

CERTIFIED INSURANCE COUNSELOR (CIC) COMMERCIAL MULTILINE PRACTICE EXAM (SAMPLE) STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE**

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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. Which other method can be used to assign coverage for builders risk?**
 - A. Reporting form basis
 - B. Fixed policy limit basis
 - C. Indemnity basis
 - D. Premium basis
- 2. What is the common valuation method for Contractors Equipment Floaters?**
 - A. Replacement cost
 - B. Agreed value
 - C. Actual cash value
 - D. Cost plus allowances
- 3. Under which condition does a Bailee not need to be legally liable for damage to the property?**
 - A. Negotiated agreements
 - B. Direct Damage Basis coverage
 - C. Standard Loss regulations
 - D. Contractual Liability Basis
- 4. What does umbrella insurance specifically extend?**
 - A. Coverage for business assets
 - B. Additional liability coverage
 - C. Property coverage only
 - D. Coverage for personal belongings
- 5. Which of these is NOT considered an exclusion for the Commercial Crime Coverage?**
 - A. Theft committed by a member of the LLC.
 - B. Losses caused by external hackers.
 - C. Theft or dishonest acts committed by the insured's partners.
 - D. Acts committed by employees known prior to the policy period.

6. What is an example of a supplemental coverage expense for Builders Risk?

- A. Instructor fees
- B. Fire department service charge
- C. Property taxes
- D. Utility expenses

7. What is a characteristic of unfilled inland marine coverages?

- A. Consistency in rate setting
- B. Flexibility in how coverage is designed
- C. Higher regulation of rates
- D. Standard forms are required

8. Which of the following is NOT a factor affecting risk assessment in commercial underwriting?

- A. Industry
- B. Business size
- C. Personal beliefs
- D. Claims history

9. Identify what "special form" coverage entails in property insurance.

- A. Coverage for specific named risks only
- B. Coverage primarily for fire damage
- C. Coverage that protects against all risks of physical loss, except those specifically excluded
- D. Limited coverage based on property type

10. Which of the following is a source of liability in employee-related practices?

- A. Workplace torts
- B. Insurance fraud
- C. Pension issues
- D. Policyholder disputes

Answers

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

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Explanations

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1. Which other method can be used to assign coverage for builders risk?

- A. Reporting form basis
- B. Fixed policy limit basis
- C. Indemnity basis
- D. Premium basis

The assignment of coverage for builders risk can indeed be facilitated through a reporting form basis, which allows for a more flexible approach to handling the fluctuating values associated with construction projects. In a reporting form basis, the insured updates the insurer on the ongoing value of the construction project at various stages, ensuring that coverage adjusts to reflect the actual exposure. This method is particularly advantageous in construction settings where costs can change frequently due to different phases of work being completed, unexpected changes in project scope, or material price fluctuations. The ability to report these values means that the builder can maintain adequate coverage throughout the course of the project without needing to continually modify the policy limits. This approach contrasts with a fixed policy limit basis where coverage is set at a predetermined limit. While this method can provide certainty, it may not always align with the actual value at risk, potentially leaving gaps in coverage if the construction value exceeds the set limits or resulting in overpayment if the reported value is less. The other options, such as indemnity basis and premium basis, do not specifically relate to the assignment of coverage in the way that the reporting form basis does. Instead, indemnity relates to the principle of reimbursement for covered losses, while premium basis refers to how the premiums are assessed and

2. What is the common valuation method for Contractors Equipment Floaters?

- A. Replacement cost
- B. Agreed value
- C. Actual cash value
- D. Cost plus allowances

The common valuation method for Contractors Equipment Floaters is based on Actual Cash Value (ACV). This method reflects the current market value of the equipment at the time of a loss, which takes into account depreciation. Insurance policies using ACV are designed to provide coverage that recognizes the wear and tear, obsolescence, and other factors that can affect the value of the equipment over time. This approach is practical for contractors who may not require replacement value coverage for their equipment, especially since they often have diverse and varying types of machinery that could be difficult to replace exactly or find like-for-like. In contrast, Replacement Cost would provide coverage to repair or replace the equipment without deducting for depreciation, which is often not the standard for Contractors Equipment Floaters. Agreed Value involves the insured and insurer settling on a value prior to an insurance event and is typically used for unique or collectible items rather than typical contractor equipment. Cost plus allowances is not a standard valuation method in insurance and does not accurately reflect how contractors equipment is typically valued. Thus, the use of Actual Cash Value aligns with industry practices and the nature of equipment used in contracting work.

3. Under which condition does a Bailee not need to be legally liable for damage to the property?

- A. Negotiated agreements
- B. Direct Damage Basis coverage**
- C. Standard Loss regulations
- D. Contractual Liability Basis

A Bailee is a person or entity who temporarily takes possession of someone else's property but does not own it. Typically, a Bailee may have some degree of liability when it comes to damage or loss of the property in their care. However, in certain situations, a Bailee may not be held legally liable for damage to the property. One such condition is when the Bailee operates under a Direct Damage Basis coverage. This type of insurance coverage specifically addresses situations where the Bailee is not held responsible for damages that occur under conditions that are typically outside their control. This may include scenarios such as acts of God, natural disasters, or other unforeseen events that could damage the property without negligence on the part of the Bailee. In contrast, negotiated agreements often stipulate terms that could include liability clauses, which could still obligate a Bailee under certain circumstances. Standard Loss regulations typically outline general liability standards that could implicate a Bailee's responsibilities. Contractual Liability Basis involves the Bailee being liable as specified in a contract, which establishes their role and responsibilities regarding the property in question. Thus, the condition under which the Bailee does not need to be legally liable for damage to the property relates specifically to the coverage type that does not assign

4. 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.

5. Which of these is NOT considered an exclusion for the Commercial Crime Coverage?

- A. Theft committed by a member of the LLC.
- B. Losses caused by external hackers.**
- C. Theft or dishonest acts committed by the insured's partners.
- D. Acts committed by employees known prior to the policy period.

The reasoning behind identifying external hackers as not being an exclusion for Commercial Crime Coverage is tied to the nature of the risks associated with crime coverage itself. Commercial Crime Coverage typically provides protection against specific acts of dishonesty or theft involving employees and other individuals connected with the organization, such as partners or LLC members. In this context, theft committed by members of the LLC, theft or dishonest acts by partners, and acts by employees known prior to the policy period clearly fall under the types of exclusions typically outlined in this coverage, as they relate directly to internal risks that a business might face from individuals with a vested interest or prior knowledge of the organization. On the other hand, losses caused by external hackers represent a different category of risk, often addressed through cybersecurity or data breach insurance. These threats are considered external attacks and are generally not excluded from commercial crime coverage, as the intent and relationship to the organization differ significantly from those involving employees or partners. Thus, the correct answer underscores a recognition of the evolving nature of criminal threats faced by businesses today.

6. What is an example of a supplemental coverage expense for Builders Risk?

- A. Instructor fees
- B. Fire department service charge**
- C. Property taxes
- D. Utility expenses

A fire department service charge is considered a supplemental coverage expense under a Builders Risk policy because it is an additional expense that can arise if a fire occurs on the construction site. Builders Risk coverage primarily protects the structure being built and any materials on-site, but it may also include certain additional costs related to emergencies that can happen during the construction phase. When a fire department responds to a fire at the construction site, the property owner may incur a service charge for that response. This differs from typical expenses like property taxes or utility expenses, which are standard operating costs not specifically tied to the unique risks of the construction phase. Whereas instructor fees refer to training or education, which is not directly related to the property or project's risk exposure, these other costs do not serve the same purpose as supplemental coverage. Thus, the fire department service charge effectively exemplifies how supplemental coverage can address unforeseen costs associated with damages or incidents on a construction site.

7. What is a characteristic of unfiled inland marine coverages?

- A. Consistency in rate setting
- B. Flexibility in how coverage is designed**
- C. Higher regulation of rates
- D. Standard forms are required

Unfiled inland marine coverages are characterized by their flexibility in how the coverage is designed. This flexibility allows insurers to tailor policies to meet the specific needs of individual clients by offering customized coverage options that may not be available in standard forms or filed policies. Insurance companies providing unfiled inland marine policies can adjust terms, conditions, and exclusions based on the unique nature of the risks involved, facilitating a more personalized approach to coverage. This adaptability is essential in inland marine insurance, where risks can vary widely due to the mobile nature of the properties being insured, such as equipment or goods in transit. In contrast, filed coverages typically adhere to standardized forms and rates established and approved by regulatory entities, leading to greater consistency in rate setting and regulation. Therefore, the characteristic of flexibility distinguishes unfiled inland marine coverages from more regulated or standardized insurance products.

8. Which of the following is NOT a factor affecting risk assessment in commercial underwriting?

- A. Industry
- B. Business size
- C. Personal beliefs**
- D. Claims history

Risk assessment in commercial underwriting involves evaluating various aspects of a business to determine the potential for loss and to establish appropriate insurance coverage. Factors affecting this assessment include elements that directly relate to the business operations and environment. Industry is a crucial factor since different industries have varying levels of inherent risk. For instance, manufacturing might have different risks than a technology firm, such as exposure to workplace injuries or product liability claims. Business size is also a significant consideration. Larger businesses may have more complex operations and greater asset values, leading to different risk profiles compared to smaller entities. This can affect the volume of coverage required and the potential for claims. Claims history is vital in risk assessment, as it provides a record of previous losses and incidents. A business with a history of frequent or severe claims may be viewed as higher risk, which can lead to increased premiums or exclusions in coverage. Personal beliefs, while they may influence an owner's decisions or management style, do not have a direct impact on the objective assessment of risk in a business context. Thus, it is not typically considered a factor in the structured evaluation process for underwriting. This distinction highlights the focus on measurable and quantifiable elements in risk assessment rather than subjective views or beliefs of individual business owners.

9. Identify what "special form" coverage entails in property insurance.

- A. Coverage for specific named risks only
- B. Coverage primarily for fire damage
- C. Coverage that protects against all risks of physical loss, except those specifically excluded**
- D. Limited coverage based on property type

"Special form" coverage in property insurance is designed to provide a broad scope of protection. It is also known as "open peril" or "all risks" coverage, meaning that it covers risks of physical loss or damage unless explicitly excluded in the policy. This approach is beneficial for policyholders, as it offers a level of reassurance that many potential risks are covered without the need for an extensive list of specifically named perils. In this context, the coverage would include a wide variety of scenarios that could result in property loss, giving the policyholder extensive peace of mind. The significance of this coverage lies in its comprehensive nature, which is a crucial aspect of effective risk management for property owners and businesses. Option A, which refers to coverage for specific named risks only, describes a different type of policy known as "named peril" coverage, which lists only the specific risks that are covered. Option B, focusing primarily on fire damage, is too narrow, as special form coverage encompasses far more than just fire-related incidents. Option D, mentioning limited coverage based on property type, does not adequately encapsulate the broad protections offered by special form coverage, as this type of coverage does not limit itself to specific property types. Thus, the correct understanding of

10. Which of the following is a source of liability in employee-related practices?

- A. Workplace torts**
- B. Insurance fraud
- C. Pension issues
- D. Policyholder disputes

Workplace torts are indeed a significant source of liability in employee-related practices. These torts refer to civil wrongs that occur in the workplace and can include a range of issues, such as negligence, defamation, or intentional infliction of emotional distress. Examples include incidents where an employee is harmed due to unsafe working conditions, harassment by coworkers, or other actions that violate the rights of employees. When employers fail to provide a safe environment or do not take adequate steps to address workplace issues, they can be held liable for those actions under tort law. This emphasizes the importance of a solid understanding of workplace practices and the potential legal consequences of various employee interactions. In contrast, the other options reflect different areas of concern within the broader scope of organizational risk and liability. For instance, insurance fraud typically pertains to criminal acts against an insurance system rather than direct liabilities tied to employee conduct. Pension issues often revolve around the management of retirement funds and do not directly relate to liability in daily employee practices, while policyholder disputes generally focus on conflicts between an insurer and the policyholder regarding coverage or claims, rather than employee-related matters.

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!

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