

# Georgia Surplus Lines Broker 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**

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- 1. What actions should a surplus lines broker take if they wish to sell a non-admitted product?**
  - A. Register the product with the state**
  - B. Obtain permission from admitted insurers first**
  - C. Provide notice to policyholders about coverage limitations**
  - D. Ensure they have experience in the product type**
- 2. What purpose does umbrella insurance serve beyond standard policies?**
  - A. Provides coverage for all types of losses**
  - B. Covers some losses excluded by underlying liability insurance**
  - C. Only covers property damage**
  - D. Acts as primary insurance for all incidents**
- 3. How might economic factors impact the surplus lines insurance market?**
  - A. They will always benefit the market**
  - B. They can lead to increased risks and competition**
  - C. They do not have any significant impact**
  - D. Only natural disasters affect the market**
- 4. Which option best describes the function of non-admitted insurers?**
  - A. They can only provide basic coverage**
  - B. They are bound by state regulation and oversight**
  - C. They offer coverage not available through the standard market**
  - D. They are exclusively for high-net-worth individuals**
- 5. Can surplus lines coverage be canceled by the insurer?**
  - A. Yes, according to the terms specified in the policy**
  - B. No, once issued it cannot be canceled**
  - C. Only if there is a claim filed**
  - D. Yes, but only with a 30-day notice**

**6. What is the definition of burglary in the context of insurance?**

- A. Stealing from a vehicle without breaking in**
- B. Unlawfully entering and stealing from a structure**
- C. Breaking and entering a building to commit a crime**
- D. A legal entry to retrieve items**

**7. What does "binding authority" allow a surplus lines broker to do?**

- A. Negotiate premiums with clients**
- B. Legally obligate a non-admitted insurer for specific coverage**
- C. Increase coverage limits on existing policies**
- D. Alter the terms of a standard insurance policy**

**8. In terms of underwriting, what does a surplus lines broker primarily assess?**

- A. Marketing strategies of insurers**
- B. The credibility of client feedback**
- C. Unique risks not covered by standard insurers**
- D. The financial history of all clients**

**9. What might be a reason why clients seek surplus lines coverage?**

- A. To receive government subsidies**
- B. To obtain coverage that is unavailable in the standard market**
- C. To avoid any premium payment**
- D. To have lower deductibles**

**10. Which of the following is a function of the insurance commissioner in Georgia?**

- A. Setting insurance rates**
- B. Issuing cease and desist orders**
- C. Granting insurance licenses**
- D. Collecting taxes from insurance policies**

## **Answers**

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

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## **Explanations**

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## 1. What actions should a surplus lines broker take if they wish to sell a non-admitted product?

- A. Register the product with the state**
- B. Obtain permission from admitted insurers first**
- C. Provide notice to policyholders about coverage limitations**
- D. Ensure they have experience in the product type**

When dealing with non-admitted products, it is crucial for a surplus lines broker to provide notice to policyholders about the coverage limitations. Non-admitted insurance is typically issued by insurers that are not licensed or regulated by the state where the policyholder resides. Therefore, it is essential to inform potential clients about the specific risks and limitations associated with the coverage, as these policies may not offer some of the protections or guarantees that admitted products do. Informing policyholders allows them to make informed decisions about their insurance needs and understand that they might not have the same recourse through state guaranty funds should the insurer become insolvent. Transparency regarding coverage limitations is a key aspect of maintaining ethical standards in the insurance industry and ensuring that clients are fully aware of what they are purchasing, especially with non-admitted policies, which often serve niche markets or unique risks not covered by traditional insurance. Involving other procedures, such as registering the product or obtaining permissions from admitted insurers, does not directly address the immediate need for client awareness regarding the characteristics of the non-admitted product. Similarly, while having experience in the specific product type is beneficial for effective service, the priority must be on adequately communicating coverage information to policyholders.

## 2. What purpose does umbrella insurance serve beyond standard policies?

- A. Provides coverage for all types of losses**
- B. Covers some losses excluded by underlying liability insurance**
- C. Only covers property damage**
- D. Acts as primary insurance for all incidents**

Umbrella insurance serves as an additional layer of protection beyond standard policies by covering specific losses that may be excluded by the underlying liability insurance. This type of insurance is designed to offer broader coverage and higher limits, protecting the policyholder from significant financial losses due to events that go beyond the scope of regular insurance policies. For example, if an individual has a homeowners or auto insurance policy that includes liability coverage, there may be certain exclusions for specific incidents. An umbrella policy can cover those exclusions, offering financial protection in cases such as defamation claims or certain lawsuits that may not be fully covered by standard policies. This additional layer of coverage helps ensure that individuals are not left vulnerable to large financial liabilities, effectively bridging the gaps that might exist in their primary insurance. The other options do not accurately capture the purpose of umbrella insurance. It does not cover all types of losses (as stated in the first option) and isn't limited to property damage (as noted in the third). Additionally, umbrella insurance does not act as primary insurance; rather, it supplements existing policies, which is why it plays a crucial role in comprehensive risk management for individuals and businesses.

### 3. How might economic factors impact the surplus lines insurance market?

- A. They will always benefit the market
- B. They can lead to increased risks and competition**
- C. They do not have any significant impact
- D. Only natural disasters affect the market

Economic factors play a crucial role in shaping the dynamics of the surplus lines insurance market. When economic conditions fluctuate, they can significantly affect the level of risks insurers face and the overall competition in the market. Firstly, during economic downturns, businesses may face financial strains that influence their operations, making them more susceptible to claims. This can lead to higher perceived risks for insurers, prompting them to adjust their underwriting practices, raise premiums, or even withdraw certain coverage options. As a result, surplus lines insurance—characterized by coverages that are not typically available through standard insurers—may become more sought after, especially for higher-risk entities.

Additionally, economic conditions can change the competitive landscape. For instance, as more traditional insurers back away from high-risk segments due to increased economic volatility, surplus lines brokers may find more opportunities to provide coverage where it is needed. This increased demand can lead to heightened competition among surplus lines providers, encouraging innovation and the development of new products tailored to meet the emerging needs of businesses during various economic conditions. In contrast, the other options fail to capture the nuanced relationship between the economy and the surplus lines market. The belief that economic factors will always benefit the market overlooks the potential downsides of economic crises. Saying they do not have noticeable

### 4. Which option best describes the function of non-admitted insurers?

- A. They can only provide basic coverage
- B. They are bound by state regulation and oversight
- C. They offer coverage not available through the standard market**
- D. They are exclusively for high-net-worth individuals

Non-admitted insurers play a significant role in the insurance market, particularly when it comes to providing coverage options that may not be readily available through standard, admitted carriers. These insurers are essential for insuring risks that are unusual, too high for standard underwriting criteria, or simply not covered by conventional insurance policies. As a result, they enable brokers and clients to meet specific insurance needs, such as specialized coverage for unique businesses or high-risk activities. It's important to understand that non-admitted insurers operate outside the state's guaranteed funds and regulations that protect policyholders of admitted insurers. This lack of regulation gives them the flexibility to create innovative coverage solutions tailored to unique risks. They are not limited to only offering basic coverage or exclusive products for high-net-worth individuals, nor are they bound by state regulations in the same way that admitted insurers are. This unique ability to address specialized risks is what sets non-admitted insurers apart in the insurance landscape.

## 5. Can surplus lines coverage be canceled by the insurer?

- A. Yes, according to the terms specified in the policy**
- B. No, once issued it cannot be canceled**
- C. Only if there is a claim filed**
- D. Yes, but only with a 30-day notice**

Surplus lines coverage is regulated in a way that allows insurers to set specific terms and conditions in their policies, including the cancellation provisions. When a surplus lines policy is issued, it outlines the conditions under which the insurer can cancel the coverage. This may include reasons such as non-payment of premium, fraud, or changes in risk that are significant enough to warrant cancellation. The correct answer highlights the importance of the policy terms; insurers must adhere to these stipulations when deciding to cancel the policy. This means if the policy clearly states the circumstances under which cancellation can occur, the insurer has the right to cancel it in accordance with those terms. In contrast, some of the other options suggest blanket statements regarding cancellation that do not acknowledge the contractual nature of the insurance policy. The notion that coverage cannot be canceled once issued is not accurate, as policies typically include specific provisions allowing for cancellation under defined circumstances. Similarly, linking cancellation solely to the occurrence of a claim does not reflect the broader context in which a policy might be canceled. Lastly, while a notice period may be required for cancellation in certain situations, it is not universally applicable to all surplus lines policies, thus making the statement overly specific without consideration for the terms outlined in the individual policy agreements.

## 6. What is the definition of burglary in the context of insurance?

- A. Stealing from a vehicle without breaking in**
- B. Unlawfully entering and stealing from a structure**
- C. Breaking and entering a building to commit a crime**
- D. A legal entry to retrieve items**

In the context of insurance, burglary is defined as the unlawful entering of a building with the intent to commit a crime, typically theft. By focusing on the aspect of unlawful entry and the intent to commit a crime, this definition encompasses key elements that are significant for insurance purposes, as it establishes a clear connection between the act of entry and criminal intent, which are crucial for determining coverage under property and casualty insurance policies. When an insurer encounters a claim related to burglary, they will look for evidence of unlawful entry to validate the claim and ensure that it aligns with the definitions stipulated in the policy. This understanding is essential because it dictates coverage scenarios and helps both the insured and insurer understand what constitutes a burglary in legal and insurance contexts. The other options do not fully encapsulate the necessary elements of unlawful entry combined with the intent to commit theft, which is why they do not represent the correct definition of burglary in the insurance realm. For example, simply stealing from a vehicle does not include the aspect of entering a building, while legal entry with the intent to retrieve items does not align with the criminal intent required for burglary.

**7. What does "binding authority" allow a surplus lines broker to do?**

- A. Negotiate premiums with clients**
- B. Legally obligate a non-admitted insurer for specific coverage**
- C. Increase coverage limits on existing policies**
- D. Alter the terms of a standard insurance policy**

Binding authority grants a surplus lines broker the power to legally obligate a non-admitted insurer for specific coverage. This means that the broker can enter into an insurance contract on behalf of the non-admitted insurer, ensuring that the client has the necessary coverage from that insurer without needing further consent from the insurer after the agreement is finalized. This authority is crucial in the surplus lines market, where traditional admitted insurers may not provide adequate coverage options for unique or higher-risk situations. In practice, this allows brokers to act flexibly and efficiently to meet their clients' insurance needs, often resulting in quicker policy implementations. The other options do not accurately capture the essence of binding authority. For example, negotiating premiums, increasing coverage limits, or altering terms typically require different types of authority or approval from the underwriting parties involved.

**8. In terms of underwriting, what does a surplus lines broker primarily assess?**

- A. Marketing strategies of insurers**
- B. The credibility of client feedback**
- C. Unique risks not covered by standard insurers**
- D. The financial history of all clients**

A surplus lines broker primarily focuses on assessing unique risks that are not typically covered by standard insurers. This role requires an in-depth understanding of unconventional and specialized insurance needs that arise in various industries or circumstances. Standard insurance carriers have strict underwriting guidelines and often exclude certain high-risk scenarios or specialized coverages, which is where surplus lines brokers come into play. They facilitate access to insurance markets that can provide coverage for these unique risks, ensuring that clients receive the protection they require despite the exclusion from the standard market. While assessing the financial history of clients and the marketing strategies of insurers can be relevant to the overall insurance process, they do not encapsulate the primary function of a surplus lines broker. The credibility of client feedback may also be considered in a broader sense, but it does not specifically address the central responsibility of identifying and insuring atypical risks.

**9. What might be a reason why clients seek surplus lines coverage?**

- A. To receive government subsidies**
- B. To obtain coverage that is unavailable in the standard market**
- C. To avoid any premium payment**
- D. To have lower deductibles**

Clients often seek surplus lines coverage primarily because they need insurance options that are not available through standard market insurance providers. This situation arises when an individual or business faces unique risks or higher-risk circumstances that conventional insurers are unwilling to cover. Surplus lines brokers specialize in accessing these specialized markets, which are better equipped to handle such unique or hard-to-place risks. For example, a client operating in a high-risk industry, such as certain types of construction or environmental services, may find that traditional insurers either refuse to provide coverage or charge exorbitantly high premiums. In these instances, surplus lines brokers can connect these clients with alternative insurance carriers who can offer tailored coverage terms that meet their requirements. While the other options might seem relevant in different contexts, they do not align with the primary function and purpose of surplus lines coverage. Surplus lines is not about receiving government subsidies, avoiding premium payments, or necessarily obtaining lower deductibles, but rather about accessing necessary and appropriate insurance products when the standard market fails to meet specific client needs.

**10. Which of the following is a function of the insurance commissioner in Georgia?**

- A. Setting insurance rates**
- B. Issuing cease and desist orders**
- C. Granting insurance licenses**
- D. Collecting taxes from insurance policies**

The role of the insurance commissioner in Georgia includes issuing cease and desist orders. This function allows the commissioner to take action against individuals or companies that are found to be violating insurance laws or regulations. By issuing such orders, the commissioner helps maintain the integrity of the insurance market, ensuring compliance with legal standards and protecting consumers from unethical practices. The ability to issue cease and desist orders is vital because it empowers the commissioner to stop illegal activities promptly, which can prevent further harm to policyholders and ensure that companies operate within the bounds of the law. This function reflects the regulatory authority vested in the commissioner to enforce insurance statutes and uphold public trust in the insurance industry. Other options, such as setting insurance rates, granting licenses, or collecting taxes, are regulated through various mechanisms and may involve input or oversight from the commissioner, but the specific function of issuing cease and desist orders represents a direct regulatory action that is integral to maintaining lawful operations within the insurance marketplace.

# 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](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://gasurplusbroker.examzify.com>**

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

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