

PRACTICE EXAM 17: TENNESSEE PROPERTY AND CASUALTY INSURANCE (100 QUESTIONS)

This 100-question practice exam uses a fresh scenario sequence covering Tennessee Property and Casualty insurance concepts, policy analysis, and Tennessee-specific requirements. Select the single best answer for every item. This study aid is not an official examination; verify current statutes, rules, and testing information.

1. An applicant is reviewing a claim scenario involving a homeowners loss from a sudden kitchen fire, which conclusion is most accurate?

- A. fire is always excluded because it is accidental under applicable policy terms
- B. only liability coverage can respond to fire damage under applicable policy terms
- C. a flood policy must pay every fire loss under applicable policy terms
- D. direct physical loss caused by fire is generally a covered peril unless excluded

2. During a policy analysis, a producer is asked about a flood loss to a home, which conclusion is most accurate?

- A. fire coverage automatically includes flood under applicable policy terms as described by the contract
- B. liability coverage pays flood repairs under applicable policy terms as described by the contract
- C. standard homeowners insurance generally excludes flood, requiring separate coverage for flood risk under the applicable policy
- D. a deductible converts flood into covered loss under applicable policy terms under the applicable policy

3. In a coverage question concerning a workers compensation injury, which conclusion is most accurate?

- A. the injury must generally arise out of and in the course of employment under the applicable policy
- B. any illness is automatically work related under applicable policy terms as described by the contract

- C. liability coverage always replaces workers compensation under applicable policy terms as described by the contract
- D. employment status is irrelevant under applicable policy terms as described by the contract under the applicable policy

4. When applying policy language to loss assessment coverage, which conclusion is most accurate?

- A. it pays every association fee under applicable policy terms as described by the contract
- B. it may help a unit owner pay certain covered assessments imposed by an association
- C. it replaces condominium building coverage under applicable policy terms as described by the contract
- D. it covers only auto liability assessments under applicable policy terms as described by the contract

5. An applicant is reviewing a claim scenario involving Tennessee commercial risk loss runs, which conclusion is most accurate?

- A. loss runs are insurance binders under applicable policy terms as described by the contract
- B. loss runs replace applications under applicable policy terms as described by the contract
- C. loss runs establish policy limits under applicable policy terms as described by the contract
- D. state law addresses access to loss-run information in applicable commercial insurance situations under the applicable policy

6. During a policy analysis, a producer is asked about a surety obligee, which conclusion is most accurate?

- A. the obligee is the insurer issuing the bond under applicable policy terms
- B. the obligee is always the employee under applicable policy terms under the applicable policy
- C. the obligee is the party protected by the principal's promised performance
- D. the obligee is a property deductible under applicable policy terms under the applicable policy

7. In a coverage question concerning valuable papers and records, which conclusion is most accurate?

- A. it pays only liability judgments under applicable policy terms as described by the contract
- B. coverage commonly addresses cost to research or replace covered records, subject to limits under the applicable policy
- C. it is a workers compensation benefit under applicable policy terms as described by the contract
- D. it covers ordinary inventory under applicable policy terms as described by the contract under the applicable policy

8. When applying policy language to a completed-operations claim, which conclusion is most accurate?

- A. it may arise from injury or damage after the insured's work has been completed under the applicable policy
- B. it applies only while work is ongoing under applicable policy terms as described by the contract
- C. it is property coverage for tools under applicable policy terms as described by the contract
- D. it is a crime coverage form under applicable policy terms as described by the contract

9. An applicant is reviewing a claim scenario involving Tennessee producer compensation, which conclusion is most accurate?

- A. producers may offer any rebate under applicable policy terms under the applicable policy
- B. compensation rules apply only after a loss under applicable policy terms
- C. compensation is a property limit under applicable policy terms under the applicable policy
- D. state law limits compensation practices and prohibits certain improper inducements

10. During a policy analysis, a producer is asked about an insured's duty after a property loss, which conclusion is most accurate?

- A. the insured must take reasonable steps to protect property from further damage under the applicable policy
- B. the insured must discard damaged property immediately under applicable policy terms under the applicable policy
- C. the insured may conceal loss facts under applicable policy terms as described by the contract
- D. the insured must repair without documenting anything under applicable policy terms under the applicable policy

11. In a coverage question concerning an auto exclusion for racing, which conclusion is most accurate?

- A. racing always increases liability coverage under applicable policy terms as described by the contract
- B. policies commonly limit coverage for certain organized racing or speed contests under the applicable policy
- C. racing converts collision to medical payments under applicable policy terms under the applicable policy
- D. racing is a property endorsement under applicable policy terms as described by the contract

12. When applying policy language to homeowners coverage for earth movement, which conclusion is most accurate?

- A. earthquake is automatically covered by all HO forms under applicable policy terms under the applicable policy
- B. liability coverage pays earth movement damage under applicable policy terms as described by the contract
- C. earth movement is commonly excluded unless a policy or endorsement provides coverage under the applicable policy
- D. flood insurance automatically includes earthquake under applicable policy terms as described by the contract

13. An applicant is reviewing a claim scenario involving Tennessee producer appointment, which conclusion is most accurate?

- A. an insurer's appointment process authorizes a producer to act for that insurer as required by state law under the applicable policy
- B. an appointment is a property insurance endorsement under applicable policy terms as described by the contract under the applicable policy
- C. it is a proof of loss under applicable policy terms as described by the contract subject to stated conditions and limits
- D. it is a federal license under applicable policy terms as described by the contract subject to stated conditions and limits

14. During a policy analysis, a producer is asked about robbery under a crime policy, which conclusion is most accurate?

- A. it is the same as unexplained disappearance under applicable policy terms under the applicable policy
- B. it is always employee dishonesty under applicable policy terms as described by the contract
- C. it is a CGL personal injury offense under applicable policy terms under the applicable policy
- D. it involves taking property by force or threat under the policy definition under the applicable policy

15. In a coverage question concerning protective safeguards condition, which conclusion is most accurate?

- A. it removes all theft exclusions under applicable policy terms as described by the contract
- B. it requires maintaining specified protective devices when the policy so provides under the applicable policy
- C. it is a personal auto endorsement under applicable policy terms under the applicable policy
- D. it makes flood damage covered under applicable policy terms as described by the contract

16. When applying policy language to a CGL additional insured, which conclusion is most accurate?

- A. it is every person injured by the insured under applicable policy terms as described by the contract
- B. it is a policy beneficiary receiving dividends under applicable policy terms as described by the contract
- C. it is a person or organization given insured status by policy wording or endorsement under the applicable policy
- D. it is an employee dishonesty claimant under applicable policy terms as described by the contract under the applicable policy

17. An applicant is reviewing a claim scenario involving Tennessee financial responsibility proof, which conclusion is most accurate?

- A. it is a property proof of loss under applicable policy terms as described by the contract
- B. state law may require evidence of ability to respond for specified motor vehicle liabilities under the applicable policy
- C. it is an employer liability form under applicable policy terms as described by the contract
- D. it is a flood application under applicable policy terms as described by the contract under the applicable policy

18. During a policy analysis, a producer is asked about a property policy limit, which conclusion is most accurate?

- A. it is the maximum amount payable for covered loss under the applicable coverage under the applicable policy
- B. it is the amount of every deductible under applicable policy terms as described by the contract
- C. it is a guaranteed minimum payment under applicable policy terms as described by the contract
- D. it applies only to premiums under applicable policy terms as described by the contract under the applicable policy

19. In a coverage question concerning an auto glass loss, which conclusion is most accurate?

- A. glass is always a liability claim under applicable policy terms as described by the contract
- B. glass is always excluded under applicable policy terms as described by the contract under the applicable policy
- C. coverage and deductible treatment depend on the physical-damage coverage and policy terms under the applicable policy
- D. glass loss is workers compensation under applicable policy terms as described by the contract

20. When applying policy language to a tenant's guest injury, which conclusion is most accurate?

- A. Coverage C pays every guest injury without fault under applicable policy terms
- B. the tenant's property coverage pays the guest directly under applicable policy terms
- C. flood coverage pays bodily injury claims under applicable policy terms under the applicable policy
- D. personal liability coverage may respond if the insured is legally liable

21. An applicant is reviewing a claim scenario involving a personal property replacement-cost endorsement, which conclusion is most accurate?

- A. it removes all limits under applicable policy terms as described by the contract subject to stated conditions and limits
- B. it guarantees payment for wear and tear under applicable policy terms as described by the contract under the applicable policy
- C. it may change loss settlement so eligible property is valued without depreciation, subject to terms under the applicable policy
- D. it adds auto liability coverage under applicable policy terms as described by the contract under the applicable policy

22. During a policy analysis, a producer is asked about an independent contractor, which conclusion is most accurate?

- A. every contractor is automatically an employee under applicable policy terms as described by the contract
- B. classification depends on facts and law; it is not determined by a label alone under the applicable policy
- C. classification never affects insurance under applicable policy terms as described by the contract under the applicable policy
- D. contractors are always excluded from all coverage under applicable policy terms as described by the contract

23. In a coverage question concerning a vacancy condition in a commercial building, which conclusion is most accurate?

- A. certain coverage restrictions may apply after the stated vacancy period under the applicable policy
- B. vacancy improves all property coverage under applicable policy terms under the applicable policy
- C. liability limits automatically double under applicable policy terms as described by the contract
- D. the policy becomes an inland marine form under applicable policy terms under the applicable policy

24. When applying policy language to personal and advertising injury, which conclusion is most accurate?

- A. it is physical damage to the insured's auto under applicable policy terms as described by the contract
- B. it is workers compensation under applicable policy terms as described by the contract under the applicable policy
- C. it is first-party property coverage under applicable policy terms as described by the contract under the applicable policy
- D. it can include specified offenses such as certain libel, slander, or wrongful eviction claims under the applicable policy

25. An applicant is reviewing a claim scenario involving cyber liability, which conclusion is most accurate?

- A. it covers every ordinary property fire under applicable policy terms as described by the contract
- B. it is a homeowners form under applicable policy terms as described by the contract
- C. it can address liability and expenses arising from covered data or network incidents under the applicable policy
- D. it replaces a fidelity bond under applicable policy terms as described by the contract

26. During a policy analysis, a producer is asked about a property policy declaration page, which conclusion is most accurate?

- A. it identifies key facts such as named insured, locations, limits, and premium under the applicable policy
- B. it lists every claim paid by the insurer under applicable policy terms under the applicable policy
- C. it is always an endorsement under applicable policy terms as described by the contract
- D. it replaces the insuring agreement under applicable policy terms as described by the contract

27. In a coverage question concerning a personal auto split limit, which conclusion is most accurate?

- A. it is a single limit for all losses under applicable policy terms as described by the contract under the applicable policy
- B. it is a replacement-cost valuation under applicable policy terms as described by the contract subject to stated conditions and limits
- C. it is an auto deductible under applicable policy terms as described by the contract subject to stated conditions and limits
- D. it states separate limits for bodily injury per person, bodily injury per accident, and property damage under the applicable policy

28. When applying policy language to Tennessee producer license suspension, which conclusion is most accurate?

- A. licenses cannot be disciplined under applicable policy terms as described by the contract subject to stated conditions and limits
- B. a producer's license may be suspended or revoked for statutory grounds and due process procedures under the applicable policy
- C. discipline occurs only after a property fire under applicable policy terms as described by the contract under the applicable policy
- D. suspension increases liability limits under applicable policy terms as described by the contract subject to stated conditions and limits

29. An applicant is reviewing a claim scenario involving a DP policy personal liability endorsement, which conclusion is most accurate?

- A. liability is always built into every DP policy under applicable policy terms
- B. it changes the policy to commercial auto under applicable policy terms under the applicable policy
- C. it can add personal liability coverage when the endorsement is included under the applicable policy
- D. it removes property coverage under applicable policy terms as described by the contract

30. During a policy analysis, a producer is asked about an employee's own auto used for business, which conclusion is most accurate?

- A. it is always a covered owned auto under applicable policy terms as described by the contract

- B. a business may face nonowned-auto exposure when employees use personal autos for business under the applicable policy
- C. it is covered by a fidelity bond under applicable policy terms as described by the contract
- D. it is a flood exposure under applicable policy terms as described by the contract under the applicable policy

31. In a coverage question concerning scheduled personal property, which conclusion is most accurate?

- A. scheduling can provide specific coverage and valuation for listed valuable items
- B. it eliminates the need to describe the item under applicable policy terms
- C. it is available only for commercial property under applicable policy terms
- D. it turns a homeowners policy into flood insurance under applicable policy terms

32. When applying policy language to Tennessee insurer insolvency protection, which conclusion is most accurate?

- A. it guarantees all policy limits in every case under applicable policy terms as described by the contract under the applicable policy
- B. it is a federal property program under applicable policy terms as described by the contract under the applicable policy
- C. it replaces an insured's deductible under applicable policy terms as described by the contract subject to stated conditions and limits
- D. the guaranty association may provide limited statutory protection for covered claims when a member insurer fails under the applicable policy

33. An applicant is reviewing a claim scenario involving a surety principal, which conclusion is most accurate?

- A. the principal is the party whose performance or obligation is guaranteed
- B. the principal is the party receiving the guarantee under applicable policy terms
- C. the principal is always the surety under applicable policy terms under the applicable policy
- D. the principal is the claimant's attorney under applicable policy terms under the applicable policy

34. During a policy analysis, a producer is asked about property of others coverage, which conclusion is most accurate?

- A. it is identical to liability coverage under applicable policy terms as described by the contract under the applicable policy
- B. it may cover property in the insured's care, custody, or control when included by the form under the applicable policy
- C. it applies only to owned buildings under applicable policy terms as described by the contract under the applicable policy
- D. it means flood coverage under applicable policy terms as described by the contract subject to stated conditions and limits

35. In a coverage question concerning a products liability claim, which conclusion is most accurate?

- A. it is a claim for employee wages under applicable policy terms as described by the contract under the applicable policy
- B. it is first-party business income loss under applicable policy terms as described by the contract subject to stated conditions and limits
- C. it may arise from injury or damage caused by a product after it leaves the insured's control under the applicable policy
- D. it is auto collision damage under applicable policy terms as described by the contract subject to stated conditions and limits

36. When applying policy language to Tennessee rideshare insurance, which conclusion is most accurate?

- A. it requires homeowners coverage for every trip under applicable policy terms under the applicable policy
- B. it is a federal flood rule under applicable policy terms as described by the contract
- C. it removes auto liability requirements under applicable policy terms as described by the contract
- D. state law addresses financial responsibility and insurance for transportation network company activity under the applicable policy

37. An applicant is reviewing a claim scenario involving an excess liability limit, which conclusion is most accurate?

- A. it replaces all deductibles under applicable policy terms as described by the contract under the applicable policy
- B. it responds above specified underlying limits when its coverage requirements are met under the applicable policy
- C. it is paid before primary coverage under applicable policy terms as described by the contract
- D. it applies only to property valuation under applicable policy terms as described by the contract

38. During a policy analysis, a producer is asked about a permissive auto user, which conclusion is most accurate?

- A. permission never matters under applicable policy terms as described by the contract subject to stated conditions and limits
- B. every driver worldwide is automatically insured under applicable policy terms as described by the contract under the applicable policy
- C. coverage may extend to a person using a covered auto with permission, subject to policy terms under the applicable policy
- D. only the named insured can drive under applicable policy terms as described by the contract under the applicable policy

39. In a coverage question concerning an insured's own intentional act, which conclusion is most accurate?

- A. intentional acts are always accidents under applicable policy terms as described by the contract
- B. a deductible converts intentional loss into covered loss under applicable policy terms under the applicable policy
- C. the mortgagee clause creates liability coverage under applicable policy terms as described by the contract
- D. intentional-loss exclusions generally prevent coverage for expected or intended injury or loss under the applicable policy

40. When applying policy language to a loss payable clause, which conclusion is most accurate?

- A. it identifies how payment may be made to a named loss payee with an insured interest under the applicable policy
- B. it removes the need for an insured interest under applicable policy terms as described by the contract under the applicable policy
- C. it guarantees every claim is covered under applicable policy terms as described by the contract under the applicable policy
- D. it changes liability limits under applicable policy terms as described by the contract subject to stated conditions and limits

41. An applicant is reviewing a claim scenario involving crime coverage for burglary, which conclusion is most accurate?

- A. coverage depends on the policy's definition of burglary and applicable insuring agreement under the applicable policy
- B. burglary is always employee dishonesty under applicable policy terms as described by the contract
- C. burglary is a liability offense only under applicable policy terms as described by the contract
- D. burglary is always a property valuation method under applicable policy terms under the applicable policy

42. During a policy analysis, a producer is asked about civil authority coverage, which conclusion is most accurate?

- A. it pays all government fines under applicable policy terms as described by the contract under the applicable policy
- B. it may apply when access is prohibited by civil authority due to covered nearby damage
- C. it is a form of auto liability under applicable policy terms as described by the contract
- D. it guarantees coverage for every closure under applicable policy terms as described by the contract

43. In a coverage question concerning a CGL per-occurrence limit, which conclusion is most accurate?

- A. it is the policy's annual premium under applicable policy terms as described by the contract
- B. it covers all losses without limit under applicable policy terms as described by the contract
- C. it is the maximum payable for covered damages arising from one occurrence, subject to terms
- D. it applies only to property coinsurance under applicable policy terms as described by the contract

44. When applying policy language to a claims-made extended reporting period, which conclusion is most accurate?

- A. it changes the retroactive date to any year under applicable policy terms as described by the contract under the applicable policy
- B. it adds property coverage under applicable policy terms as described by the contract subject to stated conditions and limits
- C. it eliminates all exclusions under applicable policy terms as described by the contract subject to stated conditions and limits
- D. it may allow reporting of certain claims after the policy expires, subject to its terms under the applicable policy

45. An applicant is reviewing a claim scenario involving salvage after a covered property loss, which conclusion is most accurate?

- A. salvage is always paid to a third party under applicable policy terms
- B. salvage increases the deductible under applicable policy terms as described by the contract
- C. salvage value may be considered in determining the net amount of loss
- D. salvage is an exclusion under applicable policy terms as described by the contract

46. During a policy analysis, a producer is asked about an auto theft loss, which conclusion is most accurate?

- A. other-than-collision coverage may apply if that coverage is carried
- B. liability coverage pays the insured vehicle under applicable policy terms
- C. medical payments pays the vehicle value under applicable policy terms
- D. a surety bond is required under applicable policy terms

47. In a coverage question concerning an HO-3 loss to personal property, which conclusion is most accurate?

- A. all personal property is always open-peril covered under applicable policy terms under the applicable policy
- B. personal property is generally covered for named perils unless broadened by endorsement under the applicable policy
- C. liability coverage replaces personal property under applicable policy terms as described by the contract
- D. the mortgagee clause determines personal-property perils under applicable policy terms as described by the contract

48. When applying policy language to a property condition requiring timely notice, which conclusion is most accurate?

- A. notice is never required for property losses under applicable policy terms under the applicable policy
- B. notice determines the policy limit under applicable policy terms as described by the contract
- C. notice is a form of depreciation under applicable policy terms as described by the contract
- D. prompt notice allows the insurer to investigate and adjust a reported loss under the applicable policy

49. An applicant is reviewing a claim scenario involving workers compensation wage benefits, which conclusion is most accurate?

- A. they may replace a portion of wages when a covered injury causes disability under the applicable policy
- B. they are a property deductible refund under applicable policy terms as described by the contract
- C. they are medical payments to customers under applicable policy terms as described by the contract
- D. they are surety bond proceeds under applicable policy terms as described by the contract

50. During a policy analysis, a producer is asked about a landlord's dwelling policy, which conclusion is most accurate?

- A. it provides only automobile liability under applicable policy terms as described by the contract
- B. it is a surety contract under applicable policy terms as described by the contract
- C. it provides workers compensation benefits under applicable policy terms as described by the contract
- D. it is designed primarily for eligible residential dwellings rather than owner-occupied homeowners risks

51. In a coverage question concerning a CGL property damage claim, which conclusion is most accurate?

- A. the insured's own property is always covered as liability under the applicable policy
- B. Coverage A may respond to covered third-party property damage liability
- C. medical payments is the only possible coverage under applicable policy terms
- D. a fidelity bond must respond under applicable policy terms under the applicable policy

52. When applying policy language to professional liability, which conclusion is most accurate?

- A. it is a personal auto coverage under applicable policy terms
- B. it is commercial property insurance under applicable policy terms
- C. it addresses alleged negligence in rendering professional services under the applicable policy
- D. it is workers compensation under applicable policy terms under the applicable policy

53. An applicant is reviewing a claim scenario involving commercial property exclusions, which conclusion is most accurate?

- A. they automatically create additional coverage under applicable policy terms as described by the contract
- B. they are the policy declarations under applicable policy terms as described by the contract
- C. they identify losses or causes of loss the policy does not insure under the applicable policy
- D. they define the deductible only under applicable policy terms as described by the contract

54. During a policy analysis, a producer is asked about personal auto property damage liability, which conclusion is most accurate?

- A. it pays the insured's collision deductible under applicable policy terms as described by the contract
- B. it pays covered damages for which an insured is legally liable because of property damage
- C. it provides first-party medical coverage under applicable policy terms as described by the contract
- D. it is a property coinsurance clause under applicable policy terms as described by the contract

55. In a coverage question concerning Tennessee commissioner authority, which conclusion is most accurate?

- A. the commissioner has regulatory and enforcement powers provided by insurance law under the applicable policy
- B. the commissioner sets every private claim payment under applicable policy terms under the applicable policy
- C. the commissioner is the insured's agent under applicable policy terms under the applicable policy
- D. the commissioner issues auto titles under applicable policy terms as described by the contract

56. When applying policy language to a fair rental value loss, which conclusion is most accurate?

- A. it pays a tenant's liability judgment under applicable policy terms as described by the contract
- B. it pays property tax increases under applicable policy terms as described by the contract
- C. it is auto transportation expense under applicable policy terms as described by the contract
- D. it may cover lost rental value following covered property damage, subject to form terms

57. An applicant is reviewing a claim scenario involving a business auto hired-auto exposure, which conclusion is most accurate?

- A. hired autos are always covered by workers compensation under applicable policy terms under the applicable policy
- B. hired auto means employee-owned auto only under applicable policy terms as described by the contract
- C. a business may need coverage for autos it leases, hires, rents, or borrows under the applicable policy
- D. hired auto is a property form under applicable policy terms as described by the contract

58. During a policy analysis, a producer is asked about a homeowner's deductible, which conclusion is most accurate?

- A. it is added to every claim payment under applicable policy terms as described by the contract
- B. it applies only to liability lawsuits under applicable policy terms as described by the contract
- C. it is the policy's total limit under applicable policy terms as described by the contract
- D. it is the amount the insured absorbs before covered property payment is calculated under the applicable policy

59. In a coverage question concerning Tennessee unfair claim settlement conduct, which conclusion is most accurate?

- A. state law and rules prohibit specified unfair practices in handling claims under the applicable policy
- B. it is a policy endorsement that increases limits under applicable policy terms under the applicable policy
- C. it applies only to flood claims under applicable policy terms under the applicable policy
- D. it allows deceptive claim practices under applicable policy terms as described by the contract

60. When applying policy language to a fidelity loss, which conclusion is most accurate?

- A. it is a contractor's performance default under applicable policy terms under the applicable policy
- B. it concerns dishonest acts by employees causing loss to the employer under the applicable policy
- C. it is a customer's auto damage loss under applicable policy terms under the applicable policy
- D. it is an auto collision under applicable policy terms as described by the contract

61. An applicant is reviewing a claim scenario involving business personal property, which conclusion is most accurate?

- A. it always includes customers' property without limit under applicable policy terms as described by the contract

- B. it means the building itself under applicable policy terms as described by the contract under the applicable policy
- C. it generally includes property owned and used in the business at the described premises under the applicable policy
- D. it is limited to real estate under applicable policy terms as described by the contract

62. During a policy analysis, a producer is asked about a CGL damage-to-rented-premises exposure, which conclusion is most accurate?

- A. it covers all property owned by the insured under applicable policy terms as described by the contract
- B. the policy may provide limited coverage for certain damage to premises rented to the insured under the applicable policy
- C. it is always excluded as intentional loss under applicable policy terms as described by the contract
- D. it replaces a property policy under applicable policy terms as described by the contract under the applicable policy

63. In a coverage question concerning Tennessee auto policy cancellation notice, which conclusion is most accurate?

- A. the insurer may cancel without any required notice under applicable policy terms
- B. it applies only to a property floater under applicable policy terms
- C. it is a workers compensation audit under applicable policy terms under the applicable policy
- D. state requirements address cancellation and notice procedures for automobile insurance under the applicable policy

64. When applying policy language to a personal umbrella policy, which conclusion is most accurate?

- A. it generally provides excess liability limits above required underlying coverage under the applicable policy
- B. it is a replacement-cost property policy under applicable policy terms under the applicable policy
- C. it covers employee dishonesty under applicable policy terms as described by the contract
- D. it is a flood insurance form under applicable policy terms under the applicable policy

65. An applicant is reviewing a claim scenario involving uninsured motorists bodily injury coverage, which conclusion is most accurate?

- A. it is intended to protect insured persons legally entitled to recover damages from an uninsured motorist under the applicable policy
- B. it pays the uninsured motorist's repairs under applicable policy terms as described by the contract under the applicable policy
- C. it replaces collision coverage under applicable policy terms as described by the contract subject to stated conditions and limits
- D. it pays the insured's business income under applicable policy terms as described by the contract under the applicable policy

66. During a policy analysis, a producer is asked about medical payments to others under homeowners coverage, which conclusion is most accurate?

- A. it pays only court judgments under applicable policy terms as described by the contract
- B. it covers only the named insured's injuries under applicable policy terms under the applicable policy
- C. it may provide limited no-fault medical expense coverage to eligible persons under the applicable policy
- D. it replaces personal auto medical payments under applicable policy terms under the applicable policy

67. In a coverage question concerning a homeowner's theft loss, which conclusion is most accurate?

- A. theft is always covered without limits under applicable policy terms
- B. coverage depends on the form, location, limits, and policy exclusions
- C. theft is covered only by auto insurance under applicable policy terms
- D. theft losses have no deductible under applicable policy terms under the applicable policy

68. When applying policy language to a workers compensation premium audit, which conclusion is most accurate?

- A. it decides fault for injuries under applicable policy terms as described by the contract

- B. it sets auto liability limits under applicable policy terms as described by the contract
- C. it is a claim settlement procedure under applicable policy terms as described by the contract
- D. it adjusts premium based on actual exposure information after the policy period under the applicable policy

69. An applicant is reviewing a claim scenario involving business income waiting period, which conclusion is most accurate?

- A. it is the same as a policy term under applicable policy terms under the applicable policy
- B. it cancels the policy after a loss under applicable policy terms as described by the contract
- C. it is the period that must pass before certain business income coverage begins under the applicable policy
- D. it is a liability deductible under applicable policy terms as described by the contract under the applicable policy

70. During a policy analysis, a producer is asked about a CGL aggregate limit, which conclusion is most accurate?

- A. it is the maximum payable for certain covered losses during the policy period under the applicable policy
- B. it is the deductible for each occurrence under applicable policy terms as described by the contract
- C. it is a premium audit under applicable policy terms as described by the contract under the applicable policy
- D. it is an auto liability split limit under applicable policy terms as described by the contract

71. In a coverage question concerning an occurrence policy period, which conclusion is most accurate?

- A. only the claim reporting date matters under applicable policy terms as described by the contract under the applicable policy
- B. coverage is determined by premium due date under applicable policy terms as described by the contract under the applicable policy
- C. the deductible date controls under applicable policy terms as described by the contract subject to stated conditions and limits

D. the timing of injury or damage during the policy period is central to coverage analysis under the applicable policy

72. When applying policy language to a property insurer's right to inspect, which conclusion is most accurate?

A. inspection transfers ownership to the insurer under applicable policy terms as described by the contract

B. the insurer may inspect the property and records as allowed by policy conditions under the applicable policy

C. inspection waives all policy exclusions under applicable policy terms as described by the contract

D. inspection guarantees renewal under applicable policy terms as described by the contract under the applicable policy

73. An applicant is reviewing a claim scenario involving an auto collision with an animal, which conclusion is most accurate?

A. it is generally treated as other-than-collision rather than collision coverage under the applicable policy

B. it is always liability coverage under applicable policy terms under the applicable policy

C. it is a medical payments claim under applicable policy terms under the applicable policy

D. it cannot be insured under applicable policy terms as described by the contract

74. During a policy analysis, a producer is asked about a homeowner's temporary relocation after a covered loss, which conclusion is most accurate?

A. Coverage A automatically pays unlimited hotel costs under applicable policy terms as described by the contract

B. additional living expense may pay reasonable increased living costs, subject to the policy under the applicable policy

C. liability coverage pays all relocation expenses under applicable policy terms as described by the contract

D. the deductible is reimbursed as living expense under applicable policy terms as described by the contract

75. In a coverage question concerning a personal articles loss away from home, which conclusion is most accurate?

- A. homeowners liability pays the item value under applicable policy terms as described by the contract
- B. a commercial property form must respond under applicable policy terms as described by the contract
- C. the item cannot be insured off premises under applicable policy terms as described by the contract
- D. a floater may provide broader coverage for scheduled items away from the residence under the applicable policy

76. When applying policy language to workers compensation medical benefits, which conclusion is most accurate?

- A. they are paid only after a lawsuit under applicable policy terms under the applicable policy
- B. they insure business personal property under applicable policy terms as described by the contract
- C. they provide benefits for covered work-related medical care under applicable law under the applicable policy
- D. they are an auto physical-damage benefit under applicable policy terms under the applicable policy

77. An applicant is reviewing a claim scenario involving a condominium unit owner, which conclusion is most accurate?

- A. the unit owner normally insures interior property and personal liability, subject to the form under the applicable policy
- B. the unit owner always insures the entire building under applicable policy terms as described by the contract
- C. a tenants policy is the only possible form under applicable policy terms as described by the contract
- D. a BOP is mandatory under applicable policy terms as described by the contract under the applicable policy

78. During a policy analysis, a producer is asked about a CGL bodily injury claim, which conclusion is most accurate?

- A. Coverage C always pays any liability judgment under applicable policy terms as described by the contract
- B. Coverage A may respond when the insured is legally liable for covered bodily injury under the applicable policy
- C. the policy covers only the insured's own injury under applicable policy terms as described by the contract
- D. business income coverage pays the claimant under applicable policy terms as described by the contract under the applicable policy

79. In a coverage question concerning a surety's right of reimbursement, which conclusion is most accurate?

- A. the surety permanently absorbs every loss under applicable policy terms as described by the contract
- B. the obligee must reimburse the principal under applicable policy terms as described by the contract
- C. reimbursement is a property coverage limit under applicable policy terms as described by the contract
- D. the principal generally remains responsible to reimburse the surety for amounts paid under the applicable policy

80. When applying policy language to accounts receivable coverage, which conclusion is most accurate?

- A. it can address loss caused by inability to collect accounts after covered records loss under the applicable policy
- B. it is coverage for unpaid insurance premiums under applicable policy terms as described by the contract
- C. it is an auto physical damage form under applicable policy terms as described by the contract
- D. it covers employee medical bills under applicable policy terms as described by the contract under the applicable policy

81. An applicant is reviewing a claim scenario involving personal auto bodily injury liability, which conclusion is most accurate?

- A. it pays repair of the insured vehicle under applicable policy terms as described by the contract under the applicable policy
- B. it pays business income loss under applicable policy terms as described by the contract under the applicable policy
- C. it pays covered damages for which an insured is legally liable because of bodily injury under the applicable policy
- D. it covers employee dishonesty under applicable policy terms as described by the contract subject to stated conditions and limits

82. During a policy analysis, a producer is asked about Tennessee producer fiduciary handling of premiums, which conclusion is most accurate?

- A. producer funds can be freely used personally under applicable policy terms as described by the contract
- B. premiums are a form of salvage under applicable policy terms as described by the contract
- C. premiums replace a surety bond under applicable policy terms as described by the contract under the applicable policy
- D. premiums received for an insurer must be handled in accordance with fiduciary duties under the applicable policy

83. In a coverage question concerning a mortgagee after a covered building loss, which conclusion is most accurate?

- A. the mortgagee becomes the liability insurer under applicable policy terms
- B. the mortgagee may have separate protection under the mortgagee clause
- C. the mortgagee chooses the deductible under applicable policy terms
- D. the mortgagee loses all interest automatically under applicable policy terms

84. When applying policy language to a business auto symbol, which conclusion is most accurate?

- A. it is a deductible amount under applicable policy terms as described by the contract
- B. it is an employee classification under applicable policy terms as described by the contract

- C. it identifies the category of autos to which a coverage applies under the applicable policy
- D. it is a property valuation method under applicable policy terms under the applicable policy

85. An applicant is reviewing a claim scenario involving a homeowner's water loss from an overflowing appliance, which conclusion is most accurate?

- A. every water loss is treated as flood under applicable policy terms
- B. water damage is always excluded under applicable policy terms under the applicable policy
- C. the loss must be paid under auto physical damage under the applicable policy
- D. coverage depends on the source, policy wording, and applicable exclusions

86. During a policy analysis, a producer is asked about Tennessee license renewal, which conclusion is most accurate?

- A. renewal permanently eliminates producer duties under applicable policy terms
- B. resident producers must meet applicable renewal and continuing-education requirements
- C. renewal occurs only after a claim under applicable policy terms
- D. renewal is a property valuation method under applicable policy terms

87. In a coverage question concerning mysterious disappearance, which conclusion is most accurate?

- A. it may be excluded or limited because the cause of loss cannot be established
- B. it is identical to robbery under applicable policy terms as described by the contract
- C. it is automatically employee theft under applicable policy terms as described by the contract
- D. it is workers compensation under applicable policy terms as described by the contract

88. When applying policy language to commercial property building coverage, which conclusion is most accurate?

- A. it covers only employee dishonesty under applicable policy terms as described by the contract
- B. it covers every vehicle on premises under applicable policy terms as described by the contract

- C. it may cover the described building and completed additions, subject to policy terms under the applicable policy
- D. it is a liability-only form under applicable policy terms as described by the contract

89. An applicant is reviewing a claim scenario involving a contractual liability exposure, which conclusion is most accurate?

- A. all contracts are automatically excluded under applicable policy terms as described by the contract
- B. it applies only to property valuation under applicable policy terms as described by the contract
- C. coverage may apply for certain insured contracts as defined by the liability policy under the applicable policy
- D. it is a workers compensation exclusion under applicable policy terms as described by the contract

90. During a policy analysis, a producer is asked about Tennessee uninsured motorists provisions, which conclusion is most accurate?

- A. it abolishes all auto deductibles under applicable policy terms under the applicable policy
- B. state law addresses uninsured motorists coverage and related policy requirements under the applicable policy
- C. it guarantees collision coverage under applicable policy terms as described by the contract
- D. it regulates commercial property coinsurance under applicable policy terms under the applicable policy

91. In a coverage question concerning a property endorsement changing coverage, which conclusion is most accurate?

- A. the base form is automatically void under applicable policy terms as described by the contract
- B. the endorsement is only a sales brochure under applicable policy terms as described by the contract
- C. it has no effect after issuance under applicable policy terms as described by the contract
- D. the endorsement modifies the policy and should be read with the base form under the applicable policy

92. When applying policy language to transportation expense coverage, which conclusion is most accurate?

- A. it may reimburse covered transportation expenses after a covered physical-damage loss under the applicable policy
- B. it pays liability judgments under applicable policy terms as described by the contract
- C. it replaces collision coverage under applicable policy terms as described by the contract
- D. it applies to property tax bills under applicable policy terms under the applicable policy

93. An applicant is reviewing a claim scenario involving damage to a neighbor's property caused by an insured child, which conclusion is most accurate?

- A. the insured's dwelling limit automatically pays under applicable policy terms
- B. personal liability coverage may apply for covered legal liability under the applicable policy
- C. medical payments always requires negligence under applicable policy terms under the applicable policy
- D. the neighbor's insurer has no possible claim under applicable policy terms

94. During a policy analysis, a producer is asked about a homeowners policy exclusion for business pursuits, which conclusion is most accurate?

- A. it generally limits coverage for certain business-related activities unless an exception applies under the applicable policy
- B. it increases business liability limits under applicable policy terms as described by the contract
- C. it provides business income coverage under applicable policy terms as described by the contract
- D. it creates workers compensation coverage under applicable policy terms as described by the contract

95. In a coverage question concerning employers liability, which conclusion is most accurate?

- A. it is an employee theft bond under applicable policy terms as described by the contract
- B. it is a commercial property form under applicable policy terms as described by the contract

- C. it addresses certain liability exposures not covered by the workers compensation law benefits under the applicable policy
- D. it is medical payments to customers under applicable policy terms as described by the contract

96. When applying policy language to ordinance or law exposure, which conclusion is most accurate?

- A. it is the same as a personal liability exclusion under applicable policy terms
- B. it covers theft by employees under applicable policy terms as described by the contract
- C. it replaces business income coverage under applicable policy terms as described by the contract
- D. it concerns added cost from enforcement of building codes after a covered loss

97. An applicant is reviewing a claim scenario involving CGL medical payments, which conclusion is most accurate?

- A. it pays the insured's own work injuries under applicable policy terms as described by the contract
- B. it replaces workers compensation under applicable policy terms as described by the contract under the applicable policy
- C. it pays property repair costs under applicable policy terms as described by the contract under the applicable policy
- D. it may pay eligible medical expenses without establishing legal liability, subject to exclusions under the applicable policy

98. During a policy analysis, a producer is asked about employment practices claim, which conclusion is most accurate?

- A. it is an auto collision loss under applicable policy terms as described by the contract
- B. it is a business income loss under applicable policy terms as described by the contract
- C. it may allege wrongful employment conduct such as discrimination or wrongful termination under the applicable policy
- D. it is an inland marine claim under applicable policy terms as described by the contract

99. In a coverage question concerning a property proof of loss, which conclusion is most accurate?

- A. it is a statement supporting a claim that the insured may be required to provide
- B. it is a temporary insurance contract under applicable policy terms as described by the contract
- C. it is the insurer's cancellation notice under applicable policy terms as described by the contract
- D. it guarantees the claim will be paid under applicable policy terms as described by the contract

100. When applying policy language to a combined single limit, which conclusion is most accurate?

- A. it creates three separate limits under applicable policy terms as described by the contract
- B. it provides one stated liability limit for covered bodily injury and property damage combined
- C. it applies only to collision under applicable policy terms as described by the contract
- D. it eliminates legal liability under applicable policy terms as described by the contract

Practice Exam 17: Answer Key and Explanations

- 1. D** — This scenario turns on the policy treatment of a homeowners loss from a sudden kitchen fire. The best answer is that direct physical loss caused by fire is generally a covered peril unless excluded. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the
- 2. C** — This scenario turns on the policy treatment of a flood loss to a home. The best answer is that standard homeowners insurance generally excludes flood, requiring separate coverage for flood risk. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment,
- 3. A** — This scenario turns on the policy treatment of a workers compensation injury. The best answer is that the injury must generally arise out of and in the course of employment. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the
- 4. B** — This scenario turns on the policy treatment of loss assessment coverage. The best answer is that it may help a unit owner pay certain covered assessments imposed by an association. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the
- 5. D** — This scenario turns on the policy treatment of Tennessee commercial risk loss runs. The best answer is that state law addresses access to loss-run information in applicable commercial insurance

situations. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the

6. C — This scenario turns on the policy treatment of a surety obligee. The best answer is that the obligee is the party protected by the principal's promised performance. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind of loss,

7. B — This scenario turns on the policy treatment of valuable papers and records. The best answer is that coverage commonly addresses cost to research or replace covered records, subject to limits. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the

8. A — This scenario turns on the policy treatment of a completed-operations claim. The best answer is that it may arise from injury or damage after the insured's work has been completed. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the

9. D — This scenario turns on the policy treatment of Tennessee producer compensation. The best answer is that state law limits compensation practices and prohibits certain improper inducements. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind of loss, the

10. A — This scenario turns on the policy treatment of an insured's duty after a property loss. The best answer is that the insured must take reasonable steps to protect property from further damage. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking

11. B — This scenario turns on the policy treatment of an auto exclusion for racing. The best answer is that policies commonly limit coverage for certain organized racing or speed contests. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind

12. C — This scenario turns on the policy treatment of homeowners coverage for earth movement. The best answer is that earth movement is commonly excluded unless a policy or endorsement provides coverage. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the

13. A — This scenario turns on the policy treatment of Tennessee producer appointment. The best answer is that an insurer's appointment process authorizes a producer to act for that insurer as required by state law. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party

14. D — This scenario turns on the policy treatment of robbery under a crime policy. The best answer is that it involves taking property by force or threat under the policy definition. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the

15. B — This scenario turns on the policy treatment of protective safeguards condition. The best answer is that it requires maintaining specified protective devices when the policy so provides. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind of loss,

16. C — This scenario turns on the policy treatment of a CGL additional insured. The best answer is that it is a person or organization given insured status by policy wording or endorsement. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment,

17. B — This scenario turns on the policy treatment of Tennessee financial responsibility proof. The best answer is that state law may require evidence of ability to respond for specified motor vehicle liabilities. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment,

18. A — This scenario turns on the policy treatment of a property policy limit. The best answer is that it is the maximum amount payable for covered loss under the applicable coverage. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the

19. C — This scenario turns on the policy treatment of an auto glass loss. The best answer is that coverage and deductible treatment depend on the physical-damage coverage and policy terms. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind

20. D — This scenario turns on the policy treatment of a tenant's guest injury. The best answer is that personal liability coverage may respond if the insured is legally liable. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind of

21. C — This scenario turns on the policy treatment of a personal property replacement-cost endorsement. The best answer is that it may change loss settlement so eligible property is valued without depreciation, subject to terms. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party

22. B — This scenario turns on the policy treatment of an independent contractor. The best answer is that classification depends on facts and law; it is not determined by a label alone. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the

- 23. A** — This scenario turns on the policy treatment of a vacancy condition in a commercial building. The best answer is that certain coverage restrictions may apply after the stated vacancy period. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the
- 24. D** — This scenario turns on the policy treatment of personal and advertising injury. The best answer is that it can include specified offenses such as certain libel, slander, or wrongful eviction claims. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the
- 25. C** — This scenario turns on the policy treatment of cyber liability. The best answer is that it can address liability and expenses arising from covered data or network incidents. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind of
- 26. A** — This scenario turns on the policy treatment of a property policy declaration page. The best answer is that it identifies key facts such as named insured, locations, limits, and premium. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the
- 27. D** — This scenario turns on the policy treatment of a personal auto split limit. The best answer is that it states separate limits for bodily injury per person, bodily injury per accident, and property damage. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the
- 28. B** — This scenario turns on the policy treatment of Tennessee producer license suspension. The best answer is that a producer's license may be suspended or revoked for statutory grounds and due process procedures. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking
- 29. C** — This scenario turns on the policy treatment of a DP policy personal liability endorsement. The best answer is that it can add personal liability coverage when the endorsement is included. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the
- 30. B** — This scenario turns on the policy treatment of an employee's own auto used for business. The best answer is that a business may face nonowned-auto exposure when employees use personal autos for business. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party
- 31. A** — This scenario turns on the policy treatment of scheduled personal property. The best answer is that scheduling can provide specific coverage and valuation for listed valuable items. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind of loss,

32. D — This scenario turns on the policy treatment of Tennessee insurer insolvency protection. The best answer is that the guaranty association may provide limited statutory protection for covered claims when a member insurer fails. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party

33. A — This scenario turns on the policy treatment of a surety principal. The best answer is that the principal is the party whose performance or obligation is guaranteed. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind of loss,

34. B — This scenario turns on the policy treatment of property of others coverage. The best answer is that it may cover property in the insured's care, custody, or control when included by the form. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party

35. C — This scenario turns on the policy treatment of a products liability claim. The best answer is that it may arise from injury or damage caused by a product after it leaves the insured's control. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the

36. D — This scenario turns on the policy treatment of Tennessee rideshare insurance. The best answer is that state law addresses financial responsibility and insurance for transportation network company activity. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind of

37. B — This scenario turns on the policy treatment of an excess liability limit. The best answer is that it responds above specified underlying limits when its coverage requirements are met. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind

38. C — This scenario turns on the policy treatment of a permissive auto user. The best answer is that coverage may extend to a person using a covered auto with permission, subject to policy terms. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party

39. D — This scenario turns on the policy treatment of an insured's own intentional act. The best answer is that intentional-loss exclusions generally prevent coverage for expected or intended injury or loss. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the

40. A — This scenario turns on the policy treatment of a loss payable clause. The best answer is that it identifies how payment may be made to a named loss payee with an insured interest. The remaining

choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party

41. A — This scenario turns on the policy treatment of crime coverage for burglary. The best answer is that coverage depends on the policy's definition of burglary and applicable insuring agreement. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind

42. B — This scenario turns on the policy treatment of civil authority coverage. The best answer is that it may apply when access is prohibited by civil authority due to covered nearby damage. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment,

43. C — This scenario turns on the policy treatment of a CGL per-occurrence limit. The best answer is that it is the maximum payable for covered damages arising from one occurrence, subject to terms. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking

44. D — This scenario turns on the policy treatment of a claims-made extended reporting period. The best answer is that it may allow reporting of certain claims after the policy expires, subject to its terms. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party

45. C — This scenario turns on the policy treatment of salvage after a covered property loss. The best answer is that salvage value may be considered in determining the net amount of loss. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment,

46. A — This scenario turns on the policy treatment of an auto theft loss. The best answer is that other-than-collision coverage may apply if that coverage is carried. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind of loss, the

47. B — This scenario turns on the policy treatment of an HO-3 loss to personal property. The best answer is that personal property is generally covered for named perils unless broadened by endorsement. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment,

48. D — This scenario turns on the policy treatment of a property condition requiring timely notice. The best answer is that prompt notice allows the insurer to investigate and adjust a reported loss. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment,

49. A — This scenario turns on the policy treatment of workers compensation wage benefits. The best answer is that they may replace a portion of wages when a covered injury causes disability. The

remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the

50. D — This scenario turns on the policy treatment of a landlord's dwelling policy. The best answer is that it is designed primarily for eligible residential dwellings rather than owner-occupied homeowners risks. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the

51. B — This scenario turns on the policy treatment of a CGL property damage claim. The best answer is that Coverage A may respond to covered third-party property damage liability. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind of

52. C — This scenario turns on the policy treatment of professional liability. The best answer is that it addresses alleged negligence in rendering professional services. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind of loss, the policy trigger, and

53. C — This scenario turns on the policy treatment of commercial property exclusions. The best answer is that they identify losses or causes of loss the policy does not insure. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind of

54. B — This scenario turns on the policy treatment of personal auto property damage liability. The best answer is that it pays covered damages for which an insured is legally liable because of property damage. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party

55. A — This scenario turns on the policy treatment of Tennessee commissioner authority. The best answer is that the commissioner has regulatory and enforcement powers provided by insurance law. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind of loss,

56. D — This scenario turns on the policy treatment of a fair rental value loss. The best answer is that it may cover lost rental value following covered property damage, subject to form terms. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking

57. C — This scenario turns on the policy treatment of a business auto hired-auto exposure. The best answer is that a business may need coverage for autos it leases, hires, rents, or borrows. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment,

58. D — This scenario turns on the policy treatment of a homeowner's deductible. The best answer is that it is the amount the insured absorbs before covered property payment is calculated. The remaining

choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind

59. A — This scenario turns on the policy treatment of Tennessee unfair claim settlement conduct. The best answer is that state law and rules prohibit specified unfair practices in handling claims. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind

60. B — This scenario turns on the policy treatment of a fidelity loss. The best answer is that it concerns dishonest acts by employees causing loss to the employer. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind of loss,

61. C — This scenario turns on the policy treatment of business personal property. The best answer is that it generally includes property owned and used in the business at the described premises. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the

62. B — This scenario turns on the policy treatment of a CGL damage-to-rented-premises exposure. The best answer is that the policy may provide limited coverage for certain damage to premises rented to the insured. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking

63. D — This scenario turns on the policy treatment of Tennessee auto policy cancellation notice. The best answer is that state requirements address cancellation and notice procedures for automobile insurance. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind of

64. A — This scenario turns on the policy treatment of a personal umbrella policy. The best answer is that it generally provides excess liability limits above required underlying coverage. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind of loss,

65. A — This scenario turns on the policy treatment of uninsured motorists bodily injury coverage. The best answer is that it is intended to protect insured persons legally entitled to recover damages from an uninsured motorist. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the

66. C — This scenario turns on the policy treatment of medical payments to others under homeowners coverage. The best answer is that it may provide limited no-fault medical expense coverage to eligible persons. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment,

67. B — This scenario turns on the policy treatment of a homeowner's theft loss. The best answer is that coverage depends on the form, location, limits, and policy exclusions. The remaining choices either

misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind of loss,

68. D — This scenario turns on the policy treatment of a workers compensation premium audit. The best answer is that it adjusts premium based on actual exposure information after the policy period. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the

69. C — This scenario turns on the policy treatment of business income waiting period. The best answer is that it is the period that must pass before certain business income coverage begins. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the

70. A — This scenario turns on the policy treatment of a CGL aggregate limit. The best answer is that it is the maximum payable for certain covered losses during the policy period. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the

71. D — This scenario turns on the policy treatment of an occurrence policy period. The best answer is that the timing of injury or damage during the policy period is central to coverage analysis. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking

72. B — This scenario turns on the policy treatment of a property insurer's right to inspect. The best answer is that the insurer may inspect the property and records as allowed by policy conditions. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking

73. A — This scenario turns on the policy treatment of an auto collision with an animal. The best answer is that it is generally treated as other-than-collision rather than collision coverage. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind

74. B — This scenario turns on the policy treatment of a homeowner's temporary relocation after a covered loss. The best answer is that additional living expense may pay reasonable increased living costs, subject to the policy. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the

75. D — This scenario turns on the policy treatment of a personal articles loss away from home. The best answer is that a floater may provide broader coverage for scheduled items away from the residence. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party

76. C — This scenario turns on the policy treatment of workers compensation medical benefits. The best answer is that they provide benefits for covered work-related medical care under applicable law. The

remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind of

77. A — This scenario turns on the policy treatment of a condominium unit owner. The best answer is that the unit owner normally insures interior property and personal liability, subject to the form. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment,

78. B — This scenario turns on the policy treatment of a CGL bodily injury claim. The best answer is that Coverage A may respond when the insured is legally liable for covered bodily injury. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking

79. D — This scenario turns on the policy treatment of a surety's right of reimbursement. The best answer is that the principal generally remains responsible to reimburse the surety for amounts paid. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the

80. A — This scenario turns on the policy treatment of accounts receivable coverage. The best answer is that it can address loss caused by inability to collect accounts after covered records loss. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the

81. C — This scenario turns on the policy treatment of personal auto bodily injury liability. The best answer is that it pays covered damages for which an insured is legally liable because of bodily injury. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party

82. D — This scenario turns on the policy treatment of Tennessee producer fiduciary handling of premiums. The best answer is that premiums received for an insurer must be handled in accordance with fiduciary duties. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking

83. B — This scenario turns on the policy treatment of a mortgagee after a covered building loss. The best answer is that the mortgagee may have separate protection under the mortgagee clause. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the

84. C — This scenario turns on the policy treatment of a business auto symbol. The best answer is that it identifies the category of autos to which a coverage applies. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind of

85. D — This scenario turns on the policy treatment of a homeowner's water loss from an overflowing appliance. The best answer is that coverage depends on the source, policy wording, and applicable

exclusions. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment,

86. B — This scenario turns on the policy treatment of Tennessee license renewal. The best answer is that resident producers must meet applicable renewal and continuing-education requirements. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind of loss, the policy

87. A — This scenario turns on the policy treatment of mysterious disappearance. The best answer is that it may be excluded or limited because the cause of loss cannot be established. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind

88. C — This scenario turns on the policy treatment of commercial property building coverage. The best answer is that it may cover the described building and completed additions, subject to policy terms. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the

89. C — This scenario turns on the policy treatment of a contractual liability exposure. The best answer is that coverage may apply for certain insured contracts as defined by the liability policy. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the

90. B — This scenario turns on the policy treatment of Tennessee uninsured motorists provisions. The best answer is that state law addresses uninsured motorists coverage and related policy requirements. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind of loss,

91. D — This scenario turns on the policy treatment of a property endorsement changing coverage. The best answer is that the endorsement modifies the policy and should be read with the base form. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment,

92. A — This scenario turns on the policy treatment of transportation expense coverage. The best answer is that it may reimburse covered transportation expenses after a covered physical-damage loss. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind of loss,

93. B — This scenario turns on the policy treatment of damage to a neighbor's property caused by an insured child. The best answer is that personal liability coverage may apply for covered legal liability. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking

94. A — This scenario turns on the policy treatment of a homeowners policy exclusion for business pursuits. The best answer is that it generally limits coverage for certain business-related activities unless an exception applies. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking

95. C — This scenario turns on the policy treatment of employers liability. The best answer is that it addresses certain liability exposures not covered by the workers compensation law benefits. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind of

96. D — This scenario turns on the policy treatment of ordinance or law exposure. The best answer is that it concerns added cost from enforcement of building codes after a covered loss. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the

97. D — This scenario turns on the policy treatment of CGL medical payments. The best answer is that it may pay eligible medical expenses without establishing legal liability, subject to exclusions. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind

98. C — This scenario turns on the policy treatment of employment practices claim. The best answer is that it may allege wrongful employment conduct such as discrimination or wrongful termination. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment, the kind of

99. A — This scenario turns on the policy treatment of a property proof of loss. The best answer is that it is a statement supporting a claim that the insured may be required to provide. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party

100. B — This scenario turns on the policy treatment of a combined single limit. The best answer is that it provides one stated liability limit for covered bodily injury and property damage combined. The remaining choices either misidentify the coverage, overlook a condition, or use an absolute statement unsupported by the contract. For exam questions, identify the party seeking payment,