What is IRDA and which country does it belong to?

A. International Regulatory and Development authority, USA(Your Answer)

B. Insurance Rates and development Association, Canada.

C. Insurance Regulatory and Development Authority (IRDA), India.(Missed)

D. Internal Revenue Department of America, USA.

**A dispute between neighbours can turn into a never-ending feud. Which form of law**

**provides a forum for hearing disputes between private parties?**

A. Criminal law(Your Answer)

B. Statutory law

C. Constitutional law

D. Civil law(Missed)

**Loss reserves are**

A. The largest and most important liabilities of property and liability insurance companies.

B. An estimate of the amount of claims payments that an insurer will make in the future

C. Always an estimate.

D. All of the above.

**Under tort law, an individual or organization can face a claim for legal liability on the**

**basis of**

A. Negligence.

B. Intentional torts.

C. Absolute liability.

D. All of the above.(Your Answer)

Which one of the following in the risk management process is inaccurate?   
1. Identifying and analyzing loss exposures. 2. Gathering information to support assumptions about the loss exposures. 3. Selecting the most appropriate risk management techniques.  4. Implementing the chosen techniques in a risk management program .

A. 1

B. 2

C. 3(Your Answer)

D. 4

A "\_\_\_\_\_\_\_\_\_\_\_" letter from your insurer is a notice that even though the company is proceeding to handle your claim, depending on what happens, certain losses might not be covered by the terms of the policy. By such a letter, the company preserves its right to deny coverage at a later date based on the terms of the policy.

A. Preservation of rights

B. Reservation of rights (Your Answer)

C. Denial of rights

D. None of the above

**Compensatory damages are intended to compensate a victim for harm actually**

**suffered and can include**

A. Punitive damages

B. Special damages.(Your Answer)

C. Hold harmless costs.

D. Contractual obligations.

Some insurers now use expert systems in the underwriting process.  The primary purpose of these expert systems is to

A. Reduce claim expenses and loss adjustment expenses.

B. Replace underwriting decision-making and enhance accuracy.

C. Emulate the underwriting decision-making process as it would be performed by expert underwriters. (Your Answer)

D. Modernize insurance company information systems.

**All of the following are true of insurance company financial statements, EXCEPT:**

A. The major expense category for most insurance companies is payment for losses arising from claims.

B. Underwriting expenses include acquisition expenses, general expenses, and taxes and fees.(Your Answer)

C. On their financial statements, insurance companies add expenses from investment income to show the net income from investments.(Missed)

D. An insurer’s net underwriting gain or loss is equal to its earned premiums minus its losses and underwriting expenses for a specific period.

**Ideally insurable loss exposures include:**

A. Losses those are accidental.

B. Losses those are definite and measurable(Your Answer)

C. A large number of similar exposure units.

D. All of the above.

Loss frequency is

A. A term used to indicate how often losses are not expected to occur

B. Used to predict the likelihood ofdifferent kind of losses in the future

C. A term used to indicate how often losses occur(Missed)

D. All the above(Your Answer)

**Being a owner of house in US**

A. It is mandatory to buy homeowner's Insurance

B. It is not mandatory to buy homeowner's Insurance (Missed)

C. State automatically provides homeowner's Insurance(Your Answer)

D. The bank which loaned should buy homeowners's Insurance

**An independent agent**

A. Usually represents several unrelated insurance companies(Missed)

B. Is salaried by the insurance company.

C. Uses only mail, telephone, or Internet to solicit business(Your Answer)

D. Usually does not own its expiration list.

**A bailment is**

A. Holding the property of another.(Missed)

B. An exclusion in the property policy.

C. A named peril.(Your Answer)

D. A lender that loans money on a home, building, or other real property.

Which one of the following statements is true regarding types of rates used by insurers?

A. Class rates apply to all insureds in the same rating category. (Missed)

B. Merit rating plans are also called manual rating plans. (Your Answer)

C. Class rates are not based on loss statistics.

D. Class rates reflect loss characteristics of a particular insured.

 Jim canceled his auto policy 315 days after the inception date. The one-year premium is $1,095. Assuming that a year is 365 days, what is Jim's pro rata premium refund?

A. $50

B. $150 (Missed)

C. $780 (Your Answer)

D. $945

**Claims-made coverage**

A. Is based on a retroactive date that determines when coverage starts.(Missed)

B. Covers liability claims that are made to the insurer before the retroactive date.

C. Does not limit the time period for whicha claim may be submitted.(Your Answer)

D. Includes a provision for claims occurring after the policy period.

Insurance companies are exempted from Consumer protection laws in some states

A. Yes(Missed)

B. Yes, becuase Insurance is not consumable product

C. No(Your Answer)

D. No, because Insurance customers are consumers

The use of standard forms by insurers leads to a more

A. Consistent interpretation of insurance policies(Missed)

B. Creative interpretation of insurance policies.(Your Answer)

C. Conservative interpretation of insurance policies.

D. Coordinated interpretation of insurance policies.

**Roadside assistance plans provides services EXCEPT**

A. 24 Hours emergency towing services

B. 24 Hours lost key and lockout services

C. 24 Hours battery services

D. 24 Car higene services

**All of the following are true, EXCEPT:**

A. The standard market refers collectively to insurers who voluntarily offer insurance coverages at markets designed for customers with average or better-than-average loss exposures.

B. Excess and surplus lines insurance consists of insurance coverages, usually available in the standard market, that are written by unlicensed insurers.

C. Nonadmitted (or unlicensed) insurers are insurers that are not licensed in many of the states in which they operate and that write excess and surplus lines insurance coveages (Your Answer)

D. The excess and surplus lines market is not subject to any state regulation.(Missed)

Insurance is a risk management techinque called

A. Avoidance

B. Transfer(Missed)

C. Loss Control

D. Retention(Your Answer)

A \_\_\_\_\_\_\_\_ is a diagram that depicts the flow of a particular operation or set of related operations within an organization.

A. Process char

B. Flow Chart(Missed)

C. Data Chart

D. Sequence Chart(Your Answer)

**Humongous Insurance Company is considering the purchase of Itty-Bitty Insurance**

**Company. Following is financial data of Itty-Bitty Insurance Company.**

**Expense ratio 39%**

**Loss ratio 57%**

**Investment income ratio 18%  
  
The combined ratio for Itty-Bitty Insurance Company is:**

A. 96%(Missed)

B. 75%

C. 114%(Your Answer)

D. 78%

**An insurer’s capacity ratio is:**

A. Calculated by dividing its written premiums by its policyholders surplus.(Missed)

B. Calculated by subtracting the investment income ratio from the combined ratio.(Your Answer)

C. Calculated by dividing net investment income by earned premiums for a particular period.

D. The sum of the loss ratio and the expense ratio.

N D Tiwari has been stopped by LAPD for speeding and a ticket has been issued. Which statement is true?

A. Tiwari's insurance company will automatically be notified by the state.

B. Tiwari's insurance company will review his driving record and learn about the violation when his policy comes up for renewal.(Your Answer)

C. Tiwari's insurance company will automatically raise his rates.

D. Nothing will happen. The insurance company cannot find out about the ticket issued to Tiwari.

**All of these statements about unfair claim practices are correct, EXCEPT:**

A. Unfair claim practices specify claim practices that are illegal according to federal law.(Missed)

B. Misrepresentation of pertintent facts or insurance policy provisions relating to coverage at issue in a claim is an unfair claim practice. (Your Answer)

C. Refusal to pay a claim without first conducting a reasonable investigation based on all available information is an unfair claim practice.

D. . Insurance regulators usually learn of unfair claim practices when they receive complaints from insureds and claimants.

**Reinsurance is a contractual agreement:**

A. In which one insurer transfers some or all of its loss exposures to another insurer.

B. That is formed as a subsidiary of its parent company for the purpose of writing insurance on the parent company.(Your Answer)

C. That ideally insures large numbers of similar exposure units.

D. That insures through an attorney-in-fact.

In insurance terminology, which of the following refers to a book of business?

A. All policies sold by an insurance company or agency

B. All policies in a particular territory

C. All policies providing a particular type of insurance (Your Answer)

D. All the above (Missed)

**Out-of-court settlements are**

A. Settled by the court system.

B. Advantageous to the insurer because they eliminate uncertainty about the outcome of the claim.(Your Answer)

C. Not covered by liability coverage policies.

D. Included in punitive damages.

**The two major types of liabilities found on the financial statements of insurers are:**

A. Policyholder surplus and assets

B. Unearned premium reserve and loss reserve(Missed)

C. Admitted asset and nonadmitted assets(Your Answer)

D. Earned premiums and underwriting expenses

**The claim handling process includes**

A. Investigating.

B. Evaluating.(Your Answer)

C. Negotiation.

D. All of the above.(Missed)

**Clara is insured by IIA Insurance Company. One night, on the way home from work, shewas involved in an auto accident. Clara ran a red light when her brand new Mazda did not have any brakes, and her car struck the pickup driven by Bill, an employee of Big Bob’s Produce Company. Bill was injured, and a claim was filed with IIA Insurance Company for injury to Bob and damage to the pickup.**

**If there had been no injuries and damage to both vehicles had been minor, the claim**

**would most likely be handled by a(n)**

A. Inside staff claim representative.(Missed)

B. Outside staff claim representative.(Your Answer)

C. Public adjuster.

D. Independent adjuster.

**Valuation provisions may include**

A. Replacement cost.

B. Actual cash value.(Your Answer)

C. Agreed value.

D. All of the above.

Brown Company's Policy includes a liberalization clause.  Brown's insurer introduces a policy change that broadens coverage at no additional premium.  How will this change apply to Brown's existing policy?

A. The broadened coverage does not apply to Brown Company's policy.

B. The broadened coverage automatically applies to Brown Company's policy

C. The broadened coverage will apply to Brown Company's policy with an endorsement.

D. The broadened coverage will apply to Brown Company's new policies as they are issued.

**Humongous Insurance Company is considering the purchase of Itty-Bitty Insurance**

**Company. Following is financial data of Itty-Bitty Insurance Company.**

**Expense ratio 39%**

**Loss ratio 57%**

**Investment income ratio 18%**

**The overall operating ratio is:**

A. 96%

B. 75%

C. 114%(Your Answer)

D. 78%

**A ratemaking concept through which actuaries base rates on actuarially calculated loss experience and place insureds with similar characteristics into the same rating class is**

A. Social equity

B. Flex rating laws

C. Actuarial equity(Your Answer)

D. Open competition

**Producers can be compensated by**

A. Salary.

B. Commissions.(Your Answer)

C. Contingency commissions.

D. All of the above.(Missed)

Kelly Blue Book is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ .

A. An annual report of all the insurance policies issued by an insurance company sent to the respective state Departments of Motor Vehicles (DMV).

B. A book of Insurance laws maintained by the State insurance commissioners in the early 1900s in North America.(Your Answer)

C. An automotive vehicle valuation company in the United States.(Missed)

D. A list of all drivers in California with more than 6 major violations and 6 At-Fault accidents maintained by the State Insurance Authority.

A \_\_\_\_\_\_\_\_ is a risk management tool in the form of a checklist or questionnaire listing potential loss exposures that a household or an organization might face

A. Exposure Checklist

B. Loss exposure survey (Your Answer)

C. Loss Questionnaire

D. Risk check list

Which of the following is not one of the primary objectives of Insurance regulation?

A. Rate regulation

B. Solvency surveillance(Your Answer)

C. Consumer protection

D. Market capitalization of Insurance companies

Match the Column A elements with Column B elements? Column A Column B 1. Mutual Insurance Company A. Salaried employees of the Insurance companies. 2. Direct Writing Agents  B. Owned by the policy holders. 3. Independent Adjusters C. Handle claims for the Insurance companies for a fee. 4. Choicepoint D. Investors own the association 5. Lloyd's of London E. CLUE report

A. 1C, 2E, 3A, 4B, 5D

B. 1B, 2E, 3C, 4A, 5D

C. 1B, 2A, 3C, 4E, 5D(Your Answer)

D. 1D, 2A, 3D, 4E, 5C

The World Insurance Report 2008 explores current distribution models and changes in channel usage, and also takes an in-depth look at successful versus at-risk multi-channel strategies. Find out what’s driving multi-channel usage in mature markets and how changing customer profiles and behaviors are impacting today’s insurance practices. The report identifies growth opportunities for leading insurance companies and features insightful approaches for transforming current insurance practices into tomorrow’s winning strategies.    
Which of the below organizations publish this report?

A. National Association of Insurance Commissioners (NAIC).

B. American Authority of Insurance.(Your Answer)

C. Capgemini and the European Financial Management & Marketing Association (EFMA).(Missed)

D. International Council for Insurance Regulation and Legislation (ICIRL).

Tom Hanks has been insured by Farmers Insurance company for more than 60 days. Farmers insurance cannot cancel Tom's policy under which of the following circumstances?

A. Tom gets his first speeding ticket.(Missed)

B. Tom does not pay the premiums.(Your Answer)

C. Tom lied on his insurance application.

D. Tom's license has been suspended.

Implementation of the chosen Risk management technique requires that risk manager make decisions concerning:

A. What should be done(Your Answer)

B. Who should be responsible

C. How to allocate the costs of the program

D. All the above(Missed)

In evaluating an application, an underwriter thinks that the class of business is not one that the company wishes to write, but he would need to physically inspect it to be certain.  He also realizes that the business is located in an undesirable section of the city.  Based on the location alone, the underwriter decides not to issue the policy.  According to many state insurance laws, this would be an example of

A. Diversification.

B. Unfair discrimination.(Your Answer)

C. Fair discrimination.

D. Regulated discrimination.

A Captive Insurance company is \_\_\_\_\_\_\_\_\_\_\_\_\_\_ .

A. The insurance company that accepts the loss exposure of the primary Insurer.

B. The insurer that is formed as a subsidiary of its own parent company, organization or group, for the purpose of writing all or part of the insurance on the parent company or companies.(Your Answer)

C. An insurer that is owned by its policy holders and formed as a corporation for the purpose of providing insurance to its policy holder-owners.

D. A federal government funded, state controlled insurance organization providing insurance to unusual Insurance needs.

**State insurance departments:**

A. Regulate insurance rates to protect consumers from inadequate, excessive, or unfairly discriminatory rates. (Your Answer)

B. Are located in most but not all states

C. Provide a source of investment funds.

D. Answer to the federal government insurance department.

A business installs a sprinkler system to reduce the amount of fire damage from potential fires. What kind of Risk management technique is this

A. Loss Reduction(Your Answer)

B. Loss Retention

C. Loss Prevention

D. None of the above

Which of the below is NOT a step in Risk management process

A. Identifying and analyzing loss exposures

B. Examining risk management techniques

C. Implementing the Risk

D. Selecting the most appropriate techniques

**Marketing management**

A. Provides producer supervision.

B. Provides producer motivation.(Your Answer)

C. Provides product management and development

D. All of the above.(Missed)

**A guaranty fund is:**

A. Created by the federal government for the purpose of providing insurance for the social good.

B. The primary funding for the Fair Access to Insurance Requirements program. (Your Answer)

C. A state fund that provides a system to pay the claims of insolvent insurers. (Missed)

D. Managed by the National Association of Insurance Commissioners.

Which of the following is a Federal Government Insurance Program?

A. Federal Air Insurance program

B. Fair Access to Insurance Requirements Plan

C. Social Security Program(Your Answer)

D. State workers compensation insurance program

**Rebating is**

A. Requiring that the purchase of insurance be tied to some other sale or financial arrangement.

B. Misrepresenting the benefits, advantages, conditions, or terms of any insurance policy.

C. Offering anything of value, other than the insurance itself, to an applicant as an inducement to buy or maintain insurance. (Your Answer)

D. All of the above.

**Most liability insurance policies exclude coverage for losses intentionally**

**caused by the insured because such losses do not meet which one of the**

**following characteristics of an ideally insurable exposure?**

A. Large number of similar exposure units

B. Accidental(Your Answer)

C. Not catastrophic

D. Not economically feasible to insure

**Binding authority**

A. Is usually granted in the agency contract(Missed)

B. Is granted by the agent to the principal.

C. Is always oral.(Your Answer)

D. Is granted by the reinsurance treaty.

**Clara is insured by IIA Insurance Company. One night, on the way home from work, shewas involved in an auto accident. Clara ran a red light when her brand new Mazda did not have any brakes, and her car struck the pickup driven by Bill, an employee of Big Bob’s Produce Company. Bill was injured, and a claim was filed with IIA Insurance Company for injury to Bob and damage to the pickup.**

**Bill’s claim will most likely be handled for IIA Insurance Company by a(n)**

A. Inside staff claim representative.

B. Outside staff claim representative.(Your Answer)

C. Insurance agent handling Clara’s account.

D. Public adjuster.

If an insurance company refuses to pay a claim that should be paid or offers to settle a claim for less than it knows the claim is worth or denies a claim without adequate investigation, this could give rise to

A. Bad faith claim against the Insurance company(Missed)

B. Unfair descrimination by Insurance company(Your Answer)

C. Long term profit for the Insurance company

D. Cancellation of Liscence doing business by the Insurance company

Select the Correct statement with respect to Auto Insurance in America

A. Men Pay more for Insurance than Women due to their aggessiveness behind wheels(Your Answer)

B. Women Pay more for Insurance than men due to their soft behind wheels

C. Premium cannot be different for men and women

D. None of the above

**If you don’t understand all of the terms in your auto insurance policy, what should you do?**

A. Contact your insurance agent, who is responsible for servicing your policy.

B. Wait until you need to file a claim to contact anyone.

C. Contact your state’s department of insurance.(Your Answer)

D. Both A and C.(Missed)

**Which are the third-party coverages in the below?**

A. Collision (COLL), Comprehensive coverage (COMP)

B. Bodily Injury(BI), Property damage (PD)(Missed)

C. Medical Payments (Med Pay), Personal Injury Protection (PIP)(Your Answer)

D. Uninsured and Underinsured Motorist Coverage (UM, UIM)

Which of the following is one of the largest Mutual P & C Insurance companies operating in North America?

A. State Farm Insurance(Missed)

B. Citi Group Insurance

C. 21st Insurance(Your Answer)

D. Allianz AG

If an Insured is Sued(Dragged to court) does the Insurance Company defend the Insured in court?

A. Insurance company defends the Insured until final judgement is given

B. Insurance company defends the Insured until the limits of the coverage is expended for the defence(Your Answer)

C. Insurance company does washes of hands as it is not their responsibility to go to court

D. None of the above

**Which is an example of the reduction in value of property?**

A. A camera that was worth $200 is run over by the truck; the camera is now worthless

B. Because a business owner had a fire, he has lost income

C. A homeowner must live in a motel while his burned home is repaired.

D. Inflation causes a home to appreciate in value.

David Beckham wants to Insure his feet to the tune of 10 million dollars each. Which of the following Insurance company will he most likely go to?

A. Bankers mutual Insurance company

B. Citi stock Insurance company

C. Prudential Life Insurance company

D. Lords Excess and Surplus Insurance ltd.

**All of the following are correct, EXCEPT:**

A. Insurance works as a system of transferring and sharing the costs of losses

B. The law of large numbers assists the insurance mechanism by improving the relative accuracy of prediction.(Your Answer)

C. Property loss exposures include negligence, real property, and personal property.(Missed)

D. A liability loss exposure presents the possibility of a claim alleging legal responsibility.

**The parties that might be affected by a property loss include**

A. Users of the property

B. The property owner.

C. Secured lenders of money to the property owner.(Your Answer)

D. All of the above.

What is the significance of 1994 Northridge Earthquake?

A. 21st Century Insurance nearly went bankrupt due to the claims resulted due to the earthquake and shortly after stopped selling Homeowners insurance policies.(Missed)

B. US Federal Insurance authority added the states of California and Florida to the list of covered states under the National Disaster Insurance programs.(Your Answer)

C. After the earthquake, California State Insurance department joined NAIC committee.

D. All the above

A policy in which the insurer pays a stated amount in the event of a specified loss (usually a total loss), regardless of the actual value of the loss is known as a

A. Replacement policy.

B. Valued policy. (Missed)

C. Conditional policy. (Your Answer)

D. Specified policy.

Why would an underwriter modify the rate charged for the coverage provided when evaluating an application for insurance?

A. Because treaty reinsurance in unavailable for the exposures indicated

B. To address the moral hazards the underwriter identified during investigation (Your Answer)

C. To better match the rate to the characteristics of the risk (Missed)

D. Because the applicant is not acceptable for coverage

What is an SR-22 Document?

A. In the United States, an SR-22 is a vehicle liability insurance document used by some state Department of Motor Vehicles (DMV) offices. It provides proof that a driver has the minimum required liability insurance coverage for that particular state.(Missed)

B. An SR-22 document is a signed statement from a driver convicted of Driving Under Influence (DUI) declaring that he/she will not drink again.

C. An SR-22 document is a written consent given by the Primary Insured on a policy to the Insurer stating that the Insurer can initiate liquidation of the Insured's property in case of any claims raised against the Insured, amount to more than the covered limits.(Your Answer)

D. An SR-22 is an alternative to the drivers license issued by the state's DMV.

You have bought a flame red high performance engine car. You were surprised that despite your car has so many great safety features similar to other brand cars, your insurance company charged you more than what it was charging for other brand cars. What could be the reason?

A. The red color cars are alway percieved to recieved more traffic tickets (Your Answer)

B. The high performance engine makes your car engine more prone to theft(Your Answer)

C. The Insurance company battling a case against your car brand company

D. The Insurance company had some secret dealings with the rival company

**Basic form coverage**

A. Is used on all property policies.

B. Lists covered causes of loss.(Your Answer)

C. Is open peril.

D. Covers all losses except those specifically excluded.

**Which of the following statements best describes the way in which “support**

**for credit” is a benefit of insurance?**

A. Insurance is required to get a drivers license.

B. Insurance satisfies lenders that their loans will be repaid.(Your Answer)

C. Insurers lend money to fund new construction and other projects.(Your Answer)

D. People who are indemnified by insurance don’t have to borrow money to replace damaged property.

The falcon mutual life insurance company, a united states company, reorganised to become a stock company and changed its name to the Falcon Life insurance company. the following statements are about falcon life. select the answer choice that contains the correct statement

a) as a stock company, falcon life will have greater flexibility than a mutual company in buying and operating other types of companies

b) falcon life is currently owned by its policyowners rather than by its stockholders.

c) in reorganisation to become a stock company, falcon life engaged in a process known as mutualisation.

d) as a stock company, falcon life is subject to financial condition examinations, but it is exempt from the market conduct examinations that mutual insurers must undergo

vehicles that might be insured by a personal auto policy are described in the eligibility rules and the policy definitions. each of the following is true about vehicles eligible for PAP coverage except?

a) vehicles owned by an individual or married couple may be insured.

b) vans used in a delivery business are eligible for coverage

c) private passenger autos, pickup trucks, and vans used for personal transportation may be insured.

d) vehicles with fewer than four wheels are not eligible.

1. If the limits of liability on a structure are $300,000, and the structure is worth $500,000, how much would be owed on a fire loss of $120,000 if the policy has an 80% coinsurance requirement and there is a $1,000 deductible?
2. $90,000
3. **$89,000**
4. $112,500
5. $111,500

1. If the limits on a structure are $75,000, and the structure is worth $125,000, how much would be owed on a fire loss of $50,000 if the policy has an 80% coinsurance and there is a $1,000 deductible?
2. **$36,500**
3. $37,500
4. $40,000
5. $48,000

1. A device which is used to minimize small claims and which helps to keep insurance premiums down is:
2. arbitration
3. **a deductible**
4. a value policy
5. coinsurance

1. Coverage A under a dwelling policy covers all of the following except:
2. **A storage shed connected to the dwelling by a utility line**
3. A laundry room attached to the dwelling
4. Building equipment and outdoor equipment
5. Materials and supplies used for construction or repair of the dwelling

1. Vehicles which may be insured by a personal auto policy (PAP) are described in the eligibility rules.  Each of the following is true about vehicles eligible for PAP coverage except:
2. Vehicles with fewer than four wheels are not eligible
3. Vehicles owned by an individual or married couple may be insured
4. Private passenger autos used for business may be insured
5. **Vans used in a delivery business are eligible**

1. Dave has an automobile insured by a personal auto policy.  He trades in his car and purchases a new private passenger auto as a replacement vehicle.  If he does not notify the insurance company, the liability coverage for his replacement vehicle will apply automatically:
2. for 10 days
3. for 30 days
4. for 60 days
5. **until the end of the policy period**

1. Under the dwelling property forms, personal property moved to a new principle residence will be automatically covered at the new location (subject to policy expiration) for a period of:
2. 60 days
3. **30 days**
4. 20 days
5. 10 days

1. Which dwelling policy forms proide coverage for loss of rental value?
2. Special form only
3. Basic and Broad forms only
4. Broad and Special forms only
5. **Basic, Broad and Special forms**

1. Which of the following situations would be covered by liability insurance under a personal auto policy?
2. An insured causes injuries while operating a taxi cab
3. An auto mechanic has an accident while road testing a customer’s vehicle
4. **An insured damages another vehicle while driving a motorcycle**
5. An insured who rents a private garage backs in and damages the garage

1. An insurance company has made an underwriting profit when:
2. its combined ratio is greater than 100%
3. **its combined ratio is less than 100%**
4. its loss ratio is less than its expense ratio
5. its expense ratio is less than its loss ratio

1. National flood insurance is available for:
2. private residences only
3. private residences and residential contents only
4. residential and non-residential buildings only
5. **Residential and non-residential buildings and contents**

1. Some property insurance policies provide for payment of the full policy limit in the event of a total loss by a covered peril, regardless of the actual value of the property.  These policies are known as:
2. Indemnity policies
3. ACV policies
4. **Valued policies**
5. Market value policies

1. Each of the following is true about homeowners personal property coverage except:
2. **The basic form does not include personal property coverage**
3. Personal property of a guest may be covered
4. Special sublimits apply to some type of personal property
5. The full limit applies to personal property any where in the world

1. Under Section II of a homeowners policy, damage to the property of others will not be covered if it is caused intentionally by an insured who is at least:
2. 18 years of age
3. 16 years of age
4. **13 years of age**
5. 10 years of age

1. Furniture which is destroyed when a building burns down is an example of what kind of loss?
2. **direct**
3. indirect
4. consequential
5. residual

1. Under the building and personal property coverage form, what obligation, if any, does the insurer have to a mortgagee in the event the company wishes to cancel the policy?
2. The company has no obligation
3. The company must give the mortgagee 10 days written notice of intent to cancel in all cases
4. The company must notify the insured, who is then responsible for advising the mortgagee
5. **The company must give the mortgagee 10 days written notice if cancellation is for nonpayment of premium, and 30 days notice of cancellation for any other reason**

1. An insured has coverage under a reporting form and actual values have consistently been $60,000 during each reporting period.  The insured has consistently underreported values at $30,000.  A $10,000 loss occurs.  The company will pay:
2. **The full loss**
3. One-half of the loss
4. One-third of the loss
5. One-sixth of the loss

1. Each of the following business occupancies would be permitted in a dwelling insured under a dwelling form except:
2. **A small shop carrying merchandise for sale**
3. A professional office providing services to clients
4. A photographic studio
5. A beauty shop run by the insured and her daughter

1. Interline endorsements apply or could apply:
2. Only to inland marine coverage
3. **To more than one coverage part of a package policy**
4. To property and liability coverage only
5. Only when a broad causes of loss form is attached to a policy

1. The business income coverage form applies to:
2. **Loss of revenues while operations are suspended due to property damage**
3. Loss of income as the result of destruction of accounts receivable
4. Loss of cash receipts because of burglary or robbery
5. Loss of money because of employee dishonesty

1. General liability insurance does not cover liability arising out of:
2. **Aircraft owned by the insured**
3. Contractual liability
4. Host liquor liability
5. Mobile equipment on construction sites

1. Anyone willfully engaging in an unfair method of competition may be liable for a fine of up to:
2. $1,000
3. $2,500
4. $5,000
5. **$10,000**

1. The penalty for a person found guilty of submitting fraudulent claims for the payment of a loss is:
2. Up to two years in jail and fine of up to $10,000
3. Up to three years in jail and a fine of up to $20,000
4. Up to five years in jail and a fine of up to $25,000
5. **Up to five years in jail and a fine of up to $150,000**

1. Which of the commercial property causes of loss forms provide theft coverage?
2. The basic, broad and special forms
3. The broad and special forms only
4. The special form only
5. **None of the forms provide theft coverage**

1. The term “time element coverage” is used when the amount of loss depends on:
2. The time between the date of loss and expiration date
3. The time between the effective date and date of loss
4. The time of year when a seasonal business suffers a loss
5. **The time it takes to repair, rebuild or restore damaged property**

1. When general liability “claims made” coverage is written, a “laser beam” endorsement may be used to:
2. Eliminate coverage for nuclear hazards
3. Provide special coverages for certain high technology risks
4. **Exclude specific accidents, products, work or locations**
5. Add special conditions applicable to defense contractors

1. The “Inchmaree clause” in ocean marine policies provides coverage for which of the following?
2. Liability due to collision loss
3. Physical damage to the ship
4. **Cargo damage due to negligence of the crew**
5. Loss of shipping charges

1. All of the following are factors for rating physical damage coverage on a personal auto policy (PAP) except:
2. Year of the vehicle
3. Make of the vehicle
4. **Driving safety record**
5. Model of the vehicle

   29.  Which of the following describes a stock insurance company?  
  
    A. Insureds receive shares of stock in proportion to premiums paid  
    B. Owned by the insureds as policyholders  
 C**. The company is managed by a board of directors who are elected by shareholders who own a                 fixed amount of capital stock in the company**  
    D. Agents of the company receive shares of stock as compensation for selling policies  
  
    30.  All the following are not examples of insurable risk situations, except:  
  
    A. a landlord wants to buy insurance on a tenant's belongings  
 B. **a tenant wishes to purchase insurance coverage on improvements which he made on a building            owned by the landlord**  
    C. an automobile owner wants to purchase insurance on the garage in which she regularly parks her                    vehicle  
    D. a landlord wants to purchase insurance on a tenant's automobile parked in a garage which the landlord            owns  
  
    31.  How is insurance marketed through direct mail companies?  
  
    A. Solicitors  
    B. **Salaried Employees**  
    C. Surplus Lines Brokers  
    D. Independent agents  
  
    32.  Which is a correct statement about insurance?  
  
    A. it is a form of gambling  
    B. it is a form of retaining risk  
    C. **it is a form of transferring risk**  
    D. it is a form of leveling the law of averages  
  
    33.  Which of the following refers too the method whereby an insurance company must receive an official                approval from the state Dept. of Insurance before it uses new rates?  
  
    A. file and use  
    B. mandatory rates  
    C. **prior approval**  
    D. use and file  
  
    34.  Which of the following is based on the experience of the prospective insured?

1. Manual rating
2. **Merit rating**
3. Judgment rating
4. Retrospective rating

    35.  A commercial property cause of loss form does not cover any losses caused by:  
  
    1.  Lightning  
    2.  **Smoke damage from industrial operations (agricultural smudging)**  
    3.  Explosions  
    4.  Loss by removal from premises when insured perils endanger covered property  
  
  
   36.  Professionals are exposed to liability for failure to properly perform their professional duties.  Which of               the following would be the least likely prospect for a professional liability policy?  
  
    1.  Dentist  
    2.  **Pro basketball player**  
    3.  Attorney  
    4.  Architect  
  
  
    37.  To determine the actual cash value of a commercial building for coinsurance purposes, use:  
  
    1.  Fair market value  
    2.  **The actual cash cost of replacing the building**  
    3.  The price the client paid for the property, less the value of the land  
    4.  The county assessor's office figures  
  
  
  
Additional Questions:

1. Which of the following is based on the experience of the underwriter?
2. Manual rating
3. Merit rating
4. **Judgment rating**
5. Retrospective rating
6. Liability losses are which of the following?
7. first party claims
8. second party claims
9. **third party claims**
10. fourth party claims
11. A one word definition for subrogation would be?
12. subordination
13. **substitution**
14. salutation
15. substandard
16. Which of the following is an example of functional replacement cost?
17. Installing new skylights after a loss
18. Replacing a pinewood deck with a redwood deck
19. **Replacing a lathe and plaster wall with sheetrock**
20. Installing a fireplace after a loss when there wasn’t one before
21. Aggregate limit is defined as which of the following:
22. minimum a policy will pay per claim
23. maximum a policy will pay per claim
24. minimum a policy will pay during a policy period
25. **maximum a policy will pay during a policy period**
26. Which of the following is correct about supplementary payments?
27. It reduces what your liability policy will pay for a loss
28. It reduces what your property policy will pay during a loss
29. **It doesn’t reduce your liability limits for a loss**
30. It doesn’t reduce your property limits for a loss
31. The following factors are used for physical damage coverage except:
32. Make of the vehicle
33. Year of the vehicle
34. **Driving safety record**
35. Model of the vehicle
36. How many major sections of the California Insurance Code are there?
37. 3
38. **5**
39. 20
40. 30
41. How many classes of insurance may be offered to the public?
42. 3
43. 5
44. **20**
45. 30
46. Who makes an insurance contract?
47. The Insurance Commissioner
48. The Department of Insurance
49. The insured
50. **The insurer**
51. Who enters into an insurance contract?
52. The Insurance Commissioner
53. The Department of Insurance
54. **The insured**
55. The insurer
56. Which of the following sells insurance?
57. **insurance agents**
58. insurance brokers
59. both of the above
60. neither of the above
61. Which of the following may bind coverage on behalf of an insurer?
62. **insurance agents**
63. insurance brokers
64. both of the above
65. neither of the above

Prudential individual life insurance has added various features to its variable universal life (VUL) insurance product, PruLife Custom Premier II, to provide more living benefits. What kind of rider is benefit access rider (BAR)?

a) waiver of premium rider

b) illness rider

c) disability income rider

d) accelerated death benefit rider

Mr. ABC is drunk at a party, if he had a high subjective risk perspective, would he drive home?

a) No, high subjective risk results in conservative behavior

b) Yes, high subjective risk results in progressive behavior

c) None of the listed options

d) Cant's say as persons in same situation may have different perception of risk

What is hazard?

a) cause of the loss

b) possibility of a gain or a loss

c) potential losses in the most economical way

d) a condition that creates or increases the chance of loss

withholding, rather than misstating, a material fact on an insurance application is an act of which of the following?

a) misrepresentation

b) fraud

c) waiver and estoppel

d) concealment

On Dec 3 2012, Andy Tran purchased an individual deferred annuity from bickley financial.. The factors bickley financial will consider in determining the annuity benefit amount that Mr. Andy will receive are the contracts value on its maturity date, which is

a) Dec 3 2012, & the life expectancy of Mr. Andy

b) Dec 3 2022, & the life expectancy of Mr. Andy

c) Dec 3 2012, & the life expectancies of both Mr. Andy & Mrs. Brown

d) Dec 3 2022, & the life expectancies of both Mr. Andy & Ms. Brown.

henry martin purchased major medical expense policies on Oct 2013 & Elham Leo Mr. Martin's spouse purchased basic medical expense policy. Mr. Martin's policy's coverage can be provided in a supplemental major medical policy or a comprehensive major medical policy. Which medical expense policies generally provide first-dollar coverage-that is, the insurer begins to reimburse the insured for eligible medical expenses without first requiring an out-of-pocket contribution from the insured?

a) minor

b) basic

c) general

d) major

**Withholding, rather than misstating, a material fact on an insurance application is an act of which of the following?**

A. Misrepresentation(Your Answer)

B. Concealment(Missed)

C. Waiver and estoppel

D. Fraud

**The term "time element coverage" is used when the amount of loss depends on which of the following?**

A. The time between the date of loss and the policy expiration date

B. The time between the policy effective date and date of loss

C. The time of year when a seasonal business suffers a loss

D. The time it takes to repair, rebuild, or restore damaged property(Your Answer)

**Which of the following risks might qualify for coverage under a businessowners policy?**

A. A bank or saving and loan association

B. A bar and grill(Your Answer)

C. An office building of any size

D. An apartment building of any size(Missed)

**Which of the following is not one of the common law defenses against an employer's liability?**

A. Assumption of risk

B. Fellow servant rule(Your Answer)

C. Proximate cause(Missed)

D. Contributory negligence

**Vehicles that might be insured by a personal auto policy are described in the eligibility rules and the policy definitions. Each of the following is true about vehicles eligible for PAP coverage except**

A. Vehicles with fewer than four wheels are not eligible.(Your Answer)

B. Vehicles owned by an individual or married couple may be insured.

C. Private passenger autos, pickup trucks, and vans used for personal transportation may be insured.

D. Vans used in a delivery business are eligible for coverage.(Missed)

**Businessowners policies provide an additional coverage for preservation of property when it is removed from the premises to protect it from loss by a covered peril. The coverage will apply at other locations for up to**

A. 60 days

B. 30 days(Missed)

C. 20 days(Your Answer)

D. 15 days

**Which of the following losses is not excluded under the physical damage coverage of a personal auto policy?**

A. Loss of custom furnishings in a customized van

B. Loss caused by freezing of the cooling system(Your Answer)

C. Damage to equipment designed for the detection of radar

D. Damage to a covered auto while being used as part of a car pool(Missed)

**Under the business auto coverage part, liability insurance applies to mobile equipment while which of the following occurs?**

A. It is being operated on public roads.

B. It is being carried or towed by a covered auto.(Missed)

C. It is being operated away from the insured's premises and work sites.

D. It is being used for the purpose for which it was designed.

**Insurance is a mechanism used to manage which of the following types of risk?**

A. Pure risks(Missed)

B. Speculative risks

C. Both pure and speculative risks

D. Neither pure nor speculative risks

**Under the 1989 dwelling policy forms, if coverage for vandalism and malicious mischief is attached to a policy, it will be suspended whenever the building has been vacant for more than how many days?**

A. 45 consecutive days

B. 30 consecutive days(Missed)

C. 20 consecutive days(Your Answer)

D. 10 consecutive days

**Commercial general liability coverage provides medical expense payments for accidental injuries if the expenses are incurred and reported to the insurer within what date?**

A. Six months after the accident date

B. One year after the accident date(Your Answer)

C. Two years after the accident date

D. Three years after the accident date

**An employer purchases a fidelity bond to protect against potential losses by employee dishonesty. In this situation, each of the employees covered by the bond is considered which of the following?**

A. A fiduciary

B. A principal

C. A guarantor

D. An obligee

**When insurance is written on a dwelling form, each of the following types of property would be insured under Coverage A (dwelling coverage) except which one?**

A. A storage shed connected to the dwelling by a utility line

B. A laundry room attached to the dwelling

C. Building equipment and outdoor equipment(Your Answer)

D. Materials and supplies used for construction or repair of the dwelling

**On homeowner’s policies, "insured location" is a broad term describing where liability coverage’s apply. It includes each of the following except which one?**

A. Family cemetery plots

B. Any newly acquired premises(Your Answer)

C. Structures on farm land owned by an insured

D. A non-owned premises used as a temporary residence by an insured

**The most common definition of actual cash value (ACV) in the property insurance field is which of the following?**

A. Original cost, plus depreciation

B. Original cost, less depreciation(Your Answer)

C. Replacement cost, plus depreciation

D. Replacement cost, less depreciation

**Each of the following is true about the National Flood Insurance Program except which one?**

A. There are maximum limits on the amount of coverage available.

B. Coverage may be written by private insurance carriers.

C. Eligibility requirements are set by private insurance carriers. (Your Answer)

D. The federal government reimburses insurance companies for losses that exceed premiums collected.

**What is meant by the term "adverse selection"?**

A. Underwriting practices that discriminate against applicants in certain geographical areas

B. Selling types of insurance to applicants who do not need that particular kind of coverage

C. Agency marketing practices that promote only the policies that pay the highest commissions(Your Answer)

D. The tendency of people with greater than average exposure to loss to purchase insurance

**A commercial building valued at $300,000 is insured for $200,000. If the policy is written with an 80% coinsurance percentage and a standard deductible, how much would be paid for a $60,000 loss?**

A. $60,000

B. $49,500(Missed)

C. $40,000(Your Answer)

D. $39,500

**Under homeowners coverage for medical payments to others, necessary medical expenses for treating an accidental injury will be covered if it incurred within how many days?**

A. 90 days of the accident date

B. 1 year of the accident date(Your Answer)

C. 3 years of the accident date

D. 5 years of the accident date

**Under a Personal Umbrella policy, a self-insured retention is an amount that**

A. Is in effect a deductible for insured losses

B. Reflects the maximum the insurer will pay for a particular loss.

C. Applies between underlying coverage and the umbrella coverage.(Your Answer)

D. Reduces the amount of underlying coverage available to cover insured losses.

**Ocean marine protection and indemnity (P&I) coverage usually insures the ship owner against liability for all of the following except which one?**

A. Cargo lost or damaged through negligence

B. Damage to other vessels when caused by collision

C. Damage to or loss of the insured ship(Your Answer)

D. Job-related injuries to sailors

**National flood insurance is available for which of the following?**

A. Private residences only

B. Private residences and residential contents only

C. Residential and nonresidential buildings only(Your Answer)

D. Residential and nonresidential buildings and contents

**Which dwelling forms can provide replacement cost coverage for buildings?**

A. The basic and broad forms only

B. The broad and special forms only

C. The special form only(Your Answer)

D. The basic, broad, and special forms

**Under the commercial property conditions, the coverage territory includes all of the following except which one?**

A. United States

B. Mexico

C. Puerto Rico(Your Answer)

D. Canada

**Under business auto liability coverage, if an insured takes time off from work at the request of the insurer and suffers loss of earnings, as a supplementary payment, the insurer will pay up to how much?**

A. $150 a day for lost earnings

B. $200 a day for lost earnings

C. $250 a day for lost earnings(Your Answer)

D. $300 a day for lost earnings

**The primary purpose of insurance is to do which of the following?**

A. Avoid risk

B. Eliminate risk

C. Transfer risk(Your Answer)

D. Reduce risk

**Which dwelling forms provide coverage for loss of fair rental value when a dwelling becomes uninhabitable?**

A. The special form only

B. The basic and broad forms only

C. The broad and special forms only(Your Answer)

D. The basic, broad, and special forms

**On a commercial package policy, interline endorsements are which of the following?**

A. Attached to the common policy conditions

B. Attached to the common policy declarations

C. Only apply to commercial property coverage’s(Your Answer)

D. Could apply to more than one line of insurance

**On homeowner’s policies, personal property used for business purposes is which of following?**

A. Cannot be covered

B. Covered only if an additional premium is paid

C. May be covered only while on the residence premises

D. Covered up to $2,500 on the premises and up to $500 off the premises

**When an insured cancels a policy prior to its expiration date, the insurance company will return a portion of the unused premium on a short rate basis. What does the term "short rate" mean?**

A. The insurer will keep the earned premium plus an additional amount for policy writing expenses

B. There will be a pro rata adjustment of the premium so that the insured is not charged for the full policy term.

C. The agent will return the commission paid on the policy to the insurer.(Your Answer)

D. The insurer will return the unearned premium plus interest on the amount that was not used.

**The taking of money or other property from inside a premises by someone who has unlawfully and forcefully entered or exited is an example of what kind of crime?**

A. Robbery

B. Burglary

C. Embezzlement(Your Answer)

D. Safe burglary

**Which method of risk management best describes the use of high deductibles or elements of self-insurance to reduce insurance costs?**

A. Retention

B. Transfer

C. Avoidance

D. Reduction

**Office buildings are eligible for coverage under a business owners policy if they do not contain more than 100,000 square feet of space and do not exceed which of the following?**

A. 4 stories in height

B. 6 stories in height(Your Answer)

C. 8 stories in height

D. 10 stories in height

**The commercial Common Policy declarations would include all of the following types of information except which one?**

A. The policy period

B. The coverage parts purchased and their premiums

C. The exclusions that apply to the coverage’s(Your Answer)

D. The identity and mailing address of the named insured

**Under the loss sustained version of commercial crime coverage forms, the policy will cover losses sustained during the policy period and discovered either during the policy term or no later than which of the following?**

A. Three years after policy expiration

B. Two years after policy expiration

C. One year after policy expiration(Your Answer)

D. Six months after policy expiration

**Under the NCCI workers compensation and employers liability policy form, the employer’s liability coverage excludes any claim for which of the following?**

A. Care and loss of service

B. Liability assumed under contract

C. Damages to a third party(Your Answer)

D. Consequential injury to a spouse or relative of an injured worker

**Each of the following is true about farm coverage’s except which one?**

A. Livestock and equipment may be insured.

B. Property and liability coverage’s may be included.

C. The principal residence may be covered by farm or homeowners forms.(Your Answer)

D. Farm coverage may be written as a mono-line policy or part of a package.

**Because an insurer writes the policy language and the insured has little or no control over the content, any ambiguity in the wording is usually resolved in favor of the insured. Because the design and wording of a policy are in the hands of the insurer, insurance policies are said to be which of the following?**

A. Contracts of indemnity

B. Unilateral contracts(Your Answer)

C. Contracts of adhesion

D. Aleatory contracts

**After a homeowner’s policy has been in effect for at least 60 days, when the insurer cancels for any reason other than nonpayment of premium, it must give the insured advance written notice of at least how many days?**

A. 60 days

B. 30 days(Your Answer)

C. 20 days

D. 10 days

**Under which policy provision is an insured's right to recover for a loss from a third party transferred to the insurance company?**

A. Abandonment

B. Pair or set clause(Your Answer)

C. Subrogation

D. Arbitration

**A business owners policy may provide additional coverage for increased cost of construction when required to comply with an existing ordinance or law. However, this coverage is available only for buildings that are insured on a replacement cost basis and it is limited to which of the following amounts?**

A. $10,000

B. $7,500(Your Answer)

C. $5,000

D. $2,500

**Which of the following is not available as one of the farm liability coverage’s included in an ISO policy?**

A. Medical payments to others

B. Bodily injury and property damage

C. Personal injury and advertising injury(Your Answer)

D. Injury to farm employees

**Which of the following is not an optional property coverage on homeowner’s policies?**

A. Personal property replacement cost

B. Permitted incidental occupancies

C. Increased limits for jewelry, watches, and furs(Your Answer)

D. Coverage for loss of use of the premises

**Which of the following is true about commercial crime coverage written on a discovery policy form?**

A. In order to be covered, losses must be sustained and discovered during the policy period.

B. Losses may be covered if they are discovered at any time up to 18 months after the policy expires.

C. No exclusions apply to the types of losses that may be covered by this form.

D. A loss discovered during the policy period will be covered even if it was sustained years earlier

**When an insurer cancels a commercial package policy for reasons other than nonpayment of premium, it must give written notice to the first named insured at least how long?**

A. 60 days in advance(Your Answer)

B. 30 days in advance

C. 20 days in advance

D. 10 days in advance

**Which of the following coverages may be included in a personal auto policy without the necessity of issuing an endorsement?**

A. Miscellaneous type vehicles

B. Towing and labor costs

C. Transportation expenses

D. Named nonowner coverage

**The commercial building and personal property coverage form provides a number of coverage extensions but only if which of the following is true?**

A. The coverage for buildings is written on a replacement basis.

B. All coverage’s are written on a blanket basis.

C. They are shown in the declarations and an additional premium is paid.(Your Answer)

D. An 80% or higher coinsurance percentage or a value reporting symbol is shown in the declarations.

Mr james black and his spouse ms. mary drain purchased an insurance policy with accelerated death benefits rider. both met with an accident and it was found that mr.black suffers from terminal illness and the physician has certified life expectancy of 12 months or less. due to which the insurer pays a portion of the policy's death benefit. what is this benefit called?

a) long-term care benefit

b) terminal illness benefit

c) accidental benefit

d) dread disease benefit

Ms.Jenifer struss purchased policy on Feb24, 2012 and she paid the initial payment. It was found that the age given by Ms. Struss was misstated and due to which an incorrect premium was charged. Because of this, the insurance policy will be cancelled and a new policy will be issued with correct details. State true or false.

a) True

b) False

The paragraph below contains two pairs of terms enclosed in parentheses. Determine which term in each pair correctly completes the paragraph. Then select the answer choice containing the two terms that you have chosen.

The coverage provided by individual disability income insurance policies is classified as either short-term or long term coverage, depending on the length of the benefit period. for eg, most short-term individual diability income policies specify a maximum benefit period of (13 to 26 weeks / one to five year). The maximum benefit period provided by individual long-term disability income coverage for illnesses commonly extends (for one year/until the insured reaches age 65)

a) one to five year/until the insured reaches age 65

b) 13 to 26 weeks / for one year

c) 13 to 26 weeks /until the insured reaches age 65

d) one to five year / for one year

Alpha insurance company purchases reinsurance from celtic reinsurance company. By this purchase Celtic accepts all of the risk on insurance policies alpha has issued. Select the appropriate terms by which alphas insurance company is referred to by this process. select one or more.

a) reinsurer

b) assuming company

c) ceding company

d) direct writer

Which of the following is the best suitable option with regard to HAZOP? select one:

a) HAZOP works as catalyst for hazard

b) A method of resolving hazard

c) A condition that creates or increases the chance of loss

d) A hazard and operability study done to identify and resolve hazards.

Mr. John Abi, 45 years age & Ms. Amy Moral, 37 years age purchased a life insurance policy with Accidental Death benefit. If Mr. Abi had to die and if the amount of the accidental death benefit is equal to the face amount of the life policy it is called as

a) dismemberment benefit

b) accelerated death benefits

c) face equal benefit

d) double indemnity benefit

On Dec 3 2012, Andy tran purchased an individual deferred annuity from Bickley Financial. The annuity specifies that, on Dec 3, 2022, Bickley will begin making annuity benefit payments to Mr. Andy and that these benefit payments for ten years, Bickley will continue to make benefits payments. What is the type of annuity that Mr.Andy purchased known as? Select one:

a) Joint & survivor annuity

b) life income with period certain annuity

c) life only annuity

d) life income with refund annuity

With regards to Managed Care, One of the below characteristics is WRONG. Identify them Select one.

a) Managed care organizations are entities that operate managed care plans

b) Managed care is a method of integrating the financing and delivery of health care services within a system that manages the cost, accessibility, and quality of care

c) Solely for the convenience of the plan member, the member's family, the physician, or another health care provider

d) Managed care plans are arrangements that integrate the financing and management of health care with the delivery of health care services to a group of individuals who have enrolled in the plan

Restoring an insured to approximately the same condition that existed before a property loss is an example of what principal? Select one:

a) indemnity

b) insurable interest

c) subrogation

d) salvage rights

Justin Mark is planning to use his $900,000 to purchase a brand new care and 100 shares from Leopord Group. He wishes to purchase policies to cover the risk. Mr.Mark met with an accident when driving his brand new car and is unable to continue in his job. This type of risk is called as, Select one:

a) managing risk

b) liability risk

c) speculative risk

d) pure risk

Nero Bauto recently opened a departmental store. A customer while purchasing, slips and falls in the store. In this case, what is the insurance called that serves as a benefit payable on behalf of a covered party who is legally responsible for unintentionally harming others or their party? select one:

a) Group insurance

b) liability insurance

c) property & casualty insurance

d) health insurance

Which of the following are the types of breach of utmost good faith?

i) Fraudulent non-disclosure

ii) non-fradulent non-disclosure

iii) non-fraudulent misrepresentation

iv) fraudulent misrepresentation

a) All of the listed options

b) ii, iii, and iv

c) i and iii

d) i and ii

insurable interest may be described as: select one:

a) Possession of certain goods

b) The interest payments due if the insurance premium is paid late

c) A legally recognized relationship to the subject matter

d) the amount always payable for insurance claims

Mr. Martin Roy purchased an insurance policy. As a policy owner, Mr. Roy decides, within certain limits, what the policy's face amount will be, the amount of the death benefit payable, and the amount of premiums he will pay for that coverage. What is the insurance policy Mr. Roy purchased called?

a) variable life insurance

b) permanent life insurance

c) universal life insurance

d) endowment insurance

Grain insurance company is owned by its policyholders, who elect the company's board of directors. The profits are distributed as policy dividends. What is this insurance company called?

a) Mutual insurance

b) Distributed insurance

c) Life insurance

d) stock insurance

contracts between two parties can be classified as either unilateral or bilateral, depending on whether one or both of the parties make legally enforceable promise....with respect to these classifications of contracts, life and health insurance policies are classified as

a) unilateral bargaining contracts

b) unilateral contracts if adhesion

c) bilateral bargaining contracts

d) bilateral contracts of adhesion

Mr. Albert James purchased a life insurance policy at the age of 45 with the coverage value of $50,000 which will cover till he reaches the age of 55. Mr.James died at the age of 50 but the death benefit amount Mr.James received was less than $50,000. What is this insurance policy he has purchased?

a) Decreasing term life insurance

b) Yearly Renewable Term life insurance

c) Variable term life insurance

d) Level term life insurance

Ms. Jenifer Struss purchased policy on Feb 24, 2012 and she paid the initial payment. For some reason if Ms. Struss has to cancel the policy, she will receive a full refund of the intial premium payment if Ms. Struss policy was in

a) Free-Look provision

b) Grace period provision

c) Entire Contract provision

d) incontestability provision

Prudential individual life insurance has added various features to its vul insurance product, prulife custom premier II, to provide more living benefits. The product has been designed to provide around 60 underlying investment options, including socially responsible green funds. Most of the 60 investment funds would give fixed returns. State true or false

a) true

b) false

When an insurer develops a new life insurance product, the insurer's actuaries calculate premium rates for numerous blocks of insured's of the same age and sex and in the same risk classification..... If the actuaries base their calculations only on mortality experience, they would charge the highest premium rate for the block of policies issued to whom?

a) Females age 35

b) Males age 55

c) Females age 35

d) Males age 35

Pick the correct definition of Risk Transfer?

a) A process of controlling the risk

b) A contractual obligation by which one person or entity agrees to reimburse another for loss or damage arising from specified liabilites

c) unforeseen and unexpected losses that occur as a result of chance

d) the transfer of pure risk to an insurer

e) the transfer of speculative risk to an insurer

Which of these can be considered as speculative risk?

i) gambling

ii) Automobile accident

iii) theft

iv) investing in equity share marker

a) Both i and iv

b) i

c) iii

d) ii

e) iv

Individuals and businesses often use risk management as a means of identifying and assessing financial risks.... from the answer choices below, select the responses that correctly describes an individual controlling the risk of financial loss.

a) After purchasing a new computer, Lois White rejected the manufacturers offer of an extended warranty on the new computer system

b) Holton simpson insists that all passengers riding in his automobile war seat belts at all times

c) kristen bishop, a self-employed graphic design artist, purchased a disability income insurance policy that will provide her with monthly income benefits if she becomes totally disabled

d) because she is concerned about suffering neck and back injuries, Renea Hopkins never rides roller coasters at amusement parks

Russell Osteen is a plan participant in an employer-sponsored savings plan and margaret mumpford is a plan participant in an employer-sponsored 401(k) plan.

a) Mr.Osteen only

b) Ms.Mumford only

c) Both Mr.Osteen and Ms.Mumpford

d) None of the listed options

patrick tham's disability income insurance policy contains the current usual definition of total disability that is included in most disability income policies. According to his policy, the definition of total disability changes after the insured has been totally disabled for two years. This information indicates that, should Mr.Tham become disabled, then at the end of the initial two-year period of disability, he will be considered totally disabled only if his disability.

a) prevents him from working at any occupation for which he is reasonably fittled by education, training or experience

b) causes him to earn less than he earned before becoming disabled

c) prevents him from performing the essential duties of his any occupation

d) prevents him from performing the essential duties of his own previous occupation

The following statements are about variable life(VL) insurance in the United States. Select the answer choice containing the correct statement

a) The death benefit provided by a VL insurance policy remains constant throughout the life of the policy

b) The insurance company alone assumes the investment risk of a VL insurance policy

c) VL insurance policies offer policyowners guaranteed investment earnings and minimum cash values

d) Variable life insurance products must comply with federal securities law

What is/are the characteristics of a pure risk/ideally insurable risk?

i) Large number of exposure units; Loss must be accidental and unintentional

ii) loss must be determinable and measurable; chance of loss must be calculable

iii) loss should not be catastrophic; premium must be economically feasible

a) ii and iii

b) i, ii & iii

c) i

d) i and ii

e) ii

Mr. John Abi, 45 years age & Ms. Amy Moral, 37 years age purchased a life insurance policy with Accidental Death Benefit. If Ms. Moral has to die for one of the following reason, her Accidental Death Benefit will not be paid. Identify all applicable.

a) Self infliction

b) none of the listed options

c) car accident

d) result of childbirth

When pricing insurance, what is the amount added to a policy's net premium to pay for all of an insurance company's cost of doing business called?

a) Loading

b) Consideration

c) contingency reserve

d) surplus