

**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 key components of every Commercial Property Policy, **except**:
  - a. common policy Declarations
  - b. common policy Conditions
  - c. one or more coverage parts
  - d. common policy Underwriting and Marketing Guide.
2. All the following may be included in a Commercial Package Policy, **except**:
  - a. Commercial Property
  - b. Commercial General Liability
  - c. Crime
  - d. Aircraft
3. The Building and Personal Property coverage form does not cover:
  - a. bridges, road ramps, patios.
  - b. completed additions and fixture.
  - c. permanently installed machinery and equipment.
  - d. appliances used for refrigerating or ventilation.
4. All the following lines of insurance can be included in the Commercial Package Policy, **except**:
  - a. Ocean Marine
  - b. Commercial Inland Marine
  - c. Professional Liability
  - d. Commercial General Liability
5. The common declarations for a Commercial Lines Policy contain all the following information, **except**:
  - a. Policy Number
  - b. total policy premium
  - c. list of all included forms
  - d. Cancellation Clause
6. Cause of Loss forms identify the perils insured against. One variation of Cause of Loss form is the:
  - a. Building and Personal Property form
  - b. Special form
  - c. fire department service charge
  - d. property off-premises
7. The Commercial Property condition that automatically provides for broader coverage for an insured without charging premiums is the:
  - a. Apportionment Clause
  - b. Liberalization
  - c. Bailment Clause
  - d. Legality Clause
8. All the following forms are Named Perils cause of loss, **except**:
  - a. Basic
  - b. Broad
  - c. Special
  - d. Earthquake
9. Each of the following losses would be covered by the three major cause of loss forms, **except**:
  - a. Damage to a roof due to a break-in and burglary.
  - b. Rain damage to interior walls and rugs after windows are broken by hail.
  - c. Smoke damage resulting from a fire at a near by building.
  - d. A steam boiler explosion due to internal pressure buildup.
10. A business income loss resulting from an order by a civil authority closing nearby roads after a major fire will be covered for a maximum period of:

- a. three (3) weeks  
b. six (6) months  
c. policy term  
d. no coverage unless fire damages the insured building
11. Outdoor furniture would be covered under:
- a. special endorsements only.  
b. personal property of the insured.  
c. Building Coverage.  
d. Marine Coverage form.
12. Commercial Property insurance is written with a deductible. The standard deductible amount is:
- a. \$100 per occurrence  
b. \$250 per occurrence  
c. \$500 per occurrence  
d. 80% of the coinsurance provision.
13. The insured, Jackson Manufacturing Company, has five locations and moves merchandise and stock between each location. The type of coverage that would provide a single limit without having to adjust insurance limits at each location is the:
- a. Reporting coverage  
b. Valuation coverage  
c. Scheduled coverage  
d. Blanket coverage
14. Operations at the Atlanta Times depend on a steady flow of supplies from Dalton Mills Inc. What coverage would protect Atlanta Times against income losses due to damage at Dalton Mills Inc., which prevents shipments of supplies?
- I. Coverage for "contributing" dependent properties
- II. Coverage for "recipient" dependent properties
- a. I only  
b. II only  
c. Both I and II  
d. Neither I nor II
15. An insured has \$400,000 of coverage on his building. He suffers a fire loss of \$120,000. The Actual Cash Value of the building at the time of loss was \$600,000. If his policy contains an 80% Co-Insurance Clause, how much will he collect (ignoring the deductible)?
- a. \$60,000  
b. \$80,000  
c. \$100,000  
d. \$120,000
16. Builder's Risk Insurance:
- a. covers the risk of failure to complete the building at a given date  
b. covers only the building itself  
c. deals with constantly changing values  
d. is generally characterized by over-insurance
17. It will cost Garfield \$50,000 to put a new roof on his building to replace a roof destroyed in a windstorm that is covered by the policy. Assume that the original roof, for which Garfield paid \$35,000 ten years ago, depreciated about \$500 a year. What was the Actual Cash Value of the roof that was destroyed?
- a. \$5,000  
b. \$20,000  
c. \$30,000  
d. \$45,000
18. Extra Expense Insurance:
- a. provides for loss of operating income  
b. covers extra expense involved in substituting new materials for old materials

- c. covers extra expense of operating a business after a loss has occurred
- d. covers cost of construction in excess of estimates
19. All the following types of property may be covered under a Building and Personal Property coverage form, **except**:
- permanently installed fixtures and machinery
  - The insured's stock held for sale.
  - The insured's tenant's use in improvement and betterment.
  - account records and evidence of debt
20. One type of consequential loss insurance is:
- Business Interruption insurance
  - Flood insurance
  - Windstorm insurance
  - Sprinkler Leakage insurance
21. Which of the following is not considered a Time Element loss?
- extra expenses incurred while rebuilding damaged property
  - damage to personal property
  - loss of rental value
  - loss of business income while a building is closed for repairs
22. Business Interruption Insurance:
- covers profits on finished products of the insured
  - excludes all continuing charges except salaries of indispensable employees
  - covers future earnings lost because of business interruption
  - excludes payroll coverage from the coinsurance forms
23. The type of coverage under which an insured must choose a definite amount for each item insured is:
- Specific
  - Reporting
  - Blanket
  - Unscheduled
24. Sprinkler Leakage Insurance covers damage caused by:
- water discharged by a sprinkler system during a fire
  - leakage of water from a sprinkler system that malfunctions
  - leakage of water from a sprinkler system damaged by an explosion
  - leakage of water from a sprinkler system damaged by an earthquake
25. The burden of proof in establishing the loss to be paid rests with:
- the Insured
  - the Company
  - the Appraiser
  - the Court