

Certified Insurance Counselor (CIC) Commercial Casualty Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

Copyright © 2025 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain from reliable sources accurate, complete, and timely information about this product.

SAMPLE

Questions

- 1. Which of the following best describes Specified Causes Of Loss coverage?**
 - A. Coverage for all possible risks**
 - B. Exclusion of common perils**
 - C. Coverage limited to specific listed perils**
 - D. Comprehensive coverage that includes all risks**
- 2. Which type of disability benefit refers to an employee being unable to work temporarily?**
 - A. Permanent partial**
 - B. Temporary total**
 - C. Permanent total**
 - D. Temporary partial**
- 3. What does diminution refer to in insurance terminology?**
 - A. The increase in market value after a loss**
 - B. The perceived loss in market or resale value due to a direct loss**
 - C. The total cost of repairs covered by insurance**
 - D. The allowance for depreciation in an asset's value**
- 4. What is completed operations liability?**
 - A. Liability due to ongoing work activities**
 - B. Liability that arises during the course of work**
 - C. Liability exposure from work that has been completed**
 - D. Liability from actions taken by employees only**
- 5. What does "unmanned aircraft" refer to?**
 - A. A type of aircraft with piloted crew members**
 - B. Aircraft designed to be operated without any human onboard**
 - C. An aircraft solely used for cargo**
 - D. A retrofitted aircraft mainly used for recreational purposes**

- 6. What is "incidental medical malpractice" coverage?**
- A. Coverage for hospitals only.**
 - B. Liability coverage for limited health services businesses.**
 - C. A policy that covers all medical professionals in any setting.**
 - D. Coverage for only surgical malpractice.**
- 7. How can businesses benefit from risk management in insurance?**
- A. By increasing overall premiums**
 - B. By identifying and mitigating financial risks**
 - C. By ensuring compliance with all laws**
 - D. By expanding their product lines**
- 8. Which of the following would require a review of coverage and potential policy adjustment?**
- A. Reducing the number of employees**
 - B. Acquiring new business premises or operations**
 - C. Increasing employee salaries**
 - D. Changing the location of office supplies**
- 9. How does an "insurance policy declaration page" function?**
- A. It lists all potential exclusions of the policy**
 - B. It provides a summary of coverage, limits, and premium details**
 - C. It details the claims process for the policyholder**
 - D. It serves as a legal contract between insurer and insured**
- 10. What is the primary purpose of a "general liability" policy?**
- A. To provide coverage for personal property damage**
 - B. To cover the costs of hiring legal counsel**
 - C. To provide coverage for bodily injury and property damage claims against the insured**
 - D. To insure against data loss incidents**

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. Which of the following best describes Specified Causes Of Loss coverage?

- A. Coverage for all possible risks**
- B. Exclusion of common perils**
- C. Coverage limited to specific listed perils**
- D. Comprehensive coverage that includes all risks**

Specified Causes Of Loss coverage is defined as coverage that is limited to specific perils explicitly listed in the insurance policy. This means that the coverage will only respond to damages or losses resulting from those enumerated perils, such as fire, lightning, explosion, and others that are clearly outlined in the policy terms. This type of coverage is often seen as a more tailored approach to insurance, allowing policyholders to understand precisely what risks are covered and to make informed decisions about their insurance needs. The other options do not accurately reflect the nature of Specified Causes Of Loss coverage. For instance, coverage for all possible risks would refer to an "all risks" or "open peril" approach, which is broader and includes a wider array of potential losses. The exclusion of common perils does not align with the idea of specified causes of loss, as this coverage does not inherently exclude risks; rather, it just limits protection to explicitly stated events. Lastly, comprehensive coverage that includes all risks also describes a broader and different type of policy than what specified causes of loss provides, as this broader coverage entails protection against nearly every potential risk, except for those specifically excluded.

2. Which type of disability benefit refers to an employee being unable to work temporarily?

- A. Permanent partial**
- B. Temporary total**
- C. Permanent total**
- D. Temporary partial**

The correct answer is related to the classification of disability benefits based on the duration and extent of an employee's inability to work. Temporary total disability benefits are specifically designed for situations where an employee is completely unable to perform their job duties for a limited time due to an injury or illness. This type of benefit provides financial support for workers who cannot earn their wages during the recovery period. The term "temporary" indicates that the inability to work is not permanent and the employee is expected to return to their job once they recover, while "total" signifies that the employee cannot perform any work during this period. In contrast, permanent and partial disability classifications refer to either an ongoing condition that affects an employee's ability to work or only a portion of their overall capacity to earn a living. Thus, while other types of disability benefits address different scenarios, "temporary total" most accurately describes the specific situation of temporary inability to work completely.

3. What does diminution refer to in insurance terminology?

- A. The increase in market value after a loss
- B. The perceived loss in market or resale value due to a direct loss**
- C. The total cost of repairs covered by insurance
- D. The allowance for depreciation in an asset's value

In insurance terminology, diminution refers specifically to the perceived loss in market or resale value that occurs due to a direct loss. This concept is important because, following an insurable event (like an accident or damage), the property's value may decrease not just because of the cost of repairs but because potential buyers may view the property differently due to its history of loss. For example, if a building has been damaged by a fire, even after repairs are made, potential buyers may still hesitate to pay the same amount as they would for an undamaged property. This reluctance is reflected in the decreased market value—a phenomenon known as diminution. Understanding this term is vital for insurance professionals when assessing claim values and making determinations about compensation and coverage. The other choices do not align with the definition of diminution. An increase in market value after a loss is contradictory to the concept. The total cost of repairs covered would relate to the physical restoration of the asset rather than its market value. Similarly, the allowance for depreciation pertains to accounting and financial assessment rather than the perceived value impact due to loss.

4. What is completed operations liability?

- A. Liability due to ongoing work activities
- B. Liability that arises during the course of work
- C. Liability exposure from work that has been completed**
- D. Liability from actions taken by employees only

Completed operations liability refers to the potential exposure to liability that arises from work that has been finished. This concept is particularly relevant in industries like construction, where a contractor may be held liable for damages that occur after the work has been completed and handed over to the client. The essence of this liability lies in the fact that, even after a project is done, there can be defects, accidents, or other issues resulting from the work that lead to third-party claims. This type of liability is crucial because it recognizes that a contractor can still be accountable for services or products provided in the past, especially if they lead to bodily injury or property damage after the fact. Proper insurance in this area protects businesses from the risk of these claims and supports financial stability should a legal issue arise related to completed work. The focus on "completed" work distinguishes this liability from ongoing operations or activities, emphasizing that issues can occur well after the job has ended.

5. What does "unmanned aircraft" refer to?

- A. A type of aircraft with piloted crew members**
- B. Aircraft designed to be operated without any human onboard**
- C. An aircraft solely used for cargo**
- D. A retrofitted aircraft mainly used for recreational purposes**

The term "unmanned aircraft" specifically refers to aircraft that are designed to be operated without any human onboard, commonly known as drones or remote-controlled aircraft. This designation allows for various applications ranging from military use to commercial deliveries and aerial photography. The key aspect of unmanned aircraft is their operation by remote control or autonomously, rather than having a human pilot physically present in the vehicle. Understanding what unmanned aircraft are helps differentiate them from traditional aircraft that require a crew, such as those used for passenger transport or cargo that must be piloted from within the aircraft itself. The focus on "unmanned" clarifies that these types of aircraft can operate independently of human presence, which is a significant distinction from other types of aircraft mentioned in the other options.

6. What is "incidental medical malpractice" coverage?

- A. Coverage for hospitals only.**
- B. Liability coverage for limited health services businesses.**
- C. A policy that covers all medical professionals in any setting.**
- D. Coverage for only surgical malpractice.**

Incidental medical malpractice coverage is designed to provide liability protection for businesses that offer limited health services but are not fully engaged in the medical profession. This type of coverage is particularly useful for businesses that may offer auxiliary health services or healthcare-related activities, where the risk of malpractice claims is present but not the primary focus of the operation. For instance, a business that operates a gym with trained personal trainers or a spa that employs licensed massage therapists would not typically qualify for comprehensive medical malpractice insurance but still requires some level of protection against potential malpractice claims arising from their services. Incidental medical malpractice coverage tailors liability protection to these scenarios. This coverage is specific to certain limited health services businesses rather than a broad range of medical professionals or institutions, which is why options relating to comprehensive protection for medical professionals in any setting or specific types of malpractice are not accurate. The coverage is indeed targeted and not confined to hospitals or surgical practices alone.

7. How can businesses benefit from risk management in insurance?

- A. By increasing overall premiums
- B. By identifying and mitigating financial risks**
- C. By ensuring compliance with all laws
- D. By expanding their product lines

Businesses can significantly benefit from risk management in insurance by identifying and mitigating financial risks. This process involves assessing potential risks that could adversely affect the organization's operations, finances, and reputation. Through effective risk management strategies, businesses can implement measures that minimize or eliminate these identified risks, leading to a more stable financial footing and reduced losses. For instance, risk management can help a business understand which operational practices expose them to liabilities, allowing them to take preventative measures, such as improving safety protocols or revising contracts. By doing so, businesses may not only protect themselves from potential lawsuits or claims but may also positively impact their insurance premiums. Insurers often reward businesses that demonstrate robust risk management practices with lower premiums, acknowledging the reduced likelihood of claims. Moreover, identifying financial risks enables companies to allocate their resources more efficiently, design adequate insurance coverage, and ultimately support long-term growth and sustainability. It empowers business leaders to make informed decisions that enhance their operational resilience and competitiveness in the market. In contrast, increasing overall premiums, ensuring compliance with all laws, and expanding product lines, while potentially valuable aspects of a business strategy, do not directly encapsulate the primary advantage of employing risk management practices in the context of insurance. Compliance with laws and expansion of offerings are typically outcomes of a

8. Which of the following would require a review of coverage and potential policy adjustment?

- A. Reducing the number of employees
- B. Acquiring new business premises or operations**
- C. Increasing employee salaries
- D. Changing the location of office supplies

Acquiring new business premises or operations is a significant event that can impact various aspects of an insurance policy. When a business changes its physical location or expands its operations, it may introduce new risks that were not previously covered. This could include changes in liability exposure, property values, and the specifics of coverage needed to protect the new assets effectively. Additionally, new business premises could require different types of coverage or higher limits. For example, if the new property is located in an area more susceptible to flooding or other risks, the terms of the existing policy may need to be adjusted to ensure adequate protection. Therefore, a thorough review of the insurance coverage is necessary to align with the new operational realities and risks associated with the new premises. Other scenarios presented might not necessitate a comprehensive policy review. While reducing the number of employees or increasing employee salaries can affect certain coverages or overall business financials, they do not inherently change the types of risks the business faces. Similarly, changing the location of office supplies typically has a minimal impact on coverage needs and wouldn't require a significant policy adjustment.

9. How does an "insurance policy declaration page" function?

- A. It lists all potential exclusions of the policy
- B. It provides a summary of coverage, limits, and premium details**
- C. It details the claims process for the policyholder
- D. It serves as a legal contract between insurer and insured

The insurance policy declaration page functions as a summary of critical aspects of the insurance coverage. This page typically includes vital information such as the names of the insured parties, the policy number, the address of the insured property, the coverage limits for various types of risks, and the premium amount owed. By consolidating this information, the declaration page serves as a quick reference guide for the policyholder, ensuring they have a clear understanding of their coverage, what is included, and the costs associated with it. This clarity is essential for both the insurer and the insured, as it establishes the parameters of the insurance agreement in a straightforward manner. While other components of the policy, such as the exclusions or legal language, are important, the declaration page directly provides a snapshot of what is covered and the financial implications, which is vital for policyholders to manage their insurance effectively.

10. What is the primary purpose of a "general liability" policy?

- A. To provide coverage for personal property damage
- B. To cover the costs of hiring legal counsel
- C. To provide coverage for bodily injury and property damage claims against the insured**
- D. To insure against data loss incidents

The primary purpose of a "general liability" policy is to provide coverage for bodily injury and property damage claims against the insured. This type of insurance is designed to protect businesses from a wide range of third-party claims that arise due to their operations, products, or services. General liability policies cover scenarios where individuals or other entities claim that they were injured or that their property was damaged as a result of the insured's activities. This includes incidents like slip-and-fall accidents on a business's premises or damage caused by a product that the business sold. By having this coverage, businesses can shield themselves from potentially devastating financial losses due to legal claims that could arise from everyday operations. The other options address different aspects of insurance but do not encapsulate the core purpose of a general liability policy. While legal costs can certainly be included in the coverage, the main focus of this policy type is specifically on bodily injury and property damage claims. Coverage for personal property damage typically falls under property insurance rather than general liability, and data loss incidents are typically covered under cyber liability policies, which are entirely different from general liability insurance.