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39	A	B	C	D	E

PRACTICE QUESTIONS

Utah Insurance

1723

Producers Casualty Exam

EDITION

Demo

QUESTIONS

9

FORMAT

Limited Edition PDF

Before you begin

What this is

9 practice questions for Utah Insurance **1723**, 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, **1723**
- the question number
- the email address on your order

Write to **support@mometrix.net**. We reply within one business day.

QUESTION 1

SINGLE CHOICE

In insurance terminology, what is the term for the party who pays a premium in exchange for insurance coverage?

- ☐ A Beneficiary
- ☐ B Insurer
- ☒ C Policyholder
- ☐ D Third-party claimant

ANSWER C

WHY The policyholder is the individual or entity that purchases an insurance policy and pays the premium to the insurer in exchange for coverage. The insurer is the company providing the coverage, the beneficiary is the person named to receive proceeds, and a third-party claimant is someone making a claim under another party's policy.

QUESTION 2

SINGLE CHOICE

Which of the following best describes the purpose of liability insurance under a casualty policy?

- ☐ A To pay for damage to the insured's own property from a covered peril
- ☒ B To provide coverage for the insured's legal liability for bodily injury or property damage to others
- ☐ C To reimburse the insured for medical expenses resulting from personal illness
- ☐ D To cover the loss of personal income due to involuntary unemployment

ANSWER B

WHY Casualty insurance's liability coverage protects the insured against legal responsibility for bodily injury or property damage caused to third parties. Property damage to the insured's own property would be covered under a property policy, medical expenses from illness relate to health insurance, and loss of income from unemployment is a separate coverage type.

QUESTION 3 SINGLE CHOICE

What is the purpose of a deductible in a casualty insurance policy?

- ☐ A It is the maximum amount the insurer will pay for any single loss.
- ☒ B It is the portion of a covered loss the insured must pay before the insurer pays.
- ☐ C It is the premium amount the insured pays at each policy renewal.
- ☐ D It is a penalty charged when the policy is canceled before expiration.

ANSWER B

WHY A deductible is the amount of a covered loss that the insured is responsible for paying out-of-pocket before the insurance policy's coverage begins to pay. The policy limit, not the deductible, sets the maximum amount the insurer will pay; the premium is the amount paid to purchase coverage; and cancellation penalties are separate from deductibles.

QUESTION 4 SINGLE CHOICE

Under the standard Personal Auto Policy (PAP), which coverage protects the insured against financial loss caused by a hit-and-run driver or an uninsured motorist?

- ☐ A Medical Payments coverage
- ☒ B Uninsured Motorist (UM) coverage
- ☐ C Collision coverage
- ☐ D Comprehensive coverage

ANSWER B

WHY Uninsured Motorist (UM) coverage protects the insured when the at-fault driver has no insurance or cannot be identified, such as in a hit-and-run situation. Medical Payments covers medical expenses for the insured and passengers; Collision covers damage to the insured's vehicle from a collision with another object; Comprehensive covers non-collision losses such as theft or weather.

QUESTION 5 SINGLE CHOICE

Which homeowners policy form is specifically designed for renters and covers the insured's personal property and liability but not the dwelling itself?

- ☐ A HO-2 (Broad Form)
- ☐ B HO-3 (Special Form)
- ☒ C HO-4 (Tenants Form)
- ☐ D HO-5 (Comprehensive Form)

ANSWER C

WHY HO-4, commonly called the Tenants Form, is designed for renters and covers personal property and personal liability. It does not cover the dwelling itself because the dwelling is owned by the landlord. HO-2, HO-3, and HO-5 all involve owner-occupied dwellings where coverage for the structure is included.

QUESTION 6 SINGLE CHOICE

Which principle requires that the insured have a financial interest in the property or person insured, so that a loss will cause the insured actual economic harm?

- ☐ A Principle of indemnity
- ☒ B Principle of insurable interest
- ☐ C Principle of utmost good faith
- ☐ D Principle of subrogation

ANSWER B

WHY The principle of insurable interest requires that the insured have a legitimate financial interest in the subject of insurance so that they would suffer a real loss if the property were damaged or the person died. Indemnity limits the insured's recovery to the amount of the loss; utmost good faith requires full disclosure; and subrogation allows the insurer to recover from a third party after paying a claim.

QUESTION 7 SINGLE CHOICE

In insurance contract law, the doctrine of utmost good faith (uberrima fides) requires that:

- ☐ A The insurer must always pay claims within 30 days of filing.
- ☒ B Both parties must disclose all material facts honestly to each other.
- ☐ C The insured must accept any settlement offered by the insurer.
- ☐ D All insurance contracts must be in writing to be enforceable.

ANSWER B

WHY The doctrine of utmost good faith requires both the insurer and the insured to deal honestly with one another and disclose all material facts that could influence the other party's decision. There is no universal 30-day claim payment rule, the insured is not required to accept any settlement, and while most insurance contracts are in writing, the doctrine of good faith addresses disclosure rather than the form of the contract.

QUESTION 8 SINGLE CHOICE

Under a typical workers' compensation policy, an employee who is injured on the job receives benefits that are:

- ☐ A Taxed as ordinary income and require proof of employer negligence
- ☒ B Paid regardless of fault and are generally not taxable to the employee
- ☐ C Available only if the employee successfully sues the employer
- ☐ D Limited exclusively to reimbursement of medical bills with no wage replacement

ANSWER B

WHY Workers' compensation is a no-fault system, meaning an injured employee receives benefits regardless of who caused the accident, and these benefits are generally not taxable. Employees do not need to prove employer negligence, lawsuits against the employer are typically barred, and benefits include not only medical care but also disability and wage-replacement components.

QUESTION 9

SINGLE CHOICE

In casualty insurance, an 'occurrence' is best defined as:

- ☒ **A** An accident that results in bodily injury or property damage during the policy period, regardless of when the claim is reported
- ☐ **B** A written notice from the insured requesting a change to the policy terms
- ☐ **C** Any event that may potentially lead to a loss, whether or not an actual injury or damage occurs
- ☐ **D** The date on which the insurer formally accepts a claim for payment

ANSWER A

WHY Casualty policies generally define an 'occurrence' as an accident, including continuous or repeated exposure to substantially the same general harmful conditions, that results in bodily injury or property damage during the policy period. Unlike a 'claims-made' trigger, an occurrence policy covers claims based on when the harmful event took place, not when it was reported.