

- A. If false, the injured party may void the contract
- B. A representation may be oral or written
- C. The materiality of the representation is determined NOT by the event but by the reasonable influence of the facts
- D. All of the above are true

38. An admitted insurer is one which has _____. All others are nonadmitted insurers not entitled to transact insurance.

- A. A regional office
- B. 100 or more agents
- C. Received a certificate of authority
- D. \$5 million or more in assets

39. Which of the following is true about applications and insurance coverage

- A. All of the following
- B. No contract exists until the application for insurance is accepted
- C. For some types of insurance, an oral request by an applicant may be binding
- D. It is necessary that BOTH the agent and applicant agree to the company providing coverage

40. An "open policy" is one in which _____

- A. No premium is necessary until a loss has occurred
- B. The value of the subject matter is not agreed upon
- C. The measure of the indemnity is the expenses to the insured of replacing the thing lost or injured in its condition at the time of loss or injury
- D. B & C

41. When Conflicting Provisions occur between a policy and its endorsement, which if the following rules apply

- A. An endorsement added AFTER execution of the policy prevails
- B. Terms of the printed rider attached at the time of policy issue will prevail
- C. A written part of the policy specifically expressing agreement of the parties can prevail over general provisions of a printed endorsement
- D. All of the above

42. Policyholder's surplus is the difference between an insurer's total admitted assets and

- A. Liabilities
- B. Capital
- C. Reserves
- D. Surplus

END EXAM



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