

# **PRACTICE EXAM 11: TENNESSEE PROPERTY AND CASUALTY INSURANCE (100 QUESTIONS)**

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*This 100-question combined Property and Casualty study simulation is for exam preparation. Tennessee administers separate major-line Property and Casualty producer examinations; verify current testing details with Pearson VUE and the Tennessee Department of Commerce and Insurance. Choose the single best answer for each question.*

**1.** For this property and casualty study scenario, products-completed operations coverage relates to

- A. injury to employees only
- B. loss of business records
- C. injury or damage arising from products or completed work
- D. flood to inventory

**2.** For this property and casualty study scenario, premises and operations coverage concerns

- A. liability arising from ongoing business activities
- B. damage to cargo in transit
- C. personal auto damage
- D. employee retirement benefits

**3.** For this property and casualty study scenario, professional liability is designed for claims alleging

- A. intentional property damage
- B. negligent professional services
- C. fire loss to a building
- D. theft of business inventory

**4.** For this property and casualty study scenario, an occurrence liability form is triggered by

- A. when the claim is reported only
- B. when the premium is audited
- C. when a policy is renewed
- D. when bodily injury or property damage occurs

**5.** Consider this insurance scenario: A claims-made form is generally triggered by

- A. when a building is constructed
- B. when an employee is hired
- C. when a claim is first made during the coverage period
- D. when an auto is purchased

**6.** For this property and casualty study scenario, an umbrella policy generally provides

- A. liability limits above underlying coverage
- B. primary property coverage only
- C. workers compensation benefits
- D. guaranteed replacement cost

**7.** For this property and casualty study scenario, workers compensation is intended to provide

- A. coverage for homeowners claims
- B. auto collision protection
- C. life insurance proceeds
- D. benefits for job-related injuries or illness

**8.** For this property and casualty study scenario, employers liability coverage addresses

- A. damage to an employee's car
- B. certain employer liability outside workers compensation benefits
- C. the employer's inventory loss
- D. personal umbrella claims

**9.** Consider this insurance scenario: A commercial crime policy can cover

- A. employee theft
- B. a liability suit by a customer
- C. wind damage to a roof
- D. an auto collision

**10.** Consider this insurance scenario: A commercial auto policy may cover

- A. only owner-occupied homes
- B. only flood damage
- C. only employee dishonesty
- D. business-owned vehicles

**11.** For this property and casualty study scenario, auto liability coverage is intended to pay for

- A. repairs to the insured's engine only
- B. injury or damage the insured is legally responsible for
- C. ordinary depreciation
- D. a traffic ticket fine

**12.** For this property and casualty study scenario, collision coverage applies when a covered auto

- A. is damaged by hail
- B. is stolen
- C. hits another object or overturns

D. is struck by lightning

**13.** For this property and casualty study scenario, other-than-collision coverage commonly includes

- A. wear and tear
- B. mechanical breakdown
- C. theft and hail
- D. intentional damage

**14.** For this property and casualty study scenario, uninsured motorist coverage protects an insured injured by

- A. the insured's own collision
- B. a driver with no liability insurance
- C. a covered flood
- D. a workers compensation claim

**15.** For this property and casualty study scenario, underinsured motorist coverage may apply when

- A. the insured buys no liability coverage
- B. the insured's car is stolen
- C. a home is vacant
- D. the at-fault driver's limits are insufficient

**16.** For this property and casualty study scenario, medical payments coverage under an auto policy helps pay

- A. medical expenses from an auto accident
- B. vehicle depreciation
- C. business income loss
- D. property taxes

**17.** Consider this insurance scenario: A temporary substitute auto is generally used when

- A. an insured buys a new house
- B. a covered auto is out of normal use
- C. a business changes owners
- D. a policy is cancelled

**18.** Consider this insurance scenario: A newly acquired auto provision can provide

- A. limited automatic coverage for a new vehicle
- B. automatic workers compensation
- C. permanent flood coverage
- D. commercial general liability

**19.** For this property and casualty study scenario, garagekeepers coverage is designed for

- A. the insured's house
- B. employee medical bills
- C. customers' autos in the insured's care
- D. professional errors

**20.** Consider this insurance scenario: A personal umbrella policy is intended to

- A. replace an auto physical damage policy
- B. insure jewelry on an open-peril basis
- C. pay a mortgage
- D. provide additional personal liability protection

**21.** For this property and casualty study scenario, the duty to defend means an insurer may need to

- A. guarantee a plaintiff wins
- B. pay criminal penalties
- C. provide a legal defense for a covered suit
- D. cancel all other policies

**22.** For this property and casualty study scenario, comparative negligence generally

- A. eliminates all liability
- B. allocates fault among parties
- C. creates strict liability
- D. requires no damages

**23.** For this property and casualty study scenario, vicarious liability may make an employer liable for

- A. an employee's personal investment loss
- B. a customer's storm loss
- C. a supplier's property insurance
- D. an employee's negligent act within scope of employment

**24.** For this property and casualty study scenario, strict liability can apply without proving

- A. negligence
- B. a loss
- C. a claimant
- D. a policy

**25.** For this property and casualty study scenario, compensatory damages are intended to

- A. punish every defendant

- B. cancel a policy
- C. create insurance coverage
- D. make an injured party financially whole

**26.** For this property and casualty study scenario, punitive damages are intended primarily to

- A. replace medical payments
- B. punish and deter egregious conduct
- C. measure depreciation
- D. set an auto deductible

**27.** Consider this insurance scenario: A release is commonly signed to

- A. settle a claim and relinquish further recovery rights
- B. renew a policy automatically
- C. add a named insured
- D. create a binder

**28.** Consider this insurance scenario: A proof of loss is a document that

- A. sets future premium rates
- B. lists all agency employees
- C. supports a claim with requested loss information
- D. creates coinsurance

**29.** For this property and casualty study scenario, salvage is property remaining after a loss that

- A. may retain value
- B. must always be destroyed
- C. is never owned by anyone
- D. automatically increases limits

**30.** Consider this insurance scenario: A producer's fiduciary duty concerning premiums requires

- A. keeping premiums as personal funds
- B. handling funds properly and as required by law
- C. waiving every deductible
- D. changing policy terms unilaterally

**31.** For this property and casualty study scenario, in Tennessee, insurance producer licensing is administered by the

- A. Tennessee Department of Revenue
- B. Tennessee Supreme Court
- C. Federal Reserve Board
- D. Tennessee Department of Commerce and Insurance

**32.** Consider this insurance scenario: A producer should avoid misrepresentation by

- A. promising uncovered losses
- B. altering applications after signature
- C. making truthful statements about policy terms
- D. withholding material exclusions

**33.** For this property and casualty study scenario, rebating generally involves

- A. offering an improper inducement not stated in the policy
- B. explaining a deductible
- C. collecting a premium
- D. issuing a binder

**34.** For this property and casualty study scenario, unfair discrimination in insurance means

- A. charging any lawful premium
- B. using underwriting data
- C. treating similar risks differently without a valid basis
- D. requiring an application

**35.** For this property and casualty study scenario, twisting refers to

- A. paying a covered loss
- B. inducing replacement through misleading comparisons
- C. adding an endorsement
- D. using a deductible

**36.** For this property and casualty study scenario, defamation in insurance involves

- A. explaining an exclusion
- B. sending a renewal notice
- C. collecting policy information
- D. making false statements that harm an insurer

**37.** For this property and casualty study scenario, boycott, coercion, or intimidation are prohibited because they

- A. reduce deductibles
- B. increase indemnity
- C. create open-peril coverage
- D. are unfair trade practices

**38.** For this property and casualty study scenario, an insurer's certificate of authority permits it to

- A. guarantee all claims
- B. avoid producer licensing
- C. transact authorized insurance business in a jurisdiction
- D. ignore policy forms

**39.** Consider this insurance scenario: A domestic insurer is organized under the laws of

- A. the state in which it is incorporated
- B. every state where it sells
- C. a foreign country only
- D. the federal government

**40.** Consider this insurance scenario: A foreign insurer is organized

- A. outside the United States only
- B. under another U.S. state or territory's laws
- C. only in Tennessee
- D. by a policyholder group

**41.** For this property and casualty study scenario, an alien insurer is organized

- A. in a neighboring state
- B. by an agency
- C. by a reinsurer
- D. under the laws of a country outside the United States

**42.** For this property and casualty study scenario, an admitted insurer is one that

- A. never uses producers

- B. cannot write liability
- C. is authorized to transact insurance in the state
- D. only sells surplus lines

**43.** For this property and casualty study scenario, surplus lines insurance is generally used when

- A. coverage is unavailable through authorized insurers
- B. a loss has already occurred
- C. an applicant refuses underwriting
- D. a policy has no exclusions

**44.** Consider this insurance scenario: A producer acting within authority may

- A. change statutes
- B. guarantee claim payment
- C. bind coverage when the insurer authorizes it
- D. waive all conditions

**45.** For this property and casualty study scenario, the purpose of an insurance guaranty association is generally to

- A. replace every policy limit
- B. provide limited protection when a member insurer becomes insolvent
- C. guarantee investment returns
- D. set producer commissions

**46.** Consider this insurance scenario: A cancellation notice is used to

- A. end a policy before its expiration date
- B. add a coverage endorsement
- C. report a claim

D. increase a deductible

**47.** For this property and casualty study scenario, nonrenewal means

- A. a claim is denied
- B. coverage begins immediately
- C. an insured has moved
- D. a policy will not continue beyond its current term

**48.** For this property and casualty study scenario, an insurer investigates a claim primarily to

- A. increase the insured's deductible
- B. determine coverage, facts, and the amount of loss
- C. avoid reading the policy
- D. create a new application

**49.** Consider this insurance scenario: A reservation of rights notice informs an insured that

- A. the claim is automatically paid
- B. the policy is renewed
- C. the deductible is waived
- D. coverage issues may affect the insurer's obligations

**50.** For this property and casualty study scenario, the fair claims handling principle requires insurers to

- A. pay every demand without review
- B. handle claims promptly and in good faith
- C. ignore policy conditions
- D. offer illegal inducements

**51.** Consider this insurance scenario: A producer should protect consumer information by

- A. sharing it freely with competitors
- B. adding it to advertisements
- C. using and disclosing it only as permitted
- D. selling it without notice

**52.** Consider this insurance scenario: A loss caused by fire is best classified as a

- A. direct loss
- B. morale hazard
- C. speculative risk
- D. indirect loss

**53.** During a Tennessee producer practice scenario, which statement best describes indemnity?

- A. It guarantees full market appreciation.
- B. It requires identical coverage limits.
- C. It restores the insured financially without allowing profit.
- D. It eliminates every deductible.

**54.** Consider this insurance scenario: A building owner installs deadbolt locks after a burglary. The locks are a

- A. moral hazard
- B. peril
- C. liability exposure
- D. physical hazard control

**55.** Consider this insurance scenario: A homeowner intentionally leaves a door unlocked because insurance will pay for theft. This illustrates

- A. moral hazard
- B. physical hazard
- C. morale hazard
- D. proximate cause

**56.** For this property and casualty study scenario, the uncertain possibility of loss is called

- A. peril
- B. risk
- C. hazard
- D. indemnity

**57.** During a Tennessee producer practice scenario, which is a pure risk?

- A. A stock may increase in value.
- B. A business may gain market share.
- C. A collector may profit from art.
- D. A house may be damaged by a windstorm.

**58.** For this property and casualty study scenario, the cause of a loss, such as lightning, is a

- A. peril
- B. condition
- C. representation
- D. hazard

**59.** Consider this insurance scenario: A deductible primarily serves to

- A. increase policy limits

- B. eliminate underwriting
- C. make the insured share part of a loss
- D. guarantee replacement cost

**60.** For this property and casualty study scenario, actual cash value is generally replacement cost minus

- A. salvage
- B. depreciation
- C. coinsurance
- D. premium

**61.** Consider this insurance scenario: A binder is best described as

- A. a permanent endorsement
- B. temporary evidence of insurance
- C. a proof of loss
- D. a policy exclusion

**62.** For this property and casualty study scenario, an endorsement is used to

- A. cancel a loss
- B. set a court verdict
- C. modify a policy's terms or coverage
- D. replace an application

**63.** Consider this insurance scenario: A blanket limit generally applies to

- A. one scheduled building only
- B. one named driver only
- C. one occurrence only
- D. multiple locations or items under one limit

**64.** For this property and casualty study scenario, subrogation allows an insurer to

- A. seek recovery from a responsible third party
- B. collect a deductible twice
- C. avoid paying valid claims
- D. increase a limit after loss

**65.** Consider this insurance scenario: A representation on an insurance application is normally

- A. a statement believed true to the applicant's knowledge
- B. an unconditional guarantee
- C. a policy condition after loss
- D. an insurer's promise

**66.** For this property and casualty study scenario, concealment occurs when an applicant

- A. uses an endorsement
- B. pays a premium late
- C. reports a loss promptly
- D. fails to disclose a material fact

**67.** For this property and casualty study scenario, the declarations page normally includes

- A. all state statutes
- B. the named insured, limits, and policy period
- C. every claim payment
- D. the insurer's investments

**68.** For this property and casualty study scenario, the insuring agreement states

- A. all excluded causes
- B. the agency commission
- C. the insurer's broad promise to pay covered losses
- D. the applicant's credit score

**69.** Consider this insurance scenario: A policy condition usually describes

- A. a covered peril only
- B. a premium discount
- C. the policy's title
- D. duties and requirements that apply to coverage

**70.** For this property and casualty study scenario, an exclusion is intended to

- A. increase an agreed value
- B. name additional insureds
- C. identify losses or property not covered
- D. create a binder

**71.** Consider this insurance scenario: A unilateral insurance contract means

- A. only the insurer makes an enforceable promise
- B. both parties exchange equal promises
- C. the insured may change terms alone
- D. no premium is required

**72.** For this property and casualty study scenario, an insurance contract is conditional because

- A. it has no exclusions

- B. payment depends on specified conditions being met
- C. it is always negotiable
- D. it covers speculative risk

**73.** Consider this insurance scenario: A contract of adhesion is drafted primarily by

- A. the insurer
- B. the producer
- C. the claimant
- D. the reinsurer

**74.** Consider this insurance scenario: A contract is aleatory because

- A. the premium is optional
- B. coverage is illegal
- C. no application is needed
- D. values exchanged may be unequal depending on a loss

**75.** For this property and casualty study scenario, an applicant must generally have insurable interest

- A. only at renewal
- B. only after a loss
- C. when the policy is issued
- D. only when a claim is denied

**76.** For this property and casualty study scenario, the principle of utmost good faith requires

- A. automatic claim payment
- B. honesty and disclosure of material information
- C. maximum policy limits
- D. a guaranteed dividend

**77.** Consider this insurance scenario: A homeowners policy is designed primarily for

- A. commercial warehouses
- B. owner-occupied residential property and personal liability
- C. ocean cargo
- D. workers compensation

**78.** For this property and casualty study scenario, coverage C in a homeowners policy generally covers

- A. the dwelling
- B. other structures
- C. loss assessment only
- D. personal property

**79.** For this property and casualty study scenario, under homeowners coverage, an unattached shed is usually

- A. an other structure
- B. the dwelling
- C. a business personal property item
- D. an inland marine item

**80.** For this property and casualty study scenario, loss of use coverage may help pay

- A. routine home maintenance
- B. a mortgage principal balance
- C. additional living expense after a covered loss
- D. a property appraisal

**81.** For this property and casualty study scenario, personal liability coverage responds to

- A. covered claims alleging bodily injury or property damage
- B. wear and tear to the home
- C. intentional criminal fines
- D. a decrease in investment value

**82.** For this property and casualty study scenario, medical payments to others coverage is generally intended for

- A. damage to the insured's home
- B. lost business income
- C. small medical expenses regardless of legal liability
- D. the insured's own injuries

**83.** Consider this insurance scenario: A named-peril policy covers

- A. every cause except exclusions
- B. only liability claims
- C. only flood damage
- D. only losses caused by listed perils

**84.** For this property and casualty study scenario, an open-peril property form covers

- A. only fire and lightning
- B. direct physical loss unless excluded
- C. only scheduled property
- D. only premises liability

**85.** For this property and casualty study scenario, replacement cost coverage differs from actual cash value because it

- A. always pays market value
- B. does not deduct depreciation when its conditions are met
- C. covers land value
- D. removes the deductible

**86.** Consider this insurance scenario: A coinsurance clause encourages

- A. insurance to value
- B. insurance fraud
- C. liability waivers
- D. policy cancellation

**87.** For this property and casualty study scenario, vacancy can affect property coverage because it

- A. turns a peril into a hazard
- B. eliminates insurable interest
- C. creates auto liability
- D. may increase the chance of undetected loss

**88.** Consider this insurance scenario: A dwelling policy is most appropriate for

- A. a commercial auto fleet
- B. a workers compensation risk
- C. a residential property that may be non-owner occupied
- D. a general liability exposure

**89.** For this property and casualty study scenario, the basic dwelling form typically provides

- A. open-peril coverage on all property

- B. named-peril coverage
- C. liability-only coverage
- D. flood coverage

**90.** Consider this insurance scenario: A commercial package policy can combine

- A. only personal auto coverages
- B. only life coverages
- C. only government benefits
- D. multiple commercial coverages in one policy

**91.** For this property and casualty study scenario, business personal property includes

- A. the land beneath a building
- B. a building's foundation only
- C. movable property owned by a business
- D. a personal auto liability limit

**92.** For this property and casualty study scenario, business income coverage is intended to help with

- A. lost income after a covered direct loss
- B. ordinary stock-market decline
- C. an employee's medical bills
- D. a customer refund

**93.** For this property and casualty study scenario, extra expense coverage helps pay

- A. the policy deductible
- B. a prior year's taxes
- C. a liability judgment
- D. reasonable costs to continue operations after a covered loss

**94.** Consider this insurance scenario: A businessowners policy commonly packages

- A. property and liability coverage for eligible small businesses
- B. life and annuity coverage
- C. ocean marine and aviation
- D. workers compensation only

**95.** For this property and casualty study scenario, inland marine insurance often covers

- A. only homes
- B. only workers injuries
- C. property that is movable or has a special exposure
- D. only auto liability

**96.** Consider this insurance scenario: A personal articles floater is commonly used for

- A. general business income
- B. valuable scheduled personal property
- C. employers liability
- D. a building's foundation

**97.** For this property and casualty study scenario, the National Flood Insurance Program generally insures against

- A. earth movement
- B. ordinary wind damage
- C. flood damage
- D. auto collision

**98.** Consider this insurance scenario: A standard homeowners policy generally excludes

- A. fire
- B. flood
- C. theft
- D. windstorm

**99.** Consider this insurance scenario: A standard homeowners policy generally excludes

- A. earth movement
- B. lightning
- C. smoke
- D. vandalism

**100.** Consider this insurance scenario: A surety bond involves

- A. an insurer, reinsurer, and broker
- B. a landlord, tenant, and lender
- C. a buyer, seller, and appraiser
- D. a principal, obligee, and surety

## **Practice Exam 11: Answer Key and Explanations**

**1. C** — The correct response identifies the insurance concept governing this scenario: injury or damage arising. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**2. A** — The correct response identifies the insurance concept governing this scenario: liability arising from ongoing. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

- 3. B** — The correct response identifies the insurance concept governing this scenario: negligent professional services. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.
- 4. D** — The correct response identifies the insurance concept governing this scenario: when bodily injury or. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.
- 5. C** — The correct response identifies the insurance concept governing this scenario: when a claim is. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.
- 6. A** — The correct response identifies the insurance concept governing this scenario: liability limits above underlying. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.
- 7. D** — The correct response identifies the insurance concept governing this scenario: benefits for job-related injuries. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.
- 8. B** — The correct response identifies the insurance concept governing this scenario: certain employer liability outside. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.
- 9. A** — The correct response identifies the insurance concept governing this scenario: employee theft. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.
- 10. D** — The correct response identifies the insurance concept governing this scenario: business-owned vehicles. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.
- 11. B** — The correct response identifies the insurance concept governing this scenario: injury or damage the. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**12. C** — The correct response identifies the insurance concept governing this scenario: hits another object or. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**13. C** — The correct response identifies the insurance concept governing this scenario: theft and hail. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**14. B** — The correct response identifies the insurance concept governing this scenario: a driver with no. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**15. D** — The correct response identifies the insurance concept governing this scenario: the at-fault driver's limits. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**16. A** — The correct response identifies the insurance concept governing this scenario: medical expenses from an. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**17. B** — The correct response identifies the insurance concept governing this scenario: a covered auto is. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**18. A** — The correct response identifies the insurance concept governing this scenario: limited automatic coverage for. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**19. C** — The correct response identifies the insurance concept governing this scenario: customers' autos in the. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**20. D** — The correct response identifies the insurance concept governing this scenario: provide additional personal liability. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**21. C** — The correct response identifies the insurance concept governing this scenario: provide a legal defense. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**22. B** — The correct response identifies the insurance concept governing this scenario: allocates fault among parties. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**23. D** — The correct response identifies the insurance concept governing this scenario: an employee's negligent act. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**24. A** — The correct response identifies the insurance concept governing this scenario: negligence. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**25. D** — The correct response identifies the insurance concept governing this scenario: make an injured party. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**26. B** — The correct response identifies the insurance concept governing this scenario: punish and deter egregious. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**27. A** — The correct response identifies the insurance concept governing this scenario: settle a claim and. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**28. C** — The correct response identifies the insurance concept governing this scenario: supports a claim with. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**29. A** — The correct response identifies the insurance concept governing this scenario: may retain value. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**30. B** — The correct response identifies the insurance concept governing this scenario: handling funds properly and. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**31. D** — The correct response identifies the insurance concept governing this scenario: Tennessee Department of Commerce. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**32. C** — The correct response identifies the insurance concept governing this scenario: making truthful statements about. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**33. A** — The correct response identifies the insurance concept governing this scenario: offering an improper inducement. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**34. C** — The correct response identifies the insurance concept governing this scenario: treating similar risks differently. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**35. B** — The correct response identifies the insurance concept governing this scenario: inducing replacement through misleading. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**36. D** — The correct response identifies the insurance concept governing this scenario: making false statements that. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**37. D** — The correct response identifies the insurance concept governing this scenario: are unfair trade practices. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**38. C** — The correct response identifies the insurance concept governing this scenario: transact authorized insurance business. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**39. A** — The correct response identifies the insurance concept governing this scenario: the state in which. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**40. B** — The correct response identifies the insurance concept governing this scenario: under another U.S. state. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**41. D** — The correct response identifies the insurance concept governing this scenario: under the laws of. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**42. C** — The correct response identifies the insurance concept governing this scenario: is authorized to transact. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**43. A** — The correct response identifies the insurance concept governing this scenario: coverage is unavailable through. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**44. C** — The correct response identifies the insurance concept governing this scenario: bind coverage when the. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**45. B** — The correct response identifies the insurance concept governing this scenario: provide limited protection when. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**46. A** — The correct response identifies the insurance concept governing this scenario: end a policy before. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**47. D** — The correct response identifies the insurance concept governing this scenario: a policy will not. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**48. B** — The correct response identifies the insurance concept governing this scenario: determine coverage, facts, and. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**49. D** — The correct response identifies the insurance concept governing this scenario: coverage issues may affect. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**50. B** — The correct response identifies the insurance concept governing this scenario: handle claims promptly and. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**51. C** — The correct response identifies the insurance concept governing this scenario: using and disclosing it. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**52. A** — The correct response identifies the insurance concept governing this scenario: direct loss. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**53. C** — The correct response identifies the insurance concept governing this scenario: It restores the insured. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**54. D** — The correct response identifies the insurance concept governing this scenario: physical hazard control. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**55. A** — The correct response identifies the insurance concept governing this scenario: moral hazard. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**56. B** — The correct response identifies the insurance concept governing this scenario: risk. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**57. D** — The correct response identifies the insurance concept governing this scenario: A house may be. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**58. A** — The correct response identifies the insurance concept governing this scenario: peril. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**59. C** — The correct response identifies the insurance concept governing this scenario: make the insured share. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**60. B** — The correct response identifies the insurance concept governing this scenario: depreciation. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**61. B** — The correct response identifies the insurance concept governing this scenario: temporary evidence of insurance. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**62. C** — The correct response identifies the insurance concept governing this scenario: modify a policy's terms. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**63. D** — The correct response identifies the insurance concept governing this scenario: multiple locations or items. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**64. A** — The correct response identifies the insurance concept governing this scenario: seek recovery from a. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**65. A** — The correct response identifies the insurance concept governing this scenario: a statement believed true. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**66. D** — The correct response identifies the insurance concept governing this scenario: fails to disclose a. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**67. B** — The correct response identifies the insurance concept governing this scenario: the named insured, limits,. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**68. C** — The correct response identifies the insurance concept governing this scenario: the insurer's broad promise. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**69. D** — The correct response identifies the insurance concept governing this scenario: duties and requirements that. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**70. C** — The correct response identifies the insurance concept governing this scenario: identify losses or property. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**71. A** — The correct response identifies the insurance concept governing this scenario: only the insurer makes. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**72. B** — The correct response identifies the insurance concept governing this scenario: payment depends on specified. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**73. A** — The correct response identifies the insurance concept governing this scenario: the insurer. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**74. D** — The correct response identifies the insurance concept governing this scenario: values exchanged may be. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**75. C** — The correct response identifies the insurance concept governing this scenario: when the policy is. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**76. B** — The correct response identifies the insurance concept governing this scenario: honesty and disclosure of. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**77. B** — The correct response identifies the insurance concept governing this scenario: owner-occupied residential property and. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**78. D** — The correct response identifies the insurance concept governing this scenario: personal property. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**79. A** — The correct response identifies the insurance concept governing this scenario: an other structure. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**80. C** — The correct response identifies the insurance concept governing this scenario: additional living expense after. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**81. A** — The correct response identifies the insurance concept governing this scenario: covered claims alleging bodily. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**82. C** — The correct response identifies the insurance concept governing this scenario: small medical expenses regardless. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**83. D** — The correct response identifies the insurance concept governing this scenario: only losses caused by. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**84. B** — The correct response identifies the insurance concept governing this scenario: direct physical loss unless. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**85. B** — The correct response identifies the insurance concept governing this scenario: does not deduct depreciation. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**86. A** — The correct response identifies the insurance concept governing this scenario: insurance to value. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**87. D** — The correct response identifies the insurance concept governing this scenario: may increase the chance. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**88. C** — The correct response identifies the insurance concept governing this scenario: a residential property that. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**89. B** — The correct response identifies the insurance concept governing this scenario: named-peril coverage. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**90. D** — The correct response identifies the insurance concept governing this scenario: multiple commercial coverages in. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**91. C** — The correct response identifies the insurance concept governing this scenario: movable property owned by. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**92. A** — The correct response identifies the insurance concept governing this scenario: lost income after a. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**93. D** — The correct response identifies the insurance concept governing this scenario: reasonable costs to continue. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**94. A** — The correct response identifies the insurance concept governing this scenario: property and liability coverage. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**95. C** — The correct response identifies the insurance concept governing this scenario: property that is movable. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**96. B** — The correct response identifies the insurance concept governing this scenario: valuable scheduled personal property. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**97. C** — The correct response identifies the insurance concept governing this scenario: flood damage. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**98. B** — The correct response identifies the insurance concept governing this scenario: flood. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**99. A** — The correct response identifies the insurance concept governing this scenario: earth movement. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.

**100. D** — The correct response identifies the insurance concept governing this scenario: a principal, obligee, and. Related terms may sound plausible, but they serve different functions in policy language, claims handling, underwriting, or producer conduct. Focus on operative facts, identify the controlling coverage or rule, and reject answers that add unstated facts or extend the contract.