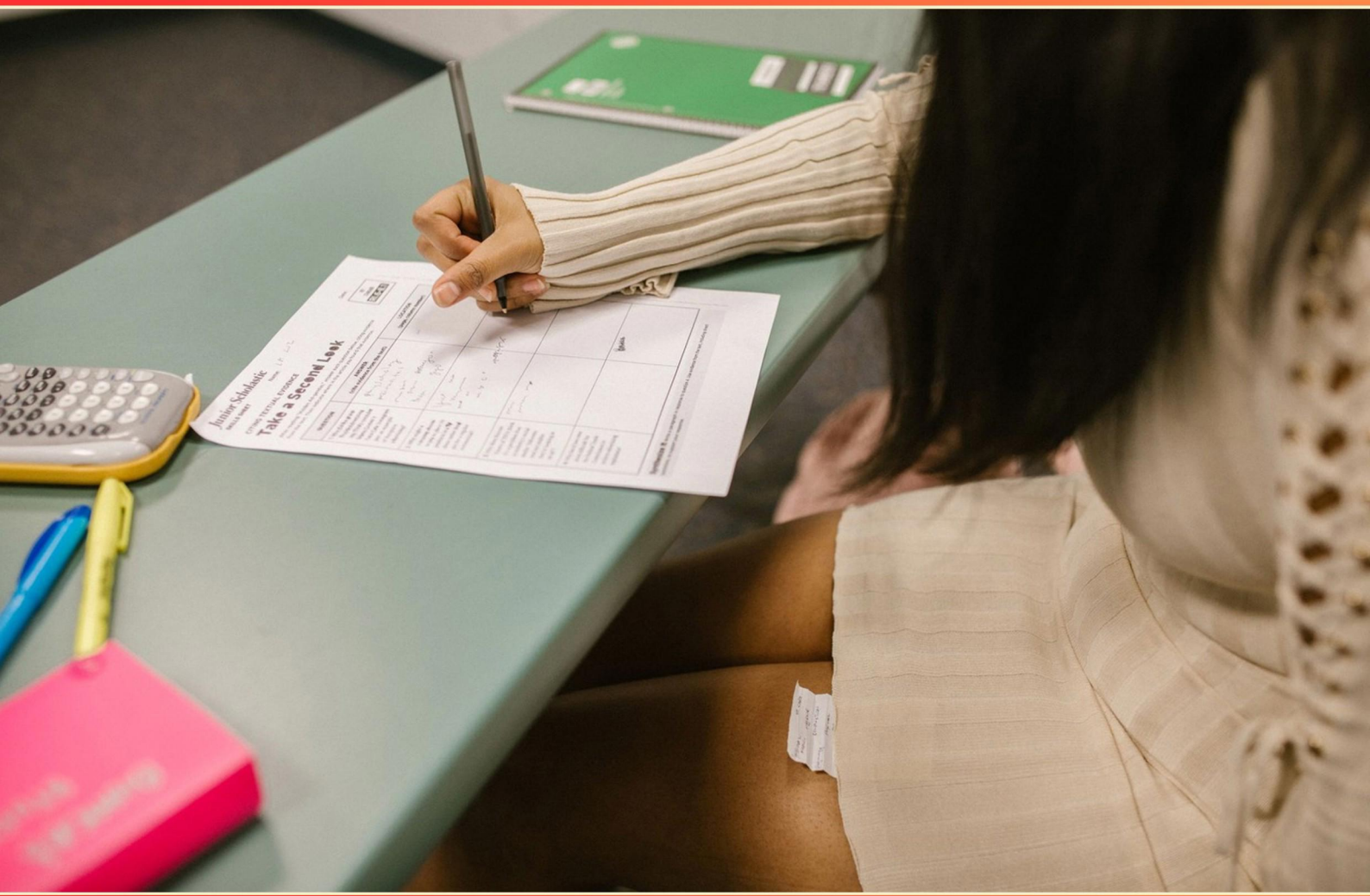
MISSOURI SURPLUS LINES PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR THE FULL VERSION STUDY GUIDE

https://mosurpluslines.examzify.com

Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain accurate, complete, and timely information about this product from reliable sources.

SAMPLE

Table of Contents

Copyright 1

Table of Contents 2

Introduction 3

How to Use This Guide 4

Questions 5

Answers 8

Explanations 10

Next Steps 16

SAMPLE

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.

SAMPLE

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!

SAMPLE

Questions

SAMPLE

1. What does "occurrence" refer to in general liability policies?

A. An accident that results in bodily injury or property damage

B. A termination of an insurance policy before its expiration

C. The absence of people in a building

D. A property that is considered unoccupied

2. What defines an eligible surplus lines insurer?

A. A non-admitted insurer that a surplus lines licensee can use for insurance

B. A licensed insurer authorized to provide standard insurance

C. An insurer that only covers high-risk clients

D. A government-backed insurance provider

3. What does "net premiums" refer to in the context of surplus lines insurance?

A. The total premium before any deductions

B. The gross premium minus federal, state, and local taxes

C. The gross premium excluding taxes and returned premiums

D. The collected premiums after all taxes

4. What does it mean for a broker to have "non-binding authority"?

A. The broker can issue policies without limits

B. The broker needs insurer approval to finalize coverage

C. The broker cannot cancel existing policies

D. The broker can offer any coverage amount

5. Which of the following is a ground for revocation or suspension of a surplus lines licensee's license?

A. Closing the office for less than 30 days

B. Failure to report any new regulations

C. Failure to maintain required records in the state

D. Not providing premium discounts

SAMPLE

6. How is actual cash value (ACV) primarily determined?

A. Cost to fully replace the property

B. Fair market value without considering depreciation

C. Cost to repair minus depreciation or fair market value

D. Original purchase price of the property

7. What is typically excluded from the calculation of replacement cost?

A. Market adjustments for depreciation

B. Any cost related to upgrades

C. Future value adjustments based on market trends

D. The cost of materials used

8. What is a key factor for the director to declare a surplus lines insurer ineligible?

A. The insurer has a strong financial reputation

B. The insurer has willfully violated the laws of the state

C. The insurer operates only in other states

D. The insurer uses only online marketing strategies

9. When is the Surplus Lines Licensee's Tax Report due?

A. Before February 1

B. Before March 2

C. Before April 1

D. Before May 1

10. What is the main purpose of the surplus lines disclosure notice?

A. To advertise the benefits of surplus lines insurance

B. To inform the insured that the policy is issued by a non-admitted insurer

C. To provide additional policy information

D. To convey the history of the insurance market

SAMPLE

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. What does "occurrence" refer to in general liability policies?

A. An accident that results in bodily injury or property damage

B. A termination of an insurance policy before its expiration

C. The absence of people in a building

D. A property that is considered unoccupied

In general liability policies, "occurrence" specifically refers to an accident or event that causes bodily injury or property damage during the policy period. This definition is crucial because it establishes the basis for coverage—the insurance is designed to protect against unexpected incidents that lead to claims. In the context of a general liability policy, an occurrence can cover a range of incidents, such as slips and falls on a property, accidents involving products sold, or even negligence that leads to injury. The other options do not align with this definition. A termination of an insurance policy pertains to the policy's status rather than the events that trigger claims. The absence of people in a building or a property being unoccupied are not relevant to what constitutes an occurrence in terms of general liability coverage. Therefore, recognizing an occurrence as an accident leading to personal injury or property damage is fundamental for understanding the coverage offered by general liability policies.

2. What defines an eligible surplus lines insurer?

A. A non-admitted insurer that a surplus lines licensee can use for insurance

B. A licensed insurer authorized to provide standard insurance

C. An insurer that only covers high-risk clients

D. A government-backed insurance provider

An eligible surplus lines insurer is defined as a non-admitted insurer that a surplus lines licensee can use to provide insurance coverage. This means that the insurer is not licensed in the state where the policyholder resides, but has been approved for use by the state's surplus lines regulations. This allows for more flexibility in obtaining coverage, particularly for risks that are not adequately addressed by admitted insurers, including specialized or high-risk situations. The concept of eligibility is critical as it ensures that the insurers selected by the licensee have met certain criteria set by the state. The ability to access a non-admitted market is particularly important in instances where typical insurance products do not meet the needs of certain policyholders, such as those seeking coverage for unconventional or high-risk ventures. The other options do not accurately represent the characteristics of eligible surplus lines insurers: licensed insurers authorized to provide standard insurance are a completely different category and do not fall under the surplus lines umbrella, insurers that only cover high-risk clients don't specify their admission status, and government-backed insurance providers operate under entirely different regulations. Thus, the definition involving non-admitted insurers used by surplus lines licensees is the most precise and relevant.

SAMPLE

3. What does "net premiums" refer to in the context of surplus lines insurance?

A. The total premium before any deductions

B. The gross premium minus federal, state, and local taxes

C. The gross premium excluding taxes and returned premiums

D. The collected premiums after all taxes

In the context of surplus lines insurance, "net premiums" typically refers to the gross premium collected by the insurer minus certain deductions that do not include taxes or returned premiums. The gross premium includes the total amount charged to the policyholder before any adjustments, which might encompass taxes, fees, and returned premium amounts for any canceled policies. When identifying net premiums, analysts focus on the amount remaining after accounting for directly related deductions that are not part of the overall tax structure or refunds. This emphasizes the revenue that the insurer retains from the business written, providing a clearer picture of the operational income from the insurance policies in force, which is key for evaluating profitability and financial stability. Understanding this concept is critical in analyzing an insurer's financial health, especially in surplus lines, where premiums can vary significantly based on the risk profile and loss experience of the policies underwritten.

4. What does it mean for a broker to have "non-binding authority"?

A. The broker can issue policies without limits

B. The broker needs insurer approval to finalize coverage

C. The broker cannot cancel existing policies

D. The broker can offer any coverage amount

When a broker has "non-binding authority," it means that the broker does not have the final authority to issue policies independently. Instead, they must obtain approval from the insurer to finalize any coverage they propose. This reflects a level of oversight where the insurer retains control over policy issuance and the specific terms of coverage. This authority limits the broker's ability to create binding agreements with clients without the consent or affirmation from the insurance company, which helps ensure that the insurer's underwriting guidelines are followed closely. The need for insurer approval ensures that the policies align with the insurer's risk appetite and regulatory compliance considerations. The other answers suggest situations that do not align with the definition of non-binding authority. For instance, having unlimited policy issuance or the ability to offer any coverage amount would confer binding authority, which is not the case here. Additionally, the ability or inability to cancel existing policies is unrelated to the concept of binding authority and does not reflect the broker's level of authority in issuing new policies.

SAMPLE

5. Which of the following is a ground for revocation or suspension of a surplus lines licensee's license?

A. Closing the office for less than 30 days

B. Failure to report any new regulations

C. Failure to maintain required records in the state

D. Not providing premium discounts

The correct choice identifies a crucial responsibility of a surplus lines licensee, which is the requirement to maintain necessary records within the state. Surplus lines licensees are obligated to keep accurate and complete records that demonstrate compliance with state regulations and allow for proper oversight by regulators. If a licensee fails to maintain these records, it can indicate a lack of professionalism or disregard for regulatory obligations, which justifies the revocation or suspension of their license. Maintaining records not only ensures transparency in business practices but also helps protect the interests of consumers and ensures that licensees can respond effectively to audits or inquiries from regulatory authorities. When a licensee does not uphold this responsibility, it raises concerns about their ability to operate within the legal framework and adequately serve clients. The other options do not carry the same weight in terms of regulatory compliance and responsibilities. For instance, while closing an office for less than 30 days may not necessarily impact a licensee's compliance with regulations, the failure to report new regulations may not directly result in revocation if no other non-compliance is evident. Not providing premium discounts is more of a business practice and does not inherently violate regulatory obligations. Therefore, the failure to maintain required records stands out as a significant ground for action against a surplus

6. How is actual cash value (ACV) primarily determined?

A. Cost to fully replace the property

B. Fair market value without considering depreciation

C. Cost to repair minus depreciation or fair market value

D. Original purchase price of the property

Actual cash value (ACV) is primarily determined as the cost to repair minus depreciation or the fair market value of the property at the time of the loss. This method is used in insurance to establish how much a policyholder might receive in the event of a claim, reflecting the property's worth while accounting for factors such as wear and tear. When calculating ACV, the concept of depreciation is integral because it considers the reduction in value over time due to age or obsolescence. By assessing either the cost to repair the property and then deducting depreciation, or evaluating the fair market value, insurers aim to provide a payout that represents the asset's current economic value rather than its original cost or replacement cost. This approach ensures that the insured is compensated fairly while preventing overinsurance and safeguarding the insurer against excessive claims. The emphasis on fair market value combined with depreciation reflects a balance between providing sufficient compensation for the insured and maintaining actuarial sustainability for the insurance provider.

SAMPLE

7. What is typically excluded from the calculation of replacement cost?

A. Market adjustments for depreciation

B. Any cost related to upgrades

C. Future value adjustments based on market trends

D. The cost of materials used

The calculation of replacement cost typically focuses on the amount necessary to replace an asset with a new one of similar kind and quality, without factoring in depreciation or any market adjustments that may affect value. Therefore, market adjustments for depreciation are excluded, as the replacement cost is aimed at reflecting the current cost to replace the lost or damaged asset without accounting for its age or condition. Including market adjustments for depreciation would result in a value that reflects the current market conditions rather than the cost to replace the asset. The intent of determining replacement cost is to assess the actual cash needed to acquire a new asset that serves the same function, disregarding any reductions in value due to wear and tear or previous use. When evaluating why other choices do not apply: the cost of materials used typically represents part of the replacement cost calculation, as these materials are fundamental to rebuilding the asset. Costs related to upgrades may also be included depending on the specific context of what is being replaced; typically, upgrades can enhance the value beyond merely replacing the asset. Future value adjustments based on market trends are not typically factored into a straightforward replacement cost analysis, but they relate more to investment value considerations.

8. What is a key factor for the director to declare a surplus lines insurer ineligible?

A. The insurer has a strong financial reputation

B. The insurer has willfully violated the laws of the state

C. The insurer operates only in other states

D. The insurer uses only online marketing strategies

A surplus lines insurer can be declared ineligible when it has willfully violated the laws of the state. This indicates that the insurer failed to comply with regulations, which is a critical factor when assessing its trustworthiness and operation within the state's insurance market. Compliance with state laws is essential for any insurer to maintain its eligibility, as these regulations are in place to protect consumers and ensure that insurers operate fairly and responsibly. The other options relate to factors that do not inherently affect an insurer's eligibility status. An insurer being reported as having a strong financial reputation is a positive characteristic that would not normally lead to ineligibility. Operating only in other states suggests that the insurer may not be providing coverage to Missouri residents but does not directly imply any wrongdoing or violation of laws that would lead to ineligibility. Lastly, utilizing online marketing strategies does not impact the legal standing of an insurer and is merely a method of reaching potential policyholders. Thus, the only option reflecting a significant legal compliance issue is the willful violation of state laws.

SAMPLE

9. When is the Surplus Lines Licensee's Tax Report due?

A. Before February 1

B. Before March 2

C. Before April 1

D. Before May 1

The Surplus Lines Licensee's Tax Report is due before March 2. This is important for compliance with state regulations regarding surplus lines insurance, which refers to coverage obtained from non-admitted insurers when coverage cannot be found through admitted insurers. Prompt submission of the report ensures that the insurance transactions are documented properly, and any taxes owed on these transactions are paid on time. Understanding the specific due date is essential for surplus lines licensees to avoid penalties or potential legal issues. This timing aligns with the state's fiscal management practices and allows the insurance regulatory body to maintain accurate records and oversight of surplus lines activity within Missouri.

10. What is the main purpose of the surplus lines disclosure notice?

A. To advertise the benefits of surplus lines insurance

B. To inform the insured that the policy is issued by a non-admitted insurer

C. To provide additional policy information

D. To convey the history of the insurance market

The main purpose of the surplus lines disclosure notice is to inform the insured that the policy is issued by a non-admitted insurer. This notification is crucial because non-admitted insurers are not licensed in the state where the insurance policy is issued. This means they are not regulated by the state's insurance department in the same manner as admitted insurers, which can affect the consumer's rights and the recourse available in case of claims disputes. By clearly stating that a policy is provided by a non-admitted insurer, the disclosure notice empowers consumers to make informed decisions about their coverage, including understanding potential risks associated with relying on such insurers. This helps ensure transparency in the insurance process, allowing policyholders to weigh their options and understand the implications of their chosen insurance products.

SAMPLE

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://mosurpluslines.examzify.com

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

SAMPLE