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

1. Suretyship differs from Insurance in all the following ways, **except**:

   a. A Suretyship contract involves three parties, an insurance contract involves two
   b. Losses are expected in insurance, not in Suretyship
   c. Bonding company may subrogate against the principle; the insurer may not subrogate against the policyholder
   d. Suretyship uses the law of large numbers to predict outcomes; the insurer uses character capital and capability to determine acceptable risk

2. There is a period of time following termination of a Fidelity Bond during which a loss that occurred during the bond period that was not established until after the bond's termination, will still be covered. This period is known as the:

   a. Extended Coverage Option
   b. Continuance of Coverage Clause
   c. Discovery Period
   d. Grace Period

3. "Dishonesty Insurance" is a popular name for:

   a. Fidelity Bonds
   b. Contractor Bonds
   c. Probate Bonds
   d. Surety Bonds

4. A position Schedule Bond, with respect to the principals:

   a. mentions each employee by name
   b. mentions each job by name
   c. names each principal by last name only
   d. mentions the persons name in the position

5. The maximum amount of money the surety agrees to pay in case of loss due to the principal defaulting or failing to carry out its obligation is known as the:

   a. Discovery Period
   b. Limit of Liability
   c. Penalty
   d. Contractual Commitment

6. Which of the following will a "Contractor Performance Bond" not provide?

   a. Protection against default of the contract
   b. Losses due to a dishonest act of an employee
   c. Guarantee to make good on defective workmanship
   d. eliminate the possibility of lien hazards

7. Which form would your client use to cover property, other than money and securities, which is stacked on open shelves from loss by breaking and entering the premises after business hours?

   a. Theft, Disappearance, and Destruction
   b. Premises Burglary form
   c. Robbery and Safe Burglary
   d. Extortion Coverage

8. If the principal does not appear in court as the bond guarantees, which of the following is true?

   a. The surety indemnifies the obligee and writes off the loss
   b. The surety will indemnify the obligee and proceed with subrogation in order to recoup the loss

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c. The obligee indemnifies the surety and proceed with subrogation in order to recoup the loss
d. The principal will indemnity the obligee and proceed with subrogation against the surety to recoup the loss

9. The obligation which is the subject of A Surety Bond may involve:

   a. meeting contractual commitments
   b. performing certain duties
   c. a promise to pay if an event occurs
   d. all the above

10. What type of Fidelity Bond automatically covers all employees?

   a. Theft, Disappearance & Destruction Form
   b. Employee Blanket Bond
   c. Premises Theft Form
   d. Individual Name Bond

11. Bonds that are designed to guarantee that laws and regulations of a particular business or activity are followed are known as:

   a. Administrator Bonds
   b. Trustee Bonds
   c. License or Permit Bonds
   d. Litigation Bonds

12. Bonds that assure that if the contractor does not pay all the bills for labor and materials used for the project, the property will none-the-less be turned over without attachments, is known as:

   a. Attachment Bonds
   b. Payment Or Labor and Material Bond
   c. Completion Bonds
   d. Performance Bonds

13. A Bid Bond guarantees two (2) things will occur: one, the bidder will sign and accept the contract and two:

   a. a Payment Bond will be issued
   b. a Supply Bond will be accepted
   c. a Performance Bond will be issued
   d. a License and Permit Bond has been granted

14. Bonds for administrators and trustees are examples of:

   a. Litigation Bonds
   b. Supply Bonds
   c. Fiduciary Bonds
   d. Public Official Bonds

15. The party for whose benefit of a Surety Bond is written for is:

   a. Surety
   b. Principal
   c. Obligee
   d. Litigant

16. A bond that guarantees that supply materials, products or equipment will be furnished according to the terms of a contract is a:

   a. Fiduciary Bond
   b. Lost Instrument Bond
   c. Supply Bond
   d. Obligor Bond

17. Which is most like an insurance policy?

   a. Surety Bond
   b. Fidelity Bond
   c. Contract Bond
   d. Completion Bond

18. If any loss is covered under more than one coverage of the crime insurance, the most the insurer will pay is lesser of: one, the sum of the limits of applicable coverage, or two:

   a. property and interest covered by the crime insurance
   b. amount the insured is legally liable
   c. the actual amount of loss

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d. none of the above, more than one coverage voids the policy

19. Bonds designed to guarantee that laws and regulations of a particular business or activity are followed or that certain taxes are paid is known as:

    a. Compensation Bonds
    b. License And Permits Bonds
    c. Administrator Bonds
    d. Payment Bonds

20. The bond that guarantees the lender (obligee) that the contractor-borrower will apply the funds to the project and complete the project free of any liens or encumbrances is known as the:

    a. Supply Bond
    b. Completion Bond
    c. Bid Bond
    d. Performance Bond

21. The bond that guarantees the owner (obligee) that the contractor will complete the original contract as drawn is the:

    a. Supply Bond
    b. Completion Bond
    c. Bid Bond
    d. Performance Bond

22. In a Surety Bond, who is to be guaranteed?

    a. Principal
    b. Guarantor
    c. Obligee
    d. Surety

23. A person named in a will of a deceased person and is charged with carrying out the terms of the will according to law is:

    a. An Administrator
    b. An Executor
    c. A Receiver
    d. A Trustee

24. The person who is appointed by a court to take care of the estate of someone who has died without leaving a will is known as:

    a. An Administrator
    b. An Executor
    c. A Receiver
    d. A Trustee

25. A person the insured retains to have care and custody of property inside the premises and who has no other duties is:

    a. The Custodian
    b. The Messenger
    c. The Watchperson
    d. The Employee

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