The University of Alabama Continuing Studies 2024 Life and Health Answers

Section: Institutition-based Insurace Exams • **Total Questions:** 10 • **Format:** Verified Q&A

1. The insured under a property insurance policy must carry insurance equal to a specified percentage of the property's value to qualify for replacement cost coverage. This is an example of the

(A) Coinsurance clause
(B) Liberalization clause
(C) Other Insurance clause
(D) Subrogation clause

2. Which one of the following would NOT be considered a covered auto under the Personal Auto policy?

(A) A car borrowed by an insured for use while hers is being repaired
(B) A car owned by the insured's employer that the insured drives while making sales calls
(C) A pickup truck used on a farm and described in the Declarations
(D) A trailer the insured attached to his sedan

3. The receipt for the first premium is called the

(A) Temporary receipt.
(B) Conditional receipt.
(C) Initial receipt.
(D) Provisional receipt.

4. Mary and John both have a disability income policy providing a $2,000 monthly benefit. If Mary's policy has a 60 day elimination period and John's policy has a six month elimination period,

(A) Mary's premium is likely less than John
(B) John's premium is likely less than Marys.
(C) their premium will likely be the same.
(D) their monthly benefit will always be different.

5. What is the major difference between the occurrence and claims-made versions of the Commercial General Liability coverage form?

(A) Amount of aggregate limits provided
(B) Coverage trigger
(C) Policy term permitted
(D) Exclusions

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6. Waiver of Premium with Disability Income Rider not only waived the premium in the case of total disability, it also:

(A) Distributes the cash value back to the policy owner.
(B) Provides a monthly income check to the policy owner.
(C) Reduces the face amount to 50% of the original agreement.
(D) Utilizes the cash value to make premium payments.

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7. Pure risk defines situations where there is only a chance of loss or no loss. Which of the following would be an example of pure risk?

(A) The purchase of a lottery ticket.
(B) The purchase of stock certificates.
(C) The possibility of dying prematurely.
(D) The purchase of a rare antique.

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8. Which of the following most negatively affects Workers Compensation rates?

(A) Cause of claims
(B) Costs of claims
(C) Frequency of claims
(D) Severity of claims

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9. Each of the following is a primary coverage provided under the Commercial General Liability policy EXCEPT

(A) Bodily Injury and Property Damage Liability
(B) Liquor Liability
(C) Medical Payments
(D) Personal and Advertising Injury

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10. If the insured's age has been overstated at the time the policy was purchased, and the error is discovered prior to the death of the insured, the company will

(A) void the policy, as this is an example of fraud.

(B) be prevented from any action against the insured according to the provisions of the Incontestable clause.

(C) reduce future premium payments and credit the overpayments to future premium due.

(D) provide the insured with additional insurance in an amount able to be purchased by the additional premium.