ACSR 9 – WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE PRACTICE TEST (SAMPLE)

STUDY GUIDE

SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

1. Which statement about EMF is true?

A. A higher EMF reduces premium.

B. EMF is calculated solely on payroll.

C. Lower EMF reduces premium, higher EMF increases premium.

D. EMF is not used in workers' compensation.

2. Which employee class may be excluded by law in some states?

A. Executives

B. Managers

C. Seasonal clerks

D. Farm workers

3. Part Two provides coverage for these types of liability when an employee sues a third party such as a machine manufacturer, and the third party can then sue the insured.

A. Third-party-over claims

B. Subrogation claims

C. Direct action claims

D. Indirect liability claims

4. What is the role of deductibles in WC/EL policies?

A. Deductibles are never used in WC policies

B. Most WC policies do not have deductibles

C. Deductibles apply to indemnity payments

D. Deductibles apply only to defense costs

5. Which disability type describes permanent impairment with possible alternate employment?

A. Temporary total disability

B. Permanent total disability

C. Permanent partial disability

D. Temporary partial disability

6. **In some states employers have an option to purchase workers compensation insurance from a state ____ or the voluntary market. In these states the state fund usually replaces assigned risk plans for employers who cannot obtain insurance in the voluntary market.**

A. State Guaranty Fund

B. Monopolistic State Fund

C. Self-Insured Group

D. Competitive Fund

7. **A client reports an employee may have injured his back during vacation but without on-the-job injury. What should be done regarding reporting?**

A. The client does not need to report the claim to the insurer.

B. The client should report if the employee retains an attorney.

C. The client should immediately report the claim to the insurer.

D. The client should report the claim after a thorough investigation by the insurer.

8. **Which endorsement would apply to maritime workers who are not seamen but work near navigable waters?**

A. Jones Act endorsement

B. Federal Employers Liability Act (FELA) Coverage endorsement

C. Voluntary Compensation and Employers Liability endorsement

D. United States Longshore and Harbor Workers Compensation Act endorsement

9. **What is Permanent Partial Disability?**

A. Total, permanent inability to work

B. Temporary disability with partial wage

C. A lasting impairment that reduces earning capacity but does not render the employee totally unable to work

D. No disability; full recovery

10. **Defense costs and related supplementary payments are paid in addition to the limits of liability.**

A. Not included in the limits

B. Included in the limits

C. Excluded

D. In addition to the limits

Answers

1. C
2. D
3. A
4. B
5. C
6. D
7. C
8. D
9. C
10. D

Explanations

1. Which statement about EMF is true?

A. A higher EMF reduces premium.

B. EMF is calculated solely on payroll.

C. Lower EMF reduces premium, higher EMF increases premium.

D. EMF is not used in workers' compensation.

Experience Modification Factor (EMF) measures how your past workers' compensation losses compare with what's expected for your business class and payroll. It's used in setting your premium, typically in a formula like manual rate × payroll × EMF. When losses are better than expected, the EMF falls below 1, which lowers the premium. When losses are worse than expected, the EMF climbs above 1, raising the premium. This means EMF has a direct impact: lower EMF reduces cost, higher EMF increases cost. EMF isn't based only on payroll; it incorporates actual claims history relative to expectations for your class. And yes, EMF is a standard part of workers' compensation rating and underwriting, not something outside its use.

2. Which employee class may be excluded by law in some states?

A. Executives

B. Managers

C. Seasonal clerks

D. Farm workers

State workers' compensation laws sometimes carve out exemptions for certain worker groups, and agricultural labor is a common one. In several states, farm workers can be excluded from mandatory workers' compensation coverage, especially for small farming operations or certain seasonal or family labor arrangements, because agriculture has historically been treated with its own, often less comprehensive, provisions. This makes farm workers the class most likely to be excluded by law in some states. Executives and managers are typically covered, as are seasonal clerks, so they don't fit the common exemption pattern.

3. Part Two provides coverage for these types of liability when an employee sues a third party such as a machine manufacturer, and the third party can then sue the insured.

A. Third-party-over claims

B. Subrogation claims

C. Direct action claims

D. Indirect liability claims

The situation describes third-party-over liability. In Employers Liability coverage, the insured can be exposed when a third party (like a machine manufacturer) is sued by an employee for damages, and that third party then seeks indemnity from the insured. That sequence—employee sues a third party, and the third party sues the insured for indemnity—is classic third-party-over, and Part Two provides coverage for this type of liability. Subrogation would occur after the insurer has already paid a claim and then tries to recover from the third party, not the insured being sued by the third party. Direct action would involve a third party suing the insurer directly, which isn't the described scenario. Indirect liability claims isn't a standard term for this context.

4. What is the role of deductibles in WC/EL policies?

A. Deductibles are never used in WC policies

B. Most WC policies do not have deductibles

C. Deductibles apply to indemnity payments

D. Deductibles apply only to defense costs

Deductibles in workers' compensation and employers liability policies are not a common feature. The benefits and costs in WC/EL are largely set by statute and handled through the insurer's claims process, so removing the deductible simplifies payment of mandatory benefits and speeds up claim handling. When a deductible is offered, it typically concerns indemnity benefits (the wage-replacement payments), while medical benefits and defense costs are still paid by the insurer after the deductible is satisfied. Because most policies do not include a deductible at all, the standard practice is that deductibles are not used in WC/EL, which is why the correct choice reflects that most WC policies do not have deductibles.

5. Which disability type describes permanent impairment with possible alternate employment?

A. Temporary total disability

B. Permanent total disability

C. Permanent partial disability

D. Temporary partial disability

Permanent partial disability describes a permanent impairment that reduces earning capacity but does not prevent all work, so the worker may take alternate or modified employment. This fits the idea of a lasting impairment while still allowing some job opportunities, possibly in a different role. Temporary total disability means no work during recovery with the expectation of returning to work, permanent total disability means no substantial gainful work is possible on a lasting basis, and temporary partial disability means the impairment is temporary even though duties are limited for a period. So the best match for permanent impairment with possible alternate employment is permanent partial disability.

6. In some states employers have an option to purchase workers compensation insurance from a state ___ or the voluntary market. In these states the state fund usually replaces assigned risk plans for employers who cannot obtain insurance in the voluntary market.

A. State Guaranty Fund

B. Monopolistic State Fund

C. Self-Insured Group

D. Competitive Fund

In workers' compensation, when private insurers can't find coverage for certain employers, the market uses a residual mechanism to provide insurance. Some states offer a choice between the voluntary market and a state fund that competes with private carriers. In those states, the state fund often serves as the backstop for high-risk employers, effectively taking over the assigned risk function and replacing traditional assigned risk plans. So the blank is filled with a competitive state fund. This reflects a setup where the state fund and private insurers compete, yet the fund can assume the role of the residual market for employers who can't obtain voluntary market coverage. The state guaranty fund is about protecting policyholders if insurers fail, not providing coverage itself; a self-insured group involves employers self-insuring rather than buying from a fund; and a monopolistic state fund describes a state where the fund is the only market, leaving no voluntary option to compare against.

7. A client reports an employee may have injured his back during vacation but without on-the-job injury. What should be done regarding reporting?

A. The client does not need to report the claim to the insurer.

B. The client should report if the employee retains an attorney.

C. The client should immediately report the claim to the insurer.

D. The client should report the claim after a thorough investigation by the insurer.

Prompt notice of any potential workers' compensation claim is essential. Even if the injury happened while the employee was on vacation and isn't clearly related to work, the employer should report the situation to the insurer right away. This allows the insurer to preserve coverage duties, start any needed investigation, and coordinate medical treatment if the injury is later determined to be compensable or arises out of employment. Delaying reporting opens the door to late-notice defenses, which can disallow benefits. If the injury ends up not being work-related, the insurer will handle it accordingly, but reporting immediately protects the employer and the employee by ensuring the claim is properly reviewed from the start.

8. Which endorsement would apply to maritime workers who are not seamen but work near navigable waters?

A. Jones Act endorsement

B. Federal Employers Liability Act (FELA) Coverage endorsement

C. Voluntary Compensation and Employers Liability endorsement

D. United States Longshore and Harbor Workers Compensation Act endorsement

The key idea here is that certain maritime workers who aren't seamen fall under a federal workers' compensation framework tailored for maritime work. The Longshore and Harbor Workers' Compensation Act endorsement is designed for those on navigable waters who aren't part of a vessel's crew—think longshoremen, dock workers, and shipyard workers. It provides workers' compensation benefits under federal law for injuries that occur in maritime employment attached to loading, unloading, building, repairing, or handling ships and materials near the water. The Jones Act endorsement, in contrast, covers seamen—people who are part of a vessel's crew—so it wouldn't apply to workers who aren't on a ship. The FELA coverage endorsement is for railroad employees, not maritime workers. The voluntary compensation and employers liability endorsement is an optional approach in some contexts, but it doesn't address the specific federal coverage for longshore and harbor workers. Therefore, the Longshore and Harbor Workers' Compensation Act endorsement is the appropriate choice for these workers.

9. What is Permanent Partial Disability?

A. Total, permanent inability to work

B. Temporary disability with partial wage

C. A lasting impairment that reduces earning capacity but does not render the employee totally unable to work

D. No disability; full recovery

Permanent Partial Disability means a lasting impairment from a work injury that reduces earning capacity but does not leave the worker completely unable to work. Even though the impairment is permanent, the person can still perform some work, often with restrictions or in a different role. This differs from a permanent total disability, where no gainful work is possible, and from temporary disabilities, where the impairment is not permanent or full recovery is expected. In practice, benefits are based on the degree of impairment (an impairment rating) and may involve scheduled or non-scheduled awards depending on the jurisdiction. For example, a back injury that leaves a worker with a lasting impairment but allows light-duty work would be considered permanent partial disability.

10. Defense costs and related supplementary payments are paid in addition to the limits of liability.

A. Not included in the limits

B. Included in the limits

C. Excluded

D. In addition to the limits

Defense costs and related supplementary payments are provided outside the policy's liability limits, meaning they don't erode or reduce the amount available to pay settlements or judgments. This coverage covers expenses the insurer incurs on the insured's behalf—such as attorney fees, court costs, and interest on judgments—and includes supplementary items like certain bail bonds and other listed costs. Because these costs are paid in addition to the limits, they don't come out of the liability limit that applies to the claim itself, helping ensure the insured has defense and related expenses covered even if the claim is significant.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

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We wish you the very best on your exam journey. You've got this!