

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

1. If an insurance company underwriter discovers that an applicant for a Homeowner's policy has been convicted of submitting a fraudulent claim to an insurer in the past, he may reject the application as a
 - a. Morale hazard
 - b. Certainty of loss hazard
 - c. Moral hazard
 - d. Legal hazard

2. All the following might be covered under Section II of a Homeowner's policy, **except**:
 - a. The insured walking the dog of a neighbor while the neighbor is on vacation. The dog bit a jogger causing \$800 in medical bills.
 - b. A person delivering a package slipped on the icy porch of the insured, broke a leg and is requesting reimbursement for medical bills and lost wages until the leg heals.
 - c. The insured's 10-year-old son was flying a radio-controlled airplane that crashed into the neighbors' gutters causing \$200 in damages
 - d. The insured left gasoline in their lawn mower and stored it in the garage. A spark ignited the lawn mower and burned the garage down causing \$20,000 worth of damage.

3. When a loss is settled on a replacement cost basis, the insured receives:
 - a. the replacement cost of the property minus depreciation.
 - b. The replacement cost of the property with no deduction for depreciation.
 - c. 80% of the amount of loss to repair, rebuild or replace with "like kind" and quality.
 - d. Original cost plus or minus depreciation or appreciation.

4. An insured has \$70,000 of coverage on a Homeowner's policy. A loss of \$12,000 on an actual cash value basis and \$15,000 on a replacement cost basis occurred. How much will the insured collect if the full replacement cost of the home was \$110,000 at the time of loss (ignore any deductible)?
 - a. \$10,000
 - b. \$11,932
 - c. \$12,000
 - d. \$15,000

5. An insured has a dwelling with a replacement cost of \$50,000. He carries a Homeowner's policy for \$30,000. Does the insured qualify for replacement cost coverage on a dwelling loss?
 - a. Yes, Homeowner's policies provide replacement cost
 - b. No, he is not properly insured to value
 - c. Maybe, depending on the cause of loss
 - d. No, replacement cost is for scheduled items only

6. The condominium form HO-6 provides no dwelling coverage but provides the same coverage as what other form for personal property?
 - a. HO-1
 - b. HO-2
 - c. HO-5
 - d. None of the above

7. All of the following are examples of hazards, **except**:
- A fire in the garage of a home
 - Faulty wiring in a home
 - Broken steps on the porch
 - Trash & debris in the basement of a home
8. Coverage E of the Homeowner's program has a minimum limit of:
- \$15,000
 - \$100,000
 - \$25,000
 - \$50,000
9. An insured has coverage A, B and C under the DP-2. During a fire, the insured moves personal property to a neighbor's garage. Would the personal property be covered at the garage if the neighbor had no insurance?
- Yes, for thirty (30) days
 - No, any loss off premises will not be covered
 - Yes, for five (5) days
 - No, unless the neighbor had insurance
10. Under Section I, insured premises means:
- any residence premises acquired by the Named Insured during the policy year
 - any residence premises not owned by the named insured, but used with the permission of the owner
 - the residence premises described in the policy
 - vacant land owned by the name insured
11. What provision is a Homeowner's Policy applies when the insurer broadens coverage but does not increase the premium?
- Insuring Clause
 - Valuation Clause
 - Appraisal Clause
 - Liberalization Clause
12. How much coverage is applied to contents away from the premises under the Dwelling Building and Contents Broad Form?
- 10% of dwelling coverage
 - 10% of contents coverage
 - 10% of combination coverage
 - 10% of scheduled articles
13. The insurer may be able to declare the insurance void after the contract is in effect; under all of the following reasons, **except**:
- The insured failed to pay subsequent premiums
 - The insured intentionally concealed a material fact
 - The insured intentionally misrepresented a material fact
 - The insured committed a breach of warranty
14. To obtain coverage for the dwelling under a Homeowner's contract, the insured must:
- have the mortgage paid off
 - be the owner occupant
 - have no more than eight boarders
 - have a signed lease
15. All the following types of personal property on each Homeowner's form are subject to a special limit of liability of \$1,500, **except**:
- Watercraft
 - Trailers
 - Securities, accounts, deeds
 - Firearms

16. In a Homeowner's policy, personal property used for business purposes:
- is excluded.
 - Is covered for a maximum of \$2,500 scheduled and an additional premium is paid.
 - Is covered only on the insured residence premises.
 - Is covered for up to \$2,500 on the premises and up to \$500 off the premises.
17. All the following statements concerning the Dwelling forms are correct, **except**:
- they are used to provide insurance on residential property that does not meet the eligibility requirements for Homeowner's coverage.
 - they may be used to insure the personal property of persons who rent a dwelling or apartment.
 - special form DP-3 provides coverage for additional living expense.
 - broad form DP-2 provides coverage for the dwelling and other structures on an all-risk basis
18. All the following are additional coverages provided in addition to the stated limits of liability in a Homeowner's policy, **except**:
- claims expenses
 - first aid to others
 - loss assessment coverages
 - personal injury
19. Which of the following statements concerning the types of Homeowner's policies is correct?
- HO-8 is designed for high-value dwellings for which the owner wants broader coverage than is available under HO-3
 - HO-4 provides all-risks coverage for personal property of tenants
 - HO-6 provides coverage for the insured's interest in additions, alterations and improvements made to a condominium unit.
 - HO-2 and HO-3 differ primarily with respect to coverage for personal property
20. Which Homeowner's form does not provide any major forms of property insurance coverage for the residence?
- HO-2 and HO-3
 - HO-3 and HO-5
 - HO-2 and HO-4
 - HO-4 and HO-6
21. 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 \$6,000 fire loss to jewelry.
 - Theft of a \$1,500 motorcycle.
 - A \$500 fire loss to a coin collection.
 - Theft of a \$2,500 outboard motorboat and motor.
22. Which of the following losses would not be applicable under "Coverage E or F"?
- The named insured's son damages the garage on the premises with a garden tractor
 - A delivery man trips over a toy left on the porch of the insured's dwelling
 - The named insured's dog damages the front screen door of a neighbor's house
 - The small daughter of the named insured hits a friend with a stick severely injuring the other party's eye.
23. Which of the following would not be part of the "insured location" on a Homeowner's form 3?
- A vacant lot owned by the insured
 - A secondary residence acquired during the policy period

- c. A lakeside cabin rented by an insured for a vacation
- d. Land rented to an insured on which a five-family dwelling is being built as a residence for the insured.

24. All the following risks would be eligible for coverage under a Homeowner's policy, **except**:

- a. A four-family dwelling under construction which will be occupied by the owner.
- b. An apartment rented by a tenant non-owner.
- c. A small family farm.
- d. A mobile home.

25. Replacement cost coverage for dwellings is available under:

- a. DP-1, DP-2 and DP-3
- b. DP-3 only
- c. DP-1 and DP-2 only
- d. DP-2 and DP-3 only