

Certified Underwriter Practice Test Questions and Answers

1. What is the primary purpose of underwriting in insurance?

- A) To maximize company profits
- B) To assess and price risk appropriately
- C) To increase policy sales
- D) To reduce administrative costs

2. Which factor is most important when underwriting a life insurance policy?

- A) Applicant's occupation only
- B) Medical history and current health status
- C) Income level only
- D) Geographic location only

3. What does "adverse selection" mean in insurance underwriting?

- A) Selecting only the best risks
- B) Higher-risk individuals being more likely to seek insurance
- C) Random selection of applicants
- D) Declining all high-value policies

4. What is a key component of the underwriting process for property insurance?

- A) Social media review only
- B) Property inspection and risk assessment
- C) Credit score only
- D) Neighbor interviews

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

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