ANSWER KEY:

Name of Course: **The Challenge of Ordinance or Law**

Name of Agent: _____Phone: _____

Agency Name:_____ Fax: _____

Please circle the correct answer:

1. a b c d	18. a b c d	35. a b c d
2. a b c d	19. a b c d	36. a b c d
3. a b c d	20. a b c d	37. a b c d
4. a b c d	21. a b c d	38. a b c d
5. a b c d	22. a b c d	39. a b c d
6. a b c d	23. a b c d	40. a b c d
7. a b c d	24. a b c d	41. a b c d
8. a b c d	25. a b c d	42. a b c d
9. a b c d	26. a b c d	43. a b c d
10. a b c d	27. a b c d	44. a b c d
11. a b c d	28. a b c d	45. a b c d
12. a b c d	29. a b c d	46. a b c d
13. a b c d	30. a b c d	47. a b c d
14. a b c d	31. a b c d	48. a b c d
15. a b c d	32. a b c d	49. a b c d
16. a b c d	33. a b c d	50. a b c d
17. a b c d	34. a b c d	

When you have completed this answer key fax it along with your signed affidavit to us at **1-800-476-2945.** We will fax back a copy of your certificate if you have correctly completed at least 70%. Call 800-326-4741 with questions.

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EXAMINATION:
The Challenge of Ordinance or Law

1. A lot with an existing single-family home that is now zoned commercial is called:
   a. A pre-existing, non-conforming use
   b. A prohibited use
   c. A non-compliant dwelling
   d. None of the above

2. Today, building codes are designed to address:
   a. Safety issues only
   b. Environmental issues only
   c. Fire safety and hurricane safety issues
   d. Safety issues and environmental issues

3. With the commercial property coverages:
   a. The ordinance or law exclusion does not apply to Business Income or Extra Expense.
   b. The ordinance or law exclusion applies to Business Income but not to Extra Expense.
   c. The ordinance or law exclusion applies to both Business Income and Extra Expense.
   d. The ordinance or law exclusion applies to Business Income but not to Extra Expense.

4. Under the Dwelling Property forms:
   a. No ordinance or law coverage is available under the DP-1.
   b. There is no ordinance or law exclusion.
   c. With the 1994 revision, there is an additional 10% on the DP-1, DP-2 & DP-3.
   d. With the 1994 revision, there is an additional 10% on the DP-2 & DP-3 only.

5. Each of the following is a possible area of uncovered loss with an ordinance or law exclusion <u>except:</u>
   a. Debris removal
   b. Increased cost of construction
   c. Demolition
   d. Damage to the undamaged portion of the building

6. With the 1994 revision of the Homeowners policy, an Additional Coverage was added that
   a. Removes the ordinance or law exclusion:
   b. Provides an additional 10% of the dwelling limit to be used for ordinance or law
   c. Provides an additional 5% of the dwelling limit to be used for ordinance or law
   d. Covers on the Increased Cost of Construction exposure

7. Each of the following can impact rebuilding <u>except:</u>
   a. Building codes
   b. The Rehabilitation Act
   c. Clean Air statutes
   d. Zoning & land-use ordinances

8. When a Homeowners policy includes Guaranteed Replacement Cost:
    a. The policyholder may not collect more than the policy limit if they do not rebuild on the premises.
    b. The ordinance or law exclusion is automatically waived.
    c. It is not possible to purchase ordinance or law coverage.
    d. Ordinance or law is never an issue.

9. The American With Disabilities Act (ADA) is predicted to result in all of the following <u>except:</u>
    a. Increased employment opportunities for the disabled in our society.
    b. The disabled will be able to access all public buildings.
    c. It will lead to an increased cost of construction.
    d. It requires the disabled be hired in rebuilding a structure after a loss.

10. The person or organization ultimately responsible for setting ordinance or law limits when coverage is purchased by endorsement is:
    a. The agent and the insurance company
    b. The agent
    c. The insured
    d. The insured and the insurance company

11. The ordinance or law exclusion:
    a. First appeared on the Homeowners policy.
    b. Does not apply to personal lines contracts.
    c. Was included in the New York Standard Fire Policy introduced in 1886.
    d. Does not apply to commercial lines.

12. One can expect the pollution exposure to be:
    a. Covered under both Debris Removal and Ordinance or Law
    b. Covered under Debris Removal, but not under Ordinance or Law
    c. Covered under Ordinance or Law, but not under Debris Removal
    d. Not covered under Debris Removal or Ordinance or Law

13. An agent's primary responsibilities are:
    a. To set adequate limits
    b. To make certain the insured is properly covered
    c. To provide the lowest price
    d. To identify exposures to loss and show how they can be covered

14. Modern building codes were instituted:
    a. Following the Chicago fire
    b. Following the San Francisco earthquake
    c. Following World War II
    d. Following the discovery of the new world

15. Under the Commercial Property forms:
    a. No coverage was available for ordinance or law until 1990.
    b. Demolition is only an exposure with a constructive total loss.
    c. The three ordinance or law coverages are now available on one endorsement.
    d. Three endorsements are needed to cover the ordinance or law exposures.

16. A Valued Policy Law:
    a. Is now contrary to federal statute.
    b. Impacts payment of a property claim when there is a total loss.
    c. Only applies in the case of a partial loss.
    d. Only applies when there is a fire loss.

17. With the ISO forms, until the 1997 revision of the BOP:
    a. The ordinance or law exposure was automatically covered.
    b. There was $10,000 automatic coverage for ordinance or law exposures.
    c. There was no ordinance or law exclusion.
    d. There was no endorsement available to cover the ordinance or law exposure.

18. In the 1990's ISO made changes to:
    a. The ordinance or law exclusion only.
    b. The ordinance or law endorsements only.
    c. The ordinance or law exclusions and endorsements and added Additional Coverages.
    d. Only in the area of Additional Coverages.

19. Each of the following is an example of a zoning or land-use requirement <u>except:</u>
    a. Set back requirements
    b. The number of parking spots
    c. Hard-wired smoke detectors
    d. Minimum building size

20. Which of the following is most true about the ordinance or law exposure?
    a. Some ordinance or law exposures are not insurable.
    b. Only older buildings have the exposure.
    c. Only non-conforming structures have the exposure.
    d. Limits are not an issue with a total loss.

21. All of the following are true of the Ordinance or Law exclusion <u>except:</u>
    a. It applies to direct loss but not to indirect loss.
    b. It was the first exclusion listed in the first standard fire policy created.
    c. In commercial lines it is found in all of the cause of loss forms.
    d. It is included in the flood policy.

22. The first recorded building code was found in:
    a. The Constitution
    b. The Code of Hammurabi
    c. The first fire policy written in this country
    d. A Lloyd's policy

23. When a building has been designated as an historic building or is in an historic district, which of the following is most accurate:
    a. The ordinance and law exclusion does not apply.
    b. There is a special endorsement that can be added to a Homeowners policy.
    c. The owner may have to comply with ordinances that require the use of specific materials when repairing or rebuilding.
    d. Insurance is not available.

24. The accommodations requirements of the American with Disabilities Act apply to:
    a. All public buildings
    b. Federal government buildings but not state or municipal buildings
    c. All public buildings and one or two family private homes
    d. All public accommodations except federal government buildings, some private clubs, religious organizations, and small bed and breakfast buildings.

25. All of the following are true of the Chicago Fire <u>except:</u>
    a. It did significant damage because building codes had not been updated for over 40 years.
    b. It killed over 300 people.
    c. It was the beginning of building codes.
    d. It destroyed over 40% of the buildings in the city.

26. The Environmental Protection Agency (EPA) says the #1 pollution problem in America is:
    a. Indoor air pollution
    b. Smog
    c. Ground-water pollution
    d. Industrial smoke stacks

27. In the wake of Hurricane Andrew, two issues became apparent:
    a. Building codes were inadequate but were well enforced.
    b. Building codes were not enforced but were adequate
    c. There were too many building codes and no one cared
    d. Building codes were inadequate and not enforced.

28. In commercial lines, the indirect exposure for ordinance or law:
    a. Is automatically covered under BOP.
    b. Can be covered by endorsement to the BOP and the Commercial Property Policy.
    c. Cannot be covered under the BOP because there is no endorsement available.
    d. Can be covered under the BOP, but not the Commercial Property Policy.

29. Under the Dwelling Property forms, after the 1994 revisions:
    a. The 10% automatic coverage for ordinance or law cannot be increased.
    b. There is no automatic ordinance or law coverage provided on the DP-3.
    c. Ordinance or law is no longer a concern.
    d. There is a different endorsement to add ordinance or law coverage to the DP-1 than that

used on the DP-2 & DP-3.

30. The two issues to deal with whenever there is an ordinance or law exclusion on a property policy are:
    a. The exclusion and the limits
    b. The exclusion and the exceptions
    c. The limits and the exceptions
    d. The exclusion and the endorsements

31. With the 1994 revision of the Homeowners policy:
    a. The ordinance or law exclusion was removed from the policy.
    b. An additional 10% of the dwelling limit was made available for ordinance or law.
    c. There were no changes in the area of ordinance or law.
    d. Coverage was added for compliance with the ADA.

32. Each of the following can impact rebuilding <u>except:</u>
    a. The American With Disabilities Act
    b. The Rehabilitation Act
    c. Anti-pollution statutes
    d. Building codes

33. When a Homeowners policy includes Guaranteed Replacement Cost but does not contain an ordinance or law exclusion:
    a. The insured can still be underinsured if they are not able to rebuild on the site because of a building code or zoning ordinance.
    b. The insured never has to be concerned about an ordinance or law problem.
    c. The insured will not be able to rebuild.
    d. The insurance company has a definite advantage.

34. The American With Disabilities Act (ADA)
    a. Was vetoed by a Republican president.
    b. Requires all new single-family homes to be equipped for the disabled.
    c. Has had little impact on our society.
    d. Was signed into law by George Bush.

35. The agent who becomes very involved in setting limits for ordinance or law coverage
    a. Cannot be held liable if the limits are inadequate.
    b. Can expect a great deal of assistance from the underwriter.
    c. Has an increased E&O exposure.
    d. Can expect a great deal of assistance from a claims adjuster.

36. The ordinance or law exclusion:
    a. Was added to property policies in the 1980's.
    b. Does not apply on Tuesdays.
    c. Is an absolute exclusion because it is one of the concurrent causation exclusions.
    d. Is banned in 15 states.

37. When an insured purchases a law or ordinance endorsement:
    a. Pollution is automatically covered
    b. There will be a pollution exclusion on the coverage.
    c. There is a limit of $5000 on pollution coverage.
    d. There is a limit of $50,000 on pollution coverage.

38. The necessary coverage limits for ordinance or law:
    a. Can be established by an agent with the proper training.
    b. Should be adjusted every six months.
    c. Should be set by the underwriter.
    d. Can only be estimated before the loss.

39. A primary reason the Chicago fire caused so much damage was:
    a. There were no safety standards in the construction of buildings.
    b. There was no active fire department.
    c. It was a very hot time of year.
    d. Building inspectors had been taking bribes to "look the other way."

40. With the revisions made on the ordinance or law endorsement to the Commercial Property Policy:
    a. Coverages A & B can be blanketed.
    b. Coverage C is no longer available.
    c. Coverage A is now optional.
    d. Coverage B no longer requires setting a limit.

41. The following is true of the Valued Policy Law:
    a. Only five states have them.
    b. They vary as to the perils and property covered.
    c. They only apply to fire damage.
    d. They only apply to real property.

42. With the 1997 revision of the ISO BOP:
    a. The ordinance or law exposure is automatically covered.
    b. There is $10,000 automatic coverage for the ordinance or law exposures.
    c. There is no ordinance or law exclusion.
    d. An optional ordinance or law endorsement became available.

43. The ordinance or law exclusions have been revised in the 1990's
    a. With sever, additional restrictions on coverage.
    b. But no insurance companies are adopting them.
    c. With no change in what is excluded.
    d. There were no revisions of this coverage..

44. Each of the following is an example of a Building Code requirement <u>except:</u>
    a. Wiring, heating, and plumbing
    b. Rise and tread of stairs
    c. Set back requirements in relation to the lot line
    d. Size of bedroom windows

45. Which is most true about the ordinance or law exposure?
    a. Every building has a potential ordinance or law exposure today.
    b. It is not a concern with a dwelling fire policy.
    c. It can best be handled by buying a separate policy.
    d. It should be ignored on buildings valued under $100,000.

46. Which of the following statements is most accurate about the coverage found in standard property policies?
    a. They automatically provide coverage for debris removal but not demolition.
    b. They automatically provide coverage demolition but not debris removal.
    c. They automatically provide coverage for both debris removal and demolition.
    d. They do not cover debris removal or demolition.

47. All of the following are examples of Increased Cost of Construction <u>except:</u>
    a. Redesigning the structure to meet earthquake or hurricane-resistant standards.
    b. Removing the debris of the undamaged portion of the building.
    c. Rebuilding with a heavier class of construction such as fire resistive.
    d. Installing a sprinkler system in a previously unprotected building.

48. Which of the following is true of Valued Policy Laws:
    a. They only impact a partial loss.
    b. They impact both a partial and a total loss.
    c. They only impact some total losses.
    d. They have all been repealed except for in two states in the south.

49. When a Homeowners policy is modified by endorsement to cover a mobile home, all of the following are true <u>except:</u>
    a. The Additional Coverage for Ordinance or Law is excluded.
    b. There is no automatic coverage for Ordinance or Law
    c. Ordinance or Law coverage can be purchased by endorsement.
    d. Ordinance or Law coverage is simply not available.

50. If the insured has purchased Ordinance or Law coverage, only one of the following will be covered:
    a. The cost of bringing the plumbing up to code following a covered fire.
    b. The insured is required to bring the wiring up to code when repairing flood damage.
    c. A loss where there is a pollutant involved.
    d. Situations where the insured does not have adequate limits.