

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

1. General Motors would need which of the following coverages to protect against losses arising out of a defective Chevrolet?
 - a. A Premises and Operations policy
 - b. An elevator policy
 - c. An Automobile Liability policy
 - d. A Product/Completed Operations policy
2. Which of the following situations would be covered by the Products/Completed Operations hazard?
 - a. Replacement of a defective product
 - b. Bodily injury caused by a defect in a product
 - c. Property damage to the Named Insured's products arising out of such product
 - d. Contractual liability assumed by the insured
3. All the following are excluded in the Coverage A of the Commercial General Liability form, **except**:
 - a. War
 - b. Pollution
 - c. Intentional Acts
 - d. Host Liquor Liability
4. Each of the following is true about Workers' Compensation second injury funds, **except**:
 - a. they remove disincentives for hiring disabled people
 - b. they help pay the additional loss resulting from combined injuries
 - c. they relieve an employer of some of the burden for multiple injuries
 - d. they pay benefits when two (2) or more people are injured in one accident
5. All the following statements concerning Umbrella Liability are true, **except**:
 - a. the insured must pay a self-insured retention limit between the primary and the umbrella insurance
 - b. umbrella commonly provide worldwide coverage
 - c. most insurers require an underlying Commercial General Liability policy before writing the Umbrella
 - d. an Umbrella Liability policy may cover losses not covered by the primary policy
6. The most significant difference between "occurrence" and "claims made" CGL forms is:
 - a. only the "occurrence" form has aggregate limits
 - b. each has a different "trigger" for insurance provided by Coverage "A"
 - c. each form has different exclusions
 - d. each form has different effective times
7. A young boy picked up a toy in a toy shop and ended up cutting himself on a jagged metal edge. The store might be covered for its liability incident under the:
 - a. Premises and Operations form
 - b. Products and Completed Operations form
 - c. Professional Liability form
 - d. Personal Injury form
8. Workers' Compensation Medical benefits:
 - a. are subject to co-payments and deductibles
 - b. are subjected to deductibles, but have no co-payments
 - c. have an annual and lifetime maximum limit

- d. have no dollar limit or time limit on covered expenses
9. Which of the following is not true about the Claims Made Liability Form?
- The only significant difference between "claims made" and "occurrence" forms is the "trigger" for insured losses
 - It has the same exclusions as the occurrence form
 - It permits a stacking of limits for claims resulting from long term exposures to loss conditions
 - It provides the same coverages as the occurrence form
10. Which of the following is not excluded under Commercial General Liability coverage for Bodily Injury and Property Damage Liability?
- An injury which is also covered by a workers compensation law
 - Damage to property rented to the named insured
 - Liability resulting from the accidental escape of pollutants
 - Injury or damage caused by the operation of mobile equipment
11. Damage to the insureds products because they were improperly packaged.
- Would be covered by Products Liability
 - Would be excluded by Products Liability
 - Would be covered while in transit by the Products Liability form
 - Would be covered if reported on or after the Retroactive Date
12. What are the two types of civil law?
- Contract Law and Tort Law
 - Criminal Law and Contract Law
 - Tort Law and Administrative Law
 - Administrative Law and Criminal Law
13. Umbrella Coverage is written to apply on an excess basis, above primary insurance, or:
- minimum liability limits
 - statutory limits
 - contractual limits
 - self-insured retention
14. A retroactive date:
- defines when coverage begins
 - can be advanced by the insurer
 - provides sixty (60) days after expiration to report losses
 - always matches the policy effective date
15. Each of the following is true about an Extended Reporting Period (ERP) for "claims made" General Liability coverage, **except**:
- once in effect, an ERP may not be cancelled
 - it applies when coverage is cancelled or not renewed
 - an ERP applies to bodily injury or property damage that occurs before the policy expires
 - an ERP extends the policy period
16. Claims that are paid by the Commercial General Liability coverage are charged against the aggregate policy limits and reduce the amount of insurance remaining to pay future claims. However, the Commercial General aggregate limits are reinstated in full:
- As soon as the aggregate limit is actually exhausted.
 - If the insured pays an extra premium for reinstatement.
 - On the next policy anniversary date
 - If the insured does not file any claims in the extended reporting period.

17. A supplemental Extended Reporting Period (ERP) provides tail coverage for what period of time?
- Unlimited
 - Sixty (60) days after expiration
 - Five (5) years after expiration
 - Starts five (5) years after expiration
18. Basic policy limits for Workers' Compensation coverage are:
- 25/50/25
 - \$100,000 per person, \$500,000 for disease
 - whatever amount the insured chooses
 - there are no limits
19. Dusty Rhodes has a \$1,000,000 Umbrella Liability policy with a retention limit of \$10,000. Dusty suffers a \$150,000 loss, which is not covered by an underlying policy, but is not excluded under the Umbrella. How much could the company pay for this loss?
- \$0
 - \$150,000
 - \$10,000
 - \$140,000
20. All the following are benefits payable under Workers' Compensation laws, **except**:
- medical
 - rehabilitation
 - disability
 - unemployment compensation
21. All the following are excluded under the CGL coverage forms, **except**:
- Bodily injury resulting from the operation of the insured's trucks.
 - Liability resulting from the insured's mobile equipment at a construction site.
 - Damage to the insured's products because of improper packaging.
 - Injury to the insured's employee who is hurt on the job.
22. The extent of an insurer's obligation under General Liability policy:
- cannot exceed the dollar limits stated in the policy
 - includes cost of investigation, defenses, and certain other costs in addition to the dollar limits stated in the policy
 - is limited by law to \$1,000,000
 - depends upon the area in which the premises are located
23. Most Workers' Compensation laws are compulsory for all covered employees. Workers' Compensation laws provide benefits for:
- periods of unemployment
 - custodial care
 - death benefits
 - educational improvements
24. To be eligible for Workers' Compensation benefits, an employee must be in an occupation covered by the law and be disabled or killed by a covered injury or illness. Which of the following is also true regarding Workers' Compensation?
- A benefits table is used to find the benefits of an employee with partial disability
 - Benefits are a fraction of employee's monthly wage over a six (6) month period
 - There commonly is a thirteen (13) day waiting period before benefits can be received
 - Benefits for medical expenses are provided without time or amount limitation

25. General Liability insurance does not cover liability arising out of:
- mobile equipment on construction sites
 - contractual liability
 - aircraft owned by the insured
 - host liquor liability
26. When an uninterrupted chain of events resulting from a negligent act causes a loss, that act is:
- an intervening cause
 - the proximate cause
 - an assumption of risk
 - a matter of strict liability
27. A salesperson at a hardware store drops a ball-peen hammer on a customer's foot. This loss would be covered under the hardware store's liability coverage.
- Premises/Operations
 - Products/Completed Operations
 - Personal Injury
 - Medical
28. Although Commercial General Liability insurance excludes Liquor Liability it would provide host Liquor Liability coverage for exposure of a:
- restaurant where less than 16% of the revenue come from liquor sales
 - distributor who delivers liquor, but does not sell it
 - catering service that serves liquor only when requested by clients
 - fabric manufacturer that serves beer at an annual company picnic
29. Under the Business Auto Coverage form, mobile equipment may:
- Be covered under Physical Damage interchange agreement section
 - Be covered for liability while being towed
 - Be covered automatically for eligible vehicles shown in the declaration
 - Not covered under any circumstances
30. There is a body of law that provides remedies for wrongful acts other than crimes and breaches of contract. A wrongful act in this category is generally considered to be:
- an assumption of risk
 - an act of estoppel
 - a proximate cause
 - a tort
31. The supplementing payments provided by Business Auto Coverage provide all the following, **except**:
- Defense cost
 - Cost of bail bonds
 - Past judgement interest on a final award
 - Damage to property owned or transported by the insured
32. Which of the following General Liability forms provides Contractual Liability coverage?
- Occurrence form
 - "Claims-made" form
 - All of the above
 - Neither of the above
33. All the following are included in Personal Injury, **except**:
- violations of privacy
 - malicious prosecution
 - wrongful eviction
 - malpractice
34. The coverage that provides Legal Liability insurance for damage to customer's autos that are left with the insured for service, repair or storage is:

- a. Bailee forms
b. Garage liability
c. Garage keepers coverage
d. Garage errors and omissions
35. In effect, the extended reporting period (ERP) is transitional opposite of the retroactive date. All the following are true, **except**:
- a. the retroactive date excludes coverage for earlier occurrences, usually because other insurance applied
b. once in effect, ERPs may not be cancelled
c. the basic ERP is provided automatically without charge
d. once the retroactive date is established, it may be advanced only with written consent of the insurer
36. Advertising injury includes all the following, **except**:
- a. slander committed in advertising
b. libel committed in advertising
c. titles or slogans committed in advertising
d. loss of rental income
37. Which of the following would be covered under the Products and Completed Operations form?
- a. Dudley Appliance tries out a new stove on its premises. The stove suddenly bursts into flames and injures a visiting factory expert.
b. The Montego Food Company ships a carton of potato salad to the local high school band for serving at a picnic. A number of students become violently ill after eating the salad.
c. An explosion at Ying Yang's Pizza Parlor causes injury to an employee while a special dough was being prepared for a high school homecoming celebration
d. A steam boiler explodes and injures two (2) bicyclists riding by a manufacturing plant
38. What variation of Commercial General Liability coverage may be used as an alternative to the occurrence form?
- a. Blanket forms
b. "Claims-made" forms
c. Contractual forms
d. Supplemental forms
39. In the event of a claim or suit, the insured has all the following duties to the insurer, **except**:
- a. furnish prompt notice
b. submit to medical exam when requested
c. authorize the insurer to obtain pertinent records
d. furnish copies of any demands received
40. All the following are benefits paid by Workers' Compensation, **except**:
- a. business overhead expense
b. disability income
c. rehabilitation
d. death
41. Which of the following situations would Workers' Compensation insurance cover?
- a. Intentional injury of an employee to themselves
b. An employee is injured while being intoxicated on the job
c. Injury to an exempt employee for whom benefits are voluntarily purchased
d. A claim from an injured employee's spouse
42. Personal Injury includes all of the following, **except**:
- a. Bodily Injury

- b. Libel
c. Slander
d. False arrest
43. In most cases, the coverage territory for General Liability insurance means the territory described in the policy. The described territory includes all the following, **except**:
- United States territories and possessions
 - Puerto Rico
 - Bermuda
 - Canada
44. Under the General Liability conditions, if the insurer decides not to renew the coverage part, it must give advance written notice to the first named insured at least:
- Ten (10) days prior to expiration
 - Fifteen (15) days prior to expiration
 - Thirty (30) days prior to expiration
 - Forty-five (45) days prior to expiration
45. In order for liability to fall within the products-completed operations hazard, all of the following must be true, **except**:
- bodily injury or property damage must occur after work is completed or product is transferred
 - the injury or damage must arise out of the insured's product or work
 - the injury or damage must have occurred on the insured's premises
 - bodily injury or property damage must have occurred
46. Which of the following coverages are not included in the business auto coverage form and must be added by endorsement?
- Comprehensive And Collision
 - Specified Perils and Personal Injury
 - Medical Payments and Uninsured Motorists
 - Bodily Injury and Property Damage
47. When claims made General Liability coverage is written, the insurer must provide one or more extended reporting periods in each of the following cases, **except**:
- when the coverage is cancelled or not renewed
 - when the coverage is renewed by "occurrence" coverage
 - when the coverage is renewed without a retroactive date
 - when the coverage is renewed with a later retroactive date
48. Which of the following is covered under Commercial General Liability Coverage A?
- Liability resulting from the accidental escape of pollutants.
 - Injury or damage caused by the operation of mobile equipment.
 - An injury that would be covered under worker's compensation law.
 - Damage to property rented to the first named insured.
49. Each of the following may be a legal defense against negligence, **except**:
- assumption of risk
 - contributory negligence
 - last clear chance
 - apparent authority
50. The maximum a CGL Policy will pay in any one policy period is:
- Combines Single Limit
 - Benefit Limits
 - Occurrence Limits
 - Aggregate Limits