

Other Than Life (OTL) Agent's Exam A Practice (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. Under a Fire and Extended Coverage policy, which item is not included?**
 - A. Riot**
 - B. Explosion**
 - C. Smoke**
 - D. Earthquake**

- 2. Statutory Conditions are:**
 - A. The event, which may cause a loss.**
 - B. The occurrence of a loss.**
 - C. Set out in the Provincial Insurance Act.**
 - D. The result of a loss.**

- 3. Recovery from the responsible party for loss of income as a result of an automobile accident, after trial is limited to**
 - A. 80% of net income**
 - B. 90% of net income**
 - C. 90% of gross income**
 - D. 100% of gross income**

- 4. Which of the following items is NOT automatically covered in the 3-D policy?**
 - A. Fidelity**
 - B. Wrongful abstraction of securities outside premises.**
 - C. Forgery or money orders.**
 - D. Sample being shipped from France.**

- 5. What is the purpose of inflation guard in property coverage?**
 - A. To decrease coverage during inflation**
 - B. To maintain adequate coverage as replacement costs rise with inflation**
 - C. To remove limits automatically when inflation occurs**
 - D. To add unrelated coverages during inflation**

- 6. In contract work, an Additional Insured endorsement is commonly required to protect which party?**
- A. The other party (client or landlord)**
 - B. The insurer**
 - C. A subcontractor**
 - D. The insured's own employees**
- 7. Defense within limits vs defense outside limits describes which concept?**
- A. Defense within limits uses up part of the policy limit**
 - B. Defense within limits does not affect the limit**
 - C. Defense outside limits reduces the deductible**
 - D. Defense outside limits increases the policy limit**
- 8. All accidents and claims within the following time period immediately preceding the application must be disclosed**
- A. 3 years**
 - B. 4 years**
 - C. 5 years**
 - D. 6 years**
- 9. What does EC stand for in fire policy terms?**
- A. Extended Coverage's**
 - B. Emergency Coverage**
 - C. Economic Coverage**
 - D. Elevated Coverage**
- 10. Which step involves setting aside funds to cover anticipated costs?**
- A. Notice of loss**
 - B. Investigation and adjuster evaluation**
 - C. Settlement**
 - D. Reserve setting**

Answers

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

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Explanations

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1. Under a Fire and Extended Coverage policy, which item is not included?

- A. Riot**
- B. Explosion**
- C. Smoke**
- D. Earthquake**

Under a Fire and Extended Coverage policy, the extended protection adds hazards like riot (civil commotion), explosion, and smoke. These perils are included to broaden protection beyond just the flames themselves. Earthquake isn't part of that extended list unless you add a separate endorsement or obtain earthquake coverage through another policy. So the peril not included by default is Earthquake, and coverage for earthquakes would require an additional endorsement or a different policy.

2. Statutory Conditions are:

- A. The event, which may cause a loss.**
- B. The occurrence of a loss.**
- C. Set out in the Provincial Insurance Act.**
- D. The result of a loss.**

Statutory Conditions are the legal requirements that insurance contracts must include, mandated by provincial law. They define the duties of the insured and the insurer after a loss and outline rights such as notice of loss, protection of property, and proof of loss, as well as the insurer's remedies like subrogation and cancellation for non-compliance. Because these conditions come from statute, they are described as being set out in the provincial Insurance Act. They aren't describing the event that causes a loss, the occurrence of a loss, or the result of a loss; they are the statutory framework governing how the policy relationship operates after a loss.

3. Recovery from the responsible party for loss of income as a result of an automobile accident, after trial is limited to

- A. 80% of net income**
- B. 90% of net income**
- C. 90% of gross income**
- D. 100% of gross income**

When recovering for lost income after an automobile accident, the goal is to restore the claimant to the financial position they would have had if the injury hadn't occurred. The measure used is the gross earnings that would have been earned before taxes, not the take-home pay or net amount. Taxes would have been owed on earnings regardless of the injury, so the compensation for the lost earnings focuses on the total amount that would have been earned, ensuring full restoration of economic status. For example, if the person would have earned a certain amount each week before taxes, that full gross amount is what they're entitled to for the period of lost wages, not a reduced net figure. This is why the recovery is stated as the full gross income, rather than net income or a portion of it.

4. Which of the following items is NOT automatically covered in the 3-D policy?

- A. Fidelity
- B. Wrongful abstraction of securities outside premises.
- C. Forgery or money orders.
- D. Sample being shipped from France.**

Focus on what a 3-D crime policy is designed to cover automatically: the three crime exposures it targets are Fidelity (employee dishonesty), Forgery or Alteration, and Money Orders and Counterfeit Money. These are the standard internal fraud risks that the policy is built to protect against without additional endorsements. A sample being shipped from France doesn't arise from fraud, forgery, or counterfeit money, and it involves international shipment of goods rather than an internal theft or forged instrument issue. Addressing that kind of risk would require a different type of coverage (such as cargo or transit insurance or a separate endorsement to extend the crime policy). So, the international sample shipment is not automatically included, while the other listed items fall within the traditional automatic coverages of the 3-D policy.

5. What is the purpose of inflation guard in property coverage?

- A. To decrease coverage during inflation
- B. To maintain adequate coverage as replacement costs rise with inflation**
- C. To remove limits automatically when inflation occurs
- D. To add unrelated coverages during inflation

Inflation guard keeps your property coverage aligned with rising replacement costs. As construction prices, labor, and materials go up, the amount needed to rebuild can exceed your policy limit if you don't adjust it. The inflation guard automatically increases the dwelling (and often contents) limits by a set percentage or to reflect an index, so after a loss you're not left paying the gap yourself. It doesn't reduce coverage, remove limits, or add unrelated coverages—its purpose is simply to maintain adequate protection as costs rise.

6. In contract work, an Additional Insured endorsement is commonly required to protect which party?

- A. The other party (client or landlord)**
- B. The insurer**
- C. A subcontractor**
- D. The insured's own employees**

The main idea here is that an Additional Insured endorsement extends the contractor's liability protection to another party involved in the project. In contract work, the person paying for and overseeing the project—usually the client or the property owner—wants to be protected if something goes wrong and a claim arises from the contractor's operations. By adding the client or landlord as an Additional Insured, their legal exposure is covered under the contractor's liability policy, meaning the insurer will defend and pay on claims that involve that third party due to the insured's work. This shifts risk away from the client and onto the insured's coverage, which is why it's commonly required. It isn't primarily about protecting the insurer, and it doesn't automatically cover the insured's own employees, who are typically covered under different policies (like workers' comp or the insured's basic liability coverage). The same concept applies to subcontractors only if they're specifically named as Additional Insureds on someone else's policy.

7. Defense within limits vs defense outside limits describes which concept?

- A. Defense within limits uses up part of the policy limit**
- B. Defense within limits does not affect the limit**
- C. Defense outside limits reduces the deductible**
- D. Defense outside limits increases the policy limit**

The main idea is how defense costs interact with the insurer's liability limit. When defense costs are paid within the policy limit, they come out of that limit, reducing the amount available to pay settlements or judgments. So, if the policy limit is, say, 100,000 and 20,000 of defense costs are incurred under within-limits handling, only 80,000 remains to cover losses. If defense costs were outside the limit, they'd be paid separately and would not reduce the policy's limit, leaving the full limit intact for damages. That's why the statement that defense within limits uses up part of the policy limit is the correct description.

8. All accidents and claims within the following time period immediately preceding the application must be disclosed

- A. 3 years
- B. 4 years
- C. 5 years
- D. 6 years**

Disclose all accidents and claims within six years before the application. This six-year look-back gives the underwriter a complete view of recent risk history, since past incidents can signal patterns or ongoing factors that affect future claims. A longer window helps ensure the policy terms and premium accurately reflect actual risk and reduces the chance of later disputes over undisclosed information. Shorter periods might miss relevant events that still matter for assessing risk, so six years is the most protective choice among the options.

9. What does EC stand for in fire policy terms?

- A. Extended Coverage's**
- B. Emergency Coverage
- C. Economic Coverage
- D. Elevated Coverage

In fire policy language, EC stands for Extended Coverage. This endorsement broadens protection beyond the basic fire perils to include additional hazards listed in the policy, such as windstorm, hail, explosion, smoke, riot or civil commotion, aircraft or vehicles, and volcanic eruption. The coverage sits on top of the basic fire protection to extend the insured's protection when those extra perils cause damage. The other options aren't standard terms in fire policies, so they aren't correct. The apostrophe in the choice is a minor grammatical thing—the intended meaning is Extended Coverage.

10. Which step involves setting aside funds to cover anticipated costs?

- A. Notice of loss
- B. Investigation and adjuster evaluation
- C. Settlement
- D. Reserve setting**

Setting aside funds to cover anticipated costs is about loss reserving in the claims process. When a claim arises, the insurer must estimate how much will eventually be paid and set aside funds accordingly. These reserves act as a liability on the company's books and cover future payments for known claims (case reserves) and for claims that haven't been reported yet (IBNR reserves). The purpose is to ensure there's enough money available to pay claims as they come due, supporting solvency and accurate financial reporting. This step is distinct from the initial notice of loss, which starts the process, or the investigation and evaluation, which determines liability and amount, and from the settlement, which handles paying the claim. By establishing reserves, the insurer is proactively funding anticipated costs rather than merely processing the claim steps.

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://otherthanlifea.examzify.com>

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

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