

INSURANCE CONCEPTS (13)

REGIONAL 2013

CONTESTANT ID# _____ START TIME _____ END TIME _____



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.***

Property of Business Professionals of America.
May be reproduced only for use in the Business Professionals of America
Workplace Skills Assessment Program competition.

Multiple Choice

1. An employer-sponsored retirement plan in which the employee, and usually the employer, makes payments into a fund that the employee manages
 - a) Keogh
 - b) IRA
 - c) Defined benefit
 - d) 401 (k)

2. A loss payment provision that specifies that losses are paid on the basis of replacement cost minus depreciation.
 - a) Actual Cash Value
 - b) Market Value
 - c) Replacement Cost
 - d) Stated Amount

3. The person or legal entity designated to receive a life insurance death benefit.
 - a) Assignee
 - b) Beneficiary
 - c) Insured
 - d) Owner

4. The specified amount of time during which benefits will be paid by a disability income policy.
 - a) Waiting period
 - b) Probationary period
 - c) Policy period
 - d) Benefit period

5. In auto insurance, liability coverage that pays for physical injury to people in other vehicles.
- a) Medical payments
 - b) Bodily injury
 - c) Property damage
 - d) Uninsured motorist
6. An insurance agent who sells the products of only one insurance company.
- a) Broker
 - b) Captive agent
 - c) Direct writer
 - d) Independent agent
7. The amount payable to the owner of a permanent life insurance policy if he or she decides the insurance is no longer wanted.
- a) Cash surrender value
 - b) Death benefit
 - c) Premium
 - d) Settlement value
8. All of the following are types of permanent life insurance EXCEPT
- a) Term insurance
 - b) Universal life
 - c) Variable life
 - d) Whole life
9. Auto insurance coverage for damage to a car from upset, overturn, or colliding with another object.
- a) Rental car reimbursement
 - b) Personal injury protection

- c) Comprehensive
- d) Collision

10. Auto insurance coverage for physical damage to a car caused by fire, theft, windstorm or hail.

- a) Collision
- b) Other than Collision
- c) Personal injury protection
- d) Underinsured motorist

11. The section of a property-liability insurance policy defining the insured's and insurer's duties.

- a) Agreement
- b) Coverages
- c) Conditions
- d) Definitions

12. An option enabling the insured to exchange a term policy for a whole life policy without having to prove insurability.

- a) Guaranteed purchase option
- b) Double indemnity option
- c) Convertibility option
- d) Renewability option

13. A rider that increases benefit amounts to keep pace with inflation.
- a) Accidental death benefit
 - b) Coinsurance
 - c) Cost of living adjustment
 - d) Guaranteed purchase option
14. The payment made to life insurance beneficiaries upon the death of the insured.
- a) Annuity
 - b) Cash value
 - c) Death benefit
 - d) Nonforfeiture value
15. The page of an insurance policy that identifies the insurance company and the insured, and summarizes the coverages provided by that particular policy.
- a) Conditions
 - b) Declarations
 - c) Definitions
 - d) Insuring agreement
16. The amount an insured pays on a claim before the insurer pays the remainder.
- a) Depreciation
 - b) Deductible
 - c) Copayment
 - d) Coinsurance
17. A retirement plan in which the employee knows in advance what benefit will be paid.
- a) Defined benefit plan

- b) Defined contribution plan
- c) Keogh plan
- d) Simplified retirement plan

18. The section of an insurance policy that defines the terms used throughout the policy.

- a) Agreement
- b) Conditions
- c) Declarations
- d) Definitions

19. The reduction in the value of property as it gets older.

- a) Appreciation
- b) Depreciation
- c) Coinsurance
- d) Deductible

20. Insurance that replaces income lost because of disability.

- a) Comprehensive insurance
- b) Disability insurance
- c) Health insurance
- d) Life insurance

21. A form used to amend a property-liability insurance policy that reflects any changes to the standard policy.

- a) Agreement
- b) Conditions
- c) Definitions
- d) Endorsement

22. The section of an insurance policy specifying the losses that are not covered.
- a) Agreement
 - b) Conditions
 - c) Exclusions
 - d) Definitions
23. An insurance plan under which all employees of the insured are covered by a single contract.
- a) Group plan
 - b) Individual plan
 - c) Retrospective plan
 - d) Prospective plan
24. Insurance that compensates a homeowner for damage to a home or its contents.
- a) Businessowner's insurance
 - b) Dwelling insurance
 - c) Homeowners insurance
 - d) Personal property floater policy
25. An insurance agent who sells the products of several different companies
- a) Broker
 - b) Captive agent
 - c) Direct writer
 - d) Independent agent
26. A retirement savings and investment plan into which individuals may make tax deductible contributions

- a) Individual retirement account
 - b) Profit sharing plan
 - c) Roth IRA
 - d) Simplified employee plan
27. The risk of financial loss that must be demonstrated before buying a life insurance policy on someone else
- a) Indemnity
 - b) Insurable interest
 - c) Subrogation
 - d) Utmost good faith
28. Financial protection purchased to indemnify for loss
- a) Annuity
 - b) Bonds
 - c) Insurance
 - d) Stocks
29. An individual, usually but not always the buyer, covered by an insurance policy
- a) Assignee
 - b) Beneficiary
 - c) Insured
 - d) Principal
30. The theory of probability that is the basis for insurance, and which states that the larger the number of exposure units, the more closely the actual results obtained will approach the probable results expected.
- a) Law of large numbers
 - b) Principle of indemnity

- c) Principle of insurable interest
 - d) Principle of subrogation
31. Any legal responsibility, duty or obligation
- a) Judgment
 - b) Liability
 - c) Release
 - d) Representation
32. Insurance covering the cost of extended care of people who have difficulty with basic daily activities
- a) Basic health insurance
 - b) Disability income
 - c) Long term care
 - d) Major medical insurance
33. Coverage that pays for additional living expenses while repairs are made to a home or rental property that is uninhabitable because of a loss
- a) Additional coverages
 - b) Direct physical damage
 - c) Loss of use
 - d) Property damage liability
34. A government medical assistance program based on need
- a) Long term care
 - b) Medicaid
 - c) Medicare
 - d) Medigap

35. Auto insurance coverage that pays for physical injuries sustained by the insured and passengers in the insured's auto

- a) Comprehensive
- b) Liability
- c) Medical payments
- d) Transportation expense

36. A government medical insurance program for retired and/or disabled persons

- a) Long term care
- b) Medicaid
- c) Medicare
- d) Medigap

37. The unethical practice of making false or misleading statements with the intent to deceive or be unfair

- a) Concealment
- b) Misrepresentation
- c) Rebating
- d) Twisting

38. A type of insuring agreement where causes of loss are specified in the insurance policy

- a) All risk
- b) Named perils
- c) Open perils
- d) Special perils

39. Disability income coverage for highly specialized occupations defining disability specifically as being unable to perform the insured's job

- a) Any occupation protection

- b) Any reasonable occupation protection
- c) Non-occupational protection
- d) Own occupation protection

40. A cause of a loss

- a) Exposure
- b) Hazard
- c) Peril
- d) Risk

41. Life insurance that provides lifetime-long insurance protection

- a) Endowment insurance
- b) Group insurance
- c) Permanent insurance
- d) Term insurance

42. An auto insurance policy designed to insure the personal use of a private passenger vehicle

- a) Basic auto policy
- b) Business auto policy
- c) Commercial auto policy
- d) Personal auto policy

43. Coverage that protects policyholders from claims or judgments made against them resulting from their personal activities other than ownership, maintenance, or use of automobiles

- a) Personal auto insurance
- b) Personal liability insurance
- c) Personal property insurance

- d) Workers compensation insurance
44. A medical condition for which a new insured has been previously treated, and which may be excluded from coverage for a specified time
- a) Pre-existing condition
 - b) Own occupation
 - c) Evidence of insurability
 - d) Any occupation
45. Term insurance contracts generally do not have:
- a) A clearly defined termination date
 - b) Lower premiums than other forms of insurance
 - c) The option to convert the policy to another form of insurance
 - d) Cash values
46. Money paid by the insured to the insurer to purchase an insurance policy.
- a) Premium
 - b) Deductible
 - c) Coinsurance
 - d) Claim
47. A provision in disability insurance that specifies the conditions under which the insured is automatically considered disabled.
- a) Partial disability
 - b) Presumptive disability
 - c) Temporary disability
 - d) Total disability
48. The doctor designated by the insured to be most directly responsible for his or her care.
- a) Health maintenance organization
 - b) Point-of-service organization

- c) Primary care physician
- d) Specialist

49. The likelihood that an event will occur

- a) Hazard
- b) Peril
- c) Probability
- d) Risk

50. An option enabling a policyholder to automatically renew a term policy

- a) Renewability
- b) Convertibility
- c) Extendibility
- d) Cancellable