

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

1. All the following would not be covered by a Personal Auto Policy Liability section, **except**:
 - a. an insured damages another vehicle while riding a motorcycle.
 - b. An insured causes injuries while operating a taxi.
 - c. An auto mechanic has an accident while road testing the insured's vehicle.
 - d. The insured's teenage daughter causes an accident while driving the family car without permission.
2. India carries \$5,000 medical expense coverage at the time of a covered accident. India and 3 (three) passengers were injured, and the necessary medical treatment cost were as follows: \$8,500 for India; \$6,000 for Alicia; \$8,000 for Erica; \$10,000 for Brittany. How much will the policy pay under Part B?
 - a. \$5,000 maximum for the accident
 - b. \$5,000 prorated for Alicia, Erica, and Brittany
 - c. \$20,000
 - d. No coverage for passengers under Coverage Part B
3. All the following could be covered under a Named Insured's Personal Auto Policy, **except**:
 - a. A pick-up truck less than 10,000 pounds used for farming.
 - b. A private passenger vehicle regularly used for business deliveries.
 - c. A car used by the named insured's teenage daughter while attending college in another state.
 - d. A private passenger vehicle owned by the named insured's spouse who moved to a separate residence five months ago.
4. The physical damage section of the Personal Auto Policy excludes losses arising from:
 - a. flood
 - b. earthquake
 - c. animals
 - d. mechanical breakdown.
5. Which of the following causes of loss is covered by Other-Than-Collision Coverage written under a Personal Auto Policy?
 - a. freezing
 - b. electrical breakdown
 - c. vandalism damage to tires
 - d. upset
6. Which of the following losses would be covered by Other-Than-Collision Coverage under an automobile policy?
 - a. mechanical breakdown
 - b. hail
 - c. wear and tear
 - d. upset
7. What is the principal coverage under the Personal Auto Policy Coverage Part D?
 - a. Liability Coverage
 - b. Physical Damage coverage
 - c. Uninsured Motorist Coverage
 - d. Medical Payments Coverage
8. How much will the Personal Auto Policy Coverage Part A pay towards an appeal bond?
 - a. \$250 for accidents including violations
 - b. Unlimited to dollar amount
 - c. Nothing unless deductible is first satisfied
 - d. Actual expenses up to \$2,000

9. Mary Lou has split limits of \$100,000/\$300,000 Bodily injury on her Personal Auto Policy. She hit a pedestrian who claims damages of \$225,000. Mary Lou's medical expenses totaled \$25,000. What is the maximum liability of the policy for this accident?
- \$100,000 plus defense costs
 - \$225,000 plus defense costs
 - \$250,000 plus defense costs
 - \$300,000 plus defense costs
10. All the following are true about newly acquired eligible vehicles, **except**:
- Some coverage applies automatically to all newly acquired eligible vehicles.
 - Comprehensive nor Collision Coverage is never automatically provided for newly acquired vehicles.
 - Liability coverage for additional vehicles will be provided automatically only for 14 days.
 - If Liability coverage applies to a replacement vehicle the coverage is automatic until the end of the policy term.
11. An insured has a Personal Auto Policy providing Full Coverage Comprehensive and \$500 deductible Collision Coverage. The insured's auto catches fire and as a result strikes a tree, causing total damage of \$22,500. How much would the insured recover?
- \$22,000
 - \$22,500
 - \$500
 - \$17,500
12. What Personal Auto Coverage would pay for the insured's injuries sustained when struck by a hit-and-run driver while crossing a busy street?
- Liability Coverage
 - Collision & Upset
 - Medical Payments
 - Accidental Death & Dismemberment
13. All the following statements concerning the physical damage section of the Personal Auto Policy are correct, **except**:
- coverage is provided for transportation expenses if a covered auto is stolen
 - coverage is excluded for mechanical breakdown unless it is a result of the theft of the covered auto
 - coverage is excluded for private passenger autos borrowed by the named insured or family members
 - the insurer has the option of repairing a damaged auto rather than making a monetary settlement
14. Which one of the following best outlines the intent of automobile liability insurance?
- To pay for all damages arising out of an accident involving the insured
 - To pay on behalf of the insured all damages caused by accident to property of another
 - To pay on behalf of the insured all damages caused by accident arising out of the ownership, maintenance of an automobile
 - To pay on behalf of the insured, all sums which the insured shall become legally obligated to pay as damages caused by accident and arising out of the ownership, or use of the automobile
15. Personal Auto Policy (PAP) provisions includes duties of insured after an accident. All the following are duties of insured after an accident, **except**:
- notify insurance company
 - cooperate with insurer
 - do not leave the auto and accident area

- d. notify the police if necessary
16. All the following would be covered by Part A – Liability on a Personal Auto Policy, **except**:
- An insured while driving too fast, hit a pedestrian who was crossing the street at a crosswalk.
 - The insured while driving and talking on a cell phone, smashes into the rear of another auto when it suddenly stops. No one is injured, but the collision damages both cars.
 - The insured brakes suddenly to avoid hitting a squirrel who has run into the street and a passenger in the insured's automobile is injured.
 - The insured lost control of their automobile and the corner of the front bumper hit the side of a parked car. The insured's automobile is not damaged but there is damage to the parked car.
17. A remedy is available when the insured and the insurer cannot agree on whether the insured is entitled to collect damages or on the amount of damages to be awarded in uninsured motorist cases. This remedy is:
- subrogation
 - settling out of court
 - no benefit to liable
 - arbitration
18. What is a Temporary Substitute automobile?
- Any auto not owned or regularly used by an insured
 - Any auto other than the one normally used by an insured
 - An insured's second car
 - An auto not owned by an insured and used with the owner's permission while the insured's auto is withdrawn from use because of its loss, destruction, breakdown, or servicing
19. Auto liability insurance is divided into coverage for two types of damage one person may cause another. They are:
- Bodily Injury and Medical expenses
 - Bodily Injury and Property Damage
 - Personal liability and Business Liability
 - Medical expenses and Property Damage
20. Which of the following is covered by an insured's auto Property Damage liability insurance?
- Damage to the insured's car by collision
 - Breakage of the insured's windshield
 - Damage to the property of others caused by the insured's negligence
 - Theft of the insured's car
21. All policies covering private passenger vehicles must be issued for a minimum term of:
- six (6) months
 - twelve (12) months
 - whatever term the insured request
 - no term is required
22. What is the maximum amount payable for bail bonds under Supplementary Payments in the Personal Auto Policy?
- \$100
 - \$1,000
 - \$250
 - \$2,500
23. Part C – Uninsured Motorists coverage:
- is compulsory; the insured must purchase it and may not reject it.
 - Is required to be offered by insurance companies, but the insured can reject it.

- c. is not mandated, but insurance companies offer it as an option.
- d. may only be written if the insured accepts full coverage.
24. Which of the following is true with respect to Automobile Medical Payments?
- Coverage applies to reasonable and necessary expense for emergency medical attention only at the time of the accident
 - Coverage applies to reasonable expenses incurred within three years from the date of accident for necessary medical and related services
 - Coverage applies only to the named insured and residents of his household
 - Coverage applies to passengers but not to the driver
25. All the following would be included in the definition of your covered auto on a Personal Auto Policy, **except**:
- A vehicle shown in the declarations.
 - A \$350 trailer owned by the named insured.
 - A Non-Owned vehicle used by the insured when their covered auto is being serviced.
 - A vehicle furnished for regular use of the named insured by the insured's employer.
26. Under Uninsured Motorists coverage, an insured can collect from his own liability insurer:
- Bodily Injury expenses which exceed his auto Medical Payments limit
 - Bodily Injury expenses when no one is liable, and no one carries Auto Medical Payments Insurance
 - Bodily Injury damages he would be legally entitled to collect from an Uninsured Motorists or a hit-and-run driver
 - Bodily Injury and Property Damage he would be legally entitled to collect from an uninsured motorist
27. An insured's auto is stolen and recovered five days later. If the insured claims transportation expenses of \$32.50 per day, how much will be paid under the covered peril?
- \$60.00
 - \$97.50
 - \$162.50
 - Nothing
28. Which of the following is not included in the policy conditions?
- The name of the parties to the contract
 - Amplification of definitions
 - Certain duties, responsibilities, rights and privileges of the parties to the contract
 - Agreed procedures under specified circumstances
29. If the named insured allows his son to use one of the vehicles covered under the Personal Auto Policy (PAP), is the son an insured under the PAP even though the son does not reside in the named insured's household?
- No, because the son does not fit the definition of "family member"
 - No, because the vehicle is furnished for the regular use of the son
 - Yes, because the definition of "insured" includes any person using the Named Insured's covered auto
 - Yes, because the PAP provides coverage for the Named Insured and his family under any circumstances

30. All the following are typical claims procedures of an insurance agent in the event of a loss, **except**:

- a. Notify the insurer immediately
- b. Complete a notice of loss form
- c. Advise the insured of their duties under the policy
- d. Act as the insured's public adjuster