

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

1. All the following are conditions commonly found in an insurance contract, **except:**
 - a. Subrogation
 - b. Appraisal
 - c. Cancellation
 - d. Insuring Agreement
2. All fires are not covered by the Standard Fire policies, only those that:
 - a. have a flame or glow
 - b. have a flame
 - c. are hostile and have a flame
 - d. are hostile and have a flame or glow
3. At what time does a fire policy go into affect?
 - a. 12:01 a.m. standard time at the location of the insured's property
 - b. 12:00 noon standard time at the address of the insured
 - c. 12:00 midnight, standard time at the location of the insured's property
 - d. None of the above are correct
4. What insurance policy provision defines how the policy will respond when there is more than one policy on the risk?
 - a. Co-Insurance
 - b. Primary and Excess
 - c. Concurrency
 - d. Other Insurance
5. A property is insured under two Standard Fire Policies for \$50,000 each. A fire causes \$10,000 worth of damage. What is the maximum amount the insured may collect under each policy?
 - a. \$5,000
 - b. \$10,000 from each company if the other insurance is collectible
 - c. \$15, 000
 - d. \$20, 000
6. A fire burning in the middle of the living room would be considered:
 - a. a friendly fire
 - b. a Class II escaped combustion
 - c. a hostile fire
 - d. none of the above
7. An insured's house is damaged by fire caused by a neighbor's negligence. The insurance company will attempt to recover damage from the neighbor. This is called:
 - a. subrogation
 - b. pro-rata liability
 - c. estoppel
 - d. none of the above
8. The policy provision that allows the insurer to enhance the coverages during the policy term without commensurate adjustment in premiums is called?
 - a. Assignment
 - b. Subrogation
 - c. Appraisal
 - d. Liberalization
9. Furniture which is destroyed when a building burns down is an example of what type of loss:
 - a. Direct
 - b. Resulting
 - c. Consequential
 - d. Indirect

10. Who is insured under the Standard Fire policy:
- all persons occupying the insured's premises
 - the named insured and his legal representatives
 - all persons having financial interests in the property
 - the named insured and anyone he sells the property to
11. The transfer of an insured's right to seek damages from a negligent party to the insurer is found in which of the following clauses:
- assignment
 - arbitration
 - subrogation
 - appraisal
12. Suppose an insured has a piece of equipment for which the replacement cost is \$8,500. A fire damages the equipment beyond repair. Since it was purchased two years ago, the equipment depreciated \$900 the first year, \$650 the second year. For what amount will the Standard Fire policy indemnify the insured?
- \$6,950
 - \$8,500
 - \$7,600
 - \$7,725
13. An agreement which affords temporary insurance protection until the policy is issued is called:
- an endorsement
 - an exclusion
 - a binder
 - estoppel
14. As a general rule, a complete fire insurance policy would be made up of:
- the Standard Fire policy
 - the Standard Fire policy with one or more forms attached
 - either the Standard Fire policy alone or one or more separate forms alone
 - either the Standard Fire policy alone or the Standard Fire policy with one or more forms attached
15. The one condition listed below which will not void a fire policy is:
- false swearing
 - misrepresentation
 - over-insurance
 - concealment
16. The cost of replacement of property at the time of the loss less depreciation is called:
- replacement cost
 - actual cash value
 - utility value
 - stated value
17. A dwelling has sufficient Fire & EC coverage. If wind causes \$2,000 damage to the roof, a resulting fire causes \$2,000 damage and water used to put out the fire causes \$2,000 additional damage. How much would the insured collect, ignoring any deductible?
- \$2,000
 - \$4,000
 - \$6,000
 - Nothing
18. When a building with a value of \$110,000 is insured by a policy with a 90% coinsurance clause, the amount of insurance required to avoid a coinsurance penalty is:
- \$110,000
 - \$100,000
 - \$99,000

- d. \$90,000
19. The Standard Fire policy with an extended coverage endorsement attached covers which of the following:
- damage caused by vehicles owned or driven by an occupant of the described premises
 - smoke from agricultural smudging
 - explosion of a steam boiler
 - riot
20. A loss due to order of Civil Authority:
- is covered
 - is excluded
 - is covered only if the loss occurs because of an order by Civil Authorities to control a riot
 - is excluded, unless the loss occurs because of an order by Civil Authorities for the purpose of controlling a fire
21. The term “unoccupancy” refers to the absence of:
- both persons and contents from a building
 - persons from a building
 - contents from a building
 - none of the above
22. Property with an insurable value of \$50,000 is insured for \$40,000. The policy contains an 80% coinsurance clause. The settlement of a \$45,000 loss would be:
- \$36,000
 - \$32,000
 - \$40,000
 - \$45,000
23. The section of the policy that identifies the insured, the property to be insured, limits and time of coverage is known as the:
- Policy Face
 - Contents
 - Insuring Agreement
 - Declaration Page
24. The standard deductible on Dwelling Property forms is.
- \$100
 - \$250
 - \$500
 - \$1000
25. For recovery under the Standard Fire policy, a party must:
- show an insurable interest in the property at the time it is written
 - be the person to whom the policy is issued
 - be named in the policy and show an insurable interest in the property at the time of loss occurs
 - all of the above