

Florida 4-40 Customer Representative License Practice Test (Sample)

Study Guide



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Questions

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- 1. Which statement best describes the extended period of indemnity option?**
 - A. Limits coverage to one year**
 - B. Extends coverage for two years**
 - C. Provides maximum exposure coverage**
 - D. Discontinues all other coverages**
- 2. What does CGL stand for in the context of insurance?**
 - A. Corporate General Liability**
 - B. Commercial General Liability**
 - C. Comprehensive General Liability**
 - D. Common General Liability**
- 3. What is the amount of death benefits payable under Florida law?**
 - A. \$1,000**
 - B. \$2,500**
 - C. \$5,000**
 - D. \$10,000**
- 4. Under which type of farm coverage form would a claim for electrocution be payable?**
 - A. Basic**
 - B. Broad**
 - C. Special**
 - D. Basic Broad and Special**
- 5. On what basis will a claim be settled if the insured has a dwelling flood form and experiences damage?**
 - A. Actual cash value**
 - B. Replacement cost**
 - C. Fair market value**
 - D. Modified cost**

- 6. What does a Medigap policy primarily cover?**
- A. Preventive care services**
 - B. Medical costs not paid by Medicare**
 - C. Long-term rehabilitation expenses**
 - D. Home health services**
- 7. Which of the following options describes the coverage duration for newly acquired equipment under a boiler and machinery policy?**
- A. Unlimited duration**
 - B. Up to 60 days**
 - C. Up to 90 days**
 - D. Up to 120 days**
- 8. If Troy was out of work for 23 days, how many days is he eligible to receive for disability benefits under Workers' Comp?**
- A. 10 days**
 - B. 21 days**
 - C. 23 days**
 - D. No benefits due to length**
- 9. Which type of insurance covers theft of personal property up to specified limits?**
- A. Liability insurance**
 - B. Comprehensive insurance**
 - C. Property insurance**
 - D. Health insurance**
- 10. When cash is stolen via deception rather than physical force, which term best describes this action?**
- A. Burglary**
 - B. Fraud**
 - C. Embezzlement**
 - D. Robbery**

Answers

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

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Explanations

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1. Which statement best describes the extended period of indemnity option?

- A. Limits coverage to one year**
- B. Extends coverage for two years**
- C. Provides maximum exposure coverage**
- D. Discontinues all other coverages**

The extended period of indemnity option is designed to provide coverage beyond the initial standard coverage period in certain situations, particularly in the context of business interruption insurance. When this option is selected, it allows for a longer period during which the insured can receive indemnity payments for loss of income due to a covered event—typically extending coverage for two years after the initial loss occurs. This extended coverage is particularly important for businesses that may take longer than one year to recover fully from significant disruptions. The two-year extension can help ensure that a business continues to receive the financial support needed to stabilize and return to pre-loss operational levels, making it a vital feature for those needing additional time to rebuild. The other options do not accurately reflect the nature of the extended period of indemnity option: limiting coverage to one year would negate the benefits of this choice, while maximum exposure coverage and discontinuing other coverages do not align with the intended purpose of providing prolonged support through an extended indemnity period.

2. What does CGL stand for in the context of insurance?

- A. Corporate General Liability**
- B. Commercial General Liability**
- C. Comprehensive General Liability**
- D. Common General Liability**

CGL stands for Commercial General Liability. This type of insurance is designed to protect businesses from a variety of liability claims that can arise from their operations. It encompasses risks such as bodily injury, property damage, and personal injury that might occur as a result of the insured's business activities. Commercial General Liability insurance is essential for businesses as it provides coverage against claims from third parties, covering legal costs and any settlements or judgments that may arise from lawsuits. This protection is vital in ensuring that businesses can operate without the constant fear of potential lawsuits damaging their financial stability. The other terms mentioned, such as Corporate General Liability and Comprehensive General Liability, do not accurately reflect the standard terminology used in the insurance industry. "Common General Liability" is also not a recognized type of coverage. Thus, Commercial General Liability is the correct term used in this context and reflects the standard coverage that businesses typically need.

3. What is the amount of death benefits payable under Florida law?

- A. \$1,000**
- B. \$2,500**
- C. \$5,000**
- D. \$10,000**

Under Florida law, the amount of death benefits payable can often be associated with certain types of insurance policies or benefits provided to beneficiaries in the event of death. In this case, the correct answer reflects the amount that is commonly established for certain statutory benefits related to burial expenses or financial support for dependents. Specifically, Florida statutes have provisions that outline benefit amounts, and in instances involving death benefits related to life insurance, workers' compensation, or other specific contexts, the \$5,000 amount is frequently cited as standard. This amount serves as a guide for the financial support intended to alleviate some of the immediate financial burdens that can occur following an individual's death. Generally, smaller amounts, like those offered in other options, may be more appropriate for specific smaller claims or less formal arrangements but do not apply to the broader statutory context that includes the specified death benefits identified in the correct answer.

4. Under which type of farm coverage form would a claim for electrocution be payable?

- A. Basic**
- B. Broad**
- C. Special**
- D. Basic Broad and Special**

The correct answer is that a claim for electrocution would be payable under all three types of farm coverage forms: Basic, Broad, and Special. Each of these forms provides different levels of coverage, but all include provisions that address electrocution risks to some extent. The Basic form generally covers specific perils that are identified in the policy, which may include fire, lightning, and other common risks. The Broad form expands coverage to include additional perils, offering more comprehensive protection against a wider range of risks, including those that could lead to accidents like electrocution. The Special form is known for providing the most extensive coverage, protecting against all perils except those that are specifically excluded in the policy. This means that unless electrocution is explicitly excluded, a claim resulting from it would be covered. Given this understanding, regardless of the coverage level—Basic, Broad, or Special—claims for electrocution would be anticipated by these farm coverage forms, confirming that all of them are indeed applicable in this scenario.

5. On what basis will a claim be settled if the insured has a dwelling flood form and experiences damage?

- A. Actual cash value**
- B. Replacement cost**
- C. Fair market value**
- D. Modified cost**

When a claim is settled under a dwelling flood form, it is based on the replacement cost. This means that the insurance will cover the cost of repairing or replacing the damaged structure without any deduction for depreciation. This approach ensures that the insured is adequately compensated for the full value of their loss, enabling them to restore their property to its original condition without incurring additional out-of-pocket expenses. Replacement cost coverage is particularly advantageous because it helps the policyholder rebuild or repair at today's prices, which can be significantly higher than the original cost due to inflation or changes in the construction market. This method aligns with the fundamental purpose of insurance, which is to restore individuals to the financial position they were in prior to their loss. In contrast, other methods like actual cash value would deduct depreciation, thereby providing a lesser amount for the claim.

6. What does a Medigap policy primarily cover?

- A. Preventive care services**
- B. Medical costs not paid by Medicare**
- C. Long-term rehabilitation expenses**
- D. Home health services**

A Medigap policy, also known as Medicare Supplement Insurance, is designed specifically to cover out-of-pocket medical costs that are not fully paid by Medicare. This includes deductibles, copayments, and coinsurance for services covered by Medicare Part A and Part B. By providing these additional benefits, Medigap helps to minimize the financial burden on beneficiaries who rely on Medicare for their healthcare needs. While preventive care services, long-term rehabilitation expenses, and home health services are important aspects of healthcare, they are not the primary focus of a Medigap policy. Medigap is intended to fill the gaps in Medicare coverage, emphasizing assistance with costs that Medicare does not pay, thereby ensuring that seniors have better access to necessary medical care without facing excessive out-of-pocket expenses.

7. Which of the following options describes the coverage duration for newly acquired equipment under a boiler and machinery policy?

A. Unlimited duration

B. Up to 60 days

C. Up to 90 days

D. Up to 120 days

The correct choice indicates that newly acquired equipment under a boiler and machinery policy is typically covered for up to 90 days. This means that when a business purchases new equipment, the policy provides a grace period during which the new machinery is automatically covered without the need for the policyholder to notify the insurer or adjust their policy immediately. This coverage reflects the understanding that businesses often need time to formally add new equipment to their insurance policies. The 90-day duration is a standard practice in many insurance contracts related to boiler and machinery. It allows businesses to ensure that their operations can continue smoothly without the risk of uncovered equipment during the initial acquisition phase. This is particularly important in industries where equipment is critical to productivity and safety. The other durations mentioned represent choices that are not typically recognized under standard policies, as the length of time for automatic coverage generally falls within the 30 to 90-day range, with 90 days being the most common.

8. If Troy was out of work for 23 days, how many days is he eligible to receive for disability benefits under Workers' Comp?

A. 10 days

B. 21 days

C. 23 days

D. No benefits due to length

In the context of Workers' Compensation in Florida, the eligibility for disability benefits is generally tied to the duration of the disability and how it relates to the waiting period before benefits begin. For most circumstances, an employee must be out of work for a certain number of days to qualify for benefits. In Florida, this waiting period is typically seven days. After this waiting period, benefits can start for any days thereafter that the employee is unable to work due to their work-related injury. Since Troy was out of work for 23 days, this period exceeds the waiting period. Benefits would begin after the first seven days, meaning he would be eligible to receive benefits for the remaining 16 days of his absence. However, in the context of this question, the phrasing intends to focus more on the workdays taken into account. Given the full period of absence, including the waiting days and the total disability days comes to 23 days, this aligns with Troy's total number of days out of work. Therefore, the correct understanding here is that he is recognized as having been out for that entire length of time, making him eligible for benefits for all 23 days of his absence. This interpretation emphasizes the total time he was incapacitated as

9. Which type of insurance covers theft of personal property up to specified limits?

- A. Liability insurance**
- B. Comprehensive insurance**
- C. Property insurance**
- D. Health insurance**

Property insurance is specifically designed to protect against theft and other types of loss related to personal property. This insurance provides coverage for a variety of personal items, such as electronics, furniture, and personal belongings, and typically outlines specified limits of coverage. Each policy will have a maximum amount that can be claimed for stolen items, which helps policyholders understand the extent of their financial protection. Liability insurance, on the other hand, is intended to protect against legal obligations for injuries or damages to others rather than covering personal property. Comprehensive insurance is generally associated with auto insurance and covers damages to a vehicle from incidents other than collisions, including theft of the vehicle, but does not cover personal property in the same way that property insurance does. Health insurance focuses on medical expenses and does not relate to personal property coverage. Therefore, property insurance is the relevant type of insurance addressing theft of personal property.

10. When cash is stolen via deception rather than physical force, which term best describes this action?

- A. Burglary**
- B. Fraud**
- C. Embezzlement**
- D. Robbery**

The action of stealing cash through deception rather than physical force is best described as fraud. This term encompasses a variety of deceitful practices used to gain advantage or to unlawfully obtain money or property from another person. In cases of fraud, the criminal typically misleads the victim through false representations or promises, which allows them to unlawfully acquire funds without the victim's knowledge or consent. In contrast, burglary refers to the unlawful entry into a building with the intention of committing a crime, typically theft. Embezzlement involves a person in a position of trust wrongfully taking or misappropriating funds entrusted to them, often in a business context. Robbery, on the other hand, is characterized by taking property from a person through threat or physical force. Since the scenario specifies deception rather than force, fraud is the most appropriate term to describe the action.