

# **PRACTICE EXAM 13: 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 Tennessee P&C practice scenario, a coinsurance clause encourages
  - A. insurance fraud
  - B. liability waivers
  - C. insurance to value
  - D. policy cancellation
  
2. For this Tennessee P&C practice scenario, vacancy can affect property coverage because it
  - A. may increase the chance of undetected loss
  - B. turns a peril into a hazard
  - C. eliminates insurable interest
  - D. creates auto liability
  
3. For this Tennessee P&C practice scenario, a dwelling policy is most appropriate for
  - A. a commercial auto fleet
  - B. a residential property that may be non-owner occupied
  - C. a workers compensation risk
  - D. a general liability exposure

**4.** For this Tennessee P&C practice scenario, the basic dwelling form typically provides

- A. open-peril coverage on all property
- B. liability-only coverage
- C. flood coverage
- D. named-peril coverage

**5.** For this Tennessee P&C practice scenario, a commercial package policy can combine

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

**6.** For this Tennessee P&C practice 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

**7.** For this Tennessee P&C practice scenario, business income coverage is intended to help with

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

**8.** For this Tennessee P&C practice 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

**9.** For this Tennessee P&C practice 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

**10.** For this Tennessee P&C practice scenario, inland marine insurance often covers

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

**11.** For this Tennessee P&C practice scenario, a personal articles floater is commonly used for

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

**12.** For this Tennessee P&C practice scenario, the National Flood Insurance Program generally insures against

- A. earth movement
- B. ordinary wind damage

- C. flood damage
- D. auto collision

**13.** For this Tennessee P&C practice scenario, a standard homeowners policy generally excludes

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

**14.** For this Tennessee P&C practice scenario, a standard homeowners policy generally excludes

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

**15.** For this Tennessee P&C practice 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

**16.** For this Tennessee P&C practice scenario, a fidelity bond protects an employer from

- A. dishonest acts of employees
- B. damage from fire
- C. automobile collision
- D. professional negligence

**17.** For this Tennessee P&C practice scenario, general liability insurance primarily covers

- A. damage to the insured's own building
- B. workers compensation benefits
- C. legal liability for bodily injury and property damage
- D. loss of investment income

**18.** For this Tennessee P&C practice scenario, products-completed operations coverage relates to

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

**19.** For this Tennessee P&C practice scenario, premises and operations coverage concerns

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

**20.** For this Tennessee P&C practice 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

**21.** For this Tennessee P&C practice scenario, an occurrence liability form is triggered by

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

**22.** For this Tennessee P&C practice scenario, a claims-made form is generally triggered by

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

**23.** For this Tennessee P&C practice 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

**24.** For this Tennessee P&C practice scenario, workers compensation is intended to provide

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

**25.** For this Tennessee P&C practice scenario, employers liability coverage addresses

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

D. personal umbrella claims

**26.** For this Tennessee P&C practice scenario, a commercial crime policy can cover

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

**27.** For this Tennessee P&C practice scenario, a commercial auto policy may cover

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

**28.** For this Tennessee P&C practice scenario, auto liability coverage is intended to pay for

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

**29.** For this Tennessee P&C practice 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

**30.** For this Tennessee P&C practice scenario, other-than-collision coverage commonly includes

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

**31.** For this Tennessee P&C practice scenario, uninsured motorist coverage protects an insured injured by

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

**32.** For this Tennessee P&C practice scenario, underinsured motorist coverage may apply when

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

**33.** For this Tennessee P&C practice scenario, medical payments coverage under an auto policy helps pay

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

**34.** For this Tennessee P&C practice scenario, a temporary substitute auto is generally used when

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

**35.** For this Tennessee P&C practice scenario, a newly acquired auto provision can provide

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

**36.** For this Tennessee P&C practice scenario, garagekeepers coverage is designed for

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

**37.** For this Tennessee P&C practice 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

**38.** For this Tennessee P&C practice scenario, the duty to defend means an insurer may need to

- A. guarantee a plaintiff wins

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

**39.** For this Tennessee P&C practice scenario, comparative negligence generally

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

**40.** For this Tennessee P&C practice scenario, vicarious liability may make an employer liable for

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

**41.** For this Tennessee P&C practice scenario, strict liability can apply without proving

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

**42.** For this Tennessee P&C practice scenario, compensatory damages are intended to

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

**43.** For this Tennessee P&C practice scenario, punitive damages are intended primarily to

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

**44.** For this Tennessee P&C practice 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

**45.** For this Tennessee P&C practice scenario, a proof of loss is a document that

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

**46.** For this Tennessee P&C practice scenario, salvage is property remaining after a loss that

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

**47.** For this Tennessee P&C practice 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

**48.** For this Tennessee P&C practice 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

**49.** For this Tennessee P&C practice scenario, a producer should avoid misrepresentation by

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

**50.** For this Tennessee P&C practice scenario, rebating generally involves

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

**51.** For this Tennessee P&C practice scenario, unfair discrimination in insurance means

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

52. For this Tennessee P&C practice scenario, twisting refers to

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

53. For this Tennessee P&C practice scenario, defamation in insurance involves

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

54. For this Tennessee P&C practice 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

55. For this Tennessee P&C practice 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

**56.** For this Tennessee P&C practice 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

**57.** For this Tennessee P&C practice scenario, a foreign insurer is organized

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

**58.** For this Tennessee P&C practice scenario, an alien insurer is organized

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

**59.** For this Tennessee P&C practice scenario, an admitted insurer is one that

- A. never uses producers
- B. cannot write liability
- C. only sells surplus lines
- D. is authorized to transact insurance in the state

**60.** For this Tennessee P&C practice scenario, surplus lines insurance is generally used when

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

**61.** For this Tennessee P&C practice 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

**62.** For this Tennessee P&C practice 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

**63.** For this Tennessee P&C practice scenario, a cancellation notice is used to

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

**64.** For this Tennessee P&C practice scenario, nonrenewal means

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

**65.** For this Tennessee P&C practice 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

**66.** For this Tennessee P&C practice 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

**67.** For this Tennessee P&C practice scenario, the fair claims handling principle requires insurers to

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

**68.** For this Tennessee P&C practice 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

**69.** For this Tennessee P&C practice scenario, a loss caused by fire is best classified as a

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

**70.** For this Tennessee P&C practice scenario, which statement best describes indemnity?

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

**71.** For this Tennessee P&C practice scenario, a building owner installs deadbolt locks after a burglary. The locks are a

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

**72.** For this Tennessee P&C practice scenario, a homeowner intentionally leaves a door unlocked because insurance will pay for theft. This illustrates

- A. physical hazard
- B. morale hazard

- C. proximate cause
- D. moral hazard

**73.** For this Tennessee P&C practice scenario, the uncertain possibility of loss is called

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

**74.** For this Tennessee P&C 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.

**75.** For this Tennessee P&C practice scenario, the cause of a loss, such as lightning, is a

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

**76.** For this Tennessee P&C practice scenario, a deductible primarily serves to

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

**77.** For this Tennessee P&C practice scenario, actual cash value is generally replacement cost minus

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

**78.** For this Tennessee P&C practice scenario, a binder is best described as

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

**79.** For this Tennessee P&C practice scenario, an endorsement is used to

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

**80.** For this Tennessee P&C practice 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

**81.** For this Tennessee P&C practice scenario, subrogation allows an insurer to

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

**82.** For this Tennessee P&C practice 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

**83.** For this Tennessee P&C practice scenario, concealment occurs when an applicant

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

**84.** For this Tennessee P&C practice scenario, the declarations page normally includes

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

**85.** For this Tennessee P&C practice scenario, the insuring agreement states

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

D. the applicant's credit score

**86.** For this Tennessee P&C practice 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

**87.** For this Tennessee P&C practice 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

**88.** For this Tennessee P&C practice 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

**89.** For this Tennessee P&C practice scenario, an insurance contract is conditional because

- A. it has no exclusions
- B. it is always negotiable
- C. payment depends on specified conditions being met
- D. it covers speculative risk

**90.** For this Tennessee P&C practice scenario, a contract of adhesion is drafted primarily by

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

**91.** For this Tennessee P&C practice scenario, a contract is aleatory because

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

**92.** For this Tennessee P&C practice scenario, an applicant must generally have insurable interest

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

**93.** For this Tennessee P&C practice scenario, the principle of utmost good faith requires

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

**94.** For this Tennessee P&C practice 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

**95.** For this Tennessee P&C practice scenario, coverage C in a homeowners policy generally covers

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

**96.** For this Tennessee P&C practice scenario, under homeowners coverage, an unattached shed is usually

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

**97.** For this Tennessee P&C practice scenario, loss of use coverage may help pay

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

**98.** For this Tennessee P&C practice scenario, personal liability coverage responds to

- A. wear and tear to the home
- B. intentional criminal fines

- C. covered claims alleging bodily injury or property damage
- D. a decrease in investment value

**99.** For this Tennessee P&C practice scenario, medical payments to others coverage is generally intended for

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

**100.** For this Tennessee P&C practice scenario, a named-peril policy covers

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

## Practice Exam 13: Answer Key and Explanations

**1. C** — The correct answer is insurance to value. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**2. A** — The correct answer is may increase the chance. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**3. B** — The correct answer is a residential property that. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

- 4. D** — The correct answer is named-peril coverage. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.
- 5. A** — The correct answer is multiple commercial coverages in. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.
- 6. C** — The correct answer is movable property owned by. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.
- 7. B** — The correct answer is lost income after a. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.
- 8. D** — The correct answer is reasonable costs to continue. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.
- 9. A** — The correct answer is property and liability coverage. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.
- 10. B** — The correct answer is property that is movable. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.
- 11. D** — The correct answer is valuable scheduled personal property. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.
- 12. C** — The correct answer is flood damage. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**13. C** — The correct answer is flood. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**14. B** — The correct answer is earth movement. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**15. D** — The correct answer is a principal, obligee, and. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**16. A** — The correct answer is dishonest acts of employees. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**17. C** — The correct answer is legal liability for bodily. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**18. A** — The correct answer is injury or damage arising. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**19. D** — The correct answer is liability arising from ongoing. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**20. B** — The correct answer is negligent professional services. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**21. C** — The correct answer is when bodily injury or. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**22. D** — The correct answer is when a claim is. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**23. A** — The correct answer is liability limits above underlying. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**24. B** — The correct answer is benefits for job-related injuries. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**25. C** — The correct answer is certain employer liability outside. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**26. D** — The correct answer is employee theft. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**27. B** — The correct answer is business-owned vehicles. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**28. A** — The correct answer is injury or damage to. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**29. C** — The correct answer is hits another object or. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**30. A** — The correct answer is theft and hail. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**31. D** — The correct answer is a driver with no. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**32. B** — The correct answer is the at-fault driver's limits. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**33. B** — The correct answer is medical expenses from an. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**34. C** — The correct answer is a covered auto is. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**35. D** — The correct answer is limited automatic coverage for. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**36. A** — The correct answer is customers' autos in the. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**37. D** — The correct answer is provide additional personal liability. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**38. B** — The correct answer is provide a legal defense. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**39. C** — The correct answer is allocates fault among parties. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**40. A** — The correct answer is an employee's negligent act. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**41. B** — The correct answer is negligence. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**42. C** — The correct answer is make an injured party. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**43. D** — The correct answer is punish and deter egregious. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**44. A** — The correct answer is settle a claim and. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**45. A** — The correct answer is supports a claim with. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**46. C** — The correct answer is may retain value. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**47. B** — The correct answer is handling funds properly and. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**48. D** — The correct answer is Tennessee Department of Commerce. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**49. D** — The correct answer is making truthful statements about. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**50. C** — The correct answer is offering an improper inducement. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**51. B** — The correct answer is treating similar risks differently. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**52. A** — The correct answer is inducing replacement through misleading. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**53. B** — The correct answer is making false statements that. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**54. D** — The correct answer is are unfair trade practices. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**55. C** — The correct answer is transact authorized insurance business. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**56. A** — The correct answer is the state in which. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**57. A** — The correct answer is under another U.S. state. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**58. C** — The correct answer is under the laws of. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**59. D** — The correct answer is is authorized to transact. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**60. B** — The correct answer is coverage is unavailable through. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**61. C** — The correct answer is bind coverage when the. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**62. B** — The correct answer is provide limited protection when. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**63. D** — The correct answer is end a policy before. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**64. A** — The correct answer is a policy will not. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**65. B** — The correct answer is determine coverage, facts, and. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**66. D** — The correct answer is coverage issues may affect. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**67. A** — The correct answer is handle claims promptly and. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**68. C** — The correct answer is using and disclosing it. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**69. B** — The correct answer is direct loss. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**70. A** — The correct answer is It restores the insured. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**71. C** — The correct answer is physical hazard control. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**72. D** — The correct answer is moral hazard. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**73. C** — The correct answer is risk. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**74. D** — The correct answer is A house may be. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**75. A** — The correct answer is peril. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**76. B** — The correct answer is make the insured share. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**77. C** — The correct answer is depreciation. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**78. D** — The correct answer is temporary evidence of insurance. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**79. A** — The correct answer is modify a policy's terms. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**80. D** — The correct answer is multiple locations or items. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**81. B** — The correct answer is seek recovery from a. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**82. A** — The correct answer is a statement believed true. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**83. B** — The correct answer is fails to disclose a. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**84. C** — The correct answer is the named insured, limits,. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**85. B** — The correct answer is the insurer's broad promise. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**86. D** — The correct answer is duties and requirements that. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**87. C** — The correct answer is identify losses or property. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**88. A** — The correct answer is only the insurer makes. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**89. C** — The correct answer is payment depends on specified. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**90. D** — The correct answer is the insurer. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**91. A** — The correct answer is values exchanged may be. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**92. B** — The correct answer is when the policy is. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**93. A** — The correct answer is honesty and disclosure of. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**94. B** — The correct answer is owner-occupied residential property and. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**95. C** — The correct answer is personal property. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**96. D** — The correct answer is an other structure. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**97. B** — The correct answer is additional living expense after. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**98. C** — The correct answer is covered claims alleging bodily. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**99. D** — The correct answer is small medical expenses regardless. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.

**100. A** — The correct answer is only losses caused by. This term or coverage is the one that applies to the stated facts. The other choices describe different policy provisions, claims duties, or producer practices. Read each fact carefully, match it to the controlling insurance principle, and reject an option that changes coverage, assumes missing facts, or conflicts with the contract.