

ASSOCIATE IN CLAIMS (AIC) 30 – CLAIM HANDLING PRINCIPLES AND PRACTICES PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. What term describes a negotiation stance where no agreement is reached and the dispute proceeds to litigation with an adversarial posture?**
 - A. Arbitration
 - B. Lose-Lose
 - C. Default Judgement
 - D. Pro Rata Contribution
- 2. What is the term for hand delivery of a summons and complaint to a defendant?**
 - A. Personal Service
 - B. Constructive Service
 - C. Actual Service
 - D. Service by Publication
- 3. Which of the following is a hallmark of strict liability?**
 - A. The plaintiff must prove the defendant's negligence.
 - B. The plaintiff does not need to prove negligence.
 - C. The defendant can only be liable for intentional harm.
 - D. The defendant must prove absence of fault.
- 4. Which method describes insurers paying losses in proportion to each insurer's share of total coverage?**
 - A. Appraisal Clause
 - B. Loss Reserve
 - C. Reservations of Rights Letter
 - D. Pro Rata Contribution
- 5. Which advertising requirement relates to providing elaboration or opinion about the circumstances under consideration?**
 - A. Truth-in-Advertising
 - B. Puffery Allowed
 - C. Elaboration/Opinion/Explanation Ads
 - D. Comparative Advertising

- 6. Which clause requires the insured to carry insurance equal to at least a specified percentage of the insured property value?**
- A. Coinsurance Clause
 - B. Deductible Clause
 - C. Replacement Cost Clause
 - D. Subrogation Clause
- 7. Common defenses in strict liability cases include which of the following?**
- A. The plaintiff's lack of damages
 - B. The absence of causation
 - C. The plaintiff's contributory negligence
 - D. Assumption of risk
- 8. What term refers to a formal request for an action to be taken?**
- A. Pleading
 - B. Summons
 - C. Motion
 - D. Loss History
- 9. Which statement best describes the purpose of the combined ratio?**
- A. To forecast future premium trends
 - B. To compare with competitors
 - C. To set underwriting guidelines
 - D. To indicate whether premiums cover losses and expenses
- 10. Which term describes the process of selecting jurors for a trial?**
- A. Narrative Statement
 - B. Discovery
 - C. Voir Dire
 - D. Ethics

Answers

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1. B
2. C
3. B
4. D
5. C
6. A
7. D
8. C
9. D
10. C

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Explanations

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1. What term describes a negotiation stance where no agreement is reached and the dispute proceeds to litigation with an adversarial posture?

- A. Arbitration
- B. Lose-Lose**
- C. Default Judgement
- D. Pro Rata Contribution

This question centers on how settlements can fail and disputes escalate. A lose-lose negotiation stance means neither side makes concessions; no agreement is reached, and the dispute moves into litigation with an adversarial posture. In this path, both sides end up worse off due to higher legal costs, time, and uncertainty, and no one gains a favorable resolution through negotiation. It's the opposite of a cooperative or value-creating settlement. Arbitration is a formal, out-of-court process with a neutral arbitrator and does not describe the negotiation posture. Default judgement is a court ruling that occurs when a party fails to respond, not a stance taken during negotiations. Pro rata contribution deals with how liability is shared among multiple parties, not how negotiations are conducted.

2. What is the term for hand delivery of a summons and complaint to a defendant?

- A. Personal Service
- B. Constructive Service
- C. Actual Service**
- D. Service by Publication

Hand delivery of a summons and complaint to the person being sued is called personal service. This method involves giving the papers directly to the defendant (or to someone authorized to receive them on the defendant's behalf) at their residence or place of business, ensuring actual notice of the lawsuit. It's the standard way to establish that the defendant was personally informed and has an opportunity to respond. Constructive service refers to ways of notice deemed sufficient without direct delivery, such as publication in a newspaper or other methods when the defendant cannot be located. The term commonly used for the act of directly delivering the papers is personal service; "actual service" isn't the standard label for this method. Service by publication is a separate, constructive method of notice.

3. Which of the following is a hallmark of strict liability?

- A. The plaintiff must prove the defendant's negligence.
- B. The plaintiff does not need to prove negligence.**
- C. The defendant can only be liable for intentional harm.
- D. The defendant must prove absence of fault.

Strict liability means liability without proof of fault. In these cases, the plaintiff does not have to prove that the defendant was negligent; the focus is on the activity or product and whether it caused the harm. The defendant can still raise defenses, but fault or care level isn't the required element to establish liability. This approach is common with inherently dangerous activities or defective products, where society asks for accountability regardless of how carefully the defendant acted. So the hallmark is that the plaintiff does not need to prove negligence. For the other points: proof of negligence isn't required in strict liability, which is why the first option isn't correct. Strict liability isn't limited to intentional harm; it covers unintentional harm as well, so the idea that liability is tied to intent is not accurate. And the defendant isn't required to prove absence of fault as the main burden; while defenses may exist, the core concept is that fault need not be proven by the plaintiff.

4. Which method describes insurers paying losses in proportion to each insurer's share of total coverage?

- A. Appraisal Clause
- B. Loss Reserve
- C. Reservations of Rights Letter
- D. Pro Rata Contribution**

When multiple insurers cover the same loss, the payment is shared in proportion to each policy's coverage. This is pro rata contribution: each insurer pays a portion of the loss equal to its share of the total coverage, determined by its policy limit divided by the total of all limits. For example, if one policy has \$1 million and another has \$2 million, total coverage is \$3 million. A \$300,000 loss would be paid as \$100,000 by the first insurer and \$200,000 by the second (1/3 and 2/3 of the loss, respectively). If the loss exceeds total coverage, each pays up to their limit. Other options don't describe sharing losses among insurers: an appraisal clause resolves valuation disputes, a loss reserve is money set aside for future claims, and a reservations of rights letter communicates policy defenses while the claim is pending.

5. Which advertising requirement relates to providing elaboration or opinion about the circumstances under consideration?

- A. Truth-in-Advertising
- B. Puffery Allowed
- C. Elaboration/Opinion/Explanation Ads**
- D. Comparative Advertising

Elaboration/Opinion/Explanation Ads focus on giving extra context, qualifiers, or subjective interpretation about the circumstances behind a claim. This helps consumers understand under what conditions the claim applies and what assumptions are involved, rather than presenting a bare assertion. For example, an ad might say a product "reduces cholesterol" and add "when used as part of a low-saturated-fat diet and regular exercise"—that elaboration clarifies the conditions. This is exactly about providing elaboration or opinion about the circumstances. Truth-in-Advertising is about ensuring statements are truthful and not deceptive, puffery allowed refers to vague, non-factual praise, and comparative advertising involves direct comparisons with others and requires substantiation.

6. Which clause requires the insured to carry insurance equal to at least a specified percentage of the insured property value?

- A. Coinsurance Clause**
- B. Deductible Clause
- C. Replacement Cost Clause
- D. Subrogation Clause

Coinsurance in property insurance requires the insured to carry coverage equal to at least a specified percentage of the property's value. This provision is designed to ensure the policy reflects the true value of what's being protected and to discourage underinsurance. If the insured fails to meet that minimum, the insurer applies a penalty and reduces the payout proportionally to the degree of underinsurance. For example, if the property value is \$200,000 and the policy requires 80% coverage, you should have at least \$160,000 in coverage. If you only carry \$120,000 and a loss occurs, the payout will be reduced by the ratio 120,000/160,000, meaning you receive 75% of the loss (minus deductible and subject to limits). The other clauses don't impose this minimum-coverage requirement: the deductible clause governs what the insured pays before coverage begins; the replacement cost clause concerns how losses are valued for payment; and the subrogation clause relates to the insurer's right to pursue recovery from third parties.

7. Common defenses in strict liability cases include which of the following?

- A. The plaintiff's lack of damages
- B. The absence of causation
- C. The plaintiff's contributory negligence
- D. Assumption of risk**

In strict liability, the focus is on the defect and the harm, not the plaintiff's fault, yet there are recognized defenses that can defeat liability. Assumption of risk means the plaintiff knowingly faced the danger and accepted the risk, often after being warned or while using the product despite clear hazards. If the plaintiff truly chose to accept the risk, the defendant isn't liable for the injury because the risk was knowingly shouldered by the plaintiff. This defense is classic in strict liability because it directly addresses who bears responsibility when a hazard is understood and accepted. The other options don't fit as well. Lack of damages isn't a defense that defeats liability—damages are required to recover, and the absence of damages isn't a shield the defendant commonly relies on in strict liability. Absence of causation would undermine liability, but it's more of a factual element to prove rather than a standard defense, and contributory negligence is more aligned with negligence theories than with strict liability.

8. What term refers to a formal request for an action to be taken?

- A. Pleading
- B. Summons
- C. Motion**
- D. Loss History

A formal request for action in legal proceedings is a motion. A motion is brought to a court asking it to issue an order or take a specific action, such as dismissing the case, compelling discovery, or granting summary judgment. This distinguishes it from a pleading, which is the initial statement of claims or defenses; a summons, which is the notice that starts the lawsuit and directs the defendant to appear; and loss history, which is simply data about past claims and not a procedural request to the court. So the term that best fits a formal request for action to be taken is motion.

9. Which statement best describes the purpose of the combined ratio?

- A. To forecast future premium trends
- B. To compare with competitors
- C. To set underwriting guidelines
- D. To indicate whether premiums cover losses and expenses**

The main idea this question tests is how the combined ratio gauges underwriting profitability. It shows whether the premiums an insurer earns are enough to cover the claims paid (losses) plus the costs of running the underwriting operations (expenses). The ratio is built from two parts: the loss ratio, which compares losses (and loss adjustment expenses) to net premiums earned, and the underwriting expense ratio, which compares underwriting expenses to net premiums earned. When you add them, you get the combined ratio. If the combined ratio is under 100%, the underwriting activity is profitable on its own (before any investment income). If it's over 100%, underwriting costs exceed premiums for that period. This is the best way to tell whether premiums cover losses and expenses, which is why that option is correct. It's not primarily used to forecast premium trends, compare with competitors, or set underwriting guidelines on its own. Those uses are possible indirectly, but the core purpose is to assess whether premiums are sufficient to cover the losses and expenses of underwriting.

10. Which term describes the process of selecting jurors for a trial?

- A. Narrative Statement
- B. Discovery
- C. Voir Dire**
- D. Ethics

Voir dire is the process of questioning prospective jurors to determine their ability to be fair and impartial in a specific case. This stage helps uncover biases, relationships, or experiences that might influence a juror's decision, so attorneys and the judge can decide who should serve. Those identified as biased can be excused for cause, and others may be dismissed through peremptory challenges. This screening happens before the trial begins, ensuring the panel can evaluate the evidence without predetermined opinions. The other terms don't fit because narrative statement is a recounting of facts, discovery is the pretrial exchange of information, and ethics relates to moral principles guiding conduct, not juror selection.

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Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://aic30.examzify.com>

We wish you the very best on your exam journey. You've got this!

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