

CASUALTY NONSUPERVISED EXAM

COMPLETE IN "OPEN BOOK" FASHION

80 questions; 56 correct is the minimum passing score. (2 Hour time limit)

You must complete this exam and transfer your answers onto the NONSUPERVISED EXAM ANSWER SHEET and then return it to Dohrn Insurance Training for scoring. All passing scores result in the successful completion of the Line completed and will be reported by Dohrn to the Illinois Department of Insurance according to insurance regulation.

PLEASE NOTE: Anyone who fails to achieve at least 70% correct answers will be supplied with a different "makeup" exam. If the makeup exam is failed then the course has been failed and you must take a prelicensing course from a different provider to whom you will have to pay a new course fee required.

There are no refunds for anyone who fails to pass this course. SO PLEASE TAKE YOUR TIME AND REFER TO THE MATERIALS TO GET THE HIGHEST SCORE POSSIBLE.

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- 1) A business and owner of the building in which they do business has which of the following exposures?
 - A) Operations
 - B) Premises
 - C) Products
 - D) Contractual
- 2) Liability due to defects in goods which are manufactured, sold, handled or distributed by the insured are protected under which of the following policy types?
 - A) Liability
 - B) Premises and Operations Liability
 - C) Products and Completed Operations Liability
 - D) Medical Payments
- 3) Incidental, or insured contracts, which are covered under Contractual Liability policies include all of the following except:
 - A) Personal negligence agreements
 - B) Lease of Premises agreements
 - C) Easement Agreements
 - D) Elevator maintenance contracts
- 4) Personal and Advertising Injury Liability covers all of the following circumstances, except:
 - A) Defamation of Character
 - B) The inability of goods to perform as advertised
 - C) Copyright, title or slogan infringement
 - D) Written material violating a person's right to privacy
- 5) Which of the following statements about Commercial General Liability, Coverage C Medical payments, is true?
 - I) Negligence does not have to be established in order to pay a claim.
 - II) The company agrees to pay medical expenses incurred within three years of an accident during a policy period.
 - III) An insured must report all medical payment expenses within one year of an accident
 - A) I only
 - B) II only
 - C) II and III only
 - D) I, II and III

- 6) When coverage for an independent contractor exposure is not part of the CGL policy, it is which of the following?
- A) General Commercial Property Damage
 - B) Owner's and Contractor's Protective Liability Coverage
 - C) Premises and Operation Liability
 - D) Independent Contractor E&O
- 7) Malpractice insurance covers which of the following following
- A) Action as a director of a corporation
 - B) Addition error of an accountant
 - C) Intentional infliction of damage by a surgeon
 - D) Mistake by a real estate broker
- 8) In a Personal Auto Policy, the liability insurance provides coverage in which of the following areas?
- I) Bodily Injury Liability
 - II) Property damage liability
 - III) The medical expenses of the injured party as well as damages for their pain and suffering
- A) I only
 - B) II only
 - C) I and II only
 - D) I, II and III
- 9) Under physical damage to a personal auto, collision includes which of the following?
- A) The striking of a covered auto through impact with another object
 - B) Hail
 - C) Fire
 - D) Theft
- 10) If one motorist who has no insurance strikes another party who owns auto insurance. coverage is likely provided under which of the following?
- A) Uninsured Motorist
 - B) Underinsured Motorist
 - C) Noninsured Motorist
 - D) None of the above
- 11) Underinsured Motorist protection is for the benefit of which of the following parties?
- A) An Underinsured
 - B) An Insured
 - C) Pedestrians
 - D) Children
- 12) Under the Personal Auto Policy, Coverage extends to all of the following parties except:
- A) The named insured
 - B) A resident of the named insured's household
 - C) The named insured's spouse who uses the covered auto for the purpose of carrying people for a fee
 - D) The named insured's son or daughter residing in his household
- 13) Which of the following is not included in the PAP definition of "your covered auto"?
- A) You borrow your neighbor's car
 - B) Temporary substitute autos
 - C) A newly acquired.
 - D) Any trailer owned by a named insured
- 14) Exclusions for medical payments under the personal auto policy include all of the following except:
- A) Injuries covered by Workers' Compensation
 - B) An insured who is injured in an auto accident
 - C) Funeral expenses
 - D) Vehicles with less than four wheels
- 15) The Personal Auto Policy provides coverage in all of the following territories, except
- A) A state other than the domicile state of the insured
 - B) Canada
 - C) Puerto Rico
 - D) Mexico
- 16) Which of the following statements about Workers Compensation insurance is true?
- I) Part One is unlimited coverage
 - II) The employee has to prove negligence
 - III) The employer must purchase Part Two, Employers Liability coverage
- A) I only
 - B) I and II only
 - C) I and III only
 - D) I, II and III

- 17) All of the following statements about Workers Compensation insurance are true, except:
- A) There is no dollar limit, Under Part one, which an insurance company may be obligated to pay
 - B) Employees are covered
 - C) Independent contractors are covered
 - D) Benefits are payable regardless of fault
- 18) Workers Compensation Part Two, has which of the following standard limits of liability per accident?
- A) \$50,000
 - B) \$100,000
 - C) \$1,000,000
 - D) There is no limit
- 19) Under a Fidelity Bond, which would cover new hires automatically?
- A) Individual
 - B) Schedule
 - C) Blanket
 - D) Position schedule
- 20) Regarding a Robbery and Safe Burglary Form, which of the following statements is true?
- I) Robbery is covered both inside and outside the insured premises
 - II) In order for safe or vault coverage to apply, evidence of robbery or violence must exist
 - III) If an entire safe is removed from the premises, it is covered
- A) I and II only
 - B) I and III only
 - C) II and III only
 - D) I, II and III
- 21) Under a Robbery of a Custodian coverage exists for all parties except
- A) Business owner
 - B) Night time security guard
 - C) Office manager
 - D) Partner in the company
- 22) All of the following statements about surety bonds is accurate except
- A) They guarantee performance of a duty
 - B) They are three party instruments
 - C) They remain in effect until the obligation is discharged
 - D) They are technically considered to be insurance
- 23) Which of the following statements regarding Umbrella coverage is most accurate?
- A) They are very expensive
 - B) They cover intentional personal injury
 - C) An umbrella does not cover auto liability
 - D) Any person with sizable assets should own an excess coverage form
- 24) Fidelity refers to coverage for
- A) An obligation
 - B) An employee's dishonesty
 - C) Contractual liability
 - D) Premises damages
- 25) All of the following statements about Umbrella, or Excess, liability coverage is true, except:
- A) it is relatively low cost coverage
 - B) they provide extra amounts of coverage in the event of a catastrophe
 - C) it provides coverage from the first dollar of liability to the insured
 - D) Coverage is normally at least \$1,000,000
- 26) All of the following are differences between the Business Auto Coverage (BAC) and the Personal Auto Policy (PAP), except:
- A) They both cover newly acquired vehicles
 - B) PAP covers an auto mechanic when he test drives a customer's car
 - C) The PAP is available to small business
 - D) BAC is broad and covers the same perils as a PAP
- 27) When formulating damages under a Commercial General Liability policy, all of the following are considered, except
- A) The nature of the bodily injury
 - B) The religion the injured party
 - C) The severity of the bodily injury
 - D) Any special damages
- 28) Bill, a plumber, causes damage to a water main resulting in a nearby group of businesses having to shut down temporarily and loss money. This loss is considered which of the following under the CGL?
- A) Premises
 - B) Completed Operations
 - C) Operations
 - D) Products

- 29) "A chance of experiencing loss without a possibility to gain a profit from that loss" is the definition of
- A) Risk
 - B) Pure Risk
 - C) Speculative Risk
 - D) Uninsurable Risk
- 30) A morale hazard is when you:
- A) leave a physical condition ripe for loss
 - B) leave a can of open gasoline next to your lighted fireplace
 - C) smoke in bed
 - D) have a state of mental indifference which can help lead to an insured loss happening.
- 31) The main idea of Indemnification is
- A) To allow a party to recoup a loss, but not to profit from that loss
 - B) To require individuals to own adequate amounts of property insurance
 - C) To allow an insured the right to purchase insurance in any amount he so chooses.
 - D) To make a person better off from a loss than they were prior to the loss
- 32) Property having a replacement value of \$45,000 is destroyed. Total depreciation on the property at the time of loss is \$21,000. What is the actual cash value of this property?
- A) \$ 21,000
 - B) \$ 24,000
 - C) \$ 45,000
 - D) \$ 66,000
- 33) If the amount of money paid to an insured at the time of loss is the exact amount needed to buy the identical property again, the company is paying:
- A) Actual Cash Value
 - B) Replacement
 - C) Coinsurance
 - D) Limit of Liability
- 34) Negligence is:
- A) A criminal matter
 - B) An intentional, deliberate act to harm another
 - C) An imprudent act
 - D) Willful and wanton behavior
- 35) A possibility which will give an increase to the chance that a peril may occur is called
- A) an accident
 - B) a hazard
 - C) an occurrence
 - D) insurable interest
- 36) Risk is:
- A) A possibility that an accident may cause loss
 - B) A societal vehicle for handling loss
 - C) A basic uncertainty as to an insured loss
 - D) The concept of gambling
- 37) The type of risk which may not be insured against is called
- A) Gambling
 - B) Pure Risk
 - C) Speculative Risk
 - D) Perilous Risk
- 38) When an individual causes a loss and incurs an obligation to pay for that loss, it is said that
- A) Negligence has occurred
 - B) Liability exists
 - C) An accident has happened
 - D) A tortfeasor is created
- 39) An unexpected, unintended and sudden event which causes property damage or bodily injury is
- A) an accident
 - B) an occurrence
 - C) an act of God
 - D) proximate cause
- 40) Which of the following statements about occurrence is true?
- I) Occurrence is a broader term than accident
 - II) Not every occurrence is an accident
 - III) Occurrence can be a continuous or repeated exposure to a condition resulting in loss
- A) I only
 - B) III only
 - C) I, II and III
 - D) Neither I, II nor III

- 41) An acknowledgment that immediate coverage is in effect pending the future issuance of a policy, with at least a promise by the insured to pay premium, is called
- A) A Conditional Receipt
 - B) An endorsing rider
 - C) A Binder
 - D) A Certified Risk
- 42) The forcible entry or exit into or out of an insured's lock premises and the subsequent carrying away of property belonging to the insured the definition of
- A) Burglary
 - B) Robbery
 - C) Theft
 - D) Mysterious Disappearance
- 43) The forcible removal of an insured's property due to fear or threat of violence is
- A) Burglary
 - B) Robbery
 - C) Theft
 - D) Mysterious Disappearance
- 44) "Any Act of Stealing" is the definition of:
- A) Burglary
 - B) Robbery
 - C) Theft
 - D) Mysterious Disappearance
- 45) A Flood Insurance policy will not cover which of the following occurrences?
- A) heavy rain causing fast water accumulation
 - B) damage from a mudslide
 - C) tidal water overflow
 - D) damage from a water main break
- 46) Concealment is
- A) The unintentional omission of a fact
 - B) The intentional failure to disclose a known fact
 - C) Hiding an immaterial fact
 - D) Is allowed if the information involved was not specifically asked about
- 47) All of the following statements regarding Warranty are true except
- A) It is a sworn fact
 - B) A breach of warranty can result in the voiding of a contract
 - C) A warranty is taken as an absolutely true statement
 - D) A warranty standard does not apply to an applicant for ocean marine insurance
- 48) A Representation:
- A) Automatically voids a contract if shown to be untrue
 - B) Is considered to be a statement of fact, in the opinion of the maker
 - C) Cannot lead to voiding a contract even when a material fact was misrepresented
 - D) Is the unintentional act of omitting a fact
- 49) The maximum loss an insurance company is obligated to pay, as specified in the contract, is:
- A) Limit of Liability
 - B) Always an unknown amount
 - C) Found in the Conditions clause
 - D) Scope of damages
- 50) The type of Liability insurance which protects an insured from injury to the reputation of another is
- A) Defamation Endorsement
 - B) Bodily Injury
 - C) Mental Duress
 - D) Personal Injury
- 51) When an insured is legally liable for damaging or destroying the property of other people, coverage exists through
- A) Bodily injury Liability
 - B) Property damage liability
 - C) Collision coverage
 - D) Comprehensive Coverage
- 52) Legal liability due to the insured's negligence in causing death to another person would be covered by which of the following liability insurance types?
- A) Property damage
 - B) Personal injury
 - C) Bodily Injury
 - D) Comprehensive

53) Pro Rata cancellation means

- A) An insurance company cancels
- B) In insured cancels
- C) A mortgagee cancels
- D) Nonrenewal

54) The part of a contract which limits the scope of coverage is known as:

- A) Declarations
- B) Insuring
- C) Conditions
- D) Exclusions

55) Which of the following statements regarding a property contract, loss and recovery are true?

- I) The insured is named in the declarations page of the contract
- II) A party must have an insurable interest in property at the time loss occurs in order to recover in the event of loss
- III) A party not specifically named in a contract, but who has insurable interest in property at the time of loss, is always entitled to recover.

- A) I Only
- B) II Only
- C) I and II Only
- D) I, II and III

56) In the event of loss, the duties of the insured include all of the following, except:

- A) Providing immediate notice
- B) Preventing further loss, even if the likelihood of personal injury is certain
- C) Inventory the loss
- D) Separate damaged and undamaged property

57) In the event of loss, a company may be obligated to pay one of the following limits, except

- A) Face amount of policy
- B) Actual cash value
- C) Replacement cost plus reasonable interest since the time of loss
- D) Cost to repair

THE FOLLOWING SET OF FACTS APPLIES TO 58 & 59, BELOW

Under Pro rata liability, solve for:

Property is valued at \$100,000 and is insured as follows:

Company A : \$30,000

Company B : \$30,000

Company C : \$40,000

There is a \$200 deductible and a \$25,000 loss.

58) How much of the deductible will be paid by the insured toward coverage of Company A?

- A) None
- B) \$ 60
- C) \$ 80
- D) \$ 200

59) How much of the deductible will be paid by the insured toward coverage of Company C?

- A) None
- B) \$ 60
- C) \$ 80
- D) \$ 200

60) Transferring some or all rights from one party to another, under a property and casualty contract is called

- A) Not permitted under any circumstances
- B) Assignment
- C) Valid when orally agreed to
- D) Coverage Transfer

61) An insurance company pays a claim to the insured and then sues the outside party who caused the loss to recover what it paid to the insured. The company:

- A) Has no legal right to recover
- B) Will cancel the policy
- C) May do this because of the subrogation clause
- D) May do this because of the attrition clause

62) Which of the following parties may not take advantage of arbitration according to a casualty contract? The main advantage to arbitration is that

- A) The named insured
- B) The injured third party
- C) The company
- D) An insured

- 63) Under pro rata refund, the insured:
- A) Gets all premiums not used or applied to cost returned
 - B) Has some fees deducted over the refund amount
 - C) Receives nothing
 - D) Receives a full refund plus interest
- 64) How many days does an insured have in which to file proof of loss?
- A) 10 days
 - B) 20 days
 - C) 30 days
 - D) 60 days
- 65) Bob bought an occurrence form on July 3, 1998. On May 4, 2000 he switches to claims made form. On April 5, 2001 he switches companies again to a different claim made form. Bob's first retroactive date is
- A) April 5, 2001
 - B) July 3, 1998
 - C) May 4, 2000
 - D) Unknown from the information given
- 66) The purpose of the notification requirement under Nonrenewal is
- A) so insurers can cancel poor risks
 - B) To enable the insured to replace coverage without any coverage gaps
 - C) To let a contract expire at the normal termination time
 - D) To allow the insured an opportunity to cancel on the company without penalty
- 67) Additional (Supplementary) payments includes which of the following:
- A) Lawsuit defense costs in a CGL
 - B) Interest on judgments
 - C) Premiums on appeal bonds
 - D) All of the above
68. The Claims Made policy form:
- A) covers claims that are reported during the policy period
 - B) does not provide coverage for property damage
 - C) covers claims which happen after the policy period
 - D) covers claims which happen before and during the policy period
- 69) The Consent to Settle a Loss provision, if included in a Professional Liability contract, usually protects the interests of which party?
- A) The insurance company
 - B) The injured third party
 - C) Mortgagees
 - D) The insured
- 70) Which of the following statements about cancellation is true?
- I) The insured may cancel coverage anytime
 - II) The insurance company may cancel coverage by giving proper notice
 - III) Cancellation differs from Nonrenewal as to the point at which coverage ceases.
- A) I and II only
 - B) I and III only
 - C) II and III only
 - D) I, II and III
- 71) The rights and duties of both the insurance company and the insured is found in the
- A) Declarations
 - B) Insuring Agreement
 - C) Conditions
 - D) Exclusions
- 72) The right of a worker to bring suit against an employer when the employee was not acting as an employee at the time of the loss is referred to as
- A) Workers Compensation
 - B) Dual capacity
 - C) Legal status
 - D) Doctrine Maximus
- 73) The formula for indemnification if coverage is by more than one company on the same property at the same time is known as
- A) Pro rata Liability
 - B) Short rate liability
 - C) Coinsurance Clause
 - D) Nonduplication and coordination of benefits
- 74) Which statement is true about the Fair Credit Reporting Act?
- A) An insurer does not need the applicant's permission to obtain a credit report
 - B) The insurer must send the applicant a copy of any obtained credit report
 - C) The applicant has a way to correct misinformation in their credit report
 - D) An insurer must obtain a credit report on all applicants for property coverage

75) The main purpose of the Pro rata liability clause is to:

- A) Make the insured liable in the event of an insurance company's insolvency
- B) Prevent the insured from profiting from a loss
- C) Make over insurance more costly
- D) Invalidate indemnification

76) The promise of an insurance company to pay in the event a covered liability occurs is stated in which of the following sections of an insurance policy?

- A) Insuring Clause
- B) Declarations
- C) Conditions
- D) Exclusions

77) Providing services to clients means which of the following?

- A) The agent's maintenance of complete and accurate written records of business transactions.
- B) The agent periodically contacts the client to review and update coverage, if necessary.
- C) Agents should keep current on changes
- D) All of the above

78) Which of the following statements about policy delivery is true?

- I) The agent should make sure the policy applied for is the same as the one issued.
 - II) The agent is required to deliver an insurance policy in person
 - III) Reviewing a policy can help eliminate possible misunderstandings about coverage
- A) I and II only
 - B) I and III only
 - C) II and III only
 - D) I, II and III

79) An insurer can recover from a third party any recoverable loss it has reimbursed to the insured according to the:

- A) Right to Recover Clause
- B) Indemnification Clause
- C) Subrogation Clause
- D) Right of Salvage Clause

80) All of the following statements about deductibles are true except:

- A) They can vary in amount and are stated in the contract.
- B) All other factors being equal, the lower the deductible, the higher the premium.
- C) All other factors being equal, the higher the deductible, the lower the premium.
- D) They are often paid by the insurance company

THE NONSUPERVISED EXAM FOR CASUALTY ENDS HERE.

MAKE CERTAIN TO TRANSFER ALL YOUR RESPONSES ACCURATELY TO THE EXAM ANSWER SHEET WHICH IS LOCATED NEAR THE BEGINNING OF THE EXAM SECTION.

RETURN YOUR RESPONSES TO DOHRN INSURANCE TRAINING FOR GRADING AND CERTIFICATION OF SUCCESSFUL COMPLETION TO THE ILLINOIS DEPARTMENT OF INSURANCE.

YOU MUST SCORE 70% (56 CORRECT OF 80 TOTAL) OR GREATER TO PASS. THIS IS AN OPEN BOOK EXAM.

IF YOU FAIL THIS OPEN BOOK EXAM, ILLINOIS INSURANCE REGULATION REQUIRES US TO PROVIDE YOU WITH A MAKEUP EXAM. IF THE MAKEUP EXAM IS FAILED, THEN YOU MUST TAKE ANOTHER PRELICENSING COURSE FROM ANOTHER PROVIDER AT YOUR OWN EXPENSE.

THERE IS NO REFUND FOR A FAILED PRELICENSING COURSE