

Your answers are shown below:

1. An employee of a convenience store just finished mopping the floor, and forgot to put up a warning sign that the floor was wet. A customer slips on the wet floor and injures her knee. This is an example of which one of the following types of commercial general liability loss?

- A. Personal and advertising injury liability.
- B. Completed operations liability.
- **C. Premises and operations liability.**
- D. Products liability.

C is correct. (Obj 1 – Type A).

Premises and operations liability covers bodily injury or property damage caused by an accident that is either on the organization's premises or as a result of the organization's ongoing (but not completed) operations.

2. A passerby at a contractor's construction job site is injured when an employee of the contractor accidentally drops a hammer while working on a ladder above the sidewalk. This is an example of which one of the following types of commercial general liability loss?

- A. Personal and advertising injury liability.
- B. Completed operations liability.
- **C. Premises and operations liability.**
- D. Products liability.

C is correct. (Obj 1 – Type A).

Premises and operations liability covers bodily injury or property damage caused by an accident that is either on the organization's premises or as a result of the organization's ongoing (but not completed) operations.

3. A railroad hired a contractor to work on a trestle underneath the railroad track. If a claim arose against a railroad relating to the contractor's work, which one of the following would be the best type of insurance coverage to respond?

- **A. Railroad Protective Liability Coverage Form.**
- B. Products and Completed Operations Coverage Form.
- C. Product Withdrawal Coverage Form.
- D. Owners and Contractors Protective Liability Coverage Form.

A is correct. (Obj 1 – Type A).

While an Owners and Contractors Protective Liability Coverage Form will cover a property owner against liability arising out of operations being performed by a contractor, the Railroad Protective Liability Coverage Form specifically protects railroad owners.

4. If a pedestrian is injured as a result of the negligence of a construction contractor while performing their job, any resulting liability claim by the pedestrian would be covered under what coverage of the Commercial General Liability (CGL) Form?

- A. Personal and advertising injury liability.
- B. Completed operations liability.
- **C. Premises and operations liability.**
- D. Products liability.

C is correct. (Obj 1 – Type A).

Premises and operations liability covers bodily injury or property damage caused by an accident that is either on the organization's premises or as a result of the organization's ongoing (but not completed) operations.

5. Which one of the following represents injury or damage that would be covered by the "products and completed operations" liability portion of a Commercial General Liability Coverage Form?

- A. A customer sues an insured's food store for injuries received when he fell on a wet floor that was recently mopped.
- B. A client's home experiences a fire while the insured is working on the air conditioning unit.
- C. A tenant of an apartment building sues an insured landlord for wrongful eviction.
- **D. A consumer dies because of impurities in a medicine sold by the insured's pharmaceutical company.**

D is correct. (Obj 1 – Type A).

A is incorrect. Injuries on the premises would likely be covered under the premises and operations coverage.

B is incorrect. If the fire was considered the insured's fault, it would possibly be covered under the premises and operations coverage.

C is incorrect. Wrongful eviction would potentially be covered under the personal and advertising injury liability coverage.

6. Which one of the following statements is correct regarding various ISO general liability coverage forms designed to cover special situations or specific loss exposures?

- A. Liquor Liability Coverage is used to protect owners of businesses that sell or serve alcoholic beverages.
- B. Electronic Data Liability Coverage covers the costs associated with recalling products from the market.
- C. Owners and Contractors Protective Liability Coverage protects a contractor from liability for normal business operations.
- D. Railroad Protective Liability Coverage is usually purchased by a railroad owner.

A is correct. (Obj 1 – Type A).

B is incorrect. Product Withdrawal Coverage covers the costs associated with recalling products from the market.

C is incorrect. Owners and Contractors Protective Liability Coverage protects a property owner for damage arising from a contractor's operations.

D is incorrect. Railroad Protective Liability Coverage is usually purchased by a contractor at the request of a railroad owner.

7. The Shelf Shop is covered by an unendorsed Commercial General Liability (CGL) Coverage Form. The Shelf Shop manufactures and installs shelving. While they are installing shelving in the bedroom closets of one of their customer's homes, one of the shelves comes loose and hits the customer in the head, causing injury. Which one of the following coverages would apply to this situation?

- A. Other general liability.
- **B. Premises and operations liability.**
- C. Products and completed operations liability.
- D. Personal and advertising injury liability.

B is correct. (Obj 1 – Type B).

Since the contractor was in the process of installing the shelving, the premises and operations liability coverage would apply.

8. Jake is a contractor who performed some electrical work on an apartment building. Jake finished the job, but due to faulty wiring by Jake, the apartment building suffered fire damage three hours later. Several of the building's tenants suffered injury due to smoke inhalation, and some of their property was destroyed due to smoke damage. If the tenants filed a claim, losses resulting from the claim would potentially be covered under which portion of the Commercial General Liability Coverage Form?

- A. Premises and Operations.
- **B. Products and Completed Operations.**
- C. Personal and Advertising Injury.
- D. Owners and Contractors Protective Liability.

B is correct. (Obj 1 – Type B).

The Products and Completed Operations coverage section of the Commercial General Liability Coverage Form would cover liability due to accidents arising out of an individual's or organization's completed work.

9. Jim was attending a happy hour to celebrate the successful completion of another tax busy season. The happy hour was held at Gus' Restaurant and Bar. After having several drinks, Jim got into his car to go home. On his way home, he struck Julie, a pedestrian who was crossing the street, causing her to break her leg. The police arrested Jim and charged him with a DUI. Julie sued Gus' Restaurant and Bar, and received a judgment. Which one of the following policies would Gus' Restaurant and Bar need to own to cover the damages?

- A. Personal and Advertising Injury Liability Coverage Form.
- B. Owners and Contractors Protective Liability Coverage Form.
- C. A Commercial General Liability (CGL) Coverage Form without endorsement.
- **D. Liquor Liability Coverage Form.**

D is correct. (Obj 1 – Type B).

A Liquor Liability Coverage Form is available to insure bars, restaurants, and other businesses that sell or serve alcohol.

10. Which one of the following statements is correct regarding elements of Coverage A – Insuring Agreement of the Commercial General Liability (CGL) Coverage Form?

- A. A court proceeding must be used to determine whether an insurer is legally liable to pay damages.
- B. The insurer is under no obligation to defend the insured against suits seeking damages for bodily injury.
- **C. To be insured, the bodily injury or property damage must be caused by an occurrence, such as an accident.**
- D. The definition of property damage indicates that electronic data are considered tangible property.

C is correct. (Obj 2 – Type A).

A is incorrect. The determination of whether an insurer is legally liable to pay damages can be determined by a court proceeding or by the insurer's claims investigation. Often, the insurer's claims investigation reveals that the insurer is legally liable.

B is incorrect. The insuring agreement indicates that the insurer has the right and duty to defend the insured against any suit seeking damages for bodily injury or property damage to which the insurance applies.

D is incorrect. The definition of property damage indicates that electronic data are NOT considered tangible property.

11. Under a Commercial General Liability (CGL) policy, an insured is found to be legally liable to pay a claimant damages relating to the claimant's pain and suffering. Which one of the following types of damages does this represent?

- A. Punitive damages.
- **B. General damages.**
- C. Special damages.
- D. Exemplary damages.

B is correct. (Obj 2 – Type A).

General damages are damages awarded for intangibles, such as pain and suffering.

Special damages are for medical expenses and loss of earnings. Punitive damages are awarded to punish the wrongdoer.

12. Under a Commercial General Liability (CGL) policy, an insured is found to be legally liable to pay a claimant's medical expenses. Which one of the following types of damages does this represent?

- A. Punitive damages.
- B. General damages.
- **C. Special damages.**
- D. Exemplary damages.

C is correct. (Obj 2 – Type A).

Special damages are damages for medical expenses and loss of earnings. General damages are damages awarded for intangibles, such as pain and suffering. Punitive damages are awarded to punish the wrongdoer.

13. Under a standard Commercial General Liability (CGL) Coverage Form, which one of the following is considered a covered territory?

- **A. Puerto Rico.**
- B. Mexico.
- C. Spain.
- D. France.

A is correct. (Obj 2 – Type A).

Under a standard Commercial General Liability (CGL) Coverage Form, the coverage territory that applies to most claims is the United States, Puerto Rico, and Canada.

14. Nation Tools Company (NTC) manufactures tools in Texas and Ohio, which it then sells to customers in the United States, Spain, and Italy. A customer in Spain is using a chainsaw that was manufactured by NTC. The chainsaw malfunctions and causes severe injury to the customer. The customer filed suit against NTC in the United States. NTC has a Commercial General Liability (CGL) policy. If NTC is found liable, will the CGL policy cover the damages awarded to the customer?

- A. Yes, because all chainsaws are dangerous tools that can cause severe damage to an individual and property.
- B. Yes, because the chainsaw was manufactured in the United States, which is part of the coverage territory.**
- C. No, because the injury occurred in Spain, which is outside the coverage territory.
- D. No, because injury occurred in Spain but the suit was initiated in the United States.

B is correct. (Obj 2 – Type B).

The coverage territory typically includes the United States, Puerto Rico, and Canada. The coverage territory is also extended to include the entire world with respect to products made or sold by the insured in the United States, Puerto Rico, and Canada.

15. Barry's Restaurant was recently sued by Kate. Kate was injured while walking to the bathroom, when she tripped and fell when one of her heels broke. Although Barry's Restaurant serves alcohol, Kate had not consumed any alcoholic beverages at the time of the injury. The restaurant is covered under an unendorsed Commercial General Liability (CGL) policy. Which one of the following represents the most likely reason the restaurant's insurer would refuse to pay any damages?

- A. Accidents are not considered "occurrences" under the policy.
- B. Unendorsed CGL policies do not insure premises-based claims.
- C. The insured serves alcohol.
- D. The insured is not legally obligated to pay.**

D is correct. (Obj 2 – Type B).

One condition of the CGL stipulates that before coverage will be provided, the insured must be legally obligated to pay damages.

16. Which one of the following statements is correct regarding the Commercial General Liability (CGL) policy Coverage A exclusion for Aircraft, Auto, or Watercraft?

- A. Coverage is provided for losses related to the operation of certain types of equipment attached to autos.
- B. The exclusion precludes all coverage under the policy for valet parking services.
- C. Watercraft while ashore on the insured's premises is excluded from coverage under the CGL policy.
- D. Aircraft, watercraft, and auto are each defined under the CGL policy.

A is correct. (Obj 3 – Type A).

B is incorrect. Although damage to a customer's car would be excluded from coverage under the policy, if a valet accidentally damages another car while driving a customer's car, the CGL policy would cover the damage to the other (non-customer's) car.

C is incorrect. An exception to the Aircraft, Auto, or Watercraft exclusion is watercraft while ashore on the insured's premises. Therefore, this would be covered under the policy.

D is incorrect. The CGL policy does define auto, but it does not define aircraft or watercraft.

17. Which one of the following statements is correct regarding the Coverage A exclusions under the Commercial General Liability (CGL) policy?

- A. The Mobile Equipment exclusion eliminates coverage for autos owned by the insured.
- B. The Liquor Liability exclusion eliminates coverage regardless of whether or not the insured is in the alcoholic beverage business.
- **C. The Pollution exclusion does not apply to bodily injury caused by smoke from a hostile fire.**
- D. The Expected or Intended Injury exclusion applies to bodily injury resulting from the use of reasonable force to protect property.

C is correct. (Obj 3 – Type A).

A is incorrect. The Mobile Equipment exclusion eliminates coverage for the transportation of mobile equipment by an auto that is owned, operated, rented, or borrowed by the insured.

B is incorrect. The Liquor Liability exclusion eliminates coverage only for companies that are in the alcoholic beverage business. If a manufacturing company has a company picnic, and alcohol is served at the picnic, this exclusion would not apply.

D is incorrect. The Expected or Intended Injury exclusion does not apply to bodily injury resulting from the use of reasonable force to protect property or persons.

18. All of the following would be included in the definition of "mobile equipment" under the Commercial General Liability (CGL) policy EXCEPT:

- A. Vehicles used primarily off public roads, such as forklifts.
- B. Vehicles subject to compulsory or financial responsibility laws.
- C. Vehicles travelling on crawler treads.
- D. **Vehicles used solely on the premises owned by the insured.**

B is correct. (Obj 3 – Type A).

The CGL excludes from the definition of mobile equipment any land vehicle if the vehicle is subject to a compulsory or financial responsibility law.

19. Although the Commercial General Liability (CGL) Coverage Form contains an exclusion for aircraft, auto, and watercraft, certain of these items will be covered in limited situations. One example of watercraft that is covered is:

- A. Owned watercraft more than five years old.
- B. Non-owned watercraft more than three years old.
- C. Owned watercraft less than 19 feet long.
- D. **Non-owned watercraft less than 26 feet long.**

D is correct. (Obj 3 – Type A).

Although coverage is generally excluded for watercraft, the exclusion does not apply to a watercraft that the named insured does not own and that is less than 26 feet long and not being used to carry individuals for a fee.

20. Dogs 'R' Us manufactures high-end outdoor wood dog houses in the Southwest. They discovered a fungus growing on the wood used to construct the dog houses, that would cause injury or death to various breeds of dogs. Dogs 'R' Us recalled their entire stock of dog houses to avoid potential environmental fines or liability claims from dog owners. The company currently has a Commercial General Liability (CGL) policy. Will the policy cover the costs to recall the stock of dog houses?

- A. The costs will be covered because bodily injury and property damage losses related to an insured's products are covered under the CGL policy.
- **B. The costs will not be covered because the costs to recall products, work, or impaired property are specifically excluded from the CGL policy.**
- C. The costs will not be covered because pollution-related costs are specifically excluded from the CGL policy.
- D. The costs will be covered because the recall will reduce potential future liability claims.

B is correct. (Obj 3 – Type B).

The Recall of Products, Work, or Impaired Property exclusion of the CGL policy specifically excludes coverage for any loss, costs, or expense resulting from loss of use, withdrawal, recall, inspection, repair, or disposal of the insured's product, the insured's work, or impaired property.

21. A water heater in an apartment building exploded due to a defect in the product. The explosion destroyed the water heater and damaged the apartment building. The owner of the apartment building sued Heaters Extreme, the manufacturer of the water heater. Assuming Heater's Extreme owned a Commercial General Liability (CGL) policy, which of the following statements is correct regarding coverage?

- A. Both the destruction of the water heater and the damage to the apartment building would be covered.
- B. The destruction of the water heater would be covered, but the damage to the apartment building would not be covered.
- C. The destruction of the water heater would not be covered, but the damage to the apartment building would be covered.**
- D. Neither the destruction of the water heater nor the damage to the apartment building would be covered.

C is correct. (Obj 3 – Type B).

Under the Damage to Your Product exclusion to the CGL policy, coverage is eliminated for any damage to the insured's product that results from a defect in any part of the product.

22. A shelving company manufactures and installs shelves. Two days after installing their shelves in a customer's home, the shelves collapse due to improper installation. The shelves are destroyed as a result of the collapse. Which one of the following exclusions from the Commercial General Liability (CGL) policy would preclude coverage for damage to the shelves?

- A. Damage to Your Property.
- B. Damage to Property.
- C. Damage to Your Work.**
- D. Contractual Liability.

C is correct. (Obj 3 – Type B).

The Damage to Your Work exclusion of the CGL policy applies to claims for damages relating to the insured's work, such as improper installation. The Damage to Your Property exclusion would apply to defective products.

23. Dave owns a grocery store, which features several displays of products that are on sale. John entered the store acting erratically, screaming obscenities, and swinging a baseball bat. As John approached one of the displays, Dave wrestled him to the ground and restrained him to prevent him from causing any property damage. John eventually calmed down, but suffered a wrist injury when Dave restrained him. Which of the following statements is correct regarding coverage under the grocery store's Commercial General Liability (CGL) policy?

- A. Coverage will not be provided because Dave's use of force was intentional.
- B. Coverage will not be provided because injury to John in this situation was reasonably expected.
- C. Coverage will be provided because the injury occurred on the premises.
- D. **Coverage will be provided because Dave was using reasonable force to protect his property.**

D is correct. (Obj 3 – Type B).

Under the Expected or Intended Injury exclusion to the CGL policy, coverage is eliminated for bodily injury or property damage that is expected or intended by the insured. However, the exclusion does not apply to bodily injury resulting from the use of reasonable force to protect persons or property.

24. A manufacturing company uses a forklift on its premises to move heavy boxes. The forklift is subject to the state's compulsory auto insurance law. One day, the forklift was being used to move some boxes, when the driver lost control and ran into a customer's jeep that was parked in the company's parking lot. If the company has a Commercial General Liability (CGL) policy:

- A. **Coverage would not apply because the forklift meets the definition of "auto."**
- B. Coverage would apply because the forklift is considered mobile equipment.
- C. Coverage would apply because the damage occurred on the insured's premises.
- D. Coverage would not apply because the damage was caused by an employee.

A is correct. (Obj 3 – Type B).

The CGL definition of auto includes a land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or garaged. Autos are excluded from coverage under the CGL.

25. The Commercial General Liability (CGL) Coverage B – Personal and Advertising Injury Liability provides coverage for which one of the following?

- A. Criminal acts.

- **B. False arrest.**
- C. Breach of contract.
- D. Wrong description of prices.

C is correct. (Obj 4 – Type A).

A is incorrect. Coverage B eliminates coverage for injury arising out of a criminal act committed by or at the direction of the insured.

C is incorrect. Coverage B excludes injury arising out of a breach of contract.

D is incorrect. Coverage B does not insure against injury arising out of wrong descriptions of the price of products or services.

26. The Commercial General Liability (CGL) Coverage B – Personal and Advertising Injury Liability provides coverage for which one of the following?

- A. Contractual liability.
- B. Pollution.
- **C. Malicious prosecution.**
- D. Knowing violation of rights of another.

C is correct. (Obj 4 – Type A).

A is incorrect. Coverage B eliminates coverage for injury for which the insured has assumed liability in a contract or agreement.

B is incorrect. Coverage B excludes injury arising out the actual, alleged, or threatened discharge of pollutants at any time.

D is incorrect. Coverage B does not insure against injury caused by the direction of an insured who had knowledge that act would violate the rights of another person and inflict personal and advertising injury.

27. The Commercial General Liability (CGL) Coverage B – Personal and Advertising Injury Liability excludes coverage for which one of the following?

- A. Infringing upon another's copyright in the insured's advertisement.
- B. The use of another's advertising idea in the insured's advertisement.
- C. Written publication that slanders a person or organization.
- **D. An offense committed by an insured whose business is publishing.**

D is correct. (Obj 4 – Type A).

A is incorrect. Infringing upon another's copyright in the insured's advertisement is covered under Coverage B – Personal and Advertising Injury Liability.

- B is incorrect. The use of another's advertising idea in the insured's advertisement is covered under Coverage B – Personal and Advertising Injury Liability.
- C is incorrect. Written publication that slanders a person or organization is covered under Coverage B – Personal and Advertising Injury Liability.

28. The Commercial General Liability (CGL) policy Coverage B – Personal and Advertising Injury Liability provides coverage for which one of the following?

- A. An insured department store owner detains a suspected shoplifter, but subsequently determines nothing was shoplifted.
- B. An insured auto dealer advertises a car, indicating a purchase price that is only 10% of the correct purchase price.
- C. The insured submits a knowingly false story about a competitor to the local newspaper, which prints the story.
- D. The insured paid an individual to spray-paint defamatory graffiti on a competitor's warehouse.

A is correct. (Obj 4 – Type A).

False detention is covered under Coverage B.

- B is incorrect. The wrong description of prices is excluded under Coverage B.
- C is incorrect. Material published with knowledge of falsity is excluded from coverage under Coverage B.
- D is incorrect. Criminal acts are excluded under Coverage B.

29. Injury committed by insureds in internet-type businesses is generally excluded from coverage under Coverage B of the Commercial General Liability (CGL). However, injuries will be covered if the insured's business is limited to which one of the following tasks?

- A. Determining or designing the content of websites.
- B. Providing internet searches or access.
- C. Providing internet content or services.
- D. Placing frames, borders, and links on the internet.

D is correct. (Obj 4 – Type A).

Injury committed by insureds in internet-type businesses is generally excluded from coverage under Coverage B of the Commercial General Liability (CGL). However, if the insured simply places frames, borders, links, or advertising material on the internet, this insured will not be considered to be in an internet-type business.

30. The Commercial General Liability (CGL) Coverage B – Personal and Advertising Injury Liability would exclude coverage for which one of the following?

- A. Refusing to hire a qualified individual because of her religion.
- B. False imprisonment.
- C. Wrongful entry into a dwelling or premises that a person occupies.
- D. Written publication that slanders an individual.

A is correct. (Obj 4 – Type A).

False imprisonment, wrongful entry into a dwelling or premises that a person occupies, and written publication that slanders an individual are all covered offenses listed in the CGL policy definition of personal and advertising injury.

31. The South Dakota Sun Gazette newspaper prints a false story about a wealthy local businessman. The Gazette printed the story even though they knew it was false. The businessman sues the Gazette. Assuming the Gazette has an unendorsed Commercial General Liability (CGL) policy, which one of the following represents an exclusion that would preclude coverage?

- A. Criminal acts.
- B. Recording and distribution of information in violation of law.
- C. Unauthorized use of another's name or product.
- D. Material published that is known to be false.

D is correct. (Obj 4 – Type B).

Material published with knowledge of falsity is excluded from coverage under Coverage B.

32. Margolis Home Theatre was delivering a television to a customer. During the delivery, the delivery person accidentally knocked over a bookshelf, breaking the bookshelf and a vase that was on the bookshelf. If Margolis Home Theatre has an unendorsed Commercial General Liability (CGL) policy, would Coverage B – Personal and Advertising Injury Liability coverage apply to the customer's property damage?

- A. Yes, because damage to personal property is covered.
- B. Yes, because the damage was the fault of the delivery person.
- C. No, because property damage is not covered under Coverage B.
- D. No, because the damaged property was unrelated to the television.

C is correct. (Obj 4 – Type B).

Coverage B under the CGL does not cover property damage.

33. Under the Commercial General Liability (CGL) Coverage Form, Coverage C – Medical Payments would apply to which one of the following?

- A. A person injured on that part of the named insured's premises that the person normally occupies.
- B. A volunteer worker of the named insured.**
- C. A person entitled to workers' compensation benefits for the injury.
- D. A person injured while taking part in any physical exercises or games.

B is correct. (Obj 5 – Type A).

The following are exclusions from Coverage C of the CGL Coverage Form:

- Any insured person, other than a volunteer worker of the named insured.
- Anyone hired to do work for an insured or for the insured's tenant.
- A person injured on that part of the named insured's premises that the person normally occupies.
- A person entitled to workers' compensation benefits for the injury.
- A person injured while taking part in any physical exercises, games, or athletic contests.

34. Which one of the following statements is correct regarding the Commercial General Liability (CGL) Coverage Form, Coverage C – Medical Payments?

- A. It is not considered liability insurance coverage.**
- B. It is designed to pay large claims.
- C. It covers medical payments to individuals hired to do work for an insured.
- D. It pays only if the insured is found negligent.

A is correct. (Obj 5 – Type A).

B is incorrect. Coverage C is designed to settle cases involving minor injury.

C is incorrect. Coverage C excludes coverage for individuals hired to do work for an insured.

D is incorrect. Coverage C pays on a no-fault basis.

35. In order for Commercial General Liability (CGL) Coverage Form, Coverage C – Medical Payments coverage to apply, the medical expenses must be incurred and reported to the insurer within:

- A. Six months of the date of the accident.
- B. One year of the date of the accident.**
- C. Two years of the date of the accident.
- D. Two years of the end of the coverage period.

B is correct. (Obj 5 – Type A).

In order for Commercial General Liability (CGL) Coverage Form, Coverage C – Medical Payments coverage to apply, the medical expenses must be incurred and reported to the insurer within one year of the date of the accident.

36. Mildred was shopping at a home improvement store. She was injured when a microwave oven fell from a high storage rack and struck her in the leg. Mildred was taken to the hospital, where her total invoice for medical services and x-rays was \$1,400. She was released from the hospital that same day. Two months after the accident, Mildred made a claim under Coverage C of the store's Commercial General Liability (CGL) policy. Will the policy provide coverage?

- A. No, because claims must be submitted within one month of the accident.
- B. No, because the medical payments will be covered under workers' compensation.
- **C. Yes, because medical expenses for accidents on the insured's premises are covered.**
- D. Yes, because coverage automatically applies when medical expenses are under \$2,000.

C is correct. (Obj 5 – Type B).

A is incorrect. In order for Commercial General Liability (CGL) Coverage Form, Coverage C – Medical Payments coverage to apply, the medical expenses must be incurred and reported to the insurer within one year of the date of the accident.

B is incorrect. The payments will not be covered under workers' compensation because Mildred is not an employee of the home improvement store.

D is incorrect. Coverage does not automatically apply based on a certain level of medical expenses.

37. Which one of the following statements is correct regarding the supplementary payments section of the Commercial General Liability (CGL) Coverage Form?

- A. Unlimited loss of earnings arising from an injury to the insured are provided under this section.
- B. The section describes contractual coverage provided by the CGL.
- C. Litigation interest represents interest that accrues on the amount of a judgment before the actual entry of the judgment by the court.
- **D. The insurer's obligation to pay these payments ends when the limit of insurance has been exhausted in paying damages for judgements or settlements.**

D is correct. (Obj 6 – Type A).

A is incorrect. Loss of earnings is only covered up to \$250 per day.

B is incorrect. The supplementary payments section of the Commercial General Liability (CGL) policy describes specific items to be paid in addition to damages.

C is incorrect. Prejudgment interest represents interest that accrues on the amount of a judgment before the actual entry of the judgment by the court.

38. Which of the following would be covered under the supplementary payments section of the Commercial General Liability (CGL) Coverage Form?

- A. Medical expenses sought by a claimant.
- **B. Postjudgment interest awarded.**
- C. General damages of \$200,000.
- D. Property damage liability in the amount of \$10,000.

B is correct. (Obj 6 – Type A).

The supplementary payments section of the Commercial General Liability (CGL) Coverage Form provides for various payments to be paid in addition to damages. These additional payments include prejudgment and postjudgment interest.

39. Stacy owns a coffee shop that is covered under a Commercial General Liability (CGL) Coverage Form. The CGL is unendorsed. Lorie was injured when she slipped and fell in the coffee shop. As part of the lawsuit, Stacy was required to provide testimony. Stacy suffered a \$1,000 loss of income as a result of her having to testify at the one-day trial. For the loss of income, the supplementary payments section of the CGL will pay Stacy:

- A. \$0.
- **B. \$250.**
- C. \$500.
- D. \$1,000.

B is correct. (Obj 6 – Type B).

Supplementary payments will pay reasonable expenses incurred by the insured at the insurer's request, including loss of earnings. The maximum payment for loss of earnings is \$250 per day.

