

The Complete Mentor
TEST FOR CHAPTER 6 – COMMERCIAL PACKAGE POLICY

1. All of the following are true of pollution liability coverage under the Commercial General Liability Form (CGL) **except**:
 - a. It is excluded under the Commercial General Liability Form
 - b. The Commercial General Liability Form may be endorsed to provide pollution coverage
 - c. It is included under the Commercial General Liability Form
 - d. It may be written on either a claims made or occurrence basis

2. All of the following are common policy conditions of the Commercial Package Policy (CPP) **except**:
 - a. Cancellation
 - b. Identity of the insured and address
 - c. Transfer of Rights
 - d. Examination of books

3. The Commercial General Liability Coverage Part (CGL) must include all of the following **except**:
 - a. A Commercial General Liability Declarations Page
 - b. A Professional Liability Coverage Part
 - c. A General Liability Coverage Part
 - d. The Broad Form Nuclear Energy Liability Exclusion Endorsement

4. The Commercial General Liability coverage may be issued:
 - a. As part of the Dwelling Policy Program
 - b. Only as a mono-line policy
 - c. Only as a part of the Commercial Package Policy
 - d. As either a mono-line or package policy

5. The Commercial General Liability Coverage Part may be written on:
 - a. A scheduled or occurrence basis
 - b. Only on an occurrence basis
 - c. A scheduled basis
 - d. On either a claims made or occurrence basis

6. Which of the following describes Occurrence Coverage in a Commercial General Liability Part?
 - a. Occurrence coverage applies to injury or damage that occurs during the policy period
 - b. Occurrence coverage applies to claims which are made during the policy, regardless of when the damage occurred
 - c. Occurrence coverage applies to injury that occurs anywhere in the world
 - d. Occurrence coverage is only provided by the Commercial General Liability Part

7. All of the following are true of Claims Made coverage **except**:
- Claims made coverage applies to claims which are made on or after the retroactive date and during the policy period.
 - An extended reported periods is indicated in Claims Made Coverage
 - Liability insurance is generally written on a claims made basis
 - A retroactive date is indicated in Claims Made Coverage
8. Which of the following describes the Retroactive Date on Claims Made Coverage?
- The retroactive date is the last day of coverage
 - The retroactive date determines when coverage begins
 - The retroactive date is the same as an extended reporting period
 - The retroactive date provides tail coverage
9. Which of the following describes Extended Reporting Periods of the Claims Made Coverage?
- Extended reporting periods determine when coverage begins
 - Extended reporting periods provide trail coverage after the end of the policy period
 - Extended reporting periods do not provide tail coverage
 - Extended reporting periods have all the above
10. Retroactive dates and extended reporting periods have all the following common characteristics **except**:
- They are used to minimize coverage gaps when transferring
 - They are only used on occurrence type liability policies
 - The retroactive date determines when coverage begins
 - Extended reporting periods provide trail coverage
11. The Commercial General Liability Coverage Part A – Bodily Injury and Property Damage Liability provides coverage for which of the following major coverages?
- Only products/completed operations
 - Only premises/operations exposures
 - Both premises and liquor liability
 - Both premises/operations and products/ competed operations
12. All of the following are included in the common policy declarations of the Commercial Package Policy (CPP) **except**:
- Policy number
 - Description of the insured's business
 - Inspections and surveys
 - Schedule of coverage parts and related premiums
13. All of the following are true of the Commercial Crime Coverage Part **except**:
- It may be written as either a mono-line policy or part of the CPP
 - There are 14 major coverage forms designated by the letters A through N
 - The 14 major coverage forms may be combined into 14 different coverage plans
 - The Commercial Crime Coverage Part has limited flexibility

14. All of following are general exclusions of the Commercial Crime Coverage Part **except:**
- a. Losses resulting from nuclear hazards
 - b. Losses resulting from acts committed by the named insured
 - c. Losses resulting from government seizure of destruction by government authority
 - d. Losses resulting from acts committed by third parties
15. Under the Commercial Crime Coverage Part, burglary means:
- a. The surrendering of property away from the premises by means of threat communicated to the insured
 - b. The taking of property from inside the premises by unlawful entry as evidenced by marks of forcible entry or exit
 - c. The taking of property from within a locked safe or vault by a person of unlawful entry as evidenced by visible signs
 - d. The taking of property from the care and custody of a person by threat of bodily harm
16. Under the Commercial Crime Coverage Part, extortion means:
- a. The surrendering of property away from the premises by means of threat communicated to the insured
 - b. The taking of property from inside the premises by unlawful entry as evidenced by marks of forcible entry or exit
 - c. The taking of property from within a locked safe or vault by a person of unlawful entry as evidence by visible signs
 - d. The taking of property from the care and custody of a person by threat of bodily harm
17. Under the Commercial Crime Coverage Part, safe burglary means:
- a. The surrendering of property away from the premises by means of threat communicated to the insured
 - b. The taking of property from inside the premises by unlawful entry as evidence by marks of forcible entry or exit
 - c. The taking of property from within a locked safe or vault by a person of unlawful entry as evidence by visible signs
 - d. The taking of property from the care and custody of a person by threat of bodily harm
18. Under the Commercial Crime Coverage Part, robbery means:
- a. The surrendering of property away from the premises by means of threat communicated to the insured
 - b. The taking of property from inside the premises by unlawful entry as evidence by marks of forcible entry or exit
 - c. The taking of property from within a locked safe or vault by person of unlawful entry as evidence by visible signs
 - d. The taking of property from the care and custody of a person by threat of bodily harm

19. All of the following are true of the Commercial Crime Coverage Form C – Theft Disappearance and Destruction **except**:
- Coverage is provided for money and securities
 - It provides coverage for money and securities at the insured's premises
 - It provides coverage for money and securities outside the premises while in the care and custody of a messenger
 - It provides coverage if employees are involved in the theft or disappearance and destruction of the property
20. All of the following are true of the Commercial Crime Coverage Form D – Robbery and Safe Burglary **except**:
- Coverage is provided for money and securities
 - Coverage is provided for property other than money and securities
 - A special limit of \$5,000 applies to precious metals, stones, furs, manuscripts, drawings and recordings
 - Coverage is provided for loss inside and outside the insured's premises
- a. 21. All of the following are true of the Commercial Crime Coverage Form E – Premises Burglary **except**: Coverage is provided for property other than money and securities
- A special limit of \$5,000 applies to precious metals, stones, furs, manuscripts, drawings and recordings
 - Coverage is provided for loss by vandalism
 - Coverage is provided inside the premises
22. All of the following are true of the Commercial Crime Coverage Form H – Premises Theft/Outside Robbery **except**:
- Coverage is provided for loss of money and securities
 - Coverage applies to loss of covered property inside the premises
 - Coverage applies to loss of covered property to a messenger outside the premises
 - A special limit of \$5,000 applies to precious metals, stones, furs, manuscripts, drawings and recordings
23. All of the following are true of the Boiler and Machinery Coverage Form **except**:
- The coverage part contains a Boiler and Machinery declarations page and coverage form
 - An inspection program is an important element of the Boiler and Machinery Policy
 - The three B&M Coverage Forms are the B&M Coverage Form, Small Business B&M Form and Small Business B&M Broad Form
 - Coverage cannot be suspended during the policy period
24. Which of the following is true of the Boiler and Machinery Coverage Form?
- The B&M coverage form provides coverage for direct loss, meaning an accident to an object shown in the declarations
 - Agents generally conduct Boiler and Machinery inspections
 - The B&M coverage form may only be written as a mono-line policy
 - Property is insured on an actual value basis

25. All of the following are true of the standard Boiler and Machinery Coverage Form **except**:
- Coverage is provided for property of others in the care, custody and control of the insured
 - Expediting expenses for reasonable repairs are limited to \$5,000
 - Automatic coverage is provided to new locations for 90 days
 - It is the standard form used to insure small commercial exposures
26. All of the following are optional endorsements that may be endorsed to the standard B&M Coverage Form **except**:
- Business income
 - Miscellaneous endorsements used to increase sub-limits
 - Extra Expenses
 - Product Recall
27. All of the following are true of the Commercial Property Coverage Part **except**:
- The coverage form limits flexibility
 - There are eleven coverage forms that may be included in the program
 - It may be written as a mono-line policy or as part of the CPP
 - There are four causes of loss forms
28. All of the following are true of the Building and Personal Property Coverage Form **except**:
- Coverage A applies to building, Coverage B applies to business personal property, Coverage C applies to personal property of others
 - Coverage B – Business Personal Property is covered within 100 feet of the insured's premises
 - It is the preferred way to insure valuable business personal property
 - Additional coverages and extensions of coverage are provided in the policy
29. All of the following are additional coverages under the Commercial Building and Personal Property Form **except**:
- The cost of extracting pollutants from land and water up to \$10,000
 - Fire department service charge up to 1,000
 - Debris removal
 - Cost to repair or restore information
30. All of the following are coverage extensions provided under the Building and Personal Property Coverage Form **except**:
- Newly acquired or constructed property
 - Personal effects and property of others
 - Valuable papers
 - Automobiles held for sale

31. All of the following are not covered under the Commercial Building and Personal Property Coverage Form **except**:
- Personal property used to service the premises such as fire extinguishers, appliances for cooking, and refrigeration
 - Accounts, bills and money
 - Contraband
 - Land
32. Under the Commercial Building and Personal Property Coverage Form, which of the following is true?
- Signs are not covered
 - Signs are covered if attached to the building up to \$1,000
 - Signs are covered up to the Coverage A limit
 - Signs are only covered by endorsement
33. All of the following are optional coverages that may be endorsed to the Commercial Building and Property Form **except**:
- Specialized Valuation Forms
 - Personal Liability
 - Ordinance or Law Endorsement
 - Peak Season Endorsement
34. All of the following are true of the Builder's Risk Coverage Form **except**:
- Builder's risk coverage is written to cover the exposure of buildings under construction
 - It is the same coverage as the Building and Personal Property Form
 - Coverage is provided for the foundation of the building and building material within 100 feet of the premises
 - Coverage may be written on a completed value or reporting form basis
35. All of the following are true when coverage ceases under the Builder's Risk Coverage Form **except**:
- Coverage ceases when the builder's interest is terminated
 - Coverage ceases when the property is accepted by the purchaser
 - Coverage ceases if the builder/insurer abandons the construction with no intention of completing the building
 - Coverage continues indefinitely
36. All of the following are true of the Business Income Coverage Form **except**:
- Coverage applies to the actual loss of business income sustained from suspension of operations
 - Coverage applies to extra expenses incurred by the insured in continuing operations
 - Business income is a consequential loss exposure
 - The insured must always comply with co-insurance requirement

37. All of the following are coverages provided under the Business Income Coverage Form **except**:

- a. Business Income
- b. Extra Expenses Coverage
- c. Coverage for interruption by Civil Authority for up to two weeks
- d. Coverage for the installation of new glass due to vandalism

38. Which of the following is the correct co-insurance formula used in the Business Income Coverage Form **except**:

- a. Net income plus all expenses, times co-insurance percentage, equals insurance amount required
- b. Gross income, plus all expenses, times co-insurance percentage, equals insurance amount required
- c. Gross profits, plus all expenses, times co-insurance percentage, equals insurance amount percentage, equals insurance amount required
- d. None of the above

39. All of the following are true of contingent or dependent locations that may be scheduled to the Business Interruption Form **except**:

- a. Contributing locations
- b. All type locations
- c. Recipient locations
- d. Leader locations

40. Which of the following Commercial Property Forms would best satisfy a business that specifically wanted coverage for extra expense?

- a. Business Interruption Coverage Form
- b. Builder's Risk Coverage Form
- c. Building and Personal property Coverage Form
- d. Extra Expense Coverage Form

41. All of the following are true of the Leasehold Interest Coverage Form **except**:

- a. Provides coverage for the tenant's lease interest
- b. Provides coverage for prepaid rent
- c. Provides coverage for theft of lease documents held on the premises
- d. Provides coverage for improvements and betterments

42. The Legal Liability Coverage Form:

- a. Provides coverage arising out of loss or damage to property in the care and control of the insured
- b. Is a form of commercial umbrella coverage
- c. Covers the named insured's personal property
- d. Is the preferred method to insure valuable items

43. All of the following are true of the Glass Coverage Form **except**:
- It is used to insure commercial glass, frames, lettering and ornamentation
 - Coverage is provided regardless to any periods of vacancy
 - The only two covered causes of loss are breakable glass or chemicals accidentally or maliciously applied to glass
 - It is usually scheduled
44. Which of the following are true of the Condominium Coverage Form?
- Its coverage address the unique condition of condominium ownership
 - Coverage may be provided for refrigeration and cooking equipment
 - The two types of coverage forms are the Condominium Association Coverage Form and the Condominium Unit-Owners Forms
 - All of the above
45. All of the following are true of the similarities between the Condominium Association Coverage Form and the Building and Personal Property Coverage Form **except**:
- Both have the same coverage for the building, business and personal property of others
 - Both have the same coverage extensions for newly acquired property, personal effects and valuable papers and records
 - Both have the same optional coverages for agreed value, inflation guard and replacement cost
 - Both address the same conditions and coverages that are unique to the condominium relationships
46. The Building and Personal Property Coverage Form may be written with any of the following causes of loss forms **except**:
- Basic Form
 - Broad Form
 - Special Form
 - Earthquake Form
47. Which of the following causes of loss form of the Commercial Property Coverage Part provides coverage for risks of direct physical loss unless the loss is excluded or limited?
- Basic Form
 - Broad Form
 - Special Form
 - Blanket Form
48. All of the following are true of the Commercial Inland Marine Coverage Part **except**:
- It is used to provide coverage that is limited under other forms
 - Coverage provided is limited to a few named perils
 - It may be written as a mono-line policy
 - Coverage is generally written on an open perils basis

49. Which of the following coverage forms would provide coverage for the inability to collect monies due from customers because of the loss or damage of accounts receivable records?

- a. Commercial Articles
- b. Valuable papers and records
- c. Film Coverage
- d. Accounts Receivable

50. Which of the following perils is covered under the causes of loss Special Form of a Commercial Property Policy that is not covered under the Basic or Broad Form?

- a. Dishonest acts of insured's and/or employees
- b. Water damage from broken pipes
- c. Earthquake
- d. Theft

51. All of the following are true of the Commercial Farm Coverage Part **except**:

- a. It cover both personal property and commercial farm property
- b. It provides the same coverage as a homeowner's policy
- c. The four farm coverage forms are Farm Policy, Mobil, Agricultural Machinery, Livestock and Farm Liability
- d. Coverage may be written as a separate policy or as part of the Commercial Package Policy

52. All of the following are true of the Commercial Farm Coverage Part **except**:

- a. Provides coverage for dwelling, other private structures, household personal property and other farm structures
- b. Coverages are indicated in the policy coverage letters A through G
- c. Livestock under Coverage E provides a special limit of liability of up to \$2,000 on horses, mules and cattle
- d. Theft coverage is excluded under all causes of loss forms

53. All of the following are true of the Farm Liability Coverage Form **except**:

- a. It may be written with other farm property forms
- b. It specifically excludes liability from business activities
- c. It provides coverage for bodily injury and property damage, personal and advertising injury and medical payments
- d. It is indicated in the policy by coverage letters H, I an J

54. Under the Boiler and Machinery Coverage Form, damage to an object is covered on a:

- a. Replacement Cost Basis
- b. Actual Cash Value Basis
- c. Valued Basis
- d. Blanket Basis

55. Under the common policy conditions of the Commercial Package Policy, an insurance company may examine the books and records of an insured at any time up to:
- 1 year from expiration
 - 2 years from expiration
 - 3 years from expiration
 - 4 years from expiration
56. The general conditions of the Commercial Crime Coverage Part requires that losses be discovered within:
- 1 year from expiration
 - 2 years from expiration
 - 3 years from expiration
 - 4 years from expiration
57. All of the following are insurable objects as defined under a B&M Policy except:
- Refrigeration and air conditioning piping
 - A compressor
 - A communications tower
 - An electrical transformer
58. A business covered under the Crime Coverage Form D – Robbery, Safe and Burglary, discovers a theft by an employee. In this example:
- No coverage is provided since an employee was involved
 - No coverage is provided since it is covered under the Inland Marine Coverage Form
 - No coverage is provided since it is covered under the Commercial General Liability Part
 - Coverage is provided
59. All of the following are true of the Motor Truck Cargo Policies **except**:
- The owner's form provides coverage for property transported by a business using its own trucks
 - The same coverage can be provided under the Crime Coverage Part
 - The Trucker's Form provides liability coverage to common carriers who transport the goods of others for hire
 - The Motor Truck Cargo Policy is an Inland Marine Coverage
60. Under the Livestock Coverage Form, the term livestock includes all of the following **except**:
- Poultry
 - Mules
 - Cattle
 - Sheep

61. A business which services the property of others would have a need for:
- Bailors' Floater
 - Bailees' Floater
 - Personal Property Floater
 - Wedding Presents Floater
62. The Business Income Coverage Form's optional coverage Monthly Limit of Indemnity:
- Permits the insured to collect the amount of monthly loss as long as it does not exceed the total limit of indemnity
 - Permits the insured to stack coverage
 - Limits payments to the actual monthly loss of income not exceeding the monthly limit of indemnity
 - It is of an unlimited duration
63. All of the following are true of the Condominium Coverage Form **except**:
- Coverage may be provided for refrigeration and cooking equipment
 - The Condominium Owner's Form provides broad building coverage's
 - The Condominium Association Form is similar to the Building and Personal Property Form
 - Its coverage's address the unique conditions of condominium ownership
64. Under the Employee Dishonesty Form, losses:
- Must be reported during the policy period
 - Must occur prior to the inception of the policy period
 - Must be reported within one year of the date of the discovery of loss
 - Must occur during the policy period and be reported within one year of policy expiration
65. The Commercial General Liability Policy includes:
- One aggregate limit
 - Two aggregate limits
 - Three aggregate limits
 - No aggregate limits
66. Under Farm Coverage F – Unscheduled Farm Personal Property, all of the following are excluded except:
- Appliances
 - Cattle
 - Motor Vehicles
 - Aircraft
67. A department store seeking to cover its exposure for shop-lifting merchandise would purchase:
- Form A – Employee Dishonesty
 - Form C – Theft, Disappearance and Destruction
 - Form E – Premises Burglary
 - Form H – Premises Theft and Robbery Outside the Premises

68. Under the Commercial Inland Marine Mail Form, registered mail is covered:
- Only in the United States
 - Only in Canada
 - Only in the United States and Canada
 - Worldwide
69. Under the Commercial Inland Marine Mail Form, certified mail is covered:
- Only in the United States
 - Only in Canada
 - Only in the United States and Canada
 - Worldwide
70. In property insurance, when a lease requires the improvements and betterments be removed at the end of a lease, the building owners interest in the improvements and betterments consist of:
- The ACV of the improvements and betterments
 - The costs of removing the improvements and betterments
 - The value of the useful life of the improvements and betterments
 - Nothing. Only the tenant has an interest
71. The Basic Farm Property Form can provide coverage for all of the following **except**:
- Farm equipment
 - Vehicles licensed for road use
 - Livestock
 - Farm structures
72. A communications business with radio and TV towers would have a specific need for:
- Building and personal property form
 - Transportation policy
 - Electronic Data Processing Floater
 - An Inland Marine Coverage Form insuring instruments of transportation and communication
73. Under the Farm Coverage Form F – Unscheduled Farm Personal Property, which of the following is not covered?
- Cattle
 - Appliances
 - Swine
 - Farm tools
74. Under the Boiler and Machinery Form, which one of the following would not be considered a covered object?
- Mechanical object
 - Automotive object
 - Electrical object
 - Turbine object

75. Under the Common Policy Conditions of the Policy Package (CPP), an insurance company may examine an insured's books and records at any time up to:
- One year from expiration
 - Two years from expiration
 - Three years from expiration
 - The time varies depending on which state the coverage is written
76. Under a Business Owners Policy, Boiler and Machinery type coverage is:
- Never part of the policy
 - Always part of the policy
 - An option of the Business Owners Policy activated by entry on the Declarations Page
 - Only available under a separate coverage part
77. In a Commercial Package Policy (CPP), the first named insured:
- Has the same authorization to cancel the policy as the other insured's
 - Is the only named insured authorized to cancel the policy
 - Needs the signature of one of the other insured's to cancel the policy
 - Can only cancel the policy with the signatures of all the insured's
78. Under the Commercial Inland Marine Coverage, part of the Commercial Package Policy (CPP), Accounts Receivable Form requires coinsurance of at least:
- 70%
 - 80%
 - 90%
 - 100%
79. All of the following are true of the causes of loss, Special form, of the Commercial Package Policy (CPP), **except**:
- It excludes the nuclear hazard peril
 - It provides limited coverage for damage by earthquake
 - It covers risks of direct physical loss except those excluded
 - It provides additional coverage caused by collapse
80. Which of the following coverage parts of the Commercial Package Policy (CPP) specifically excludes coverage for objects:
- Boiler and Machinery
 - Commercial Property
 - Commercial Inland Marine
 - Commercial Crime
81. If a commercial building is vacant beyond 60 days:
- All coverage applies
 - No coverage applies
 - Some coverage applies
 - Vacancy is only applicable if the property is also unoccupied