

Chapter 1 Review Questions

Choose from the answers below. Answers may be used once, more than once, or not at all.

1. A chance of loss _____
 2. A direct loss _____
 3. Transfer of Risk _____
 4. Casualty _____
 5. Property _____
 6. Financial Stake _____
 7. Make whole _____
 8. War, floods, and earthquakes _____
 9. A natural defect _____
 10. Paying a proportionate share _____
 11. Written modifications _____
 12. Could expand your benefits _____
 13. Happens at a known place and a known time _____
 14. The person with the rights and duties _____
 15. Losses not covered _____
-
- A. First Named Insured
 - B. Insurance
 - C. Accident
 - D. Pro Rata
 - E. Short Rate
 - F. Insurable Interest
 - G. Two party contract
 - H. Exclusions
 - I. Exemptions
 - J. Indirect Loss
 - K. Destruction of Insured property
 - L. Liberalization Clause
 - M. Third Party Contract
 - N. Endorsements
 - O. Inherent Vice
 - P. Indemnify
 - Q. Risk
 - R. Catastrophic losses

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1. Q
2. K
3. B
4. M
5. G
6. F
7. P
8. R
9. O
10. D
11. N
12. L
13. C
14. A
15. H

Chapter 2 Review Questions

Fill in the blanks.

1. Mutual Companies are operated for the benefit of _____.
2. A group that self-insures is known as a _____.
3. A company formed in Puerto Rico would be considered _____.
4. Insurance companies must comply with what they have written, which means insurance contracts are _____.
5. The Doctrine which states both parties to a contract must want it to work is known as _____.
6. Consideration is best defined as _____.
7. A statement that must be true is a _____.
8. A statement that is believed to be true is a _____.
9. A lie is considered a _____.
10. Hiding a portion of the truth is a _____.
11. A _____ means relinquishing a legal right.
12. Immediate temporary protection is provided by a _____.
13. A _____ contract is one in which only one party makes legally enforceable promises.
14. _____ authority is authority specifically granted.
15. A company operated for the benefit of shareholders is a _____.
16. _____ is the process of selecting and classifying risks.
17. In the contract process an _____ typically follows an offer.
18. The authority that customers presume you have is called _____.

ANSWER KEY

- | | |
|----------------------------------|------------------------|
| 1. Policyowners | 10. Concealment |
| 2. Risk Retention Group | 11. Waiver |
| 3. Foreign | 12. Binder |
| 4. Contracts of Adhesion | 13. Unilateral |
| 5. Doctrine of Utmost Good Faith | 14. Express |
| 6. Something of Value | 15. Stock |
| 7. Warranty | 16. Underwriting |
| 8. Representation | 17. Acceptance |
| 9. Misrepresentation | 18. Apparent Authority |

Drill for Skill**Chapter 3 Review Questions**

Choose from the answers on the following page. Answers may be used once, more than once, or not at all.

1. Where promises are found _____
2. Cause of loss _____
3. Increases the likelihood of a peril _____
4. Cause of Loss form in which everything is covered if not excluded _____
5. Replacement cost minus depreciation _____
6. New for old _____
7. Same as Repair Cost _____
8. Value decided before a loss _____
9. Value decided at the time of the loss _____
10. Value based on what someone is willing to pay _____
11. A way to control overutilization of the policy _____
12. No people and no stuff _____
13. Bailee _____
14. Transferring right of recovery _____
15. Timeframe for notifying the company of a loss _____
16. The peril under which tornado damage would be covered _____
17. Excluded under the Basic Peril of Fire _____
18. The peril under which lava damage would be covered _____
19. Collapse is covered with this Named Peril Form _____
20. Taking property from a business that is closed and locked _____

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5

- A. 30 Days
- B. Hazard
- C. Peril
- D. Broad Form Perils
- E. Someone with control of valuable property
- F. Robbery
- G. Burglary
- H. Promptly
- I. Subrogation
- J. Unoccupied
- K. Deductible
- L. Vacant
- M. Open Perils
- N. Functional Replacement Cost
- O. Fair Market Value
- P. Actual Cash Value
- Q. Stated Value
- R. Agreed Value
- S. Insuring clause
- T. Wind and Hail
- U. Volcanic Action
- V. Hostile Fire Damage
- W. Friendly Fire Damage
- X. Replacement Cost

ANSWER KEY

- 1. S
- 2. C
- 3. B
- 4. M
- 5. P
- 6. X
- 7. N
- 8. R
- 9. Q
- 10. O
- 11. K
- 12. L
- 13. E
- 14. I
- 15. H
- 16. T
- 17. W
- 18. U
- 19. D
- 20. G

Drill for Skill**Chapter 4 Review Questions**

Fill in the blanks.

1. A Liability policy is designed to pay to a _____.
2. In order for a Liability policy to pay, an insured must be _____ to pay.
3. _____ and _____ are the two ways an insured can be legally obligated.
4. The failure to do or not do what a reasonable person would do or not do defines _____.
5. _____ is the obligation of the insured to use a reasonable standard of care.
6. If failing to use a reasonable standard of care results in injury or damage, the insured has _____ their duty.
7. _____ is a direct and foreseeable link between the insured's actions and the resulting injury.
8. _____ are damages meant to punish the wrongdoer.
9. _____ are damages meant to restore the injured party to their pre-injury status.
10. A legal defense to negligence that could result in a reduced award to the injured party is called _____.
11. In _____ claims, an insured who owns a wild animal can be found legally liable even though they were not negligent.
12. In _____ claims, an employer can be found liable for the actions of their employees.
13. Medical bills could be paid from Med Pay without regard to _____.
14. Defense costs are paid in addition to _____.
15. An _____ policy provides excess liability coverage.
16. _____ is a legal defense to negligence in which the injured party knowingly engaged in a dangerous activity.

ANSWER KEY

- | | |
|----------------------------|-------------------------|
| 1. Third Party | 9. Compensatory |
| 2. Legally Obligated | 10. Comparative Fault |
| 3. Judgment and Settlement | 11. Strict |
| 4. Negligence | 12. Vicarious liability |
| 5. Duty | 13. Fault |
| 6. Breached | 14. Policy Limits |
| 7. Proximate Cause | 15. Umbrella |
| 8. Punitive | 16. Assumption of Risk |

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Chapter 5 Review Questions

Choose either **Covered (C)** or **Excluded (E)** for the following Homeowner's questions.

1. Med Pay for a live-in domestic worker **C or E**
2. Med Pay for your child living in your home **C or E**
3. Property loss sustained by your child in college **C or E**
4. Liability claim arising from the actions of your 15 year old foster child **C or E**
5. Collapse under an HO-1 **C or E**
6. Falling object loss under an HO-1 **C or E**
7. Theft under an HO-2 **C or E**
8. Water damage caused by flooding **C or E**
9. Water damage caused by a firefighter **C or E**
10. Vandalism damage to your home after it has been vacant for 90 days **C or E**
11. Fire damage to a fur coat **C or E**
12. Theft of your camera while on vacation **C or E**
13. Fire loss to your car parked in your garage **C or E**
14. Fire damage caused by you to a rented cabin **C or E**
15. Earthquake damage under an unendorsed HO-5 **C or E**
16. Building loss under an HO-4 **C or E**
17. Power failure off premises **C or E**
18. Liability claim arising from the use of your speed boat **C or E**
19. Professional Liability **C or E**
20. Fire Legal Liability Claims **C or E**

ANSWER KEY

- | | | | |
|-----|----------|-----|----------|
| 1. | Covered | 11. | Covered |
| 2. | Excluded | 12. | Covered |
| 3. | Covered | 13. | Excluded |
| 4. | Covered | 14. | Covered |
| 5. | Excluded | 15. | Excluded |
| 6. | Excluded | 16. | Excluded |
| 7. | Covered | 17. | Excluded |
| 8. | Excluded | 18. | Excluded |
| 9. | Covered | 19. | Excluded |
| 10. | Excluded | 20. | Covered |

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Choose from the answers below. Answers may be used once, more than once, or not at all.

21. The maximum amount payable for the loss of a tree _____
22. How losses to Personal Property are valued _____
23. The limits for Coverage C—Personal Property with an HO-2 _____
24. The limits for Coverage C—Personal Property with an HO-2 with a Mobile Home Endorsement _____
25. How dwelling losses are valued _____
26. A built-in appliance would be considered _____
27. The peril coverage for a dwelling with a DP-3 _____
28. The peril coverage for Personal Property with an HO-3 _____
29. The limits of an HO-8 are based upon this _____
30. The maximum payable for the theft of a fur coat _____
31. All earthquakes and aftershocks are treated as a single occurrence if they occur within this time frame _____
32. The Loss to a Pair or Set clause formula is value of the set minus the value of the _____

- A. Loss
- B. Personal Property
- C. Actual Cash Value
- D. Remainder
- E. Broad
- F. Special
- G. Fair Market Value
- H. 72 Hours
- I. 168 Hours
- J. \$2000
- K. \$1500
- L. 50% of Coverage A
- M. 40% of Coverage A
- N. \$500
- O. \$250
- P. 10%
- Q. Replacement Cost
- R. Dwelling

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ANSWER KEY

- 21. N
- 22. C
- 23. L
- 24. M
- 25. Q
- 26. R
- 27. F
- 28. E
- 29. G
- 30. K
- 31. H
- 32. D

Drill for Skill**Chapter 6 Review Questions**

Pick from these choices: from your personal auto policy, what would provide coverage:

- A: LIABILITY
 B: MED PAY
 C: COLLISION
 D: OTHER THAN COLLISION

1. You hit a deer and damage your car _____
2. You hit a deer and you are hurt _____
3. You hit a car and damage your car _____
4. You hit a car and damage the other car _____
5. A tree falls on your car and damages your car _____
6. A friend is hurt while riding in your car _____
7. You hit your next door neighbor with your car _____
8. Your car is unoccupied, it rolls down a hill and hits a tree _____
9. You run off the road and your car turns over _____
10. Someone steals your car and then wrecks it _____
11. A Third Party contract _____
12. A named peril coverage _____
13. An open peril coverage _____
14. Pays without regard to fault _____
15. Could pay for loss of earnings _____

ANSWER KEY

- | | | | |
|----|---|-----|---|
| 1. | D | 9. | C |
| 2. | B | 10. | D |
| 3. | C | 11. | A |
| 4. | A | 12. | C |
| 5. | D | 13. | D |
| 6. | B | 14. | B |
| 7. | A | 15. | A |
| 8. | C | | |

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Fill in the blanks.

16. Primary coverage goes with the _____.
17. Vehicles with less than four wheels are _____.
18. Additional vehicles are covered for _____ days.
19. Med Pay pays for _____ medical bills.
20. A driver with no insurance who causes an accident is an _____.
21. A driver with legal liability limits who causes an accident could be an _____.
22. The maximum BI coverage for one person under a 25/50/10 policy would be _____.
23. Physical Damage losses are settled on an _____ basis.
24. A person who is driving your car with your permission is _____.
25. Med Pay can pay medical bills that incurred within _____.
26. UMPD fixes the _____ car.

ANSWER KEY

16. Car
17. Excluded
18. Fourteen
19. Your or my
20. Uninsured Motorist
21. Underinsured Motorist
22. \$25,000
23. Actual Cash Value
24. Covered by your Policy
25. Three Years
26. Insured's

Drill for Skill**Chapter 7 Review Questions**

Fill in the blanks.

1. National Flood Insurance Program is underwritten by the _____.
2. Under the NFIP losses due to sewer backup are _____.
3. The standard flood deductible is _____.
4. Flood insurance typically goes into effect _____ days after application.
5. A Homeowners policy provides covers property losses to a watercraft up to _____.
6. In a Boatowners policy, personal property in a boat is _____.
7. If a boat owner warrants the boat will only be used in certain inland waterways their premium will be _____.
8. Items being shipped via air would best be covered by _____ Marine.
9. Items being shipped by boat would best be covered by _____ Marine.

ANSWER KEY

1. The Federal Government
2. Excluded
3. \$750
4. 30
5. \$1500
6. Excluded
7. Reduced
8. Inland
9. Ocean

Chapters 8 & 9 Review Questions

Select either Building coverage (B) or Business Personal Property coverage (PP)

1. A business leasing space would not be eligible for B or PP
2. Permanently installed fixtures B or PP
3. Furniture and Fixtures B or PP
4. Completed additions B or PP
5. Use interest in improvements made to a non-owned building B or PP

ANSWER KEY

1. Building
2. Building
3. Business Personal Property
4. Building
5. Business Personal Property

Choose from the answers on the following page. Answers may be used once, more than once, or not at all.

6. The standard Commercial Property deductible _____
7. A means to motivate businesses to insure to value _____
8. Two policies covering the same risk with different perils _____
9. The attempt to benefit from a lie _____
10. Property losses to animals _____
11. Bulldozers, forklifts, etc. _____
12. Typical Fire Department service charge _____
13. Property removed from a building damaged by covered perils will be covered for _____
14. Your golf clubs, jogging shoes, etc. _____
15. Coverage for newly acquired property can be provided if the insured is _____
16. The most the company will pay for a tree _____
17. The most the company will pay for a sign _____
18. Losses with an unendorsed Commercial Property Policy are settled on this basis _____
19. There will be no coverage for vandalism if a commercial building has been vacant for more than _____
20. Business Income insurance pays during the _____

14

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21. A 30 day start-up feature of Business Income coverage is called _____
22. Damage by falling objects would be covered under _____
23. Mechanical breakdowns are _____
24. Earthquake coverage covers damage caused by earthquakes and _____
25. The entire Commercial Property claims process should be completed in _____
- A. \$1000
B. Actual Cash Value
C. Basic Perils
D. Broad Perils
E. Period of Restoration
F. Fraud
G. Mobile Equipment
H. 60 Days
I. 90 Days
J. Nonconcurrency
K. 30 Days
L. \$250
M. \$500
N. Volcanic Eruption
O. Volcanic Action
P. Excluded
Q. Personal Effects
R. Business Personal Property
S. Coinsurance
T. 80% insured to value
U. Extended Business Income

ANSWER KEY

- | | | | |
|-----|---|-----|---|
| 6. | M | 16. | L |
| 7. | S | 17. | A |
| 8. | J | 18. | B |
| 9. | F | 19. | H |
| 10. | P | 20. | E |
| 11. | G | 21. | U |
| 12. | A | 22. | D |
| 13. | K | 23. | P |
| 14. | Q | 24. | N |
| 15. | T | 25. | I |

Chapter 10 Review Questions

Choose the best of the two options provided.

1. Someone gets hurt at your business (Premises or Operations)
2. You damage property while doing work at someone's home (Premises or Operations)
3. Someone cuts off a finger with a saw in your hardware store (Premises or Products)
4. A customer buys a saw and cuts off their finger at home (Operations or Products)
5. Someone buys a burger at your restaurant and gets sick (Premises or Products)
6. Work you've done injures someone (Operations or Completed Operations)
7. A hired painter hurts a customer in your office (Independent Contractors or Contractual)
8. You accidentally burn up your leased office (Premises or Fire Legal)
9. You injure a person's reputation (Personal or Advertising Injury)
10. You damage the reputation of a business (Personal or Advertising Injury)

ANSWER KEY

- | | |
|---------------|----------------------------|
| 1. Premises | 6. Completed Operations |
| 2. Operations | 7. Independent Contractors |
| 3. Premises | 8. Fire Legal |
| 4. Products | 9. Personal Injury |
| 5. Products | 10. Advertising Injury |

Fill in the blanks.

11. A bar would have no coverage for _____ under the CGL.
12. A radio station would have no coverage for _____ under the CGL.
13. An employee hurt at work would not be covered by a CGL but by _____.
14. Injury caused by a forklift would be covered because a forklift is considered _____.
15. Property in your care, custody, or control is _____ under the CGL.
16. A CGL under which the company insuring the risk the year a hurt happens will settle or defend the claim is called an _____ policy
17. A CGL under which the company insuring the risk the year a claim occurs will settle or defend the claim is called a _____ policy.
18. A Claims Made policy limits the company's exposure to losses occurring before a certain time by using a _____.
19. Worker's Comp is referred to as the _____ remedy for employees who are hurt at work.
20. _____ of claims has more of an impact on Workers Comp premiums than the severity of claims.

16

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21. The _____ fund encourages employers to hire handicapped employees.
22. The _____ is a Federal Worker's Comp program for seamen.
23. _____ insurance is a professional liability policy for insurance producers.
24. Med Pay will only pay medical bills for _____ or _____ claims.
25. A business which owns a building would not need _____ liability in their CGL.

ANSWER KEY

11. Liquor Liability
12. Personal and Advertising Injury
13. Worker's Comp
14. Mobile Equipment
15. Excluded
16. Occurrence Based
17. Claims Made
18. Retroactive date
19. Exclusive
20. Frequency
21. Second Injury
22. Jones Act
23. E & O
24. Premises or Operations
25. Fire Legal

Chapter 11 Review Questions

Choose from the answers below. Answers may be used once, more than once, or not at all.

1. The employee in a Fidelity Bond _____
 2. The employer in a Fidelity Bond _____
 3. The discovery period in a Commercial Blanket Fidelity Bond _____
 4. Taking property from a person _____
 5. Taking a person hostage and demanding payment _____
 6. A person authorized to have control of property at the workplace _____
 7. A person authorized to have control of property away from the workplace _____
 8. Covered by Insuring Agreement 1 _____
 9. Covered by Insuring Agreement 3 _____
 10. Covered by Insuring Agreement 5 _____
-
- A. 12 Months
 - B. 18 Months
 - C. Robbery
 - D. Extortion
 - E. Burglary
 - F. Money at the premises
 - G. Money outside the premises
 - H. Employee theft
 - I. Principal
 - J. Obligee
 - K. Custodian
 - L. Messenger

ANSWER KEY

- | | |
|-----|---|
| 1. | I |
| 2. | J |
| 3. | A |
| 4. | C |
| 5. | D |
| 6. | K |
| 7. | L |
| 8. | H |
| 9. | F |
| 10. | G |

Drill for Skill**Chapter 12 Review Questions**

Fill in the blanks.

1. A Boiler and Machinery Policy covers objects against _____.
2. Boiler and Machinery fills holes found in _____.
3. The policy covers direct damage, indirect losses can be covered by _____.
4. Boiler and Machinery values losses on a _____.
5. The company may _____ coverage with written notice.
6. A policy that has been suspended can only be reinstated by _____.

ANSWER KEY

1. Accidents
2. Commercial Property
3. Endorsement
4. Replacement Cost Basis
5. Suspend
6. Endorsement

Chapter 13 Review Questions

Choose from the answers below. Answers may be used once, more than once, or not at all.

1. Cars in a fleet _____
2. Owned, leased, hired, or borrowed cars and trucks _____
3. Coverage territory _____
4. Protects employers _____
5. Coverage for a business transporting property or people _____
6. Third Party contract for those in the automobile business _____
7. Covers damage to customers' cars _____
8. Truckers, carriers, and owners would buy this _____
9. Covers damage to a ship _____
10. Crop policies are written to cover _____
11. Covers damage to customers' airplanes _____

- A. Eligible Vehicles
- B. Motor Truck Cargo Form
- C. Reduced Yield
- D. Motor Carrier Coverage
- E. Garage Liability
- F. Garagekeepers
- G. Hangarkeepers
- H. Hull Damage
- I. U.S. and Canada only
- J. U.S., Canada, and Puerto Rico
- K. 10
- L. 5
- M. Non-ownership Liability

ANSWER KEY

1. L
2. A
3. J
4. M
5. D
6. E
7. F
8. B
9. H
10. C
11. G

Chapter 14 Review Questions

Circle the businesses that would be eligible for a BOP.

1. Bar
2. Bank
3. Store with 20,000 square feet of space
4. Convenience store with no gas pumps
5. Car dealership
6. Four story office building
7. Fast Food restaurant with seating for 30
8. Factory
9. Automobile repair business
10. Laundry

ANSWER KEY

1. Not eligible
2. Not eligible
3. Eligible
4. Eligible
5. Not eligible
6. Eligible
7. Eligible
8. Not eligible
9. Not eligible
10. Eligible

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Circle the true statements.

11. A BOP Contains both Property and Casualty coverage.
12. The insured can cover his building or his contents, not both.
13. Losses are always valued on an ACV basis.
14. A BOP has no coinsurance requirement.
15. Loss of Income is built into the BOP.
16. Liability coverage is Occurrence based.
17. Protective Safeguard endorsement increases premium.

ANSWER KEY

11. True
12. False (Must cover both)
13. False (Replacement cost basis)
14. True
15. True
16. True
17. False (Lowers premium)

