

DIRECTIONS: Each question is followed by four suggested answers. In each case, select the **one** that best answers the question.

1. Which of the following statements concerning the types of Homeowner's policies is correct?
 - a. HO-2 and HO-3 differ primarily with respect to coverage for personal property
 - b. HO-4 provides all-risk coverage for personal property of tenants
 - c. HO-6 provides coverage for the insured's interest in additions, alterations and improvements made to a condominium unit
 - d. HO-8 is designed for high-value dwellings for which the owner wants broader coverage than is available under HO-3
2. Laws which form the most common legal basis for responsibility to others for losses caused by one's action are the:
 - a. Laws of Insurance
 - b. Laws of Contract
 - c. Laws of Neglect
 - d. Laws of Negligence
3. In the Property and Casualty insurance field, for a loss to be payable, insurable interest must exist:
 - a. continuously throughout the policy period
 - b. at the time of the policy application only
 - c. at the time of the loss only
 - d. both at the time of application for insurance and at the time of loss
4. General liability insurance does not cover liability arising out of:
 - a. aircraft owned by the insured
 - b. Host Liquor Liability
 - c. Contractual Liability
 - d. mobile equipment or construction sites
5. The Insurance Commissioner of this state is:
 - a. appointed by the governor
 - b. elected for a two (2) year term
 - c. elected for a four (4) year term
 - d. selected by the insurance commission
6. A Mobile Home:
 - a. is usually insured on an inland marine form because it is mobile in nature
 - b. is considered personal property therefore ineligible for Homeowner's Coverage
 - c. is often difficult to insure in the standard market because of windstorm losses
 - d. can be insured much like a conventional home with the same perils insured with a Modified Homeowner's policy
7. An insurer that is an unincorporated aggregation of persons, operating individually and collectively through an attorney-in-act to provide insurance among themselves is known as:
 - a. a fraternal benefit society
 - b. a mutual insurer
 - c. a Lloyds syndication
 - d. a reciprocal insurer
8. Which of the following losses to personal property would be covered in full under an HO-3 policy that contained no endorsements increasing coverage?
 - a. The theft of a \$1,000 motorcycle
 - b. The theft of a \$2,500 boat and outboard motor
 - c. A \$500 fire loss to a coin collection
 - d. A \$2,000 fire loss to jewelry
9. A foreign insurance company is:

- a. a company issuing on foreign policies
b. a non-admitted company
c. a company organized under the laws of a foreign country
d. an American company not organized under the laws of this state but licensed in this state
10. Under commercial general liability claims made coverage, the basic extended reporting period:
- a. provides unlimited "tail" coverage
b. covers losses that occur within five (5) years after the end of the policy period
c. provides a five (5) year period for reporting claims for which the occurrence was reported during the policy period or within sixty (60) days past expiration
d. covers losses that occur within sixty (60) days after the end of the policy period
11. All of the following are correct, **except**:
- a. burglary includes forcible and visible entry or exit
b. theft implies physical violence
c. a messenger is someone authorized to possess property off premises
d. a guard is one who accompanies a messenger
12. An agent induces a policyholder to drop one policy and replace it with a new one to his detriment. This is called:
- a. misrepresentation
b. rebating
c. distortion
d. twisting
13. The act of returning to the insured or applicant a part of his premium or giving the insured or applicant a special favor or advantage in dividends or other financial profits on the policy, or offering to give, sell or purchase any stocks or bonds or other securities of any corporation including the insurance company, as a special inducement for the purchaser to buy insurance, is called:
- a. rebating
b. reneging
c. twisting
d. profit sharing
14. Marshall and Gloria have a HO-3 with \$100,000 Coverage A limit. They suffer a \$100,000 loss to the dwelling. What will their policy pay for debris removal?
- a. nothing
b. the entire loss as debris removal coverage has no limit
c. up to \$5,000
d. up to \$10,000
15. Which of the following provisions of a Fidelity Bond permits an employer to make a claim after the bond expires, providing the loss is ascertained within a specified time after expiration and assuming that the loss was caused while the bond was in force?
- a. Thirty (30) day coverage rider
b. Discovery period clause
c. Superseded suretyship rider
d. Proof of loss
16. The principle of indemnity prevents insureds from profiting from losses. Which of the following is determined by subtracting depreciation from replacement cost?
- a. Fair market value
b. Replacement cost
c. Appraisal cost
d. Actual cash value
17. Insurable interest requires that the insured must suffer a financial loss or incur some other kind of economic harm if loss occurs. All of the following support insurable interest in property & casualty insurance, **except**:

- a. Individual owns the property.
b. Individual is legally liable for property
c. Insured has contractual rights in the property
d. Individual lives in close proximity to property.
18. Once a person has been incapacitated, there is a greater risk that an additional injury may lead to permanent total disability. Employers would face disincentives with respect to hiring the handicapped without some mechanism to relieve them of additional liability. Such cases may be covered by:
- a. employers' liability
b. monopolistic state fund
c. assigned risk pools
d. second injury funds
19. All of the following statements concerning dwelling forms are correct, **except**:
- a. They are used to provide insurance on residential property that does not meet the eligibility requirements for Homeowner's coverage
b. They may be used to insure the personal property of persons who rent a dwelling or an apartment
c. Broad Form DP-2 provides coverage for dwelling and other structures on an "all-risk" basis
d. Special Form DP-3 provides coverage for additional living expense
20. A claims handler tells an insured that a loss caused by flood damage is covered under her Homeowner's' policy, but the policy specifically excludes such losses. The insurance company:
- a. Could deny coverage for the loss on the basis that the Homeowner's' policy excludes flood losses.
b. Would be estopped from denying coverage since the claims handler stated that the loss was covered.
c. Could demand arbitration to determine if they would have to pay the loss.
d. Could demand an appraisal to determine how much of the loss would be paid.
21. Uninsured Motorists Coverage in Georgia includes all the following, **except**:
- a. hit and run driver
b. person using vehicle without permission
c. Property Damage and Bodily Injury
d. inadequate limits
22. Homeowner's Form-3, Coverage E, Personal Liability provides which of the following?
- a. \$25,000 per occurrence
b. \$50,000 per occurrence
c. \$100,000 per occurrence
d. \$300,000 per occurrence
23. All the following are examples of eligible coverage parts on a Commercial Package Policy, **except**:
- a. Commercial Property
b. Commercial Crime
c. Boiler and Machinery
d. Commercial Buildings
24. The Commissioner shall fully examine each rating organization licensed in Georgia:
- a. whenever it is deemed necessary
b. every five (5) years
c. whenever deemed necessary, but at least every three (3) years
d. as often as necessary, but at least every five (5) years
25. Under common law, all the following are the employer's traditional defenses against liability for workers' injuries, **except**:
- a. Assumption Of Risk Rule

- b. Fellow Servant Rule
 - c. Contributory Negligence Rule
 - d. Comparative Negligence Rule
26. Business interruption insurance:
- a. covers profits on finished products of the insured
 - b. excludes all continuing charges except salaries of indispensable employees
 - c. covers future earnings lost because of business interruption
 - d. excludes payroll coverage from the coinsurance forms
27. Workers' Compensation Coverage applies to all of the following types of losses suffered by an employee, **except**:
- a. accidental bodily injury arising out of employment
 - b. accidental death arising out of employment
 - c. occupational diseases
 - d. ordinary diseases suffered by the general public but contracted on the job
28. All the following statements concerning the physical damage section of the personal auto policy are correct, **except**:
- a. Coverage is provided for transportation expenses if a covered auto is stolen
 - b. Coverage is excluded for mechanical breakdown unless it is a result of the theft of the covered auto
 - c. Coverage is excluded for private passenger autos borrowed by the named insured or family members
 - d. The insurer has the option of repairing a damaged auto rather than making a monetary settlement
29. Before any rule or regulation becomes effective, the proposed action must be on file as a matter of public record for at least:
- a. 10 days and approved by the Governor
 - b. 30 days and approved by the Commissioner
 - c. 10 days and approved by the Attorney General
 - d. 30 days and approved by the Superior Court in Fulton County
30. An employer is presumed to have accepted and to be subject to the Worker's Compensation Law if he regularly employs:
- a. eight (8) or more employees
 - b. six (6) or more employees
 - c. five (5) or more employees
 - d. three (3) or more employees
31. All of the following are additional coverages under Section II of the Homeowner's policy, **except**:
- a. worker's compensation for residence employees
 - b. first aid expenses arising from bodily injury that is otherwise covered under the policy
 - c. expenses associated with claims or suits covered under the policy
 - d. damage to the property of others caused by an insured
32. If the insured has concealed or misrepresented any material fact or circumstance concerning the insurance or the subject thereof or is guilty of false swearing, either before or after the loss, the insurer:
- a. may void the contract
 - b. may demand all unpaid premiums, immediately
 - c. may suspend the agent accepting such a risk
 - d. will find that it is too late to remedy the situation so will pay claims which arise
33. All the following statements concerning property coverage under the Homeowner's policy are correct, **except**:

- a. Fixtures attached to the insured dwelling are covered as part of the dwelling
- b. Personal property is covered away from the insured premises only when it is in the United States or Canada
- c. The amount of coverage on the insured structures is in addition to the amount of coverage on the insured dwelling
- d. "Loss-of-Use" coverage provides protection for the inability to collect rent while a rented portion of the dwelling is uninhabitable following a loss
34. A burglary includes all the following, **except**:
- a. Visible signs of forcible entry or exit.
- b. Items stolen from within a closed business.
- c. Threat of bodily harm to an individual.
- d. Includes theft by employees.
35. No authorized insurer shall issue a policy covering a subject of insurance resident, located or to be performed in Georgia unless countersigned by:
- a. the Insurance Commissioner
- b. an office of the company
- c. a licensed agent in the state where the policy was sold
- d. a licensed resident agent of the State of Georgia
36. For product claims to be covered under the "Product-Completed" Operations insuring agreement:
- a. injury or damage must occur after the insured has issued a recall order and before the user returns the product
- b. injury or damage must occur after possession of the product has been relinquished by the insured
- c. the product must have been manufactured by the Name Insured
- d. the insured must have issued no warranties condoning the quality or fitness of the product
37. All the following statements concerning personal umbrella liability insurance are correct, **except**:
- a. It provides coverage for certain liability exposures excluded by the underlying policies
- b. If the insured fails to maintain the underlying policies, losses will be paid as if the underlying coverage was still in force
- c. Defense costs are excluded and must be borne by the underlying insurance or paid by the insured
- d. Coverage is excluded for property in the care, custody, or control of the insured
38. In a commercial insurance policy, the first Named Insured:
- a. Has more coverage
- b. Is personally responsible to the insurer
- c. Pays the policy limits for which the insured becomes legally obligated
- d. Represents the insured in all transactions
39. A Business Owners Policy (BOP) is:
- a. Part of a Commercial Package Policy
- b. A Monoline Policy
- c. A self-contained complete packaged policy
- d. A special policy designed for large and small retail operations
40. Which of the following faces the same physical damage loss exposures as an auto owner?
- a. Bailee
- b. Borrower
- c. User
- d. Lessee

41. The Inchmaree Clause covers:
- damage to a ship's hull due to negligence of the crew
 - injury to seaman for injuries from unworthiness of the vessel
 - charges made for shipping cargo
 - perils of the sea named in the policies
42. Coverage D - Loss of Use provides additional protection when residence premises cannot be used because of a covered loss. All of the following are benefits provided by Coverage D, **except**:
- Replacement of renter's property
 - Additional living expense
 - Fair rental value if part of property is rented
 - Prohibited use benefits up to two weeks
43. Declarations are statements that provide information about property or activities to be insured. All of the following items are identified on the declarations page, **except**:
- endorsements to the policy
 - insured
 - amount of deductible
 - conditions of coverage
44. All of the following are insureds under the medical payments section of the personal auto policy, **except**:
- family members while occupying the covered auto
 - the named insured as a pedestrian when struck by a motor vehicle designed for use on public roads
 - family members while occupying non-owned motor vehicles designed for use on public roads
 - pedestrians other than the named insured or family members who are struck by the covered auto
45. Personal Injury liability includes all of the following types of injuries, **except**:
- false arrest
 - libel
 - wrongful eviction
 - bodily injury
46. HO-3 covers dwellings and other structures on an all-risk basis. All of the following are exclusions, **except**:
- loss involving collapse
 - vandalism to an unoccupied building
 - loss due to wear and tear
 - damage caused by a wild animal breaking into the home
47. A bond that guarantees that laws and regulations of a particular business or activity are followed, or certain taxes are paid are known as:
- Fiduciary Bonds
 - License and Permit Bonds
 - Securities Bonds
 - Guardian Bonds
48. Workers' Compensation benefits are required in this state for all of the following injuries incurred during the course of employment, **except**:
- a farm laborer is injured when a tractor he is operating overturns
 - a painter fails to properly secure a scaffold and a fellow worker falls and breaks a leg
 - a factory worker fails to wear safety glasses and incurs an eye injury
 - a worker develops lung cancer after working in an asbestos plant for 20 years
49. Additional coverages apply under personal liability coverage in addition to the Homeowner's policy's limits of liability. All of

- the following are correct statements regarding additional coverages, **except**:
- First aid expense is one type of additional coverage
 - Loss assessment provides \$5,000 of coverage when a residential property owners association makes an assessment against an insured resulting from a liability claim against the corporation or association
 - “Damage to the Property of Others” coverage pays for damage caused by the insured to non-owned property
 - One type of claim expense is interest on court judgments’
50. A policy which has a single limit of insurance for all property at multiple locations is known as:
- Reporting Form
 - Special Form
 - Blanket Coverage
 - Specific Coverage
51. One condition affecting both Section I and Section II of the Homeowner’s policy is the policy period. What clause states that if, in sixty (60) days before policy period beginning or during the policy period, insurer makes a change that broadens Homeowner’s policy at no extra premium, insured’s policy automatically is amended to include the change?
- Liberalization Clause
 - Subrogation Clause
 - Automatic Adjustment Clause
 - Inflation Guard Clause
52. A name schedule bond covers several specific individuals who are named on the bond. New employees who replace schedule employees are:
- not covered until declared and premiums paid
 - automatically covered for the scheduled amount, but coverage terminates when the bond expires
 - automatically covered for thirty (30) days for the scheduled amount
 - automatically covered for thirty (30) days, but the coverage is limited to a few thousand dollars
53. Statements made in an application for insurance are deemed to be:
- binders
 - warranties
 - representations
 - material facts
54. If a named insured had an insurable interest in numerous properties at dozens of locations, any policy providing specific insurance for each property would have to be written on a:
- specific coverage basis
 - blanket coverage basis
 - schedule coverage basis
 - reporting form basis
55. Advertising injury includes all of the following types of injuries, **except**:
- slander
 - libel
 - violations of privacy
 - impaired property restoration
56. A \$100,000 property was insured for \$50,000 with the eighty percent (80%) co-insurance clause attached. A \$45,000 loss occurred. What is the company’s liability?
- \$22,500
 - \$45,000
 - \$28,125
 - \$50,000
57. The products and complete operations coverage part under general liability insurance covers:

- a. damage to materials during the manufacturing of a product
- b. damage to the insured's product
- c. injury to a customer caused by the insured's product
- d. loss of recalled products due to suspected defect
58. A bailee form is a special type of floater which does all the following, **except**:
- a. excludes coverage for losses of property in the care, custody, or control of the insured
- b. fills the insurance gap and is broader than liability coverage
- c. reimburse customers for damaged property when the insured is at fault
- d. reimburse customers for damaged property when the insured is not at fault
59. A policy issued by Company "A" expired on January 15th and was renewed by a policy issued by Company "B" on the same date. A loss occurs at 11:59 a.m. that date. Which company is liable?
- a. Company "A", because the loss occurred prior to 12:01 a.m.
- b. Company "B", because its policy became effective at 12:01 a.m. of that date
- c. Neither Company because the loss occurred between the expiration time of the old policy and the effective time of the new policy
- d. Both Companies since the effective time overlapped and the loss occurred during this overlapped time. Loss is prorated
60. Employees are entitled to benefits under Workers' Compensation laws for injuries arising out of or during employment:
- a. only if the employer's negligence was the proximate cause of the injury
- b. only if the employer carries Workers' Compensation insurance
- c. only if the injured employee did not contribute to his injury
- d. regardless of the employer's negligence
61. Personal Auto Policy (PAP) Liability Coverage applies to any person believing that permission to Named Insured's covered auto had been given. All the following are correct statements regarding coverage for other persons under PAP, **except**:
- a. Coverage applies to any person legally responsible for damages while employed in business or parking autos designed for use on public roads
- b. Coverage does not apply to use of any vehicles by any person who does not have the "reasonable belief of being entitled to do so" by the owner of the vehicle
- c. Insured is not protected against liability arising out of ownership or operation of a vehicle used to carry persons or property for a fee
- d. PAP is subject to Nuclear Energy Liability exclusion
62. Particular Average in Ocean Marine Coverage means:
- a. total loss
- b. total loss shared by others
- c. partial loss not shared by others
- d. partial loss shared by others
63. Fair plans make property insurance available to eligible property owners who cannot obtain coverage in the traditional market. All of the following are types of typical Fair plan coverage, **except**:
- a. Fire
- b. Vandalism
- c. Negligence
- d. Malicious mischief
64. Suppose Tom purchases underinsured motorist coverage for a limit of \$100,000 and Jim

- purchases an auto liability policy with a limit of \$40,000. If Tom's damages amount to \$110,000 in an accident caused by Jim's negligence, what amount will Tom collect from his insurance?
- \$60,000
 - \$70,000
 - \$80,000
 - \$100,000
65. Personal Auto Policy (PAP) coverage includes Uninsured Motorists coverage. All the following are considered an uninsured motor vehicle, **except**:
- Vehicle which has an unidentified owner/operator which hits named insured
 - Trailer for which owner has not filed Bodily Injury Bond
 - Vehicle owned by a government agency
 - Vehicle which has liability limit less than the minimum specified under state laws
66. The principle of insurable interest requires that the insured must suffer a financial loss or incur some other kind of harm if loss occurs. Which of the following involves the insurer's substituting for the insured in order to collect losses from a third party?
- Indemnity
 - Replacement Cost
 - Negligence
 - Subrogation
67. The claims made commercial general liability form does not cover losses which occur:
- during the policy period
 - before the policy effective date
 - before any retroactive date specified
 - before an extended reporting period begins
68. The difference between an independent adjuster and a public adjuster:
- An independent adjuster adjusts claims on behalf of insurers, while a public adjuster handle claims on behalf of named insured's
 - An independent adjuster works for the named insured, while a public adjuster handle claims on behalf of the insurer
 - An independent adjuster adjusts bodily injury and Workers' Compensation claims, while a public adjuster handles property damage and surplus lines claims
 - There is no difference between the independent and public adjuster, while there is a difference between a staff adjuster and a worker's compensation adjuster
69. A sign, falling from the front of a store building, injures a person walking on the sidewalk. What type of policy would the storeowner need to cover this type of loss?
- Comprehensive Sign Coverage
 - Easement Liability Policy
 - Product Liability Policy
 - Commercial General Liability Policy
70. Worker's Compensation laws provide four (4) types of benefits. All the following are worker's compensation benefits, **except**:
- Medical care is fully covered.
 - Rehabilitation services are covered
 - Death benefits pay a burial allowance
 - Unemployment benefits are provided subject to a weekly maximum.
71. In Inland Marine Insurance, inherent vice refers to:
- insurance written on people with questionable reputations
 - quality in property that causes it to destroy itself
 - adverse selection
 - physical hazards

72. Coverage C of the Homeowners' policy protects unscheduled personal property owned or used by the insured on or off premises, anyplace in the world. Personal property not usually located at the insured residence is restricted to the larger of ten percent (10%) of Coverage C or:
- \$500
 - \$5,000
 - \$10,000
 - \$1,000
73. Under the National Flood Insurance program, the policy deductible applies:
- Pre occurrence and aggregate limit
 - Aggregate limit per loss
 - Separately to both the building and contents portion of the loss
 - Annually
74. Two (2) approaches are used in insuring against perils in the Homeowner's policy. The most restricted coverage of the Homeowner's forms is found in:
- HO-8
 - HO-4
 - HO-2
 - HO-3
75. Which of the following peril is usually found in an Inland Marine policy, but not in a Fire policy?
- Explosion
 - Smoke
 - Transportation
 - Vehicle Damage
76. In Surplus Lines Coverage, which of the following is false?
- Surplus Lines Coverages are written by unauthorized insurers and must be placed through surplus lines brokers
 - Submission of a risk to at least three (3) unauthorized insurers shall be deemed to be diligent effort to place the risk
 - Surplus Lines Coverage is excess coverage
 - Surplus Lines Coverage must not be procured for the purpose of securing a lower premium than normally available from an authorized insurer
77. Which of the following would be covered under the theft peril of a Homeowner's policy?
- Theft from a partially constructed dwelling.
 - Theft of an automobile from the insured's premises.
 - Theft by a tenant who is temporarily renting the insured's three family dwelling.
 - Theft from the insured's dwelling which has been left unlocked when the insured was on vacation.
78. Workers' Compensation laws provide income benefits paid to employees who suffer "work-related" disabilities after a:
- two (2) week waiting period
 - seven (7) day waiting period
 - four (4) week waiting period
 - no waiting period, but limited to 66 2/3% of wages
79. A non-resident agent's license may be issued:
- to the person who passes the licensing examination and pays a fee
 - to the person who is otherwise qualified for a license in Georgia, except as to residence
 - automatically to any licensed agent in Georgia
 - for a minimum of six (6) months and maximum of two (2) years
80. Under the National Flood Insurance Emergency Program, what is the maximum limit of

- coverage that may be written for a Commercial building?
- \$500,000
 - \$300,000
 - \$200,000
 - \$100,000
81. Which of the following are eligible for a Homeowner's policy?
- anyone owning a house
 - an owner of an apartment building
 - an owner of a boarding or rooming house
 - a tenant of a dwelling or an apartment in any building.
82. A legal wrong is a violation of another person's legal rights or the failure to perform a legal duty owed another person or society. Which of the following is a legal wrong for which the remedy is monetary damage?
- Liability
 - Nuisance
 - Negligence
 - Tort
83. Pure risk differs from speculative risk with regard to the probability of loss occurring. All of the following statements are distinguishing features between pure and speculative risk, **except:**
- insurance is generally available only for pure risk
 - the "Law of Large Numbers" can be applied only to speculative risk
 - society is always harmed by losses from pure risk
 - society may benefit from a loss on speculative risks
84. Intentional torts arise from the willful acts or omissions that result in harm to others. All of the following are examples of intentional torts, **except:**
- Slander against another.
 - Trespassing on property.
 - Spousal abuse.
 - Owning wild animals.
85. A coverage which protects the insured for any loss or damage to the automobile with exception to loss caused by collision of the automobile with another object or by upset of the automobile or by collision of the automobile with a vehicle to which it is attached. Breakage of glass, loss caused by missiles, falling objects, fire, theft, explosion, earthquake, windstorm, hail, water, flood, vandalism, riot or civil commotion shall not be deemed loss by collision or upset. The foregoing describes:
- automobile physical damages
 - automobile collision
 - automobile comprehensive coverage
 - motor vehicle theft coverage
86. The primary purpose of a fidelity bond is:
- To guarantee honesty of the obligee
 - To guarantee performance by a contractor
 - To indemnify the obligee for losses from employee dishonesty
 - To indemnify the guarantor in the event of a loss
87. Under a Unilateral Contract:
- terms are drawn up by the insurer, and the insured has little or no control over policy content
 - the intent is to make someone "whole" again
 - an act is exchanged for a promise
 - a promise is exchanged for a promise
88. The parol evidence rule means:

- a. oral statements made before contract formation will not be admitted in court
- b. a breach of warranty must involve a material fact
- c. oral evidence may not waive policy provisions
- d. insurance will not cover criminal activity
89. Which of the following are insured under the personal liability coverage of Homeowner's policy?
- a. Automobiles on or off the premises if specifically included by endorsement.
- b. Licensed automobiles on the premises or ways immediately adjoining.
- c. Golf mobiles on or off the premises, while used for golfing purposes.
- d. Outboard motorboats up to 50 horsepower.
90. A Garage Keepers Liability Coverage protects proprietors, dealers and service stations for:
- a. their legal liability for direct loss or damage to the person or property of others by cars belonging to others while in their custody
- b. damage to their own property by cars belonging to others while in their custody
- c. their legal liability for damage, while in their custody, to motor vehicles belonging to others
- d. damage to their own property by their own vehicles
91. An insured purchases an additional automobile but does not notify the insurance company carrying his automobile insurance until 3 weeks later on the day that loss occurs. Is damage to the insured's car covered under the Personal Automobile Policy?
- a. No. Transfer should be reported immediately.
- b. Yes. Coverage applies to a new auto if reported within thirty (30) days.
- c. No. The new auto must be reported to the company within fourteen (14) days.
- d. The claims adjuster will have to determine if loss will be paid.
92. A Contract of Adhesion means:
- a. performance depends on the occurrence of an uncertain event
- b. terms are drawn up by the insurer and the insured adheres to the terms
- c. an act is exchanged for a promise
- d. to make someone "whole" again by paying actual losses while preventing any gain
93. All of the following are reasons why deductibles are desirable, **except**:
- a. deductibles can reduce the overall cost of insurance to the insured
- b. deductibles, if high enough, may motivate the insured to exercise a greater degree of loss control
- c. higher deductibles restrict insurance to covering major losses
- d. lower deductibles are associated with lower premiums
94. Inland marine floaters apply to property that is often moved from one location to another. All of the following are common characteristics of inland marine floaters, **except**:
- a. Inland Marine floaters are customized to particular articles of property
- b. most floaters cover only property located in the United States
- c. floater policies offer broader, more comprehensive coverage
- d. amounts of insurance can be chosen within certain limits
95. In order to form a valid contract, the law requires that certain essential elements be satisfied. One of the elements is:

- a. offer and acceptance
 - b. legislative regulation
 - c. express authority
 - d. proximate cause
96. An insured has fire insurance on a building he owns. He sells the property to another person. The insurance can be transferred to the new owner in which one of the following circumstances.
- a. If the insured gives the policy to the new owner
 - b. If the insured assigns the policy to the new owner
 - c. If the insured assigns the policy to the new owner and has the written consent of the insurance company of the new assignment
 - d. If the insured waits thirty (30) days before giving the policy to the new owner
97. The dwelling insurance program is tailored for individuals who have dwellings that do not qualify for coverage under a Homeowner's policy. Which of the following coverages under Dwelling Property Special Form DP-3 insures personal property owned by the insured or residing family members?
- a. Coverage A
 - b. Coverage B
 - c. Coverage C
 - d. Coverage D
98. The period of coverage and territory covered by an Uninsured Motorists protection endorsement include:
- a. accidents which occur on or after the effective date of the endorsement, during the policy period within the United States, its possessions or territories and Canada
 - b. accidents which occur on or after the effective date of the endorsement,
- c. accidents which occur on or after the effective date of the endorsement, during the policy period within the continents of North and South America
 - d. accidents which occur on or after the effective date of the endorsement, during the policy period worldwide or ports transported between
99. The burden of proof in establishing a loss to be paid rests with:
- a. the insured
 - b. the insurer
 - c. the appraisers
 - d. the court
100. Sam is riding as a passenger in Gary's car and is injured. Which of the following statements would apply if both Sam and Gary had Medical Payments coverage under a Personal Auto Policy?
- a. Sam's policy will pay
 - b. Both Sam and Gary's policy would share equally in the loss on a prorated basis
 - c. Gary's policy will pay
 - d. Sam's policy would be primary, and Gary's policy would be excess