

# Property And Casualty Insurance License Practice Test Questions and Answers

## 1. What is 'experience rating'?

- A) Rating based solely on industry-wide statistics
- B) Adjusting a premium based on the insured's own past loss experience
- C) Setting rates based on the agent's experience level
- D) Applying discounts for long-term policyholders only

## 2. What is a 'first-party' claim?

- A) A claim filed by an injured third party against the insured
- B) A claim filed by the policyholder against their own insurance policy
- C) A claim involving the insurer and a reinsurer
- D) A claim filed by a government entity

## 3. What is a 'named peril' policy?

- A) A policy that covers all perils except those named
- B) A policy that covers only the perils specifically listed
- C) A policy named after the insured
- D) A policy covering natural disasters only

## 4. What is 'churning' in insurance?

- A) An agent convincing a client to repeatedly replace policies to generate commissions
- B) An insurer changing rates frequently throughout the year
- C) Processing a high volume of small claims
- D) Frequently changing reinsurance arrangements

**Answers: 1-B 2-B 3-B 4-A**

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