

PRACTICE EXAM 18: TENNESSEE PROPERTY AND CASUALTY INSURANCE (100 QUESTIONS)

This 100-question Tennessee Property and Casualty practice exam uses a new question order and a fresh answer-key sequence. Select the single best answer. It is a study aid rather than an official examination; verify current Tennessee requirements and source materials.

1. A Tennessee insurance candidate evaluates When applying policy language to homeowners coverage for earth movement. Which answer best applies the policy concept?

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

2. A coverage scenario concerns uninsured motorists bodily injury coverage. Which answer best applies the policy concept?

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

3. A producer is reviewing During a policy analysis, a producer is asked about a property policy limit. Which answer best applies the policy concept?

- A. it is the amount of every deductible under applicable policy terms as described by the contract
- B. it is the maximum amount payable for covered loss under the applicable coverage under the applicable policy
- 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

4. For an exam item about In a coverage question concerning an occurrence policy period. Which answer best applies the policy concept?

- 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 timing of injury or damage during the policy period is central to coverage analysis under the applicable policy
- D. the deductible date controls under applicable policy terms as described by the contract subject to stated conditions and limits

5. A Tennessee insurance candidate evaluates When applying policy language to personal and advertising injury. Which answer best applies the policy concept?

- 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 can include specified offenses such as certain libel, slander, or wrongful eviction claims under the applicable policy
- D. it is first-party property coverage under applicable policy terms as described by the contract under the applicable policy

6. A coverage scenario concerns a condominium unit owner. Which answer best applies the policy concept?

- A. the unit owner always insures the entire building under applicable policy terms as described by the contract
- B. the unit owner normally insures interior property and personal liability, subject to the form under the applicable policy
- 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

7. A producer is reviewing During a policy analysis, a producer is asked about an employee's own auto used for business. Which answer best applies the policy concept?

- A. a business may face nonowned-auto exposure when employees use personal autos for business under the applicable policy
- B. it is always a covered owned auto under applicable policy terms as described by the contract
- 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

8. For an exam item about In a coverage question concerning a mortgagee after a covered building loss. Which answer best applies the policy concept?

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

9. A Tennessee insurance candidate evaluates When applying policy language to Tennessee rideshare insurance. Which answer best applies the policy concept?

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

10. A coverage scenario concerns a contractual liability exposure. Which answer best applies the policy concept?

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

11. A producer is reviewing During a policy analysis, a producer is asked about civil authority coverage. Which answer best applies the policy concept?

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

12. For an exam item about In a coverage question concerning employers liability. Which answer best applies the policy concept?

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

13. A Tennessee insurance candidate evaluates When applying policy language to a property condition requiring timely notice. Which answer best applies the policy concept?

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

14. A coverage scenario concerns a homeowners loss from a sudden kitchen fire. Which answer best applies the policy concept?

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

15. A producer is reviewing During a policy analysis, a producer is asked about personal auto property damage liability. Which answer best applies the policy concept?

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

16. For an exam item about In a coverage question concerning valuable papers and records. Which answer best applies the policy concept?

- A. it pays only liability judgments under applicable policy terms as described by the contract
- B. it is a workers compensation benefit under applicable policy terms as described by the contract

- C. coverage commonly addresses cost to research or replace covered records, subject to limits under the applicable policy
- D. it covers ordinary inventory under applicable policy terms as described by the contract under the applicable policy

17. A Tennessee insurance candidate evaluates When applying policy language to a fidelity loss. Which answer best applies the policy concept?

- A. it concerns dishonest acts by employees causing loss to the employer under the applicable policy
- B. it is a contractor's performance default under applicable policy terms 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

18. A coverage scenario concerns Tennessee producer appointment. Which answer best applies the policy concept?

- A. an appointment is a property insurance endorsement under applicable policy terms as described by the contract under the applicable policy
- B. an insurer's appointment process authorizes a producer to act for that insurer as required by state law 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

19. A producer is reviewing During a policy analysis, a producer is asked about medical payments to others under homeowners coverage. Which answer best applies the policy concept?

- 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

20. For an exam item about In a coverage question concerning an auto glass loss. Which answer best applies the policy concept?

- 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. glass loss is workers compensation under applicable policy terms as described by the contract
- D. coverage and deductible treatment depend on the physical-damage coverage and policy terms under the applicable policy

21. A Tennessee insurance candidate evaluates When applying policy language to a property insurer's right to inspect. Which answer best applies the policy concept?

- 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

22. A coverage scenario concerns cyber liability. Which answer best applies the policy concept?

- 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

23. A producer is reviewing During a policy analysis, a producer is asked about a CGL bodily injury claim. Which answer best applies the policy concept?

- A. Coverage A may respond when the insured is legally liable for covered bodily injury under the applicable policy
- B. Coverage C always pays any liability judgment under applicable policy terms as described by the contract
- 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

24. For an exam item about In a coverage question concerning scheduled personal property. Which answer best applies the policy concept?

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

25. A Tennessee insurance candidate evaluates When applying policy language to a business auto symbol. Which answer best applies the policy concept?

- A. it is a deductible amount under applicable policy terms as described by the contract
- B. it identifies the category of autos to which a coverage applies under the applicable policy
- C. it is an employee classification under applicable policy terms as described by the contract
- D. it is a property valuation method under applicable policy terms under the applicable policy

26. A coverage scenario concerns an excess liability limit. Which answer best applies the policy concept?

- A. it replaces all deductibles under applicable policy terms as described by the contract under the applicable policy
- B. it is paid before primary coverage under applicable policy terms as described by the contract

- C. it responds above specified underlying limits when its coverage requirements are met under the applicable policy
- D. it applies only to property valuation under applicable policy terms as described by the contract

27. A producer is reviewing During a policy analysis, a producer is asked about Tennessee uninsured motorists provisions. Which answer best applies the policy concept?

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

28. For an exam item about In a coverage question concerning a CGL per-occurrence limit. Which answer best applies the policy concept?

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

29. A Tennessee insurance candidate evaluates When applying policy language to ordinance or law exposure. Which answer best applies the policy concept?

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

30. A coverage scenario concerns workers compensation wage benefits. Which answer best applies the policy concept?

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

31. A producer is reviewing During a policy analysis, a producer is asked about a flood loss to a home. Which answer best applies the policy concept?

- 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

32. For an exam item about In a coverage question concerning Tennessee commissioner authority. Which answer best applies the policy concept?

- 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

33. A Tennessee insurance candidate evaluates When applying policy language to a completed-operations claim. Which answer best applies the policy concept?

- A. it applies only while work is ongoing under applicable policy terms as described by the contract
- B. it is property coverage for tools under applicable policy terms as described by the contract

- C. it may arise from injury or damage after the insured's work has been completed under the applicable policy
- D. it is a crime coverage form under applicable policy terms as described by the contract

34. A coverage scenario concerns business personal property. Which answer best applies the policy concept?

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

35. A producer is reviewing During a policy analysis, a producer is asked about robbery under a crime policy. Which answer best applies the policy concept?

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

36. For an exam item about In a coverage question concerning a homeowner's theft loss. Which answer best applies the policy concept?

- 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

37. A Tennessee insurance candidate evaluates When applying policy language to a tenant's guest injury. Which answer best applies the policy concept?

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

38. A coverage scenario concerns an auto collision with an animal. Which answer best applies the policy concept?

- 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

39. A producer is reviewing During a policy analysis, a producer is asked about a property policy declaration page. Which answer best applies the policy concept?

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

40. For an exam item about In a coverage question concerning a surety's right of reimbursement. Which answer best applies the policy concept?

- 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

41. A Tennessee insurance candidate evaluates When applying policy language to Tennessee insurer insolvency protection. Which answer best applies the policy concept?

A. it guarantees all policy limits in every case under applicable policy terms as described by the contract under the applicable policy

B. the guaranty association may provide limited statutory protection for covered claims when a member insurer fails under the applicable policy

C. it is a federal property program under applicable policy terms as described by the contract under the applicable policy

D. it replaces an insured's deductible under applicable policy terms as described by the contract subject to stated conditions and limits

42. A coverage scenario concerns a homeowner's water loss from an overflowing appliance. Which answer best applies the policy concept?

A. coverage depends on the source, policy wording, and applicable exclusions

B. every water loss is treated as flood under applicable policy terms

C. water damage is always excluded under applicable policy terms under the applicable policy

D. the loss must be paid under auto physical damage under the applicable policy

43. A producer is reviewing During a policy analysis, a producer is asked about a permissive auto user. Which answer best applies the policy concept?

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

44. For an exam item about In a coverage question concerning a property endorsement changing coverage. Which answer best applies the policy concept?

A. the base form is automatically void under applicable policy terms as described by the contract

B. the endorsement modifies the policy and should be read with the base form under the applicable policy

C. the endorsement is only a sales brochure under applicable policy terms as described by the contract

D. it has no effect after issuance under applicable policy terms as described by the contract

45. A Tennessee insurance candidate evaluates When applying policy language to a claims-made extended reporting period. Which answer best applies the policy concept?

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

46. A coverage scenario concerns CGL medical payments. Which answer best applies the policy concept?

A. it may pay eligible medical expenses without establishing legal liability, subject to exclusions under the applicable policy

B. it pays the insured's own work injuries under applicable policy terms as described by the contract

C. it replaces workers compensation under applicable policy terms as described by the contract under the applicable policy

D. it pays property repair costs under applicable policy terms as described by the contract under the applicable policy

47. A producer is reviewing During a policy analysis, a producer is asked about a landlord's dwelling policy. Which answer best applies the policy concept?

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 is designed primarily for eligible residential dwellings rather than owner-occupied homeowners risks

D. it provides workers compensation benefits under applicable policy terms as described by the contract

48. For an exam item about In a coverage question concerning a workers compensation injury. Which answer best applies the policy concept?

A. any illness is automatically work related under applicable policy terms as described by the contract

B. liability coverage always replaces workers compensation under applicable policy terms as described by the contract

C. employment status is irrelevant under applicable policy terms as described by the contract under the applicable policy

D. the injury must generally arise out of and in the course of employment under the applicable policy

49. A Tennessee insurance candidate evaluates When applying policy language to a fair rental value loss. Which answer best applies the policy concept?

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 may cover lost rental value following covered property damage, subject to form terms

D. it is auto transportation expense under applicable policy terms as described by the contract

50. A coverage scenario concerns Tennessee producer compensation. Which answer best applies the policy concept?

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

51. A producer is reviewing During a policy analysis, a producer is asked about a CGL damage-to-rented-premises exposure. Which answer best applies the policy concept?

- A. the policy may provide limited coverage for certain damage to premises rented to the insured under the applicable policy
- B. it covers all property owned by the insured under applicable policy terms as described by the contract
- 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

52. For an exam item about In a coverage question concerning protective safeguards condition. Which answer best applies the policy concept?

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

53. A Tennessee insurance candidate evaluates When applying policy language to a workers compensation premium audit. Which answer best applies the policy concept?

- A. it adjusts premium based on actual exposure information after the policy period under the applicable policy
- B. it decides fault for injuries under applicable policy terms as described by the contract
- C. it sets auto liability limits under applicable policy terms as described by the contract

D. it is a claim settlement procedure under applicable policy terms as described by the contract

54. A coverage scenario concerns a personal property replacement-cost endorsement. Which answer best applies the policy concept?

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 adds auto liability coverage under applicable policy terms as described by the contract under the applicable policy

D. it may change loss settlement so eligible property is valued without depreciation, subject to terms under the applicable policy

55. A producer is reviewing During a policy analysis, a producer is asked about a homeowner's temporary relocation after a covered loss. Which answer best applies the policy concept?

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

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

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

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

56. For an exam item about In a coverage question concerning a personal auto split limit. Which answer best applies the policy concept?

A. it is a single limit for all losses under applicable policy terms as described by the contract under the applicable policy

B. it states separate limits for bodily injury per person, bodily injury per accident, and property damage under the applicable policy

- C. it is a replacement-cost valuation under applicable policy terms as described by the contract subject to stated conditions and limits
- D. it is an auto deductible under applicable policy terms as described by the contract subject to stated conditions and limits

57. A Tennessee insurance candidate evaluates When applying policy language to accounts receivable coverage. Which answer best applies the policy concept?

- A. it is coverage for unpaid insurance premiums under applicable policy terms as described by the contract
- B. it can address loss caused by inability to collect accounts after covered records loss under the applicable policy
- 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

58. A coverage scenario concerns a surety principal. Which answer best applies the policy concept?

- 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

59. A producer is reviewing During a policy analysis, a producer is asked about Tennessee license renewal. Which answer best applies the policy concept?

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

60. For an exam item about In a coverage question concerning an insured's own intentional act. Which answer best applies the policy concept?

- 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

61. A Tennessee insurance candidate evaluates When applying policy language to transportation expense coverage. Which answer best applies the policy concept?

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

62. A coverage scenario concerns salvage after a covered property loss. Which answer best applies the policy concept?

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

63. A producer is reviewing During a policy analysis, a producer is asked about employment practices claim. Which answer best applies the policy concept?

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

64. For an exam item about In a coverage question concerning a CGL property damage claim. Which answer best applies the policy concept?

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

65. A Tennessee insurance candidate evaluates When applying policy language to loss assessment coverage. Which answer best applies the policy concept?

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

66. A coverage scenario concerns a business auto hired-auto exposure. Which answer best applies the policy concept?

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

67. A producer is reviewing During a policy analysis, a producer is asked about an insured's duty after a property loss. Which answer best applies the policy concept?

- A. the insured must discard damaged property immediately under applicable policy terms under the applicable policy
- B. the insured must take reasonable steps to protect property from further damage 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

68. For an exam item about In a coverage question concerning Tennessee auto policy cancellation notice. Which answer best applies the policy concept?

- 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. state requirements address cancellation and notice procedures for automobile insurance under the applicable policy
- D. it is a workers compensation audit under applicable policy terms under the applicable policy

69. A Tennessee insurance candidate evaluates When applying policy language to a CGL additional insured. Which answer best applies the policy concept?

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

70. A coverage scenario concerns business income waiting period. Which answer best applies the policy concept?

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

71. A producer is reviewing During a policy analysis, a producer is asked about an independent contractor. Which answer best applies the policy concept?

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

72. For an exam item about In a coverage question concerning a personal articles loss away from home. Which answer best applies the policy concept?

- 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. a floater may provide broader coverage for scheduled items away from the residence under the applicable policy
- D. the item cannot be insured off premises under applicable policy terms as described by the contract

73. A Tennessee insurance candidate evaluates When applying policy language to Tennessee producer license suspension. Which answer best applies the policy concept?

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

74. A coverage scenario concerns personal auto bodily injury liability. Which answer best applies the policy concept?

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

75. A producer is reviewing During a policy analysis, a producer is asked about property of others coverage. Which answer best applies the policy concept?

- 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

76. For an exam item about In a coverage question concerning mysterious disappearance. Which answer best applies the policy concept?

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

77. A Tennessee insurance candidate evaluates When applying policy language to a loss payable clause. Which answer best applies the policy concept?

- 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

78. A coverage scenario concerns damage to a neighbor's property caused by an insured child. Which answer best applies the policy concept?

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

79. A producer is reviewing During a policy analysis, a producer is asked about an auto theft loss. Which answer best applies the policy concept?

- A. liability coverage pays the insured vehicle under applicable policy terms
- B. medical payments pays the vehicle value under applicable policy terms

- C. other-than-collision coverage may apply if that coverage is carried
- D. a surety bond is required under applicable policy terms

80. For an exam item about In a coverage question concerning a property proof of loss. Which answer best applies the policy concept?

- A. it is a temporary insurance contract under applicable policy terms as described by the contract
- B. it is a statement supporting a claim that the insured may be required to provide
- 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

81. A Tennessee insurance candidate evaluates When applying policy language to professional liability. Which answer best applies the policy concept?

- 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

82. A coverage scenario concerns Tennessee commercial risk loss runs. Which answer best applies the policy concept?

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

83. A producer is reviewing During a policy analysis, a producer is asked about a homeowner's deductible. Which answer best applies the policy concept?

- 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

84. For an exam item about In a coverage question concerning an auto exclusion for racing. Which answer best applies the policy concept?

- 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

85. A Tennessee insurance candidate evaluates When applying policy language to a personal umbrella policy. Which answer best applies the policy concept?

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

86. A coverage scenario concerns Tennessee financial responsibility proof. Which answer best applies the policy concept?

- A. it is a property proof of loss under applicable policy terms as described by the contract
- B. it is an employer liability form under applicable policy terms as described by the contract
- C. it is a flood application under applicable policy terms as described by the contract under the applicable policy

D. state law may require evidence of ability to respond for specified motor vehicle liabilities under the applicable policy

87. A producer is reviewing During a policy analysis, a producer is asked about a CGL aggregate limit. Which answer best applies the policy concept?

- 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

88. For an exam item about In a coverage question concerning a vacancy condition in a commercial building. Which answer best applies the policy concept?

- A. vacancy improves all property coverage under applicable policy terms under the applicable policy
- B. certain coverage restrictions may apply after the stated vacancy period 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

89. A Tennessee insurance candidate evaluates When applying policy language to workers compensation medical benefits. Which answer best applies the policy concept?

- 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 are an auto physical-damage benefit under applicable policy terms under the applicable policy
- D. they provide benefits for covered work-related medical care under applicable law under the applicable policy

90. A coverage scenario concerns a DP policy personal liability endorsement. Which answer best applies the policy concept?

- 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

91. A producer is reviewing During a policy analysis, a producer is asked about Tennessee producer fiduciary handling of premiums. Which answer best applies the policy concept?

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

92. For an exam item about In a coverage question concerning a products liability claim. Which answer best applies the policy concept?

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

93. A Tennessee insurance candidate evaluates When applying policy language to commercial property building coverage. Which answer best applies the policy concept?

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

94. A coverage scenario concerns crime coverage for burglary. Which answer best applies the policy concept?

- 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

95. A producer is reviewing During a policy analysis, a producer is asked about a homeowners policy exclusion for business pursuits. Which answer best applies the policy concept?

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

96. For an exam item about In a coverage question concerning an HO-3 loss to personal property. Which answer best applies the policy concept?

- 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

97. A Tennessee insurance candidate evaluates When applying policy language to a combined single limit. Which answer best applies the policy concept?

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

98. A coverage scenario concerns commercial property exclusions. Which answer best applies the policy concept?

- 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

99. A producer is reviewing During a policy analysis, a producer is asked about a surety obligee. Which answer best applies the policy concept?

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

100. For an exam item about In a coverage question concerning Tennessee unfair claim settlement conduct. Which answer best applies the policy concept?

- 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

Practice Exam 18: Answer Key and Explanations

1. **A** — The controlling issue in this item is When applying policy language to homeowners coverage for earth movement. The correct response is that earth movement is commonly excluded unless a policy or endorsement provides coverage under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the
2. **D** — The controlling issue in this item is uninsured motorists bodily injury coverage. The correct response is that it is intended to protect insured persons legally entitled to recover damages from an uninsured motorist under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts,
3. **B** — The controlling issue in this item is During a policy analysis, a producer is asked about a property policy limit. The correct response is that it is the maximum amount payable for covered loss under the applicable coverage under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract
4. **C** — The controlling issue in this item is In a coverage question concerning an occurrence policy period. The correct response is that the timing of injury or damage during the policy period is central to coverage analysis under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work
5. **C** — The controlling issue in this item is When applying policy language to personal and advertising injury. The correct response is that it can include specified offenses such as certain libel, slander, or wrongful eviction claims under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through
6. **B** — The controlling issue in this item is a condominium unit owner. The correct response is that the unit owner normally insures interior property and personal liability, subject to the form under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions,
7. **A** — The controlling issue in this item is During a policy analysis, a producer is asked about an employee's own auto used for business. The correct response is that a business may face nonowned-auto

exposure when employees use personal autos for business under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate

8. D — The controlling issue in this item is In a coverage question concerning a mortgagee after a covered building loss. The correct response is that the mortgagee may have separate protection under the mortgagee clause. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions,

9. A — The controlling issue in this item is When applying policy language to Tennessee rideshare insurance. The correct response is that state law addresses financial responsibility and insurance for transportation network company activity under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy

10. B — The controlling issue in this item is a contractual liability exposure. The correct response is that coverage may apply for certain insured contracts as defined by the liability policy under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions, definitions,

11. C — The controlling issue in this item is During a policy analysis, a producer is asked about civil authority coverage. The correct response is that it may apply when access is prohibited by civil authority due to covered nearby damage. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through

12. D — The controlling issue in this item is In a coverage question concerning employers liability. The correct response is that it addresses certain liability exposures not covered by the workers compensation law benefits under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy

13. B — The controlling issue in this item is When applying policy language to a property condition requiring timely notice. The correct response is that prompt notice allows the insurer to investigate and adjust a reported loss under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through

14. A — The controlling issue in this item is a homeowners loss from a sudden kitchen fire. The correct response is that direct physical loss caused by fire is generally a covered peril unless excluded. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions, definitions,

15. D — The controlling issue in this item is During a policy analysis, a producer is asked about personal auto property damage liability. The correct response is that it pays covered damages for which an insured is legally liable because of property damage. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises.

16. C — The controlling issue in this item is In a coverage question concerning valuable papers and records. The correct response is that coverage commonly addresses cost to research or replace covered records, subject to limits under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the

17. A — The controlling issue in this item is When applying policy language to a fidelity loss. The correct response is that it concerns dishonest acts by employees causing loss to the employer under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger,

18. B — The controlling issue in this item is Tennessee producer appointment. The correct response is that an insurer's appointment process authorizes a producer to act for that insurer as required by state law under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy

19. C — The controlling issue in this item is During a policy analysis, a producer is asked about medical payments to others under homeowners coverage. The correct response is that it may provide limited no-fault medical expense coverage to eligible persons under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the

20. D — The controlling issue in this item is In a coverage question concerning an auto glass loss. The correct response is that coverage and deductible treatment depend on the physical-damage coverage and policy terms under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts,

21. B — The controlling issue in this item is When applying policy language to a property insurer's right to inspect. The correct response is that the insurer may inspect the property and records as allowed by policy conditions under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work

22. C — The controlling issue in this item is cyber liability. The correct response is that it can address liability and expenses arising from covered data or network incidents under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions, definitions, and limits

23. A — The controlling issue in this item is During a policy analysis, a producer is asked about a CGL bodily injury claim. The correct response is that Coverage A may respond when the insured is legally liable for covered bodily injury under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what

24. D — The controlling issue in this item is In a coverage question concerning scheduled personal property. The correct response is that scheduling can provide specific coverage and valuation for listed valuable items. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions, definitions, and limits

25. B — The controlling issue in this item is When applying policy language to a business auto symbol. The correct response is that it identifies the category of autos to which a coverage applies under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy

26. C — The controlling issue in this item is an excess liability limit. The correct response is that it responds above specified underlying limits when its coverage requirements are met under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions, definitions, and

27. D — The controlling issue in this item is During a policy analysis, a producer is asked about Tennessee uninsured motorists provisions. The correct response is that state law addresses uninsured motorists coverage and related policy requirements under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through

28. A — The controlling issue in this item is In a coverage question concerning a CGL per-occurrence limit. The correct response is that it is the maximum payable for covered damages arising from one occurrence, subject to terms. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy

29. B — The controlling issue in this item is When applying policy language to ordinance or law exposure. The correct response is that it concerns added cost from enforcement of building codes after a covered loss. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions,

30. D — The controlling issue in this item is workers compensation wage benefits. The correct response is that they may replace a portion of wages when a covered injury causes disability under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions, definitions,

31. C — The controlling issue in this item is During a policy analysis, a producer is asked about a flood loss to a home. The correct response is that standard homeowners insurance generally excludes flood, requiring separate coverage for flood risk under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the

32. A — The controlling issue in this item is In a coverage question concerning Tennessee commissioner authority. The correct response is that the commissioner has regulatory and enforcement powers provided by insurance law under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger,

33. C — The controlling issue in this item is When applying policy language to a completed-operations claim. The correct response is that it may arise from injury or damage after the insured's work has been

completed under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the

34. D — The controlling issue in this item is business personal property. The correct response is that it generally includes property owned and used in the business at the described premises under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions, definitions,

35. A — The controlling issue in this item is During a policy analysis, a producer is asked about robbery under a crime policy. The correct response is that it involves taking property by force or threat under the policy definition under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract

36. B — The controlling issue in this item is In a coverage question concerning a homeowner's theft loss. The correct response is that coverage depends on the form, location, limits, and policy exclusions. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions, definitions, and limits

37. B — The controlling issue in this item is When applying policy language to a tenant's guest injury. The correct response is that personal liability coverage may respond if the insured is legally liable. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions, definitions, and

38. A — The controlling issue in this item is an auto collision with an animal. The correct response is that it is generally treated as other-than-collision rather than collision coverage under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions, definitions, and

39. C — The controlling issue in this item is During a policy analysis, a producer is asked about a property policy declaration page. The correct response is that it identifies key facts such as named insured, locations, limits, and premium under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract

40. D — The controlling issue in this item is In a coverage question concerning a surety's right of reimbursement. The correct response is that the principal generally remains responsible to reimburse the surety for amounts paid under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the

41. B — The controlling issue in this item is When applying policy language to Tennessee insurer insolvency protection. The correct response is that the guaranty association may provide limited statutory protection for covered claims when a member insurer fails under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises.

42. A — The controlling issue in this item is a homeowner's water loss from an overflowing appliance. The correct response is that coverage depends on the source, policy wording, and applicable exclusions. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions, definitions, and limits in

43. C — The controlling issue in this item is During a policy analysis, a producer is asked about a permissive auto user. The correct response is that coverage may extend to a person using a covered auto with permission, subject to policy terms under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate

44. B — The controlling issue in this item is In a coverage question concerning a property endorsement changing coverage. The correct response is that the endorsement modifies the policy and should be read with the base form under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through

45. D — The controlling issue in this item is When applying policy language to a claims-made extended reporting period. The correct response is that it may allow reporting of certain claims after the policy expires, subject to its terms under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises.

46. A — The controlling issue in this item is CGL medical payments. The correct response is that it may pay eligible medical expenses without establishing legal liability, subject to exclusions under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions, definitions, and

47. C — The controlling issue in this item is During a policy analysis, a producer is asked about a landlord's dwelling policy. The correct response is that it is designed primarily for eligible residential dwellings rather than owner-occupied homeowners risks. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the

48. D — The controlling issue in this item is In a coverage question concerning a workers compensation injury. The correct response is that the injury must generally arise out of and in the course of employment under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the

49. C — The controlling issue in this item is When applying policy language to a fair rental value loss. The correct response is that it may cover lost rental value following covered property damage, subject to form terms. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy

50. B — The controlling issue in this item is Tennessee producer compensation. The correct response is that state law limits compensation practices and prohibits certain improper inducements. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the

contract promises. Work through the facts, policy trigger, exclusions, definitions, and limits in that order. This produces the

51. A — The controlling issue in this item is During a policy analysis, a producer is asked about a CGL damage-to-rented-premises exposure. The correct response is that the policy may provide limited coverage for certain damage to premises rented to the insured under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what

52. D — The controlling issue in this item is In a coverage question concerning protective safeguards condition. The correct response is that it requires maintaining specified protective devices when the policy so provides under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger,

53. A — The controlling issue in this item is When applying policy language to a workers compensation premium audit. The correct response is that it adjusts premium based on actual exposure information after the policy period under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the

54. D — The controlling issue in this item is a personal property replacement-cost endorsement. The correct response is that it may change loss settlement so eligible property is valued without depreciation, subject to terms under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy

55. C — The controlling issue in this item is During a policy analysis, a producer is asked about a homeowner's temporary relocation after a covered loss. The correct response is that additional living expense may pay reasonable increased living costs, subject to the policy under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or

56. B — The controlling issue in this item is In a coverage question concerning a personal auto split limit. The correct response is that it states separate limits for bodily injury per person, bodily injury per accident, and property damage under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract

57. B — The controlling issue in this item is When applying policy language to accounts receivable coverage. The correct response is that it can address loss caused by inability to collect accounts after covered records loss under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the

58. A — The controlling issue in this item is a surety principal. The correct response is that the principal is the party whose performance or obligation is guaranteed. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions, definitions, and limits in that order. This produces

59. C — The controlling issue in this item is During a policy analysis, a producer is asked about Tennessee license renewal. The correct response is that resident producers must meet applicable renewal and continuing-education requirements. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions, definitions,

60. D — The controlling issue in this item is In a coverage question concerning an insured's own intentional act. The correct response is that intentional-loss exclusions generally prevent coverage for expected or intended injury or loss under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the

61. D — The controlling issue in this item is When applying policy language to transportation expense coverage. The correct response is that it may reimburse covered transportation expenses after a covered physical-damage loss under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger,

62. B — The controlling issue in this item is salvage after a covered property loss. The correct response is that salvage value may be considered in determining the net amount of loss. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions, definitions, and limits in

63. A — The controlling issue in this item is During a policy analysis, a producer is asked about employment practices claim. The correct response is that it may allege wrongful employment conduct such as discrimination or wrongful termination under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work

64. C — The controlling issue in this item is In a coverage question concerning a CGL property damage claim. The correct response is that Coverage A may respond to covered third-party property damage liability. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions, definitions, and

65. D — The controlling issue in this item is When applying policy language to loss assessment coverage. The correct response is that it may help a unit owner pay certain covered assessments imposed by an association. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions,

66. A — The controlling issue in this item is a business auto hired-auto exposure. The correct response is that a business may need coverage for autos it leases, hires, rents, or borrows under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions,

67. B — The controlling issue in this item is During a policy analysis, a producer is asked about an insured's duty after a property loss. The correct response is that the insured must take reasonable steps to protect property from further damage under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what

68. C — The controlling issue in this item is In a coverage question concerning Tennessee auto policy cancellation notice. The correct response is that state requirements address cancellation and notice procedures for automobile insurance under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy

69. A — The controlling issue in this item is When applying policy language to a CGL additional insured. The correct response is that it is a person or organization given insured status by policy wording or endorsement under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through

70. B — The controlling issue in this item is business income waiting period. The correct response is that it is the period that must pass before certain business income coverage begins under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions, definitions,

71. D — The controlling issue in this item is During a policy analysis, a producer is asked about an independent contractor. The correct response is that classification depends on facts and law; it is not determined by a label alone under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract

72. C — The controlling issue in this item is In a coverage question concerning a personal articles loss away from home. The correct response is that a floater may provide broader coverage for scheduled items away from the residence under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises.

73. C — The controlling issue in this item is When applying policy language to Tennessee producer license suspension. The correct response is that a producer's license may be suspended or revoked for statutory grounds and due process procedures under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work

74. A — The controlling issue in this item is personal auto bodily injury liability. The correct response is that it pays covered damages for which an insured is legally liable because of bodily injury under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy

75. B — The controlling issue in this item is During a policy analysis, a producer is asked about property of others coverage. The correct response is that it may cover property in the insured's care,

custody, or control when included by the form under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate

76. D — The controlling issue in this item is In a coverage question concerning mysterious disappearance. The correct response is that it may be excluded or limited because the cause of loss cannot be established. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions, definitions,

77. A — The controlling issue in this item is When applying policy language to a loss payable clause. The correct response is that it identifies how payment may be made to a named loss payee with an insured interest under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises.

78. D — The controlling issue in this item is damage to a neighbor's property caused by an insured child. The correct response is that personal liability coverage may apply for covered legal liability under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger,

79. C — The controlling issue in this item is During a policy analysis, a producer is asked about an auto theft loss. The correct response is that other-than-collision coverage may apply if that coverage is carried. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions,

80. B — The controlling issue in this item is In a coverage question concerning a property proof of loss. The correct response is that it is a statement supporting a claim that the insured may be required to provide. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts,

81. C — The controlling issue in this item is When applying policy language to professional liability. The correct response is that it addresses alleged negligence in rendering professional services under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions, definitions, and limits

82. A — The controlling issue in this item is Tennessee commercial risk loss runs. The correct response is that state law addresses access to loss-run information in applicable commercial insurance situations under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions, definitions,

83. D — The controlling issue in this item is During a policy analysis, a producer is asked about a homeowner's deductible. The correct response is that it is the amount the insured absorbs before covered property payment is calculated under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises.

84. B — The controlling issue in this item is In a coverage question concerning an auto exclusion for racing. The correct response is that policies commonly limit coverage for certain organized racing or speed contests under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts,

85. C — The controlling issue in this item is When applying policy language to a personal umbrella policy. The correct response is that it generally provides excess liability limits above required underlying coverage under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger,

86. D — The controlling issue in this item is Tennessee financial responsibility proof. The correct response is that state law may require evidence of ability to respond for specified motor vehicle liabilities under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions,

87. A — The controlling issue in this item is During a policy analysis, a producer is asked about a CGL aggregate limit. The correct response is that it is the maximum payable for certain covered losses during the policy period under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract

88. B — The controlling issue in this item is In a coverage question concerning a vacancy condition in a commercial building. The correct response is that certain coverage restrictions may apply after the stated vacancy period under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the

89. D — The controlling issue in this item is When applying policy language to workers compensation medical benefits. The correct response is that they provide benefits for covered work-related medical care under applicable law under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy

90. C — The controlling issue in this item is a DP policy personal liability endorsement. The correct response is that it can add personal liability coverage when the endorsement is included under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions, definitions,

91. B — The controlling issue in this item is During a policy analysis, a producer is asked about Tennessee producer fiduciary handling of premiums. The correct response is that premiums received for an insurer must be handled in accordance with fiduciary duties under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what

92. A — The controlling issue in this item is In a coverage question concerning a products liability claim. The correct response is that it may arise from injury or damage caused by a product after it leaves the insured's control under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract

93. D — The controlling issue in this item is When applying policy language to commercial property building coverage. The correct response is that it may cover the described building and completed additions, subject to policy terms under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the

94. A — The controlling issue in this item is crime coverage for burglary. The correct response is that coverage depends on the policy's definition of burglary and applicable insuring agreement under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions, definitions, and

95. C — The controlling issue in this item is During a policy analysis, a producer is asked about a homeowners policy exclusion for business pursuits. The correct response is that it generally limits coverage for certain business-related activities unless an exception applies under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what

96. B — The controlling issue in this item is In a coverage question concerning an HO-3 loss to personal property. The correct response is that personal property is generally covered for named perils unless broadened by endorsement under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through

97. D — The controlling issue in this item is When applying policy language to a combined single limit. The correct response is that it provides one stated liability limit for covered bodily injury and property damage combined. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger,

98. C — The controlling issue in this item is commercial property exclusions. The correct response is that they identify losses or causes of loss the policy does not insure under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger, exclusions, definitions, and limits

99. B — The controlling issue in this item is During a policy analysis, a producer is asked about a surety obligee. The correct response is that the obligee is the party protected by the principal's promised performance. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts, policy trigger,

100. A — The controlling issue in this item is In a coverage question concerning Tennessee unfair claim settlement conduct. The correct response is that state law and rules prohibit specified unfair practices in

handling claims under the applicable policy. Other options either confuse first-party and third-party coverage, ignore policy conditions, or overstate what the contract promises. Work through the facts,