

FREE STUDY RESOURCE

NEBRASKA

PROPERTY & CASUALTY INSURANCE

80 FREE PRACTICE QUESTIONS

QUESTION BREAKDOWN BY SECTION

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Includes verified answer keys, detailed statutory citations, and explanations for each question based on Nebraska Revised Statutes and Title 210 NAC rules.

SECTION 1: GENERAL INSURANCE PRINCIPLES

1. An applicant cannot negotiate the wording of an insurer's standard policy. If an ambiguity is disputed, which contract characteristic generally causes it to be construed against the insurer?

- A. Utmost good faith
- B. Contract of adhesion**
- C. Binder
- D. Nonrenewal

Correct Answer: B

Explanation: Contract of adhesion: A contract drafted by one party and generally interpreted against that drafter when wording is ambiguous.

2. An insured may pay a small premium and receive a much larger claim payment if an uncertain loss occurs. Which contract characteristic does this illustrate?

- A. Aleatory contract**
- B. Contract of adhesion
- C. Material fact
- D. Cancellation

Correct Answer: A

Explanation: Aleatory contract: A contract in which the values exchanged may be unequal because performance depends on an uncertain event.

3. An insurer and applicant are expected to disclose material facts honestly during the insurance transaction. Which principle describes this expectation?

- A. Representation
- B. Certificate of insurance
- C. Utmost good faith**
- D. Earned premium

Correct Answer: C

Explanation: Utmost good faith: The expectation that insurance parties disclose material facts and deal honestly.

4. The insurer's duty to pay depends on the insured satisfying duties such as giving prompt notice of loss. Which contract characteristic does this illustrate?

- A. Aleatory contract
- B. Concealment
- C. Endorsement
- D. Conditional contract**

Correct Answer: D

Explanation: Conditional contract: A contract whose performance depends on specified duties or conditions.

5. Why is an insurance policy considered a unilateral contract?

- A. Both parties exchange equally enforceable promises
- B. The insured may negotiate every policy provision
- C. Only the insurer makes a legally enforceable promise to perform**
- D. The policy transfers ownership of insured property

Correct Answer: C

Explanation: An insurance policy is unilateral because only the insurer makes a legally enforceable promise to pay or perform if covered conditions are met.

6. A false statement on an application that would influence the insurer's decision to issue the policy is known as a:

- A. Material misrepresentation**
- B. Implied warranty
- C. Minor discrepancy
- D. Fraudulent waiver

Correct Answer: A

Explanation: A material misrepresentation is a false statement that is significant enough to alter the insurer's underwriting decision or the premium rate.

7. After a loss, the insured is required to pay premiums and notify the insurer of the loss in order for the insurer to pay the claim. Because only one party (the insurer) makes a legally enforceable promise, the insurance contract is:

- A. Aleatory
- B. Conditional
- C. Personal
- D. Unilateral**

Correct Answer: D

Explanation: Insurance is a unilateral contract because only one party (the insurer) makes a legally binding promise to perform (pay claims). The insured can stop paying premiums at any time.

8. An insurance contract is prepared by the insurer with no room for negotiation by the insured. If there is an ambiguity in the policy wording, a court will likely interpret it in favor of the insured. This characteristic describes an:

- A. Contract of adhesion**
- B. Aleatory contract
- C. Unilateral contract
- D. Personal contract

Correct Answer: A

Explanation: Contracts of adhesion are take it or leave it. Because the insurer wrote the contract, any ambiguity is construed against the insurer and in favor of the insured.

9. An insured intentionally conceals the fact that he runs a home business out of his garage when applying for a standard homeowners policy. This failure to disclose a material fact is known as:

- A. Concealment**
- B. Waiver
- C. Estoppel
- D. Warranty

Correct Answer: A

Explanation: Concealment is the intentional withholding of material information that is crucial to the insurer's underwriting decision.

10. Because both parties must perform certain duties to keep an insurance contract in force, it is considered what type of contract?

- A. Unilateral
- B. Aleatory
- C. Executory
- D. Conditional**

Correct Answer: D

Explanation: A conditional contract requires that certain conditions be met by both parties (e.g., the insured paying premiums and reporting losses) for the contract to be executed.

SECTION 2: PROPERTY INSURANCE BASICS

11. A business moves inventory away from an approaching covered fire. Which additional coverage can protect the property while it is being moved and temporarily stored?

- A. Debris removal
- B. Property preservation ' '**
- C. Control of property
- D. Functional replacement cost

Correct Answer: B

Explanation: Property preservation: Coverage for property moved to protect it from imminent covered damage.

12. A covered cause of loss releases pollutants onto land at the insured premises. Which limited additional coverage may pay extraction expenses?

- A. Appraisal
- B. Pair or set condition
- C. Blanket insurance
- D. Pollutant cleanup and removal ' '**

Correct Answer: D

Explanation: Pollutant cleanup and removal: Limited property coverage for extracting pollutants from land or water after a covered cause.

13. After a covered fire, an insured must pay to clear damaged building materials from the premises. Which additional coverage addresses this expense?

- A. Pollutant cleanup and removal
- B. No benefit to bailee
- C. Debris removal ' '**
- D. Stated amount

Correct Answer: C

Explanation: Debris removal: Coverage for specified expense to remove debris after a covered loss.

14. Which property-policy additional coverage helps pay the cost to remove debris of covered property after a covered cause of loss?

- A. Ordinance or law
- B. Business income
- C. Valuable papers
- D. Debris removal ' '**

Correct Answer: D

Explanation: Debris removal coverage pays specified expenses to remove covered-property debris after a covered loss.

15. A building is damaged by an earthquake and landslide. Which standard property exclusion most directly applies?

- A. Market value
- B. Personal property of others
- C. Earth movement exclusion ' '**
- D. Preservation of property

Correct Answer: C

Explanation: Earth movement exclusion: A property exclusion addressing earthquake landslide and related ground movement.

16. A covered event begins an uninterrupted chain that produces property damage. What term describes the dominant initiating cause?

- A. Actual cash value
- B. Proximate cause**
- C. Business personal property
- D. Electronic data additional coverage

Correct Answer: B

Explanation: Proximate cause: The dominant cause setting an unbroken chain of events in motion.

17. A machine damages itself because an internal component seizes without an external cause. Which property exclusion most directly addresses the loss?

- A. Building coverage
- B. Newly acquired property extension
- C. Mechanical breakdown exclusion**
- D. Brands and labels condition

Correct Answer: C

Explanation: Mechanical breakdown exclusion: An exclusion for loss caused by internal mechanical failure or rupture.

18. A property form covers direct physical loss unless the cause is excluded or limited. What type of coverage is this?

- A. Utility services exclusion
- B. Functional valuation
- C. Open-peril coverage**
- D. Outdoor property extension

Correct Answer: C

Explanation: Open-peril coverage: Property coverage applying to direct physical loss unless the cause is excluded or limited.

19. A property form covers only causes of loss specifically listed in the policy. What type of coverage is this?

- A. Ordinance or law exclusion
- B. Named-peril coverage**
- C. Valued policy
- D. Coverage extension

Correct Answer: B

Explanation: Named-peril coverage: Property coverage applying only to causes of loss specifically listed.

20. After a covered loss, current building codes make reconstruction more expensive. Which exclusion applies unless this increased cost is added back by coverage?

- A. Ordinance or law exclusion**
- B. Functional valuation
- C. Outdoor property extension
- D. Pollutant cleanup

Correct Answer: A

Explanation: Ordinance or law exclusion: An exclusion for increased loss caused by enforcement of building codes unless added back.

SECTION 3: CASUALTY/LIABILITY BASICS

21. A business is sued for covered libel committed in an advertisement. Which CGL coverage may respond?

- A. Medical payments
- B. Personal and advertising injury ' '**
- C. Vicarious liability
- D. Punitive damages

Correct Answer: B

Explanation: Personal and advertising injury: CGL coverage for defined offenses such as certain libel slander and advertising injuries.

22. A contractor finishes a staircase, and it later collapses and injures the owner. Which CGL hazard applies?

- A. Vicarious liability
- B. Completed operations hazard ' '**
- C. Punitive damages
- D. Retroactive date

Correct Answer: B

Explanation: Completed operations hazard: Liability exposure arising after the insured's work has been completed.

23. A customer is injured by a product after the manufacturer relinquishes possession. Which CGL hazard applies?

- A. Products hazard ' '**
- B. Completed operations hazard
- C. Compensatory damages
- D. Claims-made trigger

Correct Answer: A

Explanation: Products hazard: Liability exposure arising from products after possession has been relinquished.

24. A tenant negligently causes a fire in rented office space. Which CGL provision may provide limited property-damage coverage?

- A. Products hazard
- B. Res ipsa loquitur
- C. Occurrence trigger
- D. Damage to premises rented to you ' '**

Correct Answer: D

Explanation: Damage to premises rented to you: Limited CGL protection for specified damage to premises rented by the insured.

25. A tenant negligently causes fire damage to rented premises. Which CGL feature may provide a limited exception to the damage-to-property exclusion?

- A. Damage to premises rented to you coverage ' '**
- B. Products-completed operations
- C. Employee benefits liability
- D. Workers compensation

Correct Answer: A

Explanation: The CGL provides limited coverage for specified damage to premises rented to the insured.

26. A visitor suffers a minor injury at an insured business and requests payment of medical expenses without alleging negligence. Which CGL coverage may respond?

- A. Damage to premises rented to you
- B. Joint and several liability
- C. Medical payments ' '**
- D. Supplementary payments

Correct Answer: C

Explanation: Medical payments: Limited no-fault CGL coverage for specified medical expenses of others.

27. Which CGL coverage can pay limited medical expenses for a person injured on the insured's premises regardless of fault, subject to policy terms?

- A. Products-completed operations aggregate
- B. Workers compensation
- C. Property insurance
- D. Medical payments coverage ' '**

Correct Answer: D

Explanation: CGL medical payments coverage can pay specified medical expenses without requiring proof of negligence.

28. Which CGL coverage category can address specified offenses such as libel, slander, or certain advertising injuries?

- A. Products-completed operations
- B. Fire legal liability only
- C. Personal and advertising injury ' '**
- D. Workers compensation

Correct Answer: C

Explanation: Coverage B addresses defined personal and advertising injury offenses.

29. Which CGL hazard addresses bodily injury or property damage arising from the insured's products after possession has been relinquished or work has been completed?

- A. Premises and operations only
- B. Products-completed operations hazard ' '**
- C. Medical payments
- D. Liquor liability exclusion

Correct Answer: B

Explanation: Products-completed operations addresses specified injury or damage arising after products leave the insured or work is completed.

30. A bar is sued after serving alcohol to an intoxicated patron who causes an accident. Which CGL exclusion most directly applies?

- A. Mobile equipment exception
- B. Supplemental extended reporting period
- C. Liquor liability exclusion ' '**
- D. Owners and contractors protective form

Correct Answer: C

Explanation: Liquor liability exclusion: The CGL exclusion applying to specified alcohol-related liability of businesses in the alcohol trade.

SECTION 4: DWELLING & HOMEOWNERS

31. A landlord wants open-peril coverage on a rental dwelling and named-peril coverage on its personal property. Which dwelling form best fits this request?

- A. DP 3 Special Form ' '**
- B. HO 8 Modified Coverage Form
- C. Credit card forgery
- D. Business exclusion

Correct Answer: A

Explanation: DP 3 Special Form: A dwelling form generally providing open-peril dwelling coverage and named-peril personal-property coverage.

32. Alice is purchasing a Dwelling Policy for a rental property. The agent recommends the DP-2. Which of the following best describes this form?

- A. It covers named perils including falling objects and weight of ice/snow, usually paying replacement cost on the dwelling. '**
- B. It includes comprehensive liability coverage automatically.
- C. It covers theft of personal property by default.
- D. It provides open peril coverage for both the structure and personal property.

Correct Answer: A

Explanation: The DP-2 (Broad Form) covers named perils including falling objects and weight of ice/snow, usually paying replacement cost on the dwelling. Liability and theft are typically endorsements on DP forms.

33. Bob is purchasing a Dwelling Policy for a rental property. The agent recommends the DP-1. Which of the following best describes this form?

- A. It includes comprehensive liability coverage automatically.
- B. It covers theft of personal property by default.
- C. It covers only named perils like fire, lightning, and internal explosion on an ACV basis. '**
- D. It provides open peril coverage for both the structure and personal property.

Correct Answer: C

Explanation: The DP-1 (Basic Form) covers only named perils like fire, lightning, and internal explosion on an ACV basis. Liability and theft are typically endorsements on DP forms.

34. Hannah is purchasing a Dwelling Policy for a rental property. The agent recommends the DP-1. Which of the following best describes this form?

- A. It covers only named perils like fire, lightning, and internal explosion on an ACV basis. '**
- B. It includes comprehensive liability coverage automatically.
- C. It covers theft of personal property by default.
- D. It provides open peril coverage for both the structure and personal property.

Correct Answer: A

Explanation: The DP-1 (Basic Form) covers only named perils like fire, lightning, and internal explosion on an ACV basis. Liability and theft are typically endorsements on DP forms.

35. Hannah is purchasing a Dwelling Policy for a rental property. The agent recommends the DP-2. Which of the following best describes this form?

- A. It includes comprehensive liability coverage automatically.
- B. It covers named perils including falling objects and weight of ice/snow, usually paying replacement cost on the dwelling. '**
- C. It covers theft of personal property by default.
- D. It provides open peril coverage for both the structure and personal property.

Correct Answer: B

Explanation: The DP-2 (Broad Form) covers named perils including falling objects and weight of ice/snow, usually paying replacement cost on the dwelling. Liability and theft are typically endorsements on DP forms.

36. Hannah is purchasing a Dwelling Policy for a rental property. The agent recommends the DP-3. Which of the following best describes this form?

- A. It includes comprehensive liability coverage automatically.
- B. It provides open peril coverage on the dwelling and named peril on personal property. '**
- C. It covers theft of personal property by default.
- D. It provides open peril coverage for both the structure and personal property.

Correct Answer: B

Explanation: The DP-3 (Special Form) provides open peril coverage on the dwelling and named peril on personal property. Liability and theft are typically endorsements on DP forms.

37. Ian is purchasing a Dwelling Policy for a rental property. The agent recommends the DP-3. Which of the following best describes this form?

- A. It includes comprehensive liability coverage automatically.
- B. It covers theft of personal property by default.
- C. It provides open peril coverage for both the structure and personal property.
- D. It provides open peril coverage on the dwelling and named peril on personal property. '**

Correct Answer: D

Explanation: The DP-3 (Special Form) provides open peril coverage on the dwelling and named peril on personal property. Liability and theft are typically endorsements on DP forms.

38. Which Dwelling policy form provides open peril coverage on the dwelling home and named peril coverage on personal home?

- A. DP-2 (Broad Form)
- B. DP-1 (Basic Form)
- C. DP-3 (Special Form) '**
- D. HO-3

Correct Answer: C

Explanation: DP-3 provides open peril coverage on the structure and named peril on contents.

39. Which dwelling form provides basic named-peril property coverage without the broader features of DP 2 or DP 3?

- A. HO 6 Unit-Owners Form
- B. Property usually at another residence
- C. DP 1 Basic Form '**
- D. Personal property ACV

Correct Answer: C

Explanation: DP 1 Basic Form: A dwelling form providing named-peril property coverage on a basic basis.

40. Which dwelling form provides broad named-peril coverage and broader loss-settlement features than the basic form?

- A. HO 7 Manufactured Home Form
- B. Trees shrubs and plants
- C. Residence employee
- D. DP 2 Broad Form '**

Correct Answer: D

Explanation: DP 2 Broad Form: A dwelling form providing broader named-peril coverage and additional features.

SECTION 5: AUTO (PERSONAL & COMMERCIAL)

41. A company officer has a furnished company car but needs personal-auto-like coverage while driving other vehicles. Which commercial-auto endorsement may help?

- A. Named nonowner
- B. Drive other car '**
- C. Nonowned auto
- D. Part C - Uninsured Motorists

Correct Answer: B

Explanation: Drive other car: An endorsement extending specified personal-auto-like protection to eligible individuals using nonowned autos.

42. A totaled auto's physical-damage settlement is less than the remaining loan balance. Which PAP endorsement may cover a qualifying shortfall?

- A. Auto loan lease coverage '**
- B. Trailer interchange coverage
- C. Supplementary payment for bail bonds
- D. Uninsured motor vehicle

Correct Answer: A

Explanation: Auto loan lease coverage: An endorsement addressing a qualifying shortfall between physical-damage settlement and a loan or lease balance.

43. An individual owns no auto but regularly drives borrowed vehicles and needs personal liability coverage. Which PAP endorsement is appropriate?

- A. Out-of-state coverage
- B. Owned trailer
- C. Named nonowner '**
- D. Part D - Damage to Your Auto

Correct Answer: C

Explanation: Named nonowner: A personal auto endorsement for an individual who does not own an auto but needs nonowned-auto liability protection.

44. An insured wants to adapt a PAP to cover a motorcycle or motorhome. Which endorsement is designed for this purpose?

- A. Motor carrier coverage form
- B. Trailer
- C. Insured under medical payments
- D. Miscellaneous type vehicle '**

Correct Answer: D

Explanation: Miscellaneous type vehicle: An endorsement adapting PAP coverage for vehicles such as motorhomes or motorcycles.

45. Two related household members who are not spouses jointly own an auto. Which PAP endorsement can adapt coverage to this ownership?

- A. Garagekeepers coverage
- B. Occupying
- C. Joint ownership coverage '**
- D. Medical payments time limit

Correct Answer: C

Explanation: Joint ownership coverage: An endorsement adapting a PAP for an eligible vehicle jointly owned by nonspouses.

46. A BAP declaration schedules only selected vehicles for physical-damage coverage. Which covered-auto symbol applies?

- A. Symbol 7 - Specifically Described Autos '**
- B. Drive other car
- C. Temporary substitute auto
- D. Part B - Medical Payments

Correct Answer: A

Explanation: Symbol 7 - Specifically Described Autos: Business-auto coverage limited to autos scheduled in the declarations.

47. A business transports customers' vehicles by driving, towing, or carrying them from one location to another. How is this business classified?

- A. No-fault conformity
- B. Driveaway contractor '**
- C. Diminution in value
- D. Joint ownership coverage

Correct Answer: B

Explanation: Driveaway contractor: A business transporting vehicles by driving towing or carrying them under specified arrangements.

48. A business wants coverage to apply to all autos it owns, subject to the selected coverage. Which BAP symbol is appropriate?

- A. MCS-90 endorsement
- B. Symbol 2 - Owned Autos Only '**
- C. Out-of-state coverage
- D. Underinsured motor vehicle

Correct Answer: B

Explanation: Symbol 2 - Owned Autos Only: Business-auto coverage for autos the insured owns subject to symbol rules.

49. A business wants liability coverage for qualifying autos it leases, hires, rents, or borrows. Which BAP symbol applies?

- A. Driveaway contractor
- B. Financial responsibility adjustment
- C. Symbol 8 - Hired Autos Only '**
- D. Hit-and-run vehicle

Correct Answer: C

Explanation: Symbol 8 - Hired Autos Only: Business-auto coverage for qualifying autos the insured hires rents leases or borrows.

50. A business wants liability protection for autos it leases, hires, rents, or borrows but does not own. Which business-auto category is relevant?

- A. Hired autos '**
- B. Owned autos only
- C. Mobile equipment only
- D. Garagekeepers coverage

Correct Answer: A

Explanation: Hired-auto coverage applies to qualifying autos the insured leases, hires, rents, or borrows.

SECTION 6: COMMERCIAL

51. A building owner wants business-income coverage to include lost rental value and continuing operating expenses. Which form is appropriate?

- A. Dependent property
- B. Theft definition
- C. Business income including rental value '**
- D. System failure coverage

Correct Answer: C

Explanation: Business income including rental value: A form covering qualifying net income including rental value plus continuing normal operating expense.

52. A business rents temporary equipment to avoid or minimize a covered suspension. Which time-element coverage pays the necessary added cost?

- A. Extra expense '**
- B. Period of restoration
- C. Accounts receivable coverage
- D. Computer fraud

Correct Answer: A

Explanation: Extra expense: Coverage for necessary additional expense incurred to avoid or minimize suspension.

53. A covered fire suspends operations and causes lost net income plus continuing expenses. Which coverage addresses this loss?

- A. Extra expense
- B. Equipment breakdown coverage
- C. Forgery or alteration
- D. Business income '**

Correct Answer: D

Explanation: Business income: Coverage for lost income and continuing expenses during a covered suspension.

54. A key supplier's covered loss prevents the insured from operating. How is the supplier classified under business-income coverage?

- A. Discovery form
- B. Data restoration coverage
- C. Mortgageholders condition
- D. Dependent property '**

Correct Answer: D

Explanation: Dependent property: A supplier customer manufacturer or leader location upon which the insured depends.

55. A manufacturer has no rental-income exposure and wants that interest excluded. Which business-income form is appropriate?

- A. Accident definition
- B. Robbery definition
- C. Building and personal property form
- D. Business income other than rental value '**

Correct Answer: D

Explanation: Business income other than rental value: A form excluding rental value from the covered business-income interest.

56. After covered property damage, a manufacturer pays overtime and rents temporary space to reduce the shutdown. Which coverage addresses these necessary additional costs?

- A. Extra expense '**
- B. Hired and nonowned auto liability
- C. Inside the premises theft of money and securities
- D. Contractors equipment floater

Correct Answer: A

Explanation: Extra expense: Coverage for necessary additional expense to avoid or minimize suspension of operations.

57. An insured submits an approved worksheet and wants business-income coinsurance suspended. Which option can accomplish this?

- A. Business income equipment breakdown
- B. Business income agreed value ' '**
- C. Custodian definition
- D. Causes of Loss Broad Form

Correct Answer: B

Explanation: Business income agreed value: An option suspending coinsurance after submission of an approved business-income worksheet.

58. An insured wants actual business-income loss covered for a specified maximum number of days without ordinary coinsurance. Which option applies?

- A. Interline endorsements
- B. Funds transfer fraud
- C. Valuable papers and records
- D. Maximum period of indemnity ' '**

Correct Answer: D

Explanation: Maximum period of indemnity: An optional limit method covering actual business-income loss for a specified maximum period.

59. An insured wants each month's business-income recovery capped at a stated fraction of the policy limit. Which option provides this structure?

- A. Monthly limit of indemnity ' '**
- B. Covered equipment
- C. Safe burglary definition
- D. Causes of Loss Basic Form

Correct Answer: A

Explanation: Monthly limit of indemnity: An option limiting each month's recovery to a stated fraction of the business-income limit.

60. Authorities prohibit access to an insured business because of covered damage at nearby premises. Which business-income additional coverage may respond?

- A. Common policy conditions
- B. Computer fraud
- C. Civil authority ' '**
- D. Accounts receivable coverage

Correct Answer: C

Explanation: Civil authority: Business-income coverage triggered when civil authority prohibits access because of nearby covered damage.

SECTION 7: WORKERS COMP & MISC.

61. A crew member contributes to the function of a vessel in navigation. For federal maritime remedies, how may the worker be classified?

- A. Maintenance bond
- B. Jones Act seaman ' '**
- C. Commercial umbrella
- D. Part Three listed states

Correct Answer: B

Explanation: Jones Act seaman: Federal maritime protection for a qualifying member of a vessel's crew.

62. A maritime employee seeks federal longshore benefits. Which eligibility test examines the nature of the worker's occupation?

- A. Judicial bond
- B. Maintenance of underlying insurance
- C. Part Four immediate medical services
- D. Longshore status test ' '**

Correct Answer: D

Explanation: Longshore status test: The occupational requirement for federal longshore benefits.

63. A maritime employee seeks federal longshore benefits. Which eligibility test examines where the injury occurred?

- A. Supply bond
- B. Retained limit
- C. Longshore situs test ' '**
- D. Part Four employer notice duty

Correct Answer: C

Explanation: Longshore situs test: The location requirement for federal longshore benefits.

64. A qualifying dockworker is injured on navigable waters or an adjoining area. Which federal compensation law may provide benefits?

- A. Jones Act
- B. Fidelity bond
- C. Self-insured retention
- D. Longshore and Harbor Workers Compensation Act ' '**

Correct Answer: D

Explanation: Longshore and Harbor Workers Compensation Act: Federal workers compensation protection for qualifying maritime workers injured on navigable waters or adjoining areas.

65. A qualifying seaman is injured because of employer negligence. Which federal law permits a claim against the employer?

- A. Jones Act ' '**
- B. Principal
- C. Performance bond
- D. Follow-form excess

Correct Answer: A

Explanation: Jones Act: Federal law permitting qualifying seamen to pursue employers for negligence.

66. An employee working overseas on a qualifying U.S. government contract is injured. Which federal compensation law may apply?

- A. Defense Base Act ' '**
- B. Appeal bond
- C. Defense when underlying does not apply
- D. Part Five audit

Correct Answer: A

Explanation: Defense Base Act: Federal workers compensation protection for qualifying employees on overseas government contracts.

67. An interstate railroad employee alleges that employer negligence caused an occupational injury. Which federal law provides the remedy?

- A. Longshore and Harbor Workers Compensation Act
- B. Surety
- C. Federal Employers Liability Act ' '**
- D. Umbrella liability

Correct Answer: C

Explanation: Federal Employers Liability Act: Federal negligence-based protection for qualifying interstate railroad workers.

68. Which federal statute governs covered injury claims by qualifying railroad employees engaged in interstate commerce?

- A. Federal Employers Liability Act ' '**
- B. Contract bond
- C. Personal umbrella
- D. Part Two bodily injury by disease employee limit

Correct Answer: A

Explanation: Federal Employers Liability Act: A fault-based federal remedy for qualifying interstate railroad employees.

69. A business needs protection for specified environmental cleanup costs and third-party pollution claims. Which specialty coverage is designed for this exposure?

- A. Voluntary compensation endorsement
- B. Monopolistic state fund
- C. Pollution liability ' '**
- D. Payment bond

Correct Answer: C

Explanation: Pollution liability: Coverage designed for specified pollution cleanup and third-party liability exposures.

70. A project owner wants separate protection from specified vicarious and supervisory liability arising from a contractor's work. Which policy applies?

- A. Federal Employers Liability Act
- B. Competitive state fund
- C. License and permit bond
- D. Owners and contractors protective liability ' '**

Correct Answer: D

Explanation: Owners and contractors protective liability: Coverage protecting a project owner or contractor from specified vicarious and supervisory liability.

SECTION 8: NEBRASKA P&C LAW & ETHICS

71. Under Nebraska insurance law, how often must the Director of Insurance examine the financial condition and market conduct of each domestic insurance company authorized in the state?

- A. At least once every 2 years
- B. At least once every 3 years
- C. At least once every 5 years ' '**
- D. Annually

Correct Answer: C

Explanation: Under Neb. Rev. Stat. § 44-5905(1), the Director of Insurance must examine each domestic insurer at least once every 5 years.

72. When the Director of Insurance issues a Cease and Desist Order against a person who willfully committed an unfair trade practice, what is the maximum civil penalty that may be assessed under Nebraska law?

- A. Up to \$5,000 per violation up to \$25,000 aggregate
- B. Up to \$10,000 per violation up to \$50,000 aggregate
- C. Up to \$30,000 per violation up to \$150,000 aggregate in any 6-month period '**
- D. Up to \$50,000 per violation up to \$250,000 aggregate

Correct Answer: C

Explanation: Under Neb. Rev. Stat. § 44-1529, the Director may impose a civil penalty of up to \$30,000 per violation, up to an aggregate of \$150,000 in any 6-month period for willful unfair trade practices.

73. What is the minimum age requirement to apply for a resident Property and Casualty insurance producer license in Nebraska?

- A. 18 years old '**
- B. 19 years old
- C. 21 years old
- D. 25 years old

Correct Answer: A

Explanation: Under Neb. Rev. Stat. § 44-4053(1)(a), an individual applying for an insurance producer license must be at least 18 years of age.

74. To maintain a resident insurance producer license in Nebraska, how many continuing education (CE) credit hours must be completed every two years, and how many must cover ethics?

- A. 12 total hours, including 2 hours of ethics
- B. 20 total hours, including 2 hours of ethics
- C. 24 total hours, including at least 3 hours of ethics '**
- D. 30 total hours, including 5 hours of ethics

Correct Answer: C

Explanation: Under Neb. Rev. Stat. § 44-3904, resident licensees must complete 24 hours of approved continuing education every two years, with at least 3 of those hours in approved ethics courses.

75. A commercial property producer offers to refund 20% of the commission back to an insured if the insured agrees to bind a property policy. Under Nebraska law, this prohibited practice is defined as:

- A. Twisting
- B. Rebating '**
- C. Coercion
- D. Defamation

Correct Answer: B

Explanation: Under Neb. Rev. Stat. § 44-1525(8), rebating consists of offering, giving, or paying valuable consideration, commission splits, or inducements not specified in the insurance contract.

76. When a policyholder provides formal notice of a property damage claim to an insurer in Nebraska, within what timeframe must the insurer acknowledge receipt of the claim notice under Title 210 NAC Chapter 60?

- A. Within 5 calendar days
- B. Within 10 calendar days
- C. Within 15 working days '**
- D. Within 30 calendar days

Correct Answer: C

Explanation: Under 210 NAC 60 § 005.01, insurers must acknowledge receipt of a notice of claim within 15 working days.

77. Under the Nebraska Motor Vehicle Safety Responsibility Act, what are the mandatory minimum split liability limits required for a motor vehicle liability policy?

- A. 15/30/10 (\$15,000 / \$30,000 / \$10,000)
- B. 25/50/25 (\$25,000 / \$50,000 / \$25,000) '**
- C. 30/60/25 (\$30,000 / \$60,000 / \$25,000)
- D. 50/100/50 (\$50,000 / \$100,000 / \$50,000)

Correct Answer: B

Explanation: Under Neb. Rev. Stat. § 60-534, the minimum liability limits required in Nebraska are \$25,000 bodily injury per person, \$50,000 bodily injury per accident, and \$25,000 property damage per accident (25/50/25).

78. An insurer cancels a personal automobile liability policy in Nebraska due to nonpayment of premium. What is the minimum advance written notice that the insurer must provide to the named insured?

- A. At least 10 days written notice '**
- B. At least 20 days written notice
- C. At least 30 days written notice
- D. At least 45 days written notice

Correct Answer: A

Explanation: Under Neb. Rev. Stat. § 44-516, an insurer must provide at least 10 days' written notice of cancellation when the cancellation is for nonpayment of premium.

79. Under Nebraska Revised Statute § 44-522, how much advance written notice must an insurer give an insured before cancelling or nonrenewing a property, marine, or general liability policy for reasons other than nonpayment of premium?

- A. At least 20 days
- B. At least 30 days
- C. At least 45 days
- D. At least 60 days written notice '**

Correct Answer: D

Explanation: Under Neb. Rev. Stat. § 44-522, an insurer must give at least 60 days' written notice prior to the cancellation or nonrenewal of a property, marine, or liability policy (except for nonpayment of premium, which requires 10 days).

80. What is the maximum claim amount paid by the Nebraska Property and Liability Insurance Guaranty Association (NPLIGA) for a covered general property or casualty claim resulting from the insolvency of an insurer?

- A. Up to \$100,000 per claim
- B. Up to \$250,000 per claim
- C. Up to \$300,000 per claim (in excess of a \$100 deductible and subject to policy limits) '**
- D. Up to \$500,000 per claim

Correct Answer: C

Explanation: Under Neb. Rev. Stat. § 44-2406(1), NPLIGA pays covered property and liability claims in excess of \$100 and up to \$300,000 per claim (or policy limits, whichever is less).

