

# General Insurance Level 1 Practice Exam (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. When multiple parties are at fault for a wrongdoing, how does the law typically address liability?**
  - A. Only the primary tortfeasor is held liable**
  - B. Only the party with the largest stake is liable**
  - C. Both or all tortfeasors are liable for the total award**
  - D. No liability is assigned**
- 2. Which of the following is included in the criteria for licensing?**
  - A. Social Media Presence**
  - B. Fee Structure**
  - C. Insurance Coverage Details**
  - D. Qualifications for Licensing**
- 3. According to Statutory Condition 6, what must an insured provide after a loss?**
  - A. Only an initial verbal report of the loss**
  - B. Contact information for witnesses**
  - C. Proof of loss whenever practicable**
  - D. A full list of all insurance policies held**
- 4. What type of objects are typically covered under Valued Policies?**
  - A. Common household items**
  - B. Irreplaceable objects**
  - C. Standard furniture**
  - D. Corporate assets**
- 5. Where must any written notice be sent to the insurer?**
  - A. To the local branch office**
  - B. To the chief agency or head office**
  - C. To any insurance agent**
  - D. To the policyholder's address**

- 6. True or False: As people get older, the number of individuals disabled due to sickness exceeds those disabled by accidents.**
- A. True**
  - B. False**
  - C. Only in specific age groups**
  - D. It depends on the region**
- 7. What are floaters in the context of insurance?**
- A. Temporary insurance agreements**
  - B. Added coverage for property with a high degree of mobility**
  - C. Standard rates for basic policies**
  - D. Contracts that cannot be amended**
- 8. Which factor does NOT contribute to a landlord's liability regarding the fitness of rented premises?**
- A. Concealing adverse conditions**
  - B. Providing written warranties of fitness**
  - C. Contracting to maintain the property**
  - D. Offering reduced rent**
- 9. Additional commercial property insurance policies are needed for which type of business property?**
- A. Personal property**
  - B. Building**
  - C. Liability coverage**
  - D. Inventory**
- 10. Which condition is required to be included in a fire insurance contract concerning legislative requirements?**
- A. Statutory exclusion policy**
  - B. Definition of liability**
  - C. Administrative duties**
  - D. Statutory conditions**

## **Answers**

SAMPLE

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

SAMPLE

## **Explanations**

SAMPLE

**1. When multiple parties are at fault for a wrongdoing, how does the law typically address liability?**

- A. Only the primary tortfeasor is held liable**
- B. Only the party with the largest stake is liable**
- C. Both or all tortfeasors are liable for the total award**
- D. No liability is assigned**

In situations where multiple parties are at fault, the law typically allows for joint and several liability among the tortfeasors. This means that all parties who are found to have contributed to the wrongdoing can be held liable for the entire amount of damages awarded to the injured party, regardless of their individual level of fault. This approach is designed to ensure that the injured party is able to recover their full damages, even if one or more of the tortfeasors are unable to pay their share. In practical terms, if a court determines that two or more parties are responsible for the harm done, the injured party can seek the total compensation from any one of the liable parties. It's then up to the liable parties to sort out the internal financial responsibilities among themselves. This principle protects the claimant's interests by ensuring they are not left uncompensated due to one party's inability to pay or due to disputes over the allocation of fault. This legal framework contrasts sharply with scenarios where only one party is deemed responsible or where liability is not assigned at all. The comprehensive nature of joint and several liability reflects the commitment of the legal system to provide fair and adequate remedies for those harmed by wrongful acts.

**2. Which of the following is included in the criteria for licensing?**

- A. Social Media Presence**
- B. Fee Structure**
- C. Insurance Coverage Details**
- D. Qualifications for Licensing**

The criteria for licensing pertains to the baseline qualifications and requirements individuals or entities must meet to operate legally in the insurance industry. The inclusion of qualifications for licensing is essential because it ensures that individuals have the necessary knowledge, skills, and ethical understanding to provide insurance services. This typically involves educational requirements, passing examinations, and meeting background checks. These qualifications are critically important as they help to establish a standard of competency and professionalism in the industry, protecting consumers and maintaining the integrity of the insurance market. In contrast, while aspects such as social media presence may influence an insurance agent's visibility or marketing effectiveness, they are not typically formal criteria for licensing. Similarly, fee structures and insurance coverage details are components that may pertain to the operation of an insurance business but do not directly relate to the licensing qualifications themselves. Hence, the qualifications for licensing are the most relevant factor in this context.

**3. According to Statutory Condition 6, what must an insured provide after a loss?**

- A. Only an initial verbal report of the loss**
- B. Contact information for witnesses**
- C. Proof of loss whenever practicable**
- D. A full list of all insurance policies held**

Statutory Condition 6 outlines the responsibilities of an insured party after experiencing a loss. The key requirement is to provide proof of loss whenever practicable. This proof is a formal assertion of the loss, which typically includes documentation detailing the extent of the damage or loss incurred. The purpose of this condition is to ensure that the insurance company has the necessary information to process the claim effectively and assess the validity of the loss. Submitting proof of loss allows the insurer to understand the circumstances surrounding the incident and the resulting damages, which is crucial for determining the amount that may be awarded under the policy. It's essential for maintaining transparency in the claims process and encourages timely reporting and investigation of losses. Other options, such as providing only a verbal report, having witness contact information, or listing all insurance policies held, do not fulfill the specific requirement set forth in Statutory Condition 6. These elements may support a claim, but they do not substitute the need for verified documentation of the loss itself.

**4. What type of objects are typically covered under Valued Policies?**

- A. Common household items**
- B. Irreplaceable objects**
- C. Standard furniture**
- D. Corporate assets**

Valued Policies are specifically designed to cover items whose worth is difficult to determine accurately or where the value may not reflect market conditions. This type of policy establishes a predetermined value for the item at the time the insurance is purchased. Irreplaceable objects, such as works of art, antiques, or unique collectibles, fall into this category because their sentimental or intrinsic value may exceed their market value, making it challenging to assess their worth accurately during a loss. By insuring these items under a Valued Policy, both the insured and the insurer agree on a set value that simplifies the claims process and ensures fair compensation in the event of a loss. Common household items, standard furniture, and corporate assets typically do not require the specialized coverage that valued policies provide, as their value can often be appraised or determined through established market rates, leading to different insurance approaches.

**5. Where must any written notice be sent to the insurer?**

- A. To the local branch office
- B. To the chief agency or head office**
- C. To any insurance agent
- D. To the policyholder's address

For a written notice to be effectively communicated to the insurer, it should be directed to the chief agency or head office. This is because the chief agency or head office is typically the designated point of contact for handling formal communications regarding policies, claims, and other important matters. Sending the notice to the head office ensures that it reaches the appropriate department that can process it correctly and handle any necessary actions on behalf of the insurer. In many cases, local branch offices might not have the authority or full access to the systems or records needed to address certain issues comprehensively. Likewise, sending notices to any insurance agent may lead to delays or miscommunication, as the agent may not be responsible for processing formal notices directly. Directing the notice to the policyholder's address also does not apply, as it is the insurer that needs to be notified, not the policyholder in this context. Therefore, routing the notice to the chief agency or head office is the most appropriate and effective option for ensuring proper handling.

**6. True or False: As people get older, the number of individuals disabled due to sickness exceeds those disabled by accidents.**

- A. True**
- B. False
- C. Only in specific age groups
- D. It depends on the region

The assertion is true because, as age increases, people are more likely to experience health-related issues that lead to disabilities, such as chronic illnesses and diseases, rather than disabilities stemming from accidents. Statistics and studies have consistently shown that older adults are more likely to suffer from medical conditions that can impair their abilities and lead to long-term disability. In younger populations, accidents are more prevalent causes of disability, but this trend shifts as individuals age. In older age groups, the proportion of disabilities caused by sickness typically exceeds those caused by accidents. This aging process results in a greater incidence of conditions such as heart disease, arthritis, or other degenerative health issues, highlighting a significant trend in disability sources as people grow older. While there can be regional differences in the prevalence of certain disability causes, and while specific age groups might display varied statistics, the general consensus is that older age correlates with a higher incidence of disability from health issues over accidents.

## 7. What are floaters in the context of insurance?

- A. Temporary insurance agreements
- B. Added coverage for property with a high degree of mobility**
- C. Standard rates for basic policies
- D. Contracts that cannot be amended

Floaters in the context of insurance specifically refer to added coverage for property that has a high degree of mobility. This type of insurance is particularly useful for items that are often moved away from the insured's primary residence or that are not adequately covered under standard homeowners or renters policies. Examples include jewelry, art collections, and high-value electronics, which can be at risk of loss or damage when not stored in a fixed location. The concept of floaters allows policyholders to insure these valuable items individually, often at a higher coverage limit than what standard policies provide. This specialized protection ensures that even if the item is lost, stolen, or damaged while being transported or used away from home, the insured will have recourse for replacement or repair. Overall, floaters enhance the protection of high-value property significantly, making them an essential consideration for individuals with mobile or valuable possessions.

## 8. Which factor does NOT contribute to a landlord's liability regarding the fitness of rented premises?

- A. Concealing adverse conditions
- B. Providing written warranties of fitness
- C. Contracting to maintain the property
- D. Offering reduced rent**

A landlord's liability regarding the fitness of rented premises hinges on several responsibilities and actions that might create or indicate liability for harm or injury caused by the property. Among these responsibilities, concealing adverse conditions, providing written warranties of fitness, and contracting to maintain the property involve explicit actions that can establish liability if the premises are found to be unsafe or unfit for tenant use. When a landlord conceals adverse conditions, they actively hide problems that could affect tenant safety, leading to liability if those issues cause harm. Providing written warranties of fitness also creates a legal expectation that the property meets certain standards, further implicating the landlord in any failure to uphold those standards. Similarly, if a landlord contracts to maintain the property, this contract represents an obligation to keep the premises in good condition, which can again make them liable if they fail to fulfill that obligation. In contrast, offering reduced rent does not inherently imply any responsibility for the fitness of the premises. It is simply a pricing strategy and does not put the landlord in a position of liability concerning the condition of the property. Therefore, while reduced rent can be a factor in attracting tenants or may reflect market conditions, it does not contribute to the legal responsibilities of the landlord regarding the premises' safety and fitness.

**9. Additional commercial property insurance policies are needed for which type of business property?**

- A. Personal property**
- B. Building**
- C. Liability coverage**
- D. Inventory**

The correct choice is the building because additional commercial property insurance policies are specifically designed to protect structures used for business purposes. While personal property, liability coverage, and inventory should also be insured, different types of coverage would apply to those categories. When it comes to commercial buildings, insurance policies cover the physical structure, ensuring that any damage from risks like fire, vandalism, or certain natural disasters is accounted for. This coverage is crucial because businesses rely on their physical premises for operations, and damage to the building could lead to a significant financial loss. Additional policies might be necessary to extend coverage to certain risks or to increase the limits of coverage for high-value structures, which is not the case for personal property or inventory, for example. Instead, those items are usually covered under separate types of policies or riders. Liability coverage is also fundamentally different as it deals with legal responsibilities rather than physical property. Thus, focusing on buildings provides essential protection and peace of mind for business owners.

**10. Which condition is required to be included in a fire insurance contract concerning legislative requirements?**

- A. Statutory exclusion policy**
- B. Definition of liability**
- C. Administrative duties**
- D. Statutory conditions**

In a fire insurance contract, statutory conditions are required to be included to ensure compliance with relevant laws and regulations governing insurance practices. These conditions outline the obligations and rights of both the insurer and the insured and serve to protect the interests of both parties. They typically cover aspects such as the duties of the insured in the event of a claim or loss, the insurer's responsibilities, and how disputes will be resolved. Including statutory conditions is important because they help to ensure that both parties are aware of their rights and obligations under the contract. It also provides clarity and legal framework that aligns with specific legislative requirements in the jurisdiction where the policy is issued. This is crucial in maintaining the integrity of the insurance process and upholding legal standards. The other options, such as statutory exclusion policy, definition of liability, and administrative duties, do not specifically address the legislative mandates that must be included in a fire insurance contract. They may pertain to different aspects of insurance but do not fulfill the same regulatory function that statutory conditions do.