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PRACTICE QUESTIONS

Utah Insurance

1729

Consultants Casualty Exam

EDITION	QUESTIONS	FORMAT
Demo	9	Limited Edition PDF

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Before you begin

What this is

9 practice questions for Utah Insurance `1729`, each with its answer key and an explanation. Answer a question before you read its key — the explanation is worth more once you have committed.

If something looks wrong

Send us three things and we will check it:

- the exam code, `1729`
- the question number
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Write to **support@mometrix.net**. We reply within one business day.

QUESTION 1 MULTIPLE CHOICE

Which of the following consultants are eligible for coverage under the Consultants Casualty program? (Choose two.)

- **A** **A self-employed management consultant with no employees, working from a home office**
- B A large architectural firm with 75 employees and a multi-state consulting practice
- **C** **A solo IT consultant who performs work only as a subcontractor for one firm**
- D An independently licensed financial advisor who sells commissioned products to clients

ANSWER **A** · **C**

WHY The Consultants Casualty program is designed for individual professionals and small consulting practices. A self-employed management consultant with no employees is a textbook eligible risk, and a solo subcontractor who functions as an independent consultant is similarly eligible. Large multi-employee firms (such as a 75-person architectural firm) fall outside the program's eligibility, and an independently licensed commissioned financial advisor is excluded because the program does not cover producers of commissioned financial products.

QUESTION 2 SINGLE CHOICE

A consultant applying for the Consultants Casualty program requires professional liability coverage for claims arising from errors and omissions in the consulting services performed. Which coverage form provides this protection?

A Commercial General Liability (CGL) coverage form

B Workers' Compensation and Employers Liability coverage form

C Professional Liability (Errors and Omissions) coverage form

D Commercial Property coverage form

ANSWER C

WHY Professional Liability (Errors and Omissions) coverage is specifically designed to indemnify the insured for damages arising from negligent acts, errors, or omissions in the rendering of professional services, which is exactly the exposure a consultant faces. The CGL covers bodily injury and property damage from premises/operations, Workers' Compensation covers employee injuries, and Commercial Property covers damage to the insured's own property — none of which address the consulting professional's primary exposure.

QUESTION 3 SINGLE CHOICE

Under the Consultants Casualty program, who is responsible for determining the insured's eligibility for the program and for binding coverage on acceptable risks?

A The producer of record

B The insured consultant

C The underwriting company issuing the policy

D The Insurance Department of the consultant's resident state

ANSWER C

WHY The underwriting company issuing the policy retains responsibility for evaluating each submission for acceptability against the program's underwriting guidelines and for binding coverage on risks that meet those guidelines. The producer's role is to submit the application accurately; the insured does not determine their own eligibility; and the state Insurance Department regulates the market but does not underwrite individual risks.

QUESTION 4 SINGLE CHOICE

A Consultants Casualty policyholder notifies the producer that the consultant is closing the practice and wishes to cancel the in-force policy. What is the correct procedure?

- A The producer may flat-cancel the policy and refund the full premium at any time before a claim is reported.
- **B Cancellation must be processed through the underwriting company, with the unearned premium returned on a pro-rata basis as specified by the policy and program rules.**
- C The producer can rewrite the policy under a different consultant's name without notifying the underwriting company.
- D The policy automatically terminates at the moment the consultant ceases operations, requiring no action.

ANSWER **B**

WHY Cancellation under the Consultants Casualty program must be processed through the underwriting company, and the return of premium is calculated according to the program's cancellation provisions (typically pro-rata for non-short-rate reasons). The producer does not have authority to flat-cancel or rewrite in another name, and the policy does not self-terminate — formal cancellation action is required.

QUESTION 5 SINGLE CHOICE

A Consultants Casualty policy is cancelled by the insured at the request of the producer 90 days after the policy inception date. Premium was paid in full at inception and no claims have been reported. How is the return of premium calculated?

A No return of premium; the policy is fully earned at inception.

B **Pro-rata return of premium based on the unexpired portion of the policy term, subject to any minimum earned premium.**

C Short-rate return of premium using the short-rate cancellation table.

D 100% return of premium because the insured requested cancellation.

ANSWER B

WHY When the insured requests cancellation without a qualifying short-rate condition, the standard Consultants Casualty rule is a pro-rata return of premium for the unexpired term, subject to any minimum earned premium retained by the program. Short-rate cancellation tables apply when the insured cancels under conditions triggering short-rate penalty, not in the ordinary pro-rata scenario, and full retention would only apply if minimum earned premium so dictates.

QUESTION 6 SINGLE CHOICE

A Consultants Casualty insured receives notice of a potential claim alleging negligent advice given to a client. When must the insured notify the underwriting company of the circumstance or claim?

A Within 90 days after the policy expires, regardless of when notice was first received.

B As soon as practicable, with most professional liability policies requiring notice of circumstances that could lead to a claim.

C Only after a formal lawsuit has been filed by the client.

D Only at the next policy renewal.

ANSWER **B**

WHY Professional liability policies written under the Consultants Casualty program require the insured to give notice of any circumstance that could reasonably lead to a claim as soon as practicable — not to wait for a lawsuit. Most claims-made–style professional liability forms impose strict notice requirements, and delayed notice can jeopardize coverage. Waiting until renewal, until suit is filed, or waiting 90 days after expiration is inconsistent with the notice provisions.

QUESTION 7 MULTIPLE CHOICE

Which of the following factors are considered in underwriting a Consultants Casualty submission? (Choose two.)

A The consultant's area of professional practice and revenue from consulting services

B The consultant's claims history and prior professional liability experience

C The consultant's personal investment portfolio performance

D The consultant's marital status

ANSWER **A · B**

WHY Underwriting for the Consultants Casualty program focuses on risk-relevant factors: the consultant's type of professional practice and fee/revenue from consulting services, and the consultant's prior claims history and professional liability experience. Personal investment performance and marital status are not underwriting considerations and may not be used in eligibility or pricing decisions.

QUESTION 8 SINGLE CHOICE

Which of the following optional coverages is most commonly selected by Consultants Casualty policyholders to extend protection beyond the basic professional liability limit for claims arising from electronic publishing or media activities?

- A Equipment breakdown coverage
- B **Cyber liability / multimedia liability endorsement**
- C Workers' compensation coverage
- D Commercial auto coverage

ANSWER **B**

WHY Consultants who publish websites, newsletters, white papers, or other media content face personal and advertising injury exposures that are often excluded from base professional liability forms. A multimedia liability / cyber-related endorsement is the standard optional coverage to address those exposures. Equipment breakdown, workers' compensation, and commercial auto coverage address entirely unrelated exposures.

QUESTION 9 SINGLE CHOICE

A producer in Utah holds a P&C producer license and wishes to solicit and place business in the Consultants Casualty program. Which statement correctly describes the producer's authority under Utah insurance regulations?

A The producer must hold a separate surplus lines license because Consultants Casualty is surplus lines only.

B **A properly licensed P&C producer may solicit and place Consultants Casualty business with the authorized underwriting company, subject to company appointment.**

C The producer may write this business without any company appointment because it is a single-state program.

D The producer must hold a life and health license in addition to the P&C license.

ANSWER **B**

WHY Consultants Casualty is generally written in the admitted market through appointed P&C producers. A properly licensed Utah P&C producer with the appropriate company appointment may solicit and place business under the program. A surplus lines license is not required unless the risk is being placed in the surplus lines market, and a life and health license is unrelated.