We offer free update service for one year!

https://www.certqueen.com

Exam : **C130**

Title : Essential Skills for the Insurance Broker and Agent

Version : DEMO

1.Which homeowners package policy provides all-perils coverage on the building and named-perils coverage on the contents?
A. Basic
B. Broad
C. Standard
D. Comprehensive
Answer: B
Explanation:
The broad form homeowners policy typically provides all-perils coverage on the dwelling building and named-perils coverage on personal property or contents. This structure gives broader protection for the building, which is usually the insured's largest property exposure, while applying more limited named-perils protection to contents. The basic or standard form is generally narrower because it covers both building and contents on a named-perils basis. The comprehensive form is broader because it generally provides all-perils coverage for both building and contents, subject to exclusions and conditions. Therefore, the correct match is broad form. The distinction matters because "all-perils" does not mean every possible loss is covered; it means all direct physical loss is covered unless excluded. Named-perils coverage works the opposite way: the loss must be caused by a peril specifically listed in the policy. Brokers must be precise when explaining these forms because clients frequently confuse broad and comprehensive coverage.
References/topics: Property Insurance—Wordings; homeowners package forms, broad form, named perils, all-perils coverage.

2.Michelle is a new agent who would like to protect herself against possible errors and omissions claims. What should Michelle practice in her interactions with clients and insurers?
A. Use close-ended questions with clients at all times
B. Ensure all communication with clients and insurers is done face-to-face
C. Offer advice to clients if she thinks it is beneficial, even if it is outside her area of expertise
D. Recommend that clients consult with experts outside the insurance field if a situation calls for it
Answer: D
Explanation:
A disciplined intermediary protects against E & O exposure by recognizing the limits of their professional competence. Michelle should recommend that clients consult outside experts when the issue falls outside insurance expertise, such as legal ownership, tax treatment, engineering concerns, environmental hazards, financial planning, or construction valuation beyond ordinary insurance tools. This is the safest and most professional response because it prevents the agent from giving unauthorized or unreliable advice.
Option A is poor practice because exclusive use of close-ended questions can prevent discovery of important facts; brokers and agents should use a mix of open-ended and targeted questions.
Option B is unrealistic and unnecessary because written, telephone, electronic, and face-to-face communication can all be valid if properly documented.
Option C is dangerous because giving advice outside one's expertise creates a direct E & O hazard. Proper file documentation, referrals to qualified experts, confirmation of client instructions, and accurate communication with insurers are all central to E & O prevention.
References/topics: Communication and Service Skills; E & O prevention, professional boundaries,

documentation, client communication.

3.A tenant’s negligence causes a fire in the dwelling they rent.
Typically, who is initially responsible for paying the damage?
A. The tenant who negligently caused the fire
B. The insurer that issued the homeowners policy
C. The insurer that issued the tenant’s legal liability policy
D. The dwelling’s owner who is responsible for the tenant’s actions
Answer: B
Explanation:
The insurer that issued the homeowners policy is typically the party that initially pays for the damage to the dwelling. The property owner insures the building, so when the building suffers insured fire damage, the owner’s property insurer responds first according to the policy terms. The tenant’s negligence may create a liability exposure, but that does not usually change the first-party property claim sequence. After paying the owner, the property insurer may consider subrogation against the negligent tenant or the tenant’s insurer, depending on the lease, policy wording, provincial law, waiver provisions, and surrounding facts.
Option A is too direct because the tenant may be legally responsible, but they do not normally “initially” pay the insured building claim.
Option C may respond if a liability claim is pursued against the tenant, but it is not the first insurer paying the property owner’s building loss.
Option D is wrong because the owner is not responsible for the tenant’s negligence merely because the tenant occupies the dwelling.
References/topics: Property Insurance—Exposures; tenant negligence, first-party property insurance, tenant’s legal liability, subrogation.

4.What is an agent’s primary duty to the insurer?
A. Provide the insurer with all relevant material facts
B. Provide the insurer with the insured’s finances upon request
C. Bind the policy with the insurer they have the best relationship with
D. Quote the client with maximum amounts of liability coverage
Answer: A
Explanation:
An agent’s primary duty to the insurer is to provide all relevant material facts. Insurance underwriting depends on accurate disclosure of facts that would influence the insurer’s decision to accept the risk, reject it, modify terms, impose exclusions, charge additional premium, or require risk improvements. Material facts may include occupancy, prior losses, construction, protection systems, use of vehicles, business operations, liability hazards, renovations, vacancy, or any other fact relevant to the risk.
Option B is too narrow and potentially inappropriate; an insured’s finances may be relevant in limited circumstances, but they are not the agent’s primary duty in ordinary underwriting.
Option C is improper because placement should not be based on personal relationships with insurers.
Option D is also incorrect because the amount of liability coverage should reflect the client’s needs and insurer availability, not a blanket obligation to quote the maximum. The agent’s duty to the insurer is grounded in honest, complete, and timely disclosure within the agency relationship.

References/topics: Insurance and the Intermediary; material facts, agency duties, underwriting disclosure, utmost good faith.

5.In which Canadian province is compulsory automobile insurance purchased from a private insurer?
A. Manitoba
B. Saskatchewan
C. British Columbia
D. Newfoundland and Labrador
Answer: D
Explanation:
Newfoundland and Labrador is the correct answer because compulsory automobile insurance there is purchased through private insurers rather than a government automobile insurance corporation. Manitoba, Saskatchewan, and British Columbia are historically associated with public automobile insurance systems for compulsory basic coverage. This distinction matters to brokers and agents because the distribution model determines where clients obtain mandatory coverage, how optional coverages may be placed, and what role private insurers play. In private-insurer provinces, brokers and agents may quote and place automobile insurance with competing insurers subject to provincial rules, underwriting guidelines, rating structures, and coverage forms. In public-insurance provinces, compulsory basic coverage is typically administered through the government automobile insurer, while optional coverages may vary depending on the jurisdiction. The question is testing market structure, not policy coverage itself. Intermediaries must understand the provincial automobile insurance framework because automobile regulation, compulsory limits, benefits, rating, and claims handling are jurisdiction-specific in Canada.
References/topics: Automobile Insurance; compulsory automobile insurance, private insurer provinces, public insurance systems, provincial automobile regulation.