

INSURANCE CONCEPTS (13)

REGIONAL 2012

CONTESTANT ID# _____ START TIME _____ END TIME _____



Insurance Education Foundation

Provided by the Griffith Foundation for Insurance Education

TOTAL POINTS _____ (500)

Failure to adhere to any of the following rules will result in disqualification:

- 1. Contestant must hand in this test booklet and all printouts. Failure to do so will result in disqualification.***
- 2. No equipment, supplies, or materials other than those specified for this event are allowed in the testing area. No previous BPA tests and/or sample tests or facsimile (handwritten, photocopied, or keyed) are allowed in the testing area.***
- 3. Electronic devices will be monitored according to ACT standards.***

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Workplace Skills Assessment Program competition.

Multiple Choice

1. Supervision of advertising programs of insurers is most likely to be under which department
 - a. Production
 - b. Underwriting
 - c. Rate-making
 - d. Claims
2. An insurance agent who sells the products of only one insurance company is a(n)
 - a. broker
 - b. exclusive agent
 - c. direct writer
 - d. independent agent
3. A rider in an insurance contract that increases the benefit amounts to keep pace with inflation is called
 - a. Accidental death benefit
 - b. Coinsurance
 - c. Cost of living adjustment
 - d. Guaranteed purchase option
4. An individual, usually but not always the buyer, who receives benefits from an insurance policy
 - a. Assignee
 - b. Beneficiary
 - c. Principal
 - d. Insured
5. The likelihood an event will occur is called
 - a. Hazard
 - b. Peril
 - c. Probability
 - d. Risk
6. What is a characteristic of term life insurance?
 - a. It is written for a specified period of time
 - b. Permanent protection
 - c. Build cash value
 - d. Provide lifelong protection
7. A type of short term insurance is
 - a. Accident insurance
 - b. Catastrophic insurance
 - c. Credit insurance
 - d. Travel insurance

8. Which if the following is not an exclusion under a health policy?
 - a. Pre-existing conditions
 - b. Accident injury
 - c. Elective surgery
 - d. Intentional self inflicted injury
9. What is the type of insurance which pays for workers hurt in the course and scope of duty?
 - a. Medicare
 - b. Medicaid
 - c. Workers compensation
 - d. Disability social security
10. The primary objective of medical malpractice insurance policies is
 - a. To protect the insured from financial liability
 - b. To protect the patient from financial liability
 - c. Profit
 - d. None of the above
11. Medical malpractice insurance usually provides for
 - a. Monetary payment of damages
 - b. Costs of legal defense of the amount protected by the policy
 - c. Monetary payment of settlement of claims
 - d. All of the above
12. Joseph was just named risk manager of Big Time Company. He decided to create a risk management program which considers all of the risks faced by his company—pure, speculative, operational, and strategic. Such a program is called a(n)
 - a. Financial risk management program
 - b. Fundamental risk management program
 - c. Enterprise risk management program
 - d. Consequential risk management program
13. Which of the following types of risk best meets the requirements for being insurable by private insurers/
 - a. Market risks
 - b. Property risks
 - c. Financial risks
 - d. Political risks
14. Why is a large number of exposure units generally required before a pure risk is insurable?
 - a. It prevents the insurer from losing money
 - b. It eliminates insurers from intentional losses
 - c. It minimizes moral hazards
 - d. It enables the insurer to predict losses based on the law of large numbers

15. Insurance policies combining property and casualty coverage in the same contract are called
 - a. Mono-line policies
 - b. Multi-year policies
 - c. Multiple-line policies
 - d. Manuscript policies
16. Which of the following items is not a rating factor?
 - a. Age
 - b. Sex
 - c. Race
 - d. Religion
17. The best way to protect a small child in an auto is
 - a. To let the child ride in the parent's lap
 - b. To let the child ride in the back seat
 - c. To place the child in a special car seat next to the driver
 - d. To place the child in a special car seat in the back seat
18. Risk is defined as
 - a. uncertainty concerning loss
 - b. the probable variation of actual from expected experience
 - c. the long-run chance of occurrence or relative frequency of loss
 - d. a specific contingency that may cause loss
19. Which of the following is not one of the three main types of life insurance?
 - a. Term
 - b. Whole life
 - c. Industrial life
 - d. Universal life
20. Property insurance does not cover?
 - a. Buildings
 - b. Automobiles
 - c. Copyrights
 - d. Furniture
21. The function responsible for evaluating applicants for insurance to determine whether they meet the insurer's selection criteria:
 - a. Agency
 - b. Claims
 - c. Loss control
 - d. Underwriting
22. Any loss specifically not covered by a policy is a(n)
 - a. Exclusion
 - b. Peril
 - c. Coinsurance
 - d. Deductable

23. Most of the premiums collected by auto insurance companies:
- are paid to insureds' as benefits
 - are retained as profits for the companies
 - are paid to lawyers
 - are paid in taxes
24. The primary loss that results from disability is typically the
- Hospitalization charges
 - Loss of income that would have been earned
 - Physicians and surgeons fees
 - Costs of long-term care
25. A higher deductible results in
- A lower premium
 - A higher premium
 - Tax savings
 - Cancelation of the policy
26. If you have an insurance claim of \$10,000 and your deductible is \$500 how much do you owe the insurance company?
- \$0
 - \$500
 - \$9,500
 - \$10,000
27. Which of the following does not improve auto safety?
- Lightweight, high mileage cars
 - Air bags
 - Child restraint laws
 - Center-mounted brake lights
28. Which of the following is not a way to reduce auto insurance costs?
- Reduce frequency of accidents
 - Restrict payments to injured parties
 - Increase speed limits on interstate highways
 - Build stronger cars
29. The purchase of insurance is a common form of
- Risk retention
 - Risk avoidance
 - Risk transfer
 - Exposure control
30. Another term for a salary continuation plan is
- COBRA benefits
 - A sick leave plan
 - A short-term disability plan
 - Severance pay

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OPEN EVENT

KEY

Regional–2012



TOTAL POINTS _____(500)

Judges/Graders:

Please double-check and verify all scores!

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13. B
14. D
15. C
16. D
17. D
18. A
19. C
20. C
21. D
22. A
23. A
24. B
25. A
26. B
27. A
28. C
29. C
30. C
31. A
32. B
33. C
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35. C