

## HOMEOWNERS INSURANCE EXAM

1. Loss of use coverage pays for additional expenses incurred because a covered loss makes a home unfit to live in. Which of the following is true about loss of use expenses?
  - A. Hotel bills and meals away from home are included
  - B. Normal expenses incurred if there were no loss are not included
  - C. Loss of use coverage is generally limited to about 20% of dwelling coverage
  - D. All of the above
2. An *insured location* for liability purposes includes:
  - A. The residence premises and other listed premises or structures used by the insured as a residence
  - B. Premises used in connection with the residence premises acquired during the policy period
  - C. Premises not owned by the insured but used as a temporary residence
  - D. All of the above.
3. In deriving the total loss settlement under most homeowner forms, BOTH actual cash value and \_\_\_\_\_ cash value are used.
  - A. Replacement
  - B. Contrived
  - C. Contemplated
  - D. Estimated
4. Bankruptcy of an insured \_\_\_\_\_ insurer responsibilities under the policy.
  - A. Relieves
  - B. Does not relieve
  - C. Can diminish
  - D. Might activate
5. A *repetitive loss structure* means a structure covered by a contract for flood insurance (under the National Flood Insurance Act) that has incurred flood-related damage on 2 occasions during a \_\_\_\_\_ period.
  - A. 2 Year
  - B. 5 Year
  - C. 10 Year
  - D. 15 Year
6. The coverage limit for personal property under most homeowner policies is \_\_\_\_\_% of the amount of coverage on the house.
  - A. 45%
  - B. 50%-70%
  - C. 75%
  - D. 87%
7. Under most state laws, to establish *negligence*, there must be \_\_\_\_\_ between the breach of duty and damage and injury.
  - A. Witness
  - B. Proximate cause
  - C. Absolute liability
  - D. Legal precedent
8. Excluded persons on some policies can include people
  - A. Who have been convicted of arson or improper use of explosives within 5 years
  - B. Whose property is being used for illegal or dangerous purposes
  - C. Who have had a policy cancelled due to nonpayment within the past 2 years
  - D. All of the above
9. The calculation to determine coinsurance is as follows:

Coinsurance  
(Percentage X \_\_\_\_\_ ) X Actual Loss

  - A. Actual value of property
  - B. Estimated value of property
  - C. Replacement value of property
  - D. Depreciated value of property
10. The purpose of an *inspection report* is to get a \_\_\_\_\_ of the physical condition of a home and surrounding property
  - A. Written report
  - B. Independent view
  - C. First-hand view
  - D. Second opinion
11. Which of the following are typical premium discounts allowed under homeowner's policies:
  - A. Smoke detectors
  - B. Multiple policyholder
  - C. Longtime policyholder
  - D. D All of the above
12. Property damage is defined to mean \_\_\_\_\_ to tangible property
  - A. All of the following
  - B. Physical injury to
  - C. Destruction of
  - D. Loss of use
13. A typical limit of \$\_\_\_\_\_ is allowed for debris removal caused by trees felled during a windstorm, hail or weight of snow.
  - A. \$250
  - B. \$500
  - C. \$1000
  - D. \$1500

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14. Which of the following are typical exclusions from peril of theft.
- Theft committed by the insured
  - Theft in a dwelling under construction
  - Theft from part of a residence rented by an insured to someone else
  - All of the above
15. Losses due to the *failure of power* or other utility services is excluded if the failure \_\_\_\_\_.
- Occurs before 8 AM
  - Takes place off the residence premises
  - Is an accident
  - Could have been prevented
16. Glass replacement is typically settled on the basis of replacement \_\_\_\_\_.
- If the glazing materials are required by ordinance or law.
  - If total costs exceed \$1,500
  - If a witness can be located
  - When it can be proven the insured was not involved
17. Under medical payments coverage, an insurer will pay necessary medical expenses that are incurred or medically ascertained within \_\_\_\_\_ from the date of an accident causing bodily injury.
- 90 days
  - 6 months
  - 18 months
  - 3 years
18. Concerning *first aid expenses*, an insurer will pay for first aid :
- To others incurred by an insured for bodily injury
  - For the insured
  - For other named insured
  - For all parties
19. A *liberalization clause* can provide an insured \_\_\_\_\_ without having to pay additional premium.
- Unlimited coverage
  - An additional \$10,000 coverage
  - Broader coverage
  - More coverage than ever needed
20. Which of the following are FEMA administered policies offered through the National Flood Insurance Program:
- The dwelling policy
  - General Property Policy
  - Residential Condominium Building Association Policy
  - All of the above
21. FEMA Dwelling Policies cover direct physical loss by or from a flood. However, they do not cover:
- All of the following
  - Loss of use
  - Loss of access
  - Loss of profits
22. Homeowners policies generally cover property on a *worldwide basis* for up to \_\_\_\_\_% of the limit of liability.
- 5%
  - 10%
  - 15%
  - 20%
23. Concealment or fraud, on the part of an insured, concerning any fact or statement relating to insurance coverage \_\_\_\_\_.
- Will not effect policy coverage
  - May not effect coverage
  - Will void a policy
  - Could possibly diminish coverage
24. Subrogation is the process \_\_\_\_\_.
- Of the insured assigning his right so recovery to the insurer
  - Of handling difficult claims using third parties
  - By which insurers gain title to property without knowledge of the insured
  - Of insurance law used to take action against a negligent agent
25. The duties of an adjuster in a claim fall into two categories: Investigation and \_\_\_\_\_ of claims.
- Analysis
  - Validation
  - Evaluation
  - Discontinuance
26. *Last clear chance* is a defense maneuver which attempts to prove that the plaintiff in a case had \_\_\_\_\_ to avoid the loss of damage.
- Cause
  - The final opportunity
  - Incentive
  - No reason
27. FAIR plans are established in many states to make insurance available to \_\_\_\_\_.
- People who cannot obtain coverage through the standard market
  - Individuals who refuse to pay high rates
  - Government employees
  - Senior citizens who do not have insurable interests
28. The HO-2 broad form is also called the \_\_\_\_\_.
- All risk form
  - Named peril form
  - Modified form
  - Terminal form

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29. A *residence employee* is someone who

\_\_\_\_\_.

- A. Can be trusted
- B. Has a green card
- C. Pays taxes
- D. Is NOT an employee of a business of an insured

30. The death of an insured will cause the insurer to

\_\_\_\_\_.

- A. Cancel the policy
- B. Recognize the deceased's legal representative as the insured
- C. Hold all coverage in escrow
- D. Give the insured's estate 30-days notice to replace the policy

