

EFFECTIVE TEST-TAKING STRATEGIES

We all react a bit differently when taking a test. Some people are excellent test takers, some are good, and others find taking an exam to be a painful experience.

- If you are an **excellent exam-taker**, you may wish to either skim this section or skip it entirely.
- If you consider yourself a **good test-taker**, we suggest that you skim this material and concentrate your attention on any new ideas you may find.
- If taking exams has been **difficult** for you in the past, you may find this section to be as valuable as any contained in the text. You are the person we had in mind when we wrote it.

Your purpose for studying this text is probably to gain the knowledge necessary to pass the exam required to obtain a license as a life and health insurance agent in your state. If this is the case, you have two tasks before you.

- To learn the necessary material.
- To demonstrate on an exam that you have indeed mastered this information.

Most students tend to view the first requirement as a major undertaking and the second as a frightening one. Let's face it, **no one really enjoys taking a test**. Unfortunately, there are times when you have no other choice. To make matters worse, there is usually something quite important riding on your performance – such as your agent's license.

Why are exams so frightening? Well, a major reason is that we have never been taught how to take a test. Driving an automobile for the first time was a bit terrifying for most of us, but once we learned the basic techniques, we found the experience pleasurable. While it is doubtful that this section will make your agent's exam a pleasurable event, we hope to make it a tolerable one.

Since 1977, Pathfinder Insurance Training Institute has prepared thousands of individuals just like you for state insurance exams. The authors of this text are the chief instructors of the Pathfinder classes. We discovered quickly that teaching basic insurance concepts was only half of the battle – the other half was training our students to take the examination in a manner that would trigger **superior test performance**. We have spent at least as much time studying the nuts and bolts of learning theory and test psychology as we have preparing lectures and learning aids. We have observed thousands of students during the test and have carefully noted the problems most often encountered and the errors that were usually made. We have hired educational consultants, communications experts and practicing psychologists to help us develop alternative strategies to improve our students' testing skills. Some ideas worked immediately, some required modification and others were blind alleys. We want to share with you the methods that have been consistently successful for our students.

Before we begin, let's eliminate one very real concern. Will this book give you enough information to pass your state exam? Without exception the answer is yes – the text does contain enough data to get you through the test.

We have taken great pains to include all the information required by any testing organization as well as any individual state-developed test that has published guidelines. Simply, you will find all you need to know for any entry level exam in this book and the appropriate state supplement.

TEST-TAKING – A LEARNED SKILL

There is a tendency on the part of some to dismiss the entire problem of test performance with a shrug of the shoulders and the plaintive cry, "Good test-takers are born that way." Nonsense! Test-taking is nothing more than another form of communication. You were not born knowing how to talk or write or take tests. Someone taught you how to talk and write, but in all probability, no one ever taught you how to take an exam. This is an unfortunate situation, but not necessarily a permanent one. By learning test-taking skills, your abilities can be substantially improved.

A careful reading of this section and some effort in changing behavior patterns will allow you to take advantage of what we have learned from the thousands of students who have preceded you. Please understand that these suggestions should be considered guiding principles, not inviolate rules. These ideas are not carved in granite, and if we propose something that's not comfortable – forget it. Not everything works for everyone. These are simply alternatives to the procedures that may have proven unsatisfactory to you in the past.

STUDYING FOR AN EXAM

It is important to recognize that studying for an exam is more demanding than reading for enjoyment. There are certain actions you can take while reading that will make exam preparation easier. We suggest that you read this section rapidly now and review it carefully when you finish the book.

Note Taking

On each page of the formal text, you will find a column for notes. Use this column. You might use it to rewrite an important sentence in your own words. If something is unclear the first time you read it, put a question mark in the notes column so that you can return to the passage later. If the book refers to a Boatowners policy, and you (or someone you know) just bought one, put that person's name in the column to help you remember Boatowners. You also might find it easier to underline or highlight statements in the book that are particularly important instead of taking notes on separate sheets of paper.

If you are attending a school that uses this book, you may wish to underline the points your instructor indicates as critical with a different color pen. What you consider important might differ from what your instructors think, and knowing that difference could be valuable.

How Do You Learn?

Knowing how you personally store information can be valuable to your study. Consultants tell us that people think and remember in several different ways.

- **SEE (Visual Learners)**

If you are a highly visual person, you function mentally by seeing pictures in your mind. If asked where your car is parked, you would answer after first literally seeing your car in the garage or in its parking space. The numerous illustrations in this book will be very helpful to you in remembering the important information.

- **HEAR (Auditory Learners)**

If you are an auditory person, you probably talk to yourself when no one else is around. (It's only a problem when you start to answer.) If you take an exam following a lecture, you can hear the instructor repeating important points as distinctly as if your mind were a tape recorder. If your thinking processes are highly auditory, you will naturally be able to repeat key phrases and sentences from the book.

- **FEEL (Kinesthetic Learners)**

Kinesthetic students tend to absorb information rather than see it or hear it. If you are a kinesthetic person you typically learn best by doing. You are so in touch with your feelings that you can actually place yourself into the examples in the text and recall the concepts by remembering the feelings triggered in the examples.

The classic illustration of a visual (see) person, auditory (hear) person, and a kinesthetic (feel) person trying to communicate occurs at an art gallery. Looking at a painting, the Visual says, "That would look beautiful in my library." The Auditory responds "That painting tells me that the artist is a joyful person." The Kinesthetic replies, "That painting makes me feel good to be alive."

Now that you have classified yourself as visual, auditory, or kinesthetic, we can tell you that almost no one really operates on only one of these channels. Typically, you have one native language and some fluency in the other two. Some of our instructors are highly auditory (hear), but see pictures when thinking. Others might be extremely visual (see), but process some information both kinesthetically (feeling), and auditorily (hearing). Actually, the more channels you can use while learning, the better. If you think you are primarily visual, try to hear the words of this book as you read them and try to live the examples with the kinesthetics. Whichever is your primary channel will be your basic method of learning, but if you can use the other channels as well, remembering what you have learned will be easier. With a great deal of help from our communications experts, we have written this text to communicate on all three channels. This will enable the visuals to see the big picture, while auditory learners are hearing what we are saying, and kinesthetics are grasping the concepts.

PRACTICING THE ART OF TEST-TAKING

At the end of each chapter in the text, you will find practice quizzes which test your understanding of the information you have read. We urge you to take all of the quizzes and strongly suggest that you follow the method you intend to use on the exam. In doing so, you will not only be testing your knowledge of important information, but you will also be practicing your exam-taking skills.

Before outlining the test procedures we suggest, let's discuss the quality of the test you will be taking. We have conducted licensing schools in a number of states using every conceivable type of examination. For the most part, we have been very impressed with the quality of the exams. Contrary to some opinions, these exams are not designed to test your exam-taking abilities. They test the candidates' understanding of basic insurance concepts and contain very few trivial or trick questions. In almost every state the question structure is multiple-choice. Your task is to pick the correct response from alternatives A, B, C, or D. Though many students complain about "trick questions," we have found that in most cases the question bothering the student was not a "trick question." The student either did not read the question correctly or simply did not know the answer. We have yet to see an insurance exam question that was intended to deceive.

That does not mean that we have never seen a poorly written question – we have. The English language is not an exact science, and question writers are not perfect human beings. However, 95% of the questions you will encounter on your state's exam will be good questions. The only way the 5% can beat you is for you to get so upset by the meaning of one question that you miss 10 others agonizing over the one. Take it easy, and remember that you do not need a perfect score.

Reading Carefully

Now let's get down to specifics. The most important principle of test-taking is to **read carefully**. Read each question and all of the potential answers carefully before responding. Typically, students who do not read the questions properly can be divided into two groups. The first group is composed of the people we call the Speed Demons. Speed Demons seem to think they earn extra points by finishing early. Speed is simply not a factor on most licensing exams. If you are a Speed Demon, practice slowing down. Force yourself to read the entire question and all of the possible answers before responding. If you can develop that habit as you take the practice quizzes in this book, it will be easier for you to slow down when you take the state exam.

The second group is composed of the students we term Agonizers. If you are an Agonizer, you have a strong tendency to read too much into a question. Remember, these exams are written to determine if you have the entry-level knowledge the citizens of your state have a right to expect from an insurance agent. Please use the following guideline when trying to comprehend a question: the question probably means what your first careful reading tells you it means. We always tell our students to "think shallow," and that is what the Agonizer must learn to do. Yes, you should read carefully, but do not allow yourself to start second-guessing.

If you have doubts about the meaning of a question, a good strategy is to ask yourself what the question writer wants to find out if you know – what piece of information is he trying to determine if you remember. Again, the question will most likely mean what your first careful reading tells you it means.

One very common error made by people taking multiple-choice tests is to look at the answers before reading and understanding the question. The sequence works like this. You hurriedly read the question while not really understanding it. Immediately you go to the possible answers and start sorting through them looking for clues to the meaning of the question. The problem with this approach is obvious once you think about it. Three of the four clues are wrong! Three of the choices will take you away from the answer. How can you avoid this problem? Simply cover the answers while you read the question and try to answer in your own mind before you look at the choices. Then carefully study each answer before making your final selection.

As an example, in this book you will learn that the CPP is the Commercial Package Policy. Now for the question.

1. The abbreviation CPP stands for which of the following?

- (A) Comprehensive Property Policy
- (B) Commercial Property Policy
- (C) Comprehensive Package Policy
- (D) Commercial Package Policy

While this question is probably more deceptive than any you will encounter on your licensing exam, you can see that by covering the answers until you have formulated your own answer, you can avoid being misled.

Consider another type of question.

2. All of the following are true concerning HOMEOWNERS insurance EXCEPT

You cannot see the answers yet because we are helping you cover them, but the problem is that you ultimately cannot answer this type of question without the alternatives offered. What can you do? Mentally review the characteristics of HOMEOWNERS insurance and try to anticipate the question writer, thus giving yourself an edge when looking at the possible responses.

A 10-second mental summary could sound like this:

“Homeowners policies provide property insurance to varying degrees of protection; they all provide theft and liability insurance, and they usually serve the needs of the **average** consumer. They can be endorsed to serve unusual needs.”

You might want to remind yourself that this is an **EXCEPT question** so you should expect to see three correct statements about Homeowners insurance. Your task is to identify the one incorrect statement – the exception.

Now you can look at the question and the possible answers.

2. All of the following are true concerning HOMEOWNERS insurance EXCEPT

- (A) It can cover your dwelling.
- (B) It can cover your contents.
- (C) It can cover your personal liability.
- (D) It can cover your factory.

The last choice, (D), is the correct response as it is the exception, or the one incorrect statement about Homeowners insurance. We hope the value of trying to formulate an answer before you read the possible choices is apparent. If you practice these techniques as you take the practice quizzes, they will become second nature by the time you sit for the examination.

Guessing Intelligently

After you have taken several practice quizzes, you will begin to develop another important exam-taking skill – the ability to guess intelligently. There is every possibility that you will encounter questions on our practice quizzes and on the state exam that you cannot answer with 100% certainty. However, if you can eliminate one or two of the options, you have certainly improved your odds. But first, a question: If you really do not know the answer, **should you guess?** Yes, yes, a thousand times, yes. On every state insurance exam we have seen there is no penalty for guessing. Even on tests that do impose a penalty for guessing, it is almost always statistically advantageous to guess. This is not to say that knowledge of the subject matter is in any way unimportant. On the contrary, the more knowledge you have, the better guesser you should be up to the point where you have specific knowledge of the question and guessing becomes unnecessary.

As an example of intelligent guesswork, let's use a question dealing with something other than insurance. We'll use popular music – a subject of which some of you know a great deal while others know very little.

3. The British rock group, the Beatles, were known for their songwriting abilities as well as their performing talents. Which of the famous four wrote the classic ballad Yesterday?
- (A) John Lennon
 - (B) Elvis Presley
 - (C) Paul McCartney
 - (D) Ringo Starr

If you know absolutely nothing about music or think that the Beatles were McCartney's start-up band before Wings, the best you can do is make a random guess. This gives you a 25% (one out of four) chance of identifying the correct response.

If you know a little about pop music, you could eliminate item (B) as a possibility because Elvis Presley was an American and was never a member of a British group. Your odds are thereby improved to 1 out of 3 or 33 1/3%.

If your knowledge is a little more extensive, you could also disregard item (D). Almost every Beatles song was written by John Lennon or Paul McCartney, and the few numbers penned by Ringo Starr were novelty songs, not soulful ballads like Yesterday. With items (A) and (C) the remaining possibilities, your odds are now 50%. This is the point where knowledge of rock music ends for most people, but notice how your odds have improved. For the remaining few who know that John Lennon was the rock-and-roller of the Beatles and that Paul McCartney was more the balladeer, Paul McCartney would be the logical guess. It would also be the correct guess, for item (C) is indeed the right answer.

Of course, a few of you knew the answer as soon as you read the question. Your depth of information made guessing totally unnecessary. However, if you can imagine a question that requires specific knowledge that you do not have, the above procedure will allow you to guess intelligently when circumstances require.

A final word on guessing: use the information provided by other questions on the examination. We have observed that on any test that contains 100 to 150 questions, there will be 10 to 15 questions answered, directly or indirectly, by others on the exam. This provides you with an opportunity to **improve your score** 10% by simply reading carefully.

Perhaps you remember seeing question #2 early in the exam.

2. All of the following are true concerning HOMEOWNERS insurance EXCEPT

- (A) It can cover your dwelling.
- (B) It can cover your contents.
- (C) It can cover your personal liability.
- (D) It can cover your factory.

Suppose that later on your exam, question #23 appeared as below.

23. Though a HOMEOWNERS policy is not intended to cover businesses, it will allow some coverage for a business operated out of your home under all of the following circumstances EXCEPT

- (A) It is a low-risk business.
- (B) You have a proper endorsement.
- (C) The structure is still used primarily as a residence.
- (D) Your business is manufacturing dynamite.

Certainly the stem of question #23 should give you a clue to the answer to #2 or at the very least it could confirm an uncertain answer.

As with the other suggestions made in this chapter, you will be given ample opportunity to practice guessing as you take the multiple-choice review quizzes at the end of each chapter. Rest assured that for the most part, our questions are more detailed and more difficult than those you will find on your state exam. If you are correctly answering 70% to 75% of our questions, you will be in good shape for your licensing test.

Will You Have Time To Finish?

As you take the quizzes in this book, you might wonder how much time you should allow yourself to complete them. As pointed out earlier, time is not normally a factor on state licensing exams. You generally have considerably more time than you need. To check your pace, simply time yourself as you take the first three or four multiple-choice tests. Do not attempt to go faster than normal, just work at a comfortable speed and keep track of the time.

If you average between 30 seconds and 45 seconds per question, you will have no time problems. If you are spending much over 60 seconds per question, you are probably moving a little too slowly, and we would advise trying to work a bit faster. Even at 60 seconds to 90 seconds per question, you would still finish the exam in most states; however, you are probably an Agonizer, and are giving yourself too much time to read too much into the questions.

Planning Your Study Time

How much time should be spent reading this book? The answer to that question is obviously somewhat dependent on your reading and studying skills. If this text is all you use for preparation, as a rule-of-thumb, we suggest a total of 60 hours to study prior to your final review. Even if you attend a licensing school, most people find some pre-study an absolute necessity. We have always recommended 20 hours of advance preparation for the students coming to our schools. We are aware that many arrive with almost no preparation and still pass, but the people who can succeed without pre-study are normally excellent students who work extraordinarily hard during the school.

It is also important that your preparation take place over a reasonable period of time. If you are studying in your spare time, try to allocate at least two to three weeks to your study. If you are able to devote full-time to this task, we recommend that you do not study more than five hours a day. Allow yourself enough time to reach your objective on a five-hour-a-day routine, and you will retain significantly more information.

REVIEWING FOR AN EXAM

Hopefully, you will schedule your time so that you will have finished reading the material and taking the practice quizzes two or three days before your licensing exam. What do you do for a final review? We have several specific suggestions.

First, let's mention a couple of things we would not recommend. We strongly urge that you not reread the book. If you only have a couple of days prior to the exam, you simply do not have the time. This exercise would be exhausting, confusing and counter-productive. If there are several short sections of the book you feel you need to review, fine, but do not get carried away. We also suggest you avoid taking endless numbers of multiple-choice tests, or even worse, taking the same one over and over. We have seen some students memorize 200 or 300 questions and then fail a licensing exam. Why? They did not know the information; they had simply memorized questions and answers. Since most states take their questions from a large question bank, these students saw questions that looked similar to those they had pored over, but the answers they had memorized did not match the slightly altered question on the exam. A good practice quiz is an excellent beginning, but it should not be your total preparation.

When you are ready, tackle the **Practice Final Exams** contained in Appendix I of this text. These questions address the basic subject matter that you will see on your state exam and are of about the same difficulty level. If you are successful on this final examination, you are ready for anything. As much as possible, take this final exam under real test conditions. Allow yourself two hours without interruption to complete it. Most of you will finish much earlier, but this would duplicate the pace you would have to meet in order to finish in accordance with the time allowed in most states.

When you finish, use the answer keys which follow to grade your exam. Then, do some analysis. Notice how many you missed because of reading errors – either you did not read carefully enough or you read too much into the question. On those that you missed because you did not know or understand the subject matter, make note of the subject matter. You should then be able to determine if any specific chapters are a major problem.

THE NIGHT BEFORE THE EXAM

The most important thing for you to do the night before the exam is **get a good night's sleep**. If you have finished your review and you feel reasonably confident about the material, relax and go to bed early. Fight the urge to review it all again. It is simply not necessary. If you have one or two problem areas to review, do so, but know when to stop. If you have an overwhelming need to suffer, have a friend stomp on your toe. You can probably pass the exam with a sore toe, but you will not succeed if you have not slept in 48 hours.

If you have not finished your review prior to the night before the state test, we would recommend that you do what we suggested in the Reviewing for an Exam section, but you will have to do it rather hurriedly. Your number one objective must still be to get a good night's sleep.

If you have not read the book, but you have an I.Q. of 160 and know something about insurance, read Chapters 5, 6, 11 and 14, take the final exam, and set both of your alarm clocks. If you have an average I.Q. and know nothing about insurance, reschedule your exam date, party tonight and forget your alarm clocks.

Seriously, the night before the exam is the time for you to start relaxing and building your confidence. It is not the time to start destroying your attitude with confusing bits of insurance trivia. Rest assured that your state exam will not be as difficult as the quizzes you have already mastered in this book.

You will find that about 80% of your exam questions require broad, conceptual knowledge. Only about 20% cover detailed, specific facts. We have seen some students go so berserk over minute details the night before an exam that they destroyed their understanding of the basic concepts. Obviously, they blew the test. If you can remember the concepts, most of the details are self-evident. The few details that do escape your memory will not cost you the exam, but losing the basic concepts most assuredly will.

If you have followed our suggestions, read the text carefully and scored well on the practice quizzes, you have nothing to worry about. If you scored well on the practice final exam, you are prepared. Relax and get a good night's sleep.

THE MORNING OF THE EXAM

Certainly, on the morning of the exam you will want to get up in time to arrive at your test site promptly without rushing. We strongly recommend that you **avoid any last minute studying**. Last minute cramming on the morning of your test almost guarantees panic. Since there is no time for a relaxed, orderly review, just put your books and notes away and stay calm. Only take with you the materials necessary for the exam and leave everything else behind.

Though it is advisable to plan your arrival at the test site a few minutes early (allowing for getting lost en route, flat tires, flood, pestilence, etc.), we recommend that you do not arrive any earlier than necessary. Test sites are full of panicky candidates engaged in last-minute studying, detailed cramming and a variety of other counter-productive activities. Fear is mighty contagious; prolonged exposure will make you as crazy as they are.

When the proctor indicates that it is time to begin, find a place where you will be comfortable. If you are assigned a desk in a location that makes you uncomfortable, ask the proctor for permission to move. There is no reason to take a test with a gum-popper on one side of you and a mumblor on the other. You have the right to modify your environment to give you every possible edge.

TAKING THE EXAM

If you practice our recommended strategies, your new, positive test-taking habits will now direct your actions. There are only a few additional points to remember.

- **Read The Test Instructions Carefully** – Nothing can destroy your score faster than answering the wrong questions or responding in the wrong places. If you fail to understand some part of the instructions, ask the proctor.
- **If Speed Is A Problem, Handle It** – As we have indicated repeatedly, time will not be a problem for most of you. If, in taking the practice quizzes, you have determined that you are moving too slowly, we would suggest that you develop a test schedule. Assume that you are taking two exams of 100 questions each and that you are permitted 3 1/2 hours to finish. If you allow yourself 15 minutes at the end of each exam to review questions that were difficult, your objective would be to finish 100 questions in an hour and a half (50 questions in 45 minutes). If you start at 8:00 A.M., then jot down on a piece of scratch paper that you should be on question #50 by 8:45 A.M. By 9:30 A.M., you should be on #100, and have 15 minutes to review. Then, do the same for the second exam . . . allowing 45 minutes for 50 questions. Now you can forget time until you reach your first checkpoint, and at that time you can speed up if you are behind.
- **Take A Break** – We always urge our students to take a five-minute break about half-way through the test. The mind is not built to concentrate fully for 3 1/2 hours, so don't fight Mother Nature; take a break, even if you do not get out of your chair.
- **Take The Questions One At A Time** – We suggest that you answer the questions in the order they are asked. It is not wise to skip around. Even if you have 200 questions to answer, you do not have to deal with all of them at once. You still only answer them one at a time. If you do not know an answer, put down your best guess and mark that question for review.
- **Take The Exam Only Once** – When you finish the exam, you may be tempted to take it again. Please do not! Go back to the troublesome questions only. Even with those, we would suggest that you change them only if you misread them the first time or if the question was answered by a later question. If you know nothing more than you did before, leave it alone. Since 90% of the time your first inclination is your best, when you start changing answers, you are normally changing right ones to wrong ones.
- **Don't Be Influenced By Others** – Some students will finish before you do – that is a fact of life for most of us. If you are on your schedule and someone leaves when you are only on question #17 – don't commit suicide. This is a test, not a race. The person that left could have simply been taking another exam with fewer questions. On the other hand, when you are finished, do not hesitate to leave. You do not have to sit in the room and suffer – get up and go. There are no points for longevity.

Freezing On Exams

This last subject is a major problem for more people than you might guess. We have had numerous students in our licensing schools who are intelligent, well-prepared and highly motivated but have had a long history of freezing when taking tests. We have discovered two strategies which have virtually eliminated the problem for our classes. Both stem from the same basic truth – you cannot be relaxed and anxious at the same time. It almost sounds too simple . . . but, therein lies the secret.

Since freezing is basically a state of extreme anxiety, you can overcome the problem if you merely do one of the following:

- Let the anxiety wear itself out.
- Replace the anxiety with a feeling of relaxation.

Once again, the ideas are simple. The key is in their implementation. Let's examine each.

Let The Anxiety Wear Itself Out

Under this approach, if you feel yourself freeze up, stop answering questions and forget the test for a few moments. Tell yourself that what is happening is physiologically normal. Your brain has told your body that it is crisis time, and your body has reacted by pumping great quantities of adrenalin. Now, adrenalin is great stuff if the crisis is an attacking bear, and your job is to run like mad. But adrenalin is not very helpful in taking tests. Fortunately, after five or ten minutes the adrenalin will stop and things will return to normal. Therefore, you should simply waste ten minutes reading the test directions, establishing your exam time schedule or day-dreaming. **Do not answer any questions while frozen.** When you feel comfortable again, begin (or continue) your exam. If you follow this procedure, you will never miss a question due to freezing because the procedure is to not answer any questions while frozen. Yes, you will be giving other students a ten minute head start, but so what? This is a test – not a race.

Replace The Anxiety With A Feeling Of Relaxation

This second approach requires a little quiet thought prior to walking into the exam. It is based upon the idea that we have many more options available to us than the ones we habitually select. As you are aware, we develop most of our habits (good and bad) as children, and we reinforce them for the rest of our lives. When you were very young, you may have established a response pattern to tests – freezing. At that time you may have had few other options. And freezing may have worked for you in an odd sort of way – your fear of freezing may have provided the motivation for you to study. As an adult, you have many more options available to you. There's nothing inherently wrong with panic – but there are more productive responses. For example, you might choose to respond to a test by thinking of it as:

- A battle of wits between the exam writer and yourself.
- An opportunity to demonstrate the knowledge you have worked so hard to gain.
- A chance to relax and observe the other victims of frostbite seizure chew the erasers off their pencils.

Obviously, there are numerous mental responses to an exam. If none of the three listed above seems appropriate, think of one that helps you feel comfortable. You can certainly discover one that will be more helpful than freezing.

Before starting the exam, place your feet flat on the floor with your hands resting comfortably in your lap. Take three or four deep breaths and think about something particularly pleasant that has recently happened to you. Try to see the experience as clearly as possible, hear the sounds associated with the event, and relive the good feelings. As you begin to relax, concentrate on your new response to exams in a calm, unruffled way. When you feel completely at ease, resume reading the question and move easily into your work.

Intuitively, you will sense which method will work for you. Re-read the paragraphs outlining your procedure several times. This will prepare your mind to accept your new approach to an old problem. Practice your approach on each exam in this book, and it will soon become as comfortable as an old friend.

If you have doubts that these ideas will work for you, we can't blame you. At first, the habits established by a life-long history of panicked exam-taking may seem difficult to break. But if you will try your new approach, we think you'll be surprised at how well it does work. It has already worked for thousands of people who felt just like you.

After The Exam

Relax! You passed!

CONCLUSION

If tests have been a problem for you in the past, we are confident that you have found many ideas in this section that will greatly improve your test-taking skills. We are equally confident that some of you are still skeptical that anything will really help you.

Recall, however, when you were a teenager facing the challenge of learning to drive a car and getting a license. Remember how you felt? For years you had been a passenger and everything appeared relatively simple. Then you were in the driver's seat and all the things you had to learn seemed totally overwhelming. You were probably horrified the first time you lurched down the street and nearly threw yourself through the windshield. You believed your whole future hung in the balance the day you took your driving test. You may have even felt that everyone you knew would laugh in your face if you failed.

But you passed. You earned your license. Yes, at that point you had to totally concentrate on every move, and you were not a very relaxed driver. Since then, however, driving has become second-nature. When you get behind the wheel today, you think about everything except driving.

Your current need for knowledge about insurance and your desire to pass the state exam probably triggers most of the same fears and feelings your driving test did. But if you will stay with it, the end result will be the same. A few months after you pass your insurance exam, the concepts that seem so foreign to you today will be such a part of you that you will wonder how they could have ever seemed difficult at all.

Good luck!



Part V

SAMPLE EXAMINATIONS



SAMPLE EXAMINATIONS

The following practice tests in Personal lines and Commercial Lines are designed to accomplish two objectives: 1) Indicate your state of readiness for your state insurance exam; 2) Identify areas where more study might be helpful.

If you are prepared, you should score about 75% (37 out of 50) on the appropriate tests.

Good Luck!

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PERSONAL LINES Practice Test

Directions: Each question is followed by four suggested answers labeled (A), (B), (C), and (D). In each case, select the one that best answers the question.

Note: In some questions the word "basic" or "standard" appears in front of the name of a policy, floater, or other form. In each instance, basic or standard means without endorsements or changes of any kind.

1. One purpose of a deductible is to
 - (A) prevent underinsurance
 - (B) eliminate small claims
 - (C) prevent catastrophic claims
 - (D) penalize the insured for physical hazards
2. An insured's Homeowner's Broad Form (HO-2) provides \$40,000 coverage on her dwelling and \$25,000 coverage on its contents. If vandals cut down a tree on her property valued at \$1000, the maximum amount she will receive is which of the following, assuming a \$250 deductible?
 - (A) \$0
 - (B) \$250
 - (C) \$400
 - (D) \$500
3. Which of the following best describes the concept of risk?
 - (A) Result of loss
 - (B) Amount of loss
 - (C) Uncertainty of loss
 - (D) Cause of loss

PART 5 - 2

4. Ten years ago an insured purchased a building for \$50,000 that would cost \$100,000 to rebuild today. If the physical value of the building has depreciated \$2,000 each year, the building's present actual cash value is
- (A) \$100,000
 - (B) \$80,000
 - (C) \$50,000
 - (D) \$30,000
5. Additional Coverages in a Homeowners policy would cover
- (A) the dwelling
 - (B) materials and supplies
 - (C) other structures
 - (D) debris removal
6. Which of the following would NOT be covered under the Section 1 of an HO-3 form?
- (A) The insured's \$2000 collie
 - (B) Personal property of the insured's daughter who is away at college
 - (C) The insured's driveway if damaged by a falling object
 - (D) Losses caused by the sudden and accidental leaking of a water heater
7. An insured carries \$25,000 property insurance with 80 percent coinsurance on a building worth \$40,000. How much would she collect in the event of a total loss?
- (A) \$20,000
 - (B) \$25,000
 - (C) \$32,000
 - (D) \$40,000
8. A person may be considered negligent if he
- (A) fails to do what a reasonably prudent person would do
 - (B) commits a deliberate act that injures another
 - (C) injures another person even though he acted prudently
 - (D) assists to the best of his ability another person who is in distress
9. In property insurance, a loss would only be paid if insurable interest at the
- (A) inception of the policy
 - (B) time of premium payment
 - (C) time of application
 - (D) time of loss
10. Which of the following is NOT true concerning Exclusions?
- (A) They exist in part to eliminate coverage for uninsurable perils
 - (B) They eliminate coverage for certain kind of losses
 - (C) They are of critical importance in determining what is covered under an All Risk policy
 - (D) There are no allowable exclusions in an Inland Marine policy

PART 5- 3

11. A homeowner whose house suffered a \$50,000 total loss was insured for \$60,000. What principle would be violated if her insurance company paid her \$60,000?
- (A) Indemnity
 - (B) Negligence
 - (C) Liability
 - (D) Insurable interest
12. Which of the following formulas is used to calculate a claim payment when a policy contains a Coinsurance clause?
- (A) $\frac{\text{Insurance Carried}}{\text{Insurance Required}} \times \text{Loss} = \text{Amount Paid}$
 - (B) $\frac{\text{Insurance Carried}}{\text{Insurance Required}} \times \text{Total Value} = \text{Amount Paid}$
 - (C) $\frac{\text{Insurance Required}}{80\% \text{ of Cash Value}} \times \text{Loss} = \text{Amount Paid}$
 - (D) $\frac{\text{Insurance Required}}{80\% \text{ of Replacement Cost}} \times \text{Total Value} = \text{Amount Paid}$
13. An application for Homeowners insurance is denied based on a consumer report furnished to the insurance company. Under the provisions of the Fair Credit Reporting Act, the applicant has the right to do which of the following?
- (A) Be advised of the name of the credit reporting agency
 - (B) Sue the insurance company for defamation
 - (C) Demand the insurance company furnish a copy of the credit report
 - (D) Be advised of the content of the report, but they have no right to view their credit history
14. Under a Personal Articles Floater, a pair of antique salt and pepper shakers is insured for \$1,000. When one of the shakers is broken, the remaining shaker is worth only \$200. How much will the insured receive for the loss before the deductible is applied?
- (A) \$1,000
 - (B) \$800
 - (C) \$500
 - (D) \$200
15. When a Homeowners policy is issued with \$75,000 coverage on a dwelling, what is the automatic amount of insurance on personal property?
- (A) \$7,500
 - (B) \$15,000
 - (C) \$37,500
 - (D) \$45,000
16. The Personal Liability section of a Homeowners policy covers which of the following?
- (A) Damage to an insured's property caused by a visitor
 - (B) Bodily injury to a resident caused by a neighbor's dog
 - (C) Bodily injury or property damage caused by war
 - (D) Bodily injury or property damage caused by the non-business activities of an insured

PART 5 - 4

17. Under the terms of a property policy, an insurance company is obligated to
- (A) pay covered losses
 - (B) ensure that the covered property is safe
 - (C) keep records of the covered property
 - (D) ensure that the hazard remains the same
18. Z insures his house for \$85,000. If he suffered a \$50,000 loss to his dwelling structure, he would be able to collect which of the following percentages of loss?
- (A) 20%
 - (B) 80%
 - (C) 90%
 - (D) 100%
19. Which of the following should an insurance agent recommend to a prospective insured who owns silverware, jewelry, and furs valued in excess of \$50,000?
- (A) Homeowners policy
 - (B) Personal Articles Floater
 - (C) Personal Effects Floater
 - (D) Extended Coverage Endorsement
20. Mary Kent has insured her home under a \$100,000 HO 3 Form. If she has a fire loss of \$15,000 to her unattached garage, her Homeowners policy will reimburse her for which of the following amounts?
- (A) \$5,000
 - (B) \$7,500
 - (C) \$10,000
 - (D) \$15,000
21. Losses caused by all of the following are covered under a National Flood Insurance Program EXCEPT
- (A) overflow of tidal waters
 - (B) mudslides and mudflows
 - (C) rapid accumulation or runoff of surface water
 - (D) sewer backup
22. An HO 2 Form sets special coverage limits on all of the following items EXCEPT
- (A) money
 - (B) television sets
 - (C) jewelry
 - (D) boats
23. The plumbing in Mrs. Sander's home suddenly burst and the ceilings were damaged by water. All of the following Homeowners Forms would cover the loss EXCEPT an
- (A) HO 1 Form
 - (B) HO 2 Form
 - (C) HO 3 Form
 - (D) HO 5 Form

PART 5- 5

Directions: The group of questions below consists of four lettered headings followed by a list of numbered sentences. For each numbered sentence, select the one heading that is most closely related to it. One heading may be used once, more than once, or not at all.

Questions 24-25

- (A) Coinsurance
- (B) Actual cash value
- (C) Replacement cost
- (D) Excess loss coverage

Select the concept listed above which is best illustrated by each of the following.

24. An insured's loss payment is reduced by depreciation.
25. An insured is reimbursed by his insurance company for the cost of a new chair after a 10-year-old one is destroyed by fire.
26. Which of the following statements is true about the Medical Payments Section of the Personal Automobile Policy?
 - (A) Coverage is only provided if the insured is in an automobile
 - (B) Coverage is no fault
 - (C) Expenses must be incurred within 1 year
 - (D) Coverage is provided for pain and suffering
27. An automobile that you lease on a three year contract should be insured as a(n)
 - (A) owned auto.
 - (B) hired auto.
 - (C) non-owned auto.
 - (D) temporary substitute auto.
28. If the state minimum limit for automobile liability insurance is 25/50/10, then a driver with limits of 20/40/5 is a(n)
 - (A) uninsured motorist.
 - (B) underinsured motorist.
 - (C) high risk motorist.
 - (D) hazard to other drivers.
29. Which of the following statements is true about an insured who wishes to cancel her insurance policy?
 - (A) She must give the insurance company 5 days written notice.
 - (B) She must give the insurance company legal notice on a pre-approved form.
 - (C) She may cancel the policy only after it has been in effect for 10 days.
 - (D) She may cancel the policy at any time.
30. In automobile insurance, Additional (Supplementary) Payments refer to which of the following?
 - (A) Payments made by the insured for damages exceeding his policy limits
 - (B) Payments received by the insured directly from the person or persons who caused a loss
 - (C) Payments made by the insurance company for the insured's own medical expenses, to supplement any other medical insurance
 - (D) Payment of defense and other expenses by the insurance company beyond the limits of liability

PART 5 - 6

31. Actual cash value is best defined as
- (A) replacement cost minus physical depreciation
 - (B) replacement cost minus tax depreciation
 - (C) original cost minus physical depreciation
 - (D) original cost minus tax depreciation
32. Your automobile dealer loans you a car to drive while your car is in for repair. The "loaner" would be classified under your automobile policy as a
- (A) hired auto.
 - (B) non-owned auto.
 - (C) temporary substitute auto.
 - (D) lemon.
33. An insured whose legally parked car is damaged by a mudslide may collect for damages under which of the following coverages?
- (A) Property Damage Liability
 - (B) Medical Payments
 - (C) Comprehensive (Other Than Collision)
 - (D) Collision
34. The Chens host a party for close friends. When the guests arrive, they place their coats in the bedroom. Two days later, Mr. Chen discovers that his wristwatch is missing from the dresser. This loss is referred to as a
- (A) burglary.
 - (B) mysterious disappearance.
 - (C) robbery.
 - (D) theft.
35. Coverage B Medical Payments of a Personal Auto Policy would NOT pay for
- (A) pain and suffering.
 - (B) hospital bills.
 - (C) dental bills.
 - (D) funeral expenses.
36. On an automobile policy application, an applicant states that she has had no accidents in the past 3 years. This statement is known as which of the following, if any?
- (A) A representation
 - (B) A warranty
 - (C) A concealment
 - (D) None of the above

37. Jim Johnson has an automobile policy with a combined single limit of \$50,000. He has an at-fault accident and incurs the following expenses.

\$30,000 bodily injury judgment
 \$30,000 property damage judgment
 \$5,000 damage to traffic light
 \$6,000 attorney's fees for his defense
 \$300 in premiums for appeal bond
 \$75 in bail bond premiums for related traffic violations

Which of the following is the maximum amount his insurance company will pay?

- (A) \$50,000
 (B) \$56,375
 (C) \$65,000
 (D) \$71,375
38. Benjamin Knight carries an automobile policy with Company A that has limits of \$50,000. He borrows an auto from a neighbor who carries an automobile policy with Company B that has limits of \$100,000. While driving the borrowed auto, Mr. Knight is involved in an at-fault accident in which a judgment of \$125,000 was rendered against him. The loss will be paid in which of the following ways?

<u>Company A</u>	<u>Company B</u>
(A) \$25,000	\$100,000
(B) \$50,000	\$75,000
(C) \$62,500	\$62,500
(D) \$75,000	\$50,000

39. Which of the following best describes the purpose of Insuring Agreements?

- (A) To name the insured
 (B) To describe the coverage
 (C) To explain the duties of the insured
 (D) To set forth conditions and exclusions

40. Cars driven by Sue Trent and Jim Higgins were involved in an automobile accident. Ms. Trent's \$10,000 car was a total loss, and she obtained a settlement of \$25,000 for her injuries. Scot Finley, Ms. Trent's passenger, was injured and incurred \$6,000 in medical expenses. Mr. Higgins, the responsible party, carries Bodily Injury coverage with limits of \$15,000 per person and \$30,000 per accident, and Property Damage coverage of \$5,000. His policy will pay a maximum of which of the following amounts?

- (A) \$26,000
 (B) \$29,000
 (C) \$35,000
 (D) \$39,000

41. A deductible usually applies to which of the following automobile policy coverages?

- (A) Bodily Injury Liability
 (B) Property Damage Liability
 (C) Physical Damage
 (D) Medical Payments

PART 5 - 8

42. The purpose of the Declarations section of an insurance policy is to list the
- (A) duties of the insurance company and the insured.
 - (B) persons or property covered.
 - (C) perils covered.
 - (D) perils not covered.
43. The Fair Credit Reporting Act does which of the following?
- (A) It requires the insurance companies to notify an applicant in advance that an inspection report may be ordered.
 - (B) It prevents insurance companies from using information that is disputed by an applicant.
 - (C) It requires the insurance companies to send all applicants copies of any reports obtained from an inspection company.
 - (D) It makes the disclosure of the source of information illegal.
44. All of the following are true concerning bodily injury EXCEPT
- (A) Bodily injury is an important of Personal Auto Liability coverage.
 - (B) Bodily injury is another name for Personal Injury.
 - (C) In Personal Auto, Bodily injury coverage usually comes with specific dollar limits.
 - (D) Pain and suffering losses can be paid from bodily injury limits.
45. Adele Sullivan's car is hit from the rear by Clarence Brown's car. Mrs. Sullivan's insurance company pays her Physical Damage coverage and makes a claim against Mr. Brown's insurance company for the same amount. This process is called
- (A) matriculation.
 - (B) reciprocity.
 - (C) subrogation.
 - (D) arbitration.
46. The Other Than Collision (Comprehensive) coverage of a Personal Automobile policy would include all of the following losses EXCEPT
- (A) theft.
 - (B) glass breakage.
 - (C) upset of the vehicle.
 - (D) contact with a bird or animal.
47. Under an automobile policy with Uninsured Motorists coverage, a disagreement between an insurance company and an insured on the amount of a loss can be settled by
- (A) subrogation
 - (B) elimination
 - (C) arbitration
 - (D) declaration

Directions: The group of questions below consists of four lettered headings followed by a list of numbered sentences. For each numbered sentence, select the one heading that is most closely related to it. One heading may be used once, more than once, or not at all.

Questions 48-50

- (A) Bodily Injury and Property Damage Liability
- (B) Comprehensive (Other Than Collision)
- (C) Collision
- (D) Medical Payments

Jean Tyler has the automobile coverages listed above under a Personal (Family) Auto policy. Select the coverage that would apply in each of the following situations.

- 48. A baseball is hit through Ms. Tyler's windshield.
- 49. Ms. Tyler runs over a log and damages her auto.
- 50. A deer leaps onto Ms. Tyler's car and causes extensive damage.

End of the PERSONAL LINES Test

COMMERCIAL LINES Practice Test

- 1. The right of a property insurance company to take possession of damaged insurance property on which it has paid a total loss claim is called
 - (A) Right of Abandonment.
 - (B) Right of Cancellation.
 - (C) Right of Salvage.
 - (D) Mortgage Rights.
- 2. Which of the following losses would best fit the insurance definition of an occurrence?
 - (A) rust
 - (B) an automobile wreck
 - (C) a boiler explosion
 - (D) a flood/a fire caused by a short-circuited wire
- 3. Real property that contains no people nor any personal property would be defined under insurance terminology as
 - (A) abandoned.
 - (B) uninhabitable.
 - (C) vacant.
 - (D) unoccupied.
- 4. Which of the following statements is true about Additional Coverages?
 - (A) They are automatically included only if Medical Payments coverage is purchased.
 - (B) They are included for a minimum premium.
 - (C) They are included at no extra cost.
 - (D) They are optional on the part of the insured.

PART 5 - 10

5. An insurance policy's Appraisal clause is used to determine the
- (A) person who is liable for damages
 - (B) amount of company liability
 - (C) existing coverage
 - (D) facts so the case can be heard in court
6. Which of the following would NOT be classified as part of the building under a Commercial Building and Personal Property coverage form?
- (A) personal effects
 - (B) fire extinguishing equipment
 - (C) a snowblower used in the maintenance of the building
 - (D) the microwave oven in the employee's dining room
7. An individual who has responsibility for another person's property is called a(n)
- (A) assignee.
 - (B) bailee.
 - (C) mortgagee.
 - (D) appraiser/custodian.
8. A sudden, unintended, and unexpected event that occurs at a known time and place is called
- (A) negligence
 - (B) a warranty
 - (C) an accident
 - (D) an occurrence
9. The purpose of the Coinsurance clause is to
- (A) require the insurance company to pay all losses in full
 - (B) encourage the insured to insure property close to full value
 - (C) allow the insured to choose any amount of coverage
 - (D) permit other insurance on the same property
10. The standard deductible on a Businessowners policy is which of the following?
- (A) \$100
 - (B) \$250
 - (C) \$500
 - (D) \$1000
11. Which of the following conditions of a property policy, if any, describes the procedure for an insured to use in a disagreement with the insurance company about the amount of a loss?
- (A) Pro Rata Liability
 - (B) Subrogation
 - (C) Audit
 - (D) None of the above

12. Which of the following must an insured do after suffering a property loss?
 - (A) Have the damaged property appraised.
 - (B) Take steps to reduce any further loss.
 - (C) Hire an outside claims adjuster.
 - (D) Increase his coverage.

13. Which of the following types of property would NOT be included under Coverage A of a Building and Personal Property Coverage Form?
 - (A) A central air-conditioning system
 - (B) Wall-to-wall carpeting
 - (C) A permanently installed intercom system
 - (D) Building improvements made by the insured to a space they lease

14. Joe Insured owns a restaurant that is heated by a boiler. The boiler explodes. Joe needs a Boiler and Machinery policy to insure himself against
 - (A) lawsuits from injured neighbors.
 - (B) bodily injury claims from injured patrons who were in the restaurant.
 - (C) bodily injury claims from injured employees.
 - (D) the loss of his building and business personal property.

15. The ABC Office Supply Corporation carries \$100,000 insurance on a storage building held under a \$50,000 mortgage acknowledged in the policy. ABC stores dynamite in the building without informing the insurance company. There is an explosion and the building is destroyed. Which of the following amounts is the maximum that the mortgagee can recover?
 - (A) \$0
 - (B) \$25,000
 - (C) \$50,000
 - (D) \$100,000

16. Under a basic Building and Personal Property Coverage Form, loss valuation is based on which of the following?
 - (A) Market value
 - (B) Actual cash value
 - (C) Original cost
 - (D) Replacement cost

17. The Conditions section of an insurance contract specifies which of the following?
 - (A) The property location
 - (B) The first named insured
 - (C) The insured's responsibilities
 - (D) The policy duration

PART 5 - 12

18. A newspaper is interested in protecting against additional costs of continuing to print the newspaper in the event its buildings were destroyed. Which of the following coverages should the newspaper purchase?
- (A) Open Perils (All-Risk)
 - (B) Extra Expense
 - (C) Loss of Rents
 - (D) Contingent Gross Earnings
19. Brian Gabriel insures his television repair shop under a Building and Personal Property Coverage Form with limits of \$100,000 on the building and \$50,000 on the contents. A fire causes \$10,000 in damage to the building and \$20,000 in losses to the contents. Mr. Gabriel also has to pay \$1,000 for debris removal. If the policy has a deductible of \$100, Mr. Gabriel will receive a maximum of which of the following amounts from his insurance company?
- (A) \$29,900
 - (B) \$30,000
 - (C) \$30,900
 - (D) \$31,000
20. Fire Legal Liability coverage is important for which of the following kinds of property?
- (A) Real property which is owned
 - (B) Real property which is leased
 - (C) Personal property which is owned
 - (D) Personal property which is leased
21. Subrogation may follow which of the following events?
- (A) An insured collects from her insurance company for damage caused by a third party.
 - (B) An insured causes damage to her own goods.
 - (C) Forces of nature damage the insured's property.
 - (D) Firefighters damage the insured's property while putting out a fire.
22. A Businessowners policy would cover which of the following liability expenses?
- (A) Professional liability
 - (B) Employee Injury liability
 - (C) Products liability
 - (D) Directors and Officers liability
23. A dead tree beside a home is best described as which of the following types of hazard?
- (A) Physical
 - (B) Proximate
 - (C) Moral
 - (D) Morale
24. A Building and Personal Property Coverage Form provides coverage for all of the following types of property EXCEPT
- (A) growing crops and lawns
 - (B) tenants' improvements and betterments
 - (C) yard fixtures
 - (D) business personal property

25. All of the following make a property insurance policy an indemnity contract EXCEPT
 - (A) liberalization
 - (B) insurable interest
 - (C) actual cash value
 - (D) subrogation
26. The premium charged for a standard Workers Compensation policy is based primarily on a company's
 - (A) gross sales
 - (B) payroll
 - (C) federal tax
 - (D) employee population
27. Worker's Compensation would pay in all of the following cases EXCEPT
 - (A) The risk of injury was known to the worker.
 - (B) The injury was due to the carelessness of a fellow worker.
 - (C) The injured worker was guilty of contributory negligence.
 - (D) An employee hurts a customer of your store.
28. Michelle Winters seeks coverage for her manufacturing company to include Premises Liability, Products Liability, Insured Contracts, and Completed Operations. Which of the following policies would cover all of these loss exposures?
 - (A) Premises and Operations Liability
 - (B) Products and Completed Operations Liability
 - (C) Commercial General Liability
 - (D) Personal Injury Liability
29. Sue Green has Crime Insuring Agreement 3 - Inside the Premises - Theft of Money and Securities on her restaurant. If an employee steals some cash by breaking into the premises on a holiday, the policy would
 - (A) cover the loss
 - (B) not cover the loss, since acts by employees are excluded
 - (C) not cover the loss, since daytime burglaries are excluded
 - (D) not cover the loss, since only loss of merchandise is covered
30. Which of the following policies would be best suited for a prospective insured who wants coverage against liability assumed by him under specific written agreements?
 - (A) Products and Completed Operations Liability
 - (B) Contractual Liability
 - (C) Fidelity Bond
 - (D) Premises and Operations Liability
31. An employee authorized to have custody of insured property off premises is known as which of the following?
 - (A) Guard
 - (B) Watchperson
 - (C) Custodian
 - (D) Messenger

PART 5 - 14

32. When switching from a series of Occurrence for CGLs to a Claims Made CGL, a major underwriting consideration is whether to accept coverage for incidents prior to the date of the first Claims Made form. The device which determines the answer is known as the
- (A) Policy Date.
 - (B) Retroactive Date.
 - (C) Extended Reporting Period.
 - (D) Period of Restoration.
33. A Commercial General Liability policy **excludes** coverage for which of the following?
- (A) Bodily Injury Liability
 - (B) Property Damage Liability
 - (C) Personal Injury Liability
 - (D) Professional Liability
34. Basic benefits available under a typical Workers Compensation policy would include all of the following EXCEPT
- (A) Medical expenses.
 - (B) Loss of income.
 - (C) Rehabilitation.
 - (D) College tuition.
35. Which of the following terms is NOT consistent with the concept of negligence?
- (A) No fault
 - (B) Breach of duty
 - (C) Legal obligation
 - (D) Proximate cause
36. Joseph Pinelli, who is insured under a Business (Commercial) Auto policy, is involved in an accident. He and the insurance company disagree on the amount to be paid for the damage to his car. Under the terms of the policy, which of the following statements is true?
- (A) Mr. Pinelli must accept the insurance company's estimate
 - (B) Each party engages an appraiser, and the appraisers will decide the amount
 - (C) Each party engages an appraiser, and the appraisers will select an umpire
 - (D) The estimates of both parties will be averaged
37. While installing an air-conditioning unit in a building, an ABC Contracting Company employee drops and damages the unit. Which of the following coverages, if any, would protect the company for this loss?
- (A) Commercial General Liability
 - (B) Personal Injury Liability
 - (C) Products Liability
 - (D) None of the above

38. Betty Jones claims that the bicycle manufactured last year by Daryl Lanier's firm was the cause of her daughter's accident. Which of the following coverages would have provided protection for Mr. Lanier?
- (A) Commercial General Liability
 - (B) Owners and Contractors Protective Liability
 - (C) Workers Compensation
 - (D) Contractual Liability
39. While inspecting a recently insured building, an insurance company representative notices a loose handrail on a stairway. When writing to the agent, the company would refer to this situation as which of the following?
- (A) A risk
 - (B) A hazard
 - (C) A liability
 - (D) A peril
40. If an insured fails to comply with the immediate Notice of Claim requirement, which of the following may result?
- (A) Her policy may be cancelled.
 - (B) Her loss may be only partially paid.
 - (C) Her loss may be denied.
 - (D) Her premium may be increased.
41. A Commercial General Liability policy provides coverage for exposures to loss arising out of which of the following operations?
- (A) Business and personal
 - (B) Away from the insured's premises only
 - (C) On the insured's premises only
 - (D) On or away from the insured's premises
42. A Pro Rata Liability clause is included in an insurance policy to deal with the problem of
- (A) excessive policies.
 - (B) multiple policies.
 - (C) inadequate coverages.
 - (D) conditional coverages.
43. Products and Completed Operations Liability coverage excludes which of the following?
- (A) Damage caused by a defective product
 - (B) Damage occurring after possession of the product has been relinquished
 - (C) A vendor's liability for the products of others
 - (D) Recall of products
44. The Conditions section of an insurance contract sets forth the
- (A) limits of liability under the contract.
 - (B) coverages provided by the contract.
 - (C) rules of conduct for the insured and insurance company.
 - (D) exclusions of coverage under the contract.

PART 5 - 16

45. Under a CGL policy, to determine the maximum amount that is available for any one slip and fall accident, you should look at which of the following limits?
- (A) the General Aggregate Limit
 - (B) the Occurrence Limit
 - (C) the Personal and Advertising Injury Limit
 - (D) the Products and Completed Operations Aggregate Limit
46. In insurance, which of the following terms is defined as "any act of stealing"?
- (A) Mysterious disappearance
 - (B) Burglary
 - (C) Robbery
 - (D) Theft
47. Which of the following is NOT an accident?
- (A) A pedestrian is killed when struck by a power crane excavating at a street intersection.
 - (B) An employee is injured when his hand is caught in a power press.
 - (C) A home is damaged by flying rocks from a dynamite blast.
 - (D) Paint is damaged by dust from trucks going to and from a construction site.
48. A Workers Comp policy would be required for a business with which of the following groups of employees?
- (A) Bank employees
 - (B) Farm laborers
 - (C) Household servants
 - (D) Casual workers
49. An employee injured on the job who cannot work at all but is expected to completely recover is described by which of the following in the Workers Comp contract?
- (A) Permanent Partial Disability
 - (B) Permanent Total Disability
 - (C) Temporary Total Disability
 - (D) Temporary Partial Disability
50. Someone breaks down the door to a store and steals merchandise. This loss relates to the peril of
- (A) embezzlement.
 - (B) barratry.
 - (C) robbery.
 - (D) burglary.

End of the COMMERCIAL LINES Test

PERSONAL LINES**Question**

1. B
2. D
3. C
4. B
5. D
6. A
7. B
8. A
9. D
10. D
11. A
12. A
13. A
14. B
15. C
16. D
17. A
18. D
19. B
20. C
21. D
22. B
23. A
24. B
25. C
26. B
27. A
28. A
29. D
30. D
31. A
32. C
33. C
34. B
35. A
36. A
37. B
38. A
39. B
40. A
41. C
42. B
43. A
44. B
45. C
46. C
47. C
48. B
49. C
50. B

COMMERCIAL LINES**Question**

1. C
2. A
3. C
4. C
5. B
6. A
7. B
8. C
9. B
10. C
11. D
12. B
13. D
14. D
15. C
16. B
17. C
18. B
19. C
20. B
21. A
22. C
23. A
24. A
25. A
26. B
27. D
28. C
29. B
30. B
31. D
32. B
33. D
34. D
35. A
36. C
37. D
38. A
39. B
40. C
41. D
42. B
43. D
44. C
45. B
46. D
47. D
48. A
49. C
50. D