

Certified Insurance Counselor (CIC) Commercial Multiline Practice Exam (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

- 1. What is the first right of the insurer concerning property of others under a Bailee coverage form?**
 - A. To cover costs associated with the property**
 - B. To take ownership of the property at appraised value**
 - C. To negotiate settlement directly with the customer**
 - D. To provide legal defense against third-party claims**
- 2. Which group does NOT typically qualify as an insured person in an employee practices liability claim?**
 - A. Employees**
 - B. Directors and officers**
 - C. Independent contractors**
 - D. External consultants**
- 3. Which of the following expenses may not be included in "soft costs" coverage?**
 - A. Advertising/Promotion Expenses**
 - B. Legal or Accounting Fees**
 - C. Direct construction labor costs**
 - D. Permit Fees**
- 4. What does a security breach entail in terms of unauthorized access?**
 - A. Access by individuals with explicit authorization**
 - B. Access to personal information by unauthorized individuals**
 - C. Access to confidential corporate information without consent**
 - D. Access to personal information for legitimate business purposes**
- 5. In commercial insurance, what does real property include?**
 - A. Only the land**
 - B. Land and any structures affixed to it**
 - C. Movable assets like furniture**
 - D. Intellectual property assets**

- 6. What defines a "wrongful act" in an EPLI policy?**
- A. Acts of fraud and theft**
 - B. Acts of discrimination and wrongful termination**
 - C. Acts of criminal negligence**
 - D. Acts not agreed upon in the contract**
- 7. What is a primary benefit of having additional insured coverage?**
- A. To reduce premiums for the main insured party**
 - B. To limit liability exposure for the primary insured**
 - C. To provide coverage for specific employees only**
 - D. To ensure full coverage of all business operations**
- 8. Which of the following is included as a supplemental coverage in a Builders Risk policy?**
- A. Pollutant cleanup and removal**
 - B. Earth movement coverage**
 - C. Flood damage**
 - D. Mechanical breakdown coverage**
- 9. What type of claims do Employment Practices Liability Insurance (EPLI) policies primarily cover?**
- A. Claims filed by customers**
 - B. Claims filed by employees**
 - C. Claims filed by vendors**
 - D. Claims filed against third parties**
- 10. What does umbrella insurance specifically extend?**
- A. Coverage for business assets**
 - B. Additional liability coverage**
 - C. Property coverage only**
 - D. Coverage for personal belongings**

Answers

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

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Explanations

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1. What is the first right of the insurer concerning property of others under a Bailee coverage form?

- A. To cover costs associated with the property**
- B. To take ownership of the property at appraised value**
- C. To negotiate settlement directly with the customer**
- D. To provide legal defense against third-party claims**

The first right of the insurer concerning property of others under a Bailee coverage form is accurately identified as the right to take ownership of the property at its appraised value. This provision exists because a Bailee coverage form is designed to protect the bailee (the party temporarily holding another party's property) against loss or damage to that property while in their care. When a bailee has coverage for the property and a claim is made, the insurer's ability to take ownership enables them to properly manage the loss relationships tied to the damaged property. By assuming ownership at the appraised value, they can engage in subrogation processes, where they attempt to recover losses from other parties that might also be liable for the damage or loss. This right allows for an efficient resolution process for both the insurer and the insured (the bailee). In the context of the other choices, while covering costs, negotiating settlements, and providing legal defense are important functions of insurance, they do not represent the primary right associated with managing loss under a Bailee coverage form. The fundamental aspect focuses on taking ownership of the property to handle any claims or recoveries effectively.

2. Which group does NOT typically qualify as an insured person in an employee practices liability claim?

- A. Employees**
- B. Directors and officers**
- C. Independent contractors**
- D. External consultants**

In an employee practices liability claim, the focus is specifically on claims that arise due to wrongful employment practices such as discrimination, wrongful termination, harassment, or retaliation. This type of coverage is designed to protect the organization and individuals within the company who have a direct employment relationship with the organization. Employees typically qualify as insured persons because they are the primary subjects of any employment-related claims. Directors and officers are also included as they are responsible for overseeing employment policies and practices, and their actions can have significant implications regarding employee relations. Independent contractors, while not traditional employees, may also qualify depending on the nature of their work and the terms of their contract, particularly if they are considered to be functioning under the direct supervision of the company. External consultants, on the other hand, do not typically qualify as insured persons in this context. They are not directly engaged in the company's employment practices and do not have the same legal standing as employees, officers, or even sometimes independent contractors. Their role generally does not extend to being responsible for employment-related decisions or practices, hence they are not covered under employee practice liability policies.

3. Which of the following expenses may not be included in "soft costs" coverage?

- A. Advertising/Promotion Expenses**
- B. Legal or Accounting Fees**
- C. Direct construction labor costs**
- D. Permit Fees**

Soft costs in the context of insurance typically refer to expenses that are not directly related to physical construction but are necessary for the completion of a project. These can include a range of costs that support the construction process, such as legal and accounting fees, advertising and promotional expenses, and permit fees. Direct construction labor costs, however, are categorized as hard costs because they represent direct expenses associated with the construction of a building or structure. Hard costs usually account for physical materials and labor that go into the actual building process, distinguishing them from soft costs which are more ancillary in nature. Therefore, direct construction labor costs do not qualify for coverage under "soft costs" because they are not supportive expenses but rather fundamental to the physical construction itself. This distinction is essential for understanding how project costs are categorized in insurance terms.

4. What does a security breach entail in terms of unauthorized access?

- A. Access by individuals with explicit authorization**
- B. Access to personal information by unauthorized individuals**
- C. Access to confidential corporate information without consent**
- D. Access to personal information for legitimate business purposes**

A security breach specifically involves the violation of security protocols, leading to unauthorized access to sensitive data. The correct choice, which involves access to personal information by unauthorized individuals, aligns perfectly with the concept of a breach. This unauthorized access can result in the compromise of sensitive data, which can have serious implications for individuals and organizations. For instance, when unauthorized individuals gain access to personal information, it can lead to identity theft, financial loss, and damage to an organization's reputation and trustworthiness. This scenario clearly illustrates the essence of a security breach - the violation of privacy and security measures in a manner that puts sensitive information at risk. In contrast, access by individuals with explicit authorization refers to legitimate actions taken by authorized personnel, which do not constitute a breach. Similarly, accessing confidential corporate information without consent also describes a breach, but the key focus in the context of the question is on personal information access specifically, making the second choice a more direct fit. Access for legitimate business purposes is also distinct because it implies that authorization is in place, meaning there is no breach occurring. Therefore, the emphasis on unauthorized individuals accessing personal information captures the core definition of a security breach.

5. In commercial insurance, what does real property include?

- A. Only the land
- B. Land and any structures affixed to it**
- C. Movable assets like furniture
- D. Intellectual property assets

Real property in commercial insurance refers to land and any structures affixed to it. This encompasses not only the physical land itself but also any buildings, additions, or other permanent fixtures that are attached to the land. The inclusion of structures is critical because real property insurance, which covers these assets, is designed to protect against loss or damage to the physical components of a property. The significance of this definition becomes apparent when distinguishing it from other types of property. Movable assets, such as furniture, fall under personal property rather than real property. Additionally, intellectual property assets are intangible and therefore do not qualify as real property. Understanding this distinction is essential for accurately assessing property risk and determining the appropriate coverage in commercial insurance policies.

6. What defines a "wrongful act" in an EPLI policy?

- A. Acts of fraud and theft
- B. Acts of discrimination and wrongful termination**
- C. Acts of criminal negligence
- D. Acts not agreed upon in the contract

A "wrongful act" in an Employment Practices Liability Insurance (EPLI) policy encompasses claims related to employment practices that violate an individual's legal rights. The primary focus of EPLI is to protect employers against claims made by employees alleging violations of their rights in the workplace. Acts of discrimination, such as treating employees unfairly based on race, sex, age, or other protected characteristics, are quintessential examples of wrongful acts under EPLI. Similarly, wrongful termination pertains to dismissing an employee in violation of their rights or a contractual agreement, making these actions directly aligned with the types of claims EPLI is designed to cover. In contrast, while acts of fraud and theft, criminal negligence, and contractual disputes may arise in the workplace, they do not typically fall under the scope of employment practices liability, as they pertain to different areas of legal liability and do not directly address employment practices. Therefore, the definition of a "wrongful act" specific to EPLI focuses primarily on issues like discrimination and wrongful termination, which are directly related to how employees are treated within an organization.

7. What is a primary benefit of having additional insured coverage?

- A. To reduce premiums for the main insured party**
- B. To limit liability exposure for the primary insured**
- C. To provide coverage for specific employees only**
- D. To ensure full coverage of all business operations**

Having additional insured coverage primarily benefits the primary insured by limiting their liability exposure. This type of coverage extends liability protection to third parties, such as clients or contractors, in certain situations where they may be held liable for damages. When an additional insured is included under a liability policy, they are protected against claims associated with the primary insured's operations. This can significantly shield the primary insured from financial repercussions resulting from claims that might arise from the actions of the additional insured. For instance, if a contractor is hired to perform work on a project and they cause damage or injury while working, the additional insured coverage can help protect the primary insured from having to cover the costs associated with such incidents. This arrangement reduces the overall risk exposure they might face, allowing them to operate more safely and encouraging business relationships, as it provides reassurance to other parties involved in the contract. The options that suggest reducing premiums or focusing coverage on specific employees do not directly address the primary intent of additional insured coverage, which is about managing liability. Similarly, ensuring full coverage of all business operations is a broader consideration that goes beyond just the liability aspect provided by additional insured endorsements.

8. Which of the following is included as a supplemental coverage in a Builders Risk policy?

- A. Pollutant cleanup and removal**
- B. Earth movement coverage**
- C. Flood damage**
- D. Mechanical breakdown coverage**

Supplemental coverage in a Builders Risk policy is designed to offer additional protection for specific risks that may arise during the construction process. Among the options provided, pollutant cleanup and removal is included as a supplemental coverage in a Builders Risk policy. This coverage is particularly relevant during construction projects since the risk of pollutants being released or encountered can be heightened due to the nature of construction activities. Should a release of pollutants occur, such as the dispersion of hazardous materials, this coverage would help cover the costs associated with the cleanup efforts, thus minimizing financial impact and regulatory penalties. This aspect of risk management is crucial for builders and developers, who need to ensure compliance with environmental regulations while maintaining safety on the construction site. The other options—earth movement coverage, flood damage, and mechanical breakdown coverage—are typically considered more standard risks that may not fall under supplemental coverage in a Builders Risk policy. Earth movement and flood risks usually require specific endorsements or separate policies, while mechanical breakdown coverage is not traditionally encompassed within Builders Risk policies.

9. What type of claims do Employment Practices Liability Insurance (EPLI) policies primarily cover?

- A. Claims filed by customers**
- B. Claims filed by employees**
- C. Claims filed by vendors**
- D. Claims filed against third parties**

Employment Practices Liability Insurance (EPLI) is specifically designed to cover claims made by employees against an employer regarding their rights and treatment in the workplace. This insurance addresses a range of issues related to employment practices, such as wrongful termination, discrimination, sexual harassment, and other violations of employee rights. The core focus of EPLI is on the employer-employee relationship, with the insurance protecting against allegations that arise from the actions or inactions of the employer concerning their staff. Claims filed by employees can be seen as a reflection of the workplace environment and practices of the organization, making it crucial for businesses to obtain EPLI to mitigate potential financial losses from such claims. In contrast, claims made by customers, vendors, or third parties do not fall under the typical realm of EPLI, which is why those choices do not accurately represent the primary coverage of EPLI policies. Understanding the specific protections that EPLI offers helps businesses ensure they have the right risk management strategies in place for employment-related issues.

10. What does umbrella insurance specifically extend?

- A. Coverage for business assets**
- B. Additional liability coverage**
- C. Property coverage only**
- D. Coverage for personal belongings**

Umbrella insurance is designed to provide additional liability coverage beyond what standard insurance policies offer. This means it acts as an extra layer of protection, helping to cover costs associated with claims for damages or injuries that exceed the limits of your underlying liability policies, such as auto or homeowners insurance. For instance, if someone is injured on your property and the resulting costs exceed your homeowners insurance liability coverage limit, umbrella insurance would kick in to cover the excess amount, thus protecting your personal assets and financial future. The other options focus on specific areas of coverage that are not the primary function of umbrella insurance. It does not extend coverage specifically for business assets or property but rather enhances liability coverage, which is where its value lies. Additionally, it does not limit its scope to personal belongings; rather, its focus is on broader liability situations that could impact personal or business finances.

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://ciccommmultiline.examzify.com>

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