

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

Study Guide



Everything you need from our exam experts!

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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

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1. Who is referred to as a trustee?

- A. A person who creates a trust**
- B. A government official overseeing trust laws**
- C. An individual who administers the trust according to its purpose**
- D. A legal representative in court disputes**

2. Which statement about elective states, like Texas and New Jersey, is true?

- A. Workers compensation is mandatory for all employers**
- B. Employers can opt to provide or not provide coverage**
- C. All states follow the same workers compensation laws**
- D. Only certain industries are covered under these laws**

3. What does contractual liability emerge from?

- A. A government mandate**
- B. A legal obligation arising from a contract**
- C. A general consensus among businesses**
- D. Insurance policy regulations**

4. What is "host liquor liability"?

- A. Liability incurred while selling liquor at a bar**
- B. A provision to cover liquor manufacturing errors**
- C. An exception to exclude liquor liability in certain circumstances**
- D. Liability for injuries caused by drunk driving**

5. What is negligence defined as in the context of insurance?

- A. Failing to meet industry standards.**
- B. Omission of reasonable actions or taking unreasonable actions.**
- C. Acts performed in good faith.**
- D. Behavior that aligns with statutory regulations.**

6. Which type of injury can result from defective products?

- A. Emotional distress**
- B. Property damage**
- C. Personal injury**
- D. Both B and C**

7. What types of claims does employee benefits liability insurance typically cover?

- A. Claims related to physical injuries at work.**
- B. Claims arising from errors in employee benefit plan administration.**
- C. Claims made by former employees regarding workplace safety.**
- D. Claims for damages from product liability.**

8. In commercial auto policies, what does "business use" refer to?

- A. Personal use of the vehicle by employees**
- B. Use of vehicles for activities unrelated to the business**
- C. Use of vehicles for activities related to the business operations**
- D. Leasing vehicles from third parties for short periods**

9. What is a non-owned auto in a business context?

- A. An auto that an employee borrows for personal use**
- B. An auto owned by the business's partners**
- C. An auto that a business does not own or rent for business purposes**
- D. An auto that is leased for business use**

10. What is the coverage territory in an insurance policy?

- A. The area where the insured operates**
- B. The geographical limits where coverage applies**
- C. The boundaries of the insured property**
- D. The location of the insurance provider**

Answers

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

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Explanations

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1. Who is referred to as a trustee?

- A. A person who creates a trust
- B. A government official overseeing trust laws
- C. An individual who administers the trust according to its purpose**
- D. A legal representative in court disputes

A trustee is an individual or entity appointed to manage a trust according to its established terms and purposes. This role involves overseeing the assets placed in the trust and ensuring they are used in accordance with the trust's guidelines and for the benefit of the beneficiaries. The trustee is responsible for fiduciary duties, which require them to act in the best interests of the beneficiaries, managing the trust's assets prudently and transparently. In contrast, the other options describe different roles or functions related to trusts but do not capture the essence of what a trustee does. For instance, while someone who creates a trust is essential to the trust's establishment, they are not designated as the trustee unless they also take on that role. Similarly, a government official overseeing trust laws plays a regulatory role, but does not manage individual trusts. Finally, a legal representative in court disputes might engage in legal matters related to trusts but does not perform the day-to-day management and administrative functions that a trustee would. Thus, the definition and responsibilities associated with a trustee align precisely with the correct answer.

2. Which statement about elective states, like Texas and New Jersey, is true?

- A. Workers compensation is mandatory for all employers
- B. Employers can opt to provide or not provide coverage**
- C. All states follow the same workers compensation laws
- D. Only certain industries are covered under these laws

In elective states like Texas and New Jersey, employers have the option to choose whether or not to provide workers' compensation coverage. This characteristic distinguishes elective states from mandatory states, where coverage is compulsory for all employers. In elective states, while many employers may choose to offer workers' compensation to protect their employees and limit their liability, they are not legally obligated to do so, making the choice to opt-in or opt-out critical for their operational strategy. This flexibility can lead to varying levels of employee protection, as some businesses may not carry coverage, potentially leaving employees without benefits in the event of an injury. It's important to understand how this option affects both employers and employees, as it impacts the legal and financial implications of workplace injuries. In contrast, the other statements do not correctly describe the nature of workers' compensation in elective states. Not all states have the same laws; states implement their regulations and coverage structures, which is why the idea of mandatory coverage for all employers doesn't apply to elective states. Only certain industries being covered under workers' compensation laws also doesn't accurately reflect elective states, as the option varies across all industries rather than being restricted to specific ones.

3. What does contractual liability emerge from?

- A. A government mandate**
- B. A legal obligation arising from a contract**
- C. A general consensus among businesses**
- D. Insurance policy regulations**

Contractual liability arises from a legal obligation that is specifically defined within a contract between two or more parties. This type of liability is created when one party agrees to assume responsibility for certain risks or obligations through a contract. For instance, if a contractor signs an agreement to complete a project by a certain deadline and fails to do so, they may be held liable for any damages that result from that failure, based on the terms outlined in the contract. In this context, while a government mandate, general business consensus, or insurance policy regulations may influence various aspects of business practices or insurance coverage, they do not directly create contractual liability. The essence of contractual liability lies solely in the agreements made by parties, highlighting the importance of understanding the specific terms, conditions, and responsibilities outlined in any contractual arrangement. This understanding is crucial for individuals and businesses engaged in contracts to effectively manage potential liabilities arising from those agreements.

4. What is "host liquor liability"?

- A. Liability incurred while selling liquor at a bar**
- B. A provision to cover liquor manufacturing errors**
- C. An exception to exclude liquor liability in certain circumstances**
- D. Liability for injuries caused by drunk driving**

Host liquor liability refers specifically to the responsibility that an individual or organization assumes when serving alcohol to guests, typically in non-commercial settings such as private parties or events. This type of liability arises when a host serves alcoholic beverages and a guest subsequently becomes intoxicated and causes injury to themselves or others. While the answer labeled as an exception to exclude liquor liability in certain circumstances may resonate with the idea of how liability can be managed, the concept of host liquor liability does not directly pertain to exemptions. Instead, it acknowledges that hosts can be held liable for their actions when they serve alcohol, which may inadvertently lead to damages, particularly if they serve someone who is already intoxicated. The other options reflect incorrect interpretations of the term. For example, liability incurred while selling liquor at a bar is related to commercial transactions rather than hosting private events. Additionally, a provision to cover liquor manufacturing errors is unrelated to host liability, as this pertains to the production of alcohol rather than serving it. Lastly, while liability for injuries caused by drunk driving is a broader issue, it is not specifically defined as host liquor liability, which focuses more on the actions of the host during the event. Understanding the nuances of host liquor liability helps clarify the responsibilities of those serving alcohol in social settings.

5. What is negligence defined as in the context of insurance?

- A. Failing to meet industry standards.
- B. Omission of reasonable actions or taking unreasonable actions.**
- C. Acts performed in good faith.
- D. Behavior that aligns with statutory regulations.

Negligence, in the context of insurance, is defined as the failure to exercise the care that a reasonably prudent person would exercise in similar circumstances. This often manifests as either the omission of reasonable actions that one should take to prevent harm or the undertaking of unreasonable actions that could lead to damage or injury to another party. Choosing the option that describes negligence as the omission of reasonable actions or taking unreasonable actions captures the essence of this definition. This includes scenarios where an individual or organization does not act as a responsible party would, leading to potential harm or loss. Such conduct is crucial in evaluating liability and damages in insurance claims, as proving negligence is often a foundation for establishing coverage under many liability policies. In contrast, the other options do not accurately represent the definition of negligence. Failing to meet industry standards, while related, does not encompass the broader context of negligence involving specific actions or inactions. Acts performed in good faith typically indicate a lack of malicious intent but do not imply that the actions taken were reasonable or careful. Behavior that aligns with statutory regulations indicates compliance with the law but does not necessarily negate negligence, as it's possible to violate the standard of care while still following regulations. Thus, the correct definition emphasizes the reasonableness of actions taken or

6. Which type of injury can result from defective products?

- A. Emotional distress
- B. Property damage
- C. Personal injury
- D. Both B and C**

Defective products can lead to both property damage and personal injury, making the choice of both B and C the most comprehensive answer. When a product is defective, it can cause physical harm to individuals using or interacting with it, leading to personal injury. This might include situations like injuries from a broken tool or a malfunctioning appliance that causes burns or lacerations. Additionally, defective products can also result in property damage. For instance, if a faulty electrical device causes a fire, the damage to the property as a result of that fire is a classic example of property damage stemming from a defective product. This dual implication of defective products highlights the importance of product liability laws, which aim to protect consumers by holding manufacturers and sellers accountable for injuries and damages caused by their products. Thus, recognizing that both types of harm can arise from such defects provides a clearer understanding of the potential risks associated with defective products.

7. What types of claims does employee benefits liability insurance typically cover?

- A. Claims related to physical injuries at work.**
- B. Claims arising from errors in employee benefit plan administration.**
- C. Claims made by former employees regarding workplace safety.**
- D. Claims for damages from product liability.**

Employee benefits liability insurance is specifically designed to cover claims that arise from errors or omissions in the administration of employee benefit plans. This insurance provides protection for employers against lawsuits stemming from the mismanagement or inappropriate handling of benefits such as health insurance, retirement plans, disability benefits, and other employee-related programs. The focus of this coverage is on the administrative actions taken concerning benefits, rather than physical injuries or safety issues in the workplace. Claims related to physical injuries at work fall under workers' compensation insurance, while claims made by former employees regarding workplace safety are not covered because they pertain to employment practices rather than benefits management. Similarly, product liability claims are unrelated to employee benefits and instead involve claims for damages caused by defective products. Thus, the correct answer encapsulates the unique niche that employee benefits liability insurance fills within the broader spectrum of employee-related liability coverage.

8. In commercial auto policies, what does "business use" refer to?

- A. Personal use of the vehicle by employees**
- B. Use of vehicles for activities unrelated to the business**
- C. Use of vehicles for activities related to the business operations**
- D. Leasing vehicles from third parties for short periods**

In the context of commercial auto policies, "business use" refers specifically to the use of vehicles for activities related to the business operations. This includes transporting goods, performing services for clients, and carrying employees or equipment necessary for the business. When a vehicle is classified under "business use," it implies that the primary function of the vehicle is to facilitate business activities rather than personal endeavors. This classification is crucial when determining coverage under a commercial auto policy, as the policy terms and premiums may be significantly impacted by the nature of the vehicle's use. Vehicles used primarily for business are exposed to different risks compared to those used for personal purposes, which affects the overall risk assessment and potential loss exposure faced by the insurer. Understanding the distinction of "business use" is essential for ensuring that the correct liability limits and coverages are in place, as personal use or unrelated activities do not align with the definitions and coverage parameters of a commercial policy. Hence, this understanding helps businesses maintain compliance and appropriate protection for their operational vehicles.

9. What is a non-owned auto in a business context?

- A. An auto that an employee borrows for personal use
- B. An auto owned by the business's partners
- C. An auto that a business does not own or rent for business purposes**
- D. An auto that is leased for business use

In a business context, a non-owned auto refers to a vehicle that is not owned, leased, or rented by the business, but may still be used in connection with the business's operations. This definition encompasses various scenarios where employees might use their personal vehicles for business purposes, whether it be for meetings, client visits, or running errands related to their job. Option C is correct because it accurately captures the essence of non-owned autos, emphasizing that these vehicles are not directly tied to the business's ownership or control. Understanding this concept is crucial for companies to assess their liability exposure and ensure they have appropriate insurance coverage for such situations. Also, it should be noted that personal vehicles used by employees or those borrowed temporarily fall under this category, leading businesses to seek general liability or a business auto policy that covers non-owned vehicles. Other options, such as those detailing autos owned by partners or leased vehicles, don't align with the definition of non-owned autos in a business context. They address scenarios where vehicles are either directly associated with the business or its stakeholders, which is not what is being defined.

10. What is the coverage territory in an insurance policy?

- A. The area where the insured operates
- B. The geographical limits where coverage applies**
- C. The boundaries of the insured property
- D. The location of the insurance provider

The coverage territory in an insurance policy refers specifically to the geographical limits defined by the policy within which coverage applies. This concept is crucial because it delineates the area where the insured risks are protected under the terms of the policy. Understanding the coverage territory helps policyholders know where they are covered in case of a loss or claim; if an incident occurs outside of this designated area, coverage may not apply, leaving the insured exposed to potential financial loss. While the other options might touch on relevant aspects of insurance, they don't precisely define the coverage territory. The area where the insured operates can encompass regions beyond what is covered, and the boundaries of the insured property refer specifically to physical locations rather than geographical coverage limits. The location of the insurance provider, while important in terms of policy management and claims processing, does not relate to the geographic scope of coverage itself. Therefore, recognizing that the coverage territory is focused on the specific geographical areas specified in the policy strengthens the understanding of where protection is active.

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:

<https://ciccommercialcasualty.examzify.com>

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

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