

# AD Banker Property and Casualty Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

**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

<b>Copyright</b> .....	<b>1</b>
<b>Table of Contents</b> .....	<b>2</b>
<b>Introduction</b> .....	<b>3</b>
<b>How to Use This Guide</b> .....	<b>4</b>
<b>Questions</b> .....	<b>5</b>
<b>Answers</b> .....	<b>8</b>
<b>Explanations</b> .....	<b>10</b>
<b>Next Steps</b> .....	<b>16</b>

# 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

- 1. Which of the following is not a type of causes of loss form?**
  - A. Basic**
  - B. Broader**
  - C. Special**
  - D. Earthquake**
- 2. What is the primary focus of the employee theft or dishonesty policy?**
  - A. Loss of property due to client actions**
  - B. Theft acts by employees resulting in property loss**
  - C. Damage caused by natural disasters**
  - D. Falsifying company financial records**
- 3. What type of risk does surplus lines insurance typically cover?**
  - A. Low-risk financial events**
  - B. Financial risks too high for standard insurance companies**
  - C. Everyday personal risks**
  - D. Government-related risks**
- 4. Which area does tort law primarily address?**
  - A. Criminal offenses against property**
  - B. Injuries suffered due to another's actions**
  - C. Contracts and breach of agreements**
  - D. Regulatory compliance in business**
- 5. In insurance terminology, what is a named peril?**
  - A. A type of insurance that covers all risks**
  - B. A coverage that applies only to specific causes of loss**
  - C. Insurance that has no exclusions**
  - D. A clause that limits coverage based on time**

- 6. Which of the following is included in the definition of personal and advertising injury?**
- A. Property damage due to negligence**
  - B. False arrest or wrongful eviction**
  - C. Intentional infliction of emotional distress**
  - D. Discriminatory practices in employment**
- 7. What is a hold harmless agreement?**
- A. An agreement to ensure payment for services rendered**
  - B. A contract removing liability from one party**
  - C. A document to file a complaint against a contractor**
  - D. An agreement stating the terms of service**
- 8. Which of the following best describes a joint underwriting association's function?**
- A. Encouraging competition among insurers**
  - B. Standardizing premium rates across states**
  - C. Spreading profits and losses for specific coverage lines among insurers**
  - D. Centralizing risk assessment**
- 9. What does time element coverage protect against?**
- A. Cost of repairs to damaged property**
  - B. Loss of business income during the restoration period**
  - C. Expense due to employee training**
  - D. Premiums for extended coverage**
- 10. What is the liability limit for watercraft in a homeowners broad form policy?**
- A. \$1,000**
  - B. \$1,500**
  - C. \$2,000**
  - D. \$2,500**



## **Answers**

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

SAMPLE

## **Explanations**

**1. Which of the following is not a type of causes of loss form?**

- A. Basic**
- B. Broader**
- C. Special**
- D. Earthquake**

The correct choice indicates that "Broader" is not recognized as a standard category for causes of loss forms in property insurance. Typically, causes of loss forms are categorized into three main types: Basic, Special, and Limited, with Basic covering a specific list of perils, and Special providing coverage for all perils except those specifically excluded. The term "Broader" does not represent a valid classification within these established categories. This highlights how the insurance industry standardizes terms and coverage options to ensure clarity and consistency. The other options—Basic, Special, and Earthquake—are recognized as types of causes of loss forms. Basic forms typically include perils such as fire, lightning, and theft, while Special forms cover a wider range of risks, offering more comprehensive protection against unforeseen events. Earthquake is also a specific form, typically listed separately due to the unique nature of coverage it entails, rather than fitting into the standard categories. Thus, the identification of "Broader" as an incorrect option underscores the importance of understanding recognized classifications in the insurance domain.

**2. What is the primary focus of the employee theft or dishonesty policy?**

- A. Loss of property due to client actions**
- B. Theft acts by employees resulting in property loss**
- C. Damage caused by natural disasters**
- D. Falsifying company financial records**

The primary focus of an employee theft or dishonesty policy is to protect businesses from financial losses incurred due to dishonest acts committed by employees, such as theft. This type of policy is designed specifically to cover incidents where employees misappropriate or steal money or property from the employer, thereby directly addressing the risk posed by employee behavior within the workplace. In this context, the employee theft policy would typically cover various forms of theft, including physical theft of goods, embezzlement of funds, or other fraudulent actions that result in a loss for the employer. This focus on dishonest acts perpetrated by employees is crucial for businesses because they need to safeguard their assets and ensure that they have financial recourse in the event of such wrongdoing. The other options may pertain to different types of risks or losses but do not align with the specific purpose of an employee theft or dishonesty policy. For instance, losses due to client actions, damage caused by natural disasters, or falsifying financial records fall under different types of coverage or policy considerations, such as liability insurance or property insurance, rather than the specific focus on employee dishonesty.

**3. What type of risk does surplus lines insurance typically cover?**

**A. Low-risk financial events**

**B. Financial risks too high for standard insurance companies**

**C. Everyday personal risks**

**D. Government-related risks**

Surplus lines insurance is specifically designed to address financial risks that exceed the capacity of standard insurance companies. Unlike traditional insurance providers who often have strict underwriting guidelines and coverage limitations, surplus lines insurers can offer coverage for unique, high-risk situations that may not fit within the parameters of standard market policies. This includes industries or activities that are considered too risky or uncommon, such as specialty businesses, large construction projects, or high-value properties. Surplus lines insurance allows policyholders to obtain coverage when conventional options are unavailable or insufficient to meet their needs. The other types of risks mentioned are generally covered by standard insurance products. Low-risk financial events and everyday personal risks are usually well managed by typical insurers, while government-related risks may involve different forms of coverage that are not specifically related to surplus lines.

**4. Which area does tort law primarily address?**

**A. Criminal offenses against property**

**B. Injuries suffered due to another's actions**

**C. Contracts and breach of agreements**

**D. Regulatory compliance in business**

Tort law primarily addresses injuries or harm suffered as a result of someone else's actions. This area of law is designed to provide compensation to individuals who have been wronged or harmed, typically due to negligence, intentional misconduct, or strict liability. Tort law encompasses a broad range of wrongful acts that can lead to personal injury or damage to property, allowing victims to seek damages from the party at fault. For instance, if an individual is injured in a car accident due to another driver's negligence, the injured party can file a tort claim to recover damages for medical expenses, lost wages, pain, and suffering. Tort law is crucial in holding people and organizations accountable for their actions and ensuring that victims have a legal avenue to pursue justice and financial recovery. The focus on personal injuries differentiates tort law from other areas of law, such as criminal law (which addresses offenses against the state), contract law (which deals with agreements between parties), and regulatory compliance (which involves adherence to laws governing business operations). Understanding this distinction helps in appreciating the fundamental purpose of tort law as a mechanism for remedying personal wrongs.

**5. In insurance terminology, what is a named peril?**

- A. A type of insurance that covers all risks
- B. A coverage that applies only to specific causes of loss**
- C. Insurance that has no exclusions
- D. A clause that limits coverage based on time

A named peril refers to a type of insurance coverage that specifically identifies and lists the risks or causes of loss that are covered under the policy. This means that if a loss occurs, the insurer will only provide coverage for events explicitly mentioned in the policy. For example, a homeowners insurance policy may list named perils such as fire, theft, or vandalism. If a loss is caused by a peril that is not listed in the policy, such as an earthquake, the insurance would not cover that loss. This approach contrasts with an "all-risk" or "open peril" policy, which generally covers all risks except those explicitly excluded. Therefore, understanding that a named peril policy provides coverage only for specified risks is crucial for individuals and businesses when evaluating their insurance needs. Such policies are often more affordable but require careful consideration of the specific risks one might face.

**6. Which of the following is included in the definition of personal and advertising injury?**

- A. Property damage due to negligence
- B. False arrest or wrongful eviction**
- C. Intentional infliction of emotional distress
- D. Discriminatory practices in employment

The definition of personal and advertising injury in liability insurance coverage includes specific offenses that can harm individuals' reputations or result in personal harm in a legal sense. One of those specified offenses is false arrest or wrongful eviction. This refers to situations where an individual is detained or evicted without proper legal justification, leading to personal injury and damage to reputation. Including this in the definition highlights how certain actions, even if they don't cause direct physical injury, can still result in significant legal consequences for businesses. It recognizes the importance of protecting individuals from unlawful actions that can affect their freedom and living situations. The other options, while they may involve harmful actions, do not fall under the definition of personal and advertising injury as it pertains specifically to liability insurance. For example, property damage due to negligence typically falls under a different category of coverage, while intentional infliction of emotional distress and discriminatory practices in employment may require separate insurance provisions or policies.

## 7. What is a hold harmless agreement?

- A. An agreement to ensure payment for services rendered
- B. A contract removing liability from one party**
- C. A document to file a complaint against a contractor
- D. An agreement stating the terms of service

A hold harmless agreement is primarily a contract that removes liability from one party, thereby providing protection against legal claims or financial losses that may arise during a particular activity or agreement. This type of agreement is often used in various industries, including construction, where one party may require that the other party agrees not to hold them responsible for certain incidents or damages. The essence of a hold harmless agreement is to establish a clear understanding that, in the event of a claim or lawsuit, the party who is held harmless will not be liable for damages or losses incurred by the other party, even if the event leading to the claim occurred in connection with their actions or property. This arrangement helps manage risks and delineates responsibilities, allowing both parties to proceed with the understanding of who is accountable for any potential issues that may arise. In this context, other options provided do not accurately reflect the fundamental nature of a hold harmless agreement. Some address payments for services or terms of service, while filing complaints pertains to resolving disputes rather than outlining liability protections.

## 8. Which of the following best describes a joint underwriting association's function?

- A. Encouraging competition among insurers
- B. Standardizing premium rates across states
- C. Spreading profits and losses for specific coverage lines among insurers**
- D. Centralizing risk assessment

A joint underwriting association's primary function is to spread the profits and losses for specific coverage lines among multiple insurers. This arrangement allows insurers to share the financial risks associated with underwriting certain types of insurance policies, particularly those that are high-risk or have a history of significant losses. By pooling their resources and risks, insurers can provide coverage to otherwise hard-to-insure populations or risks, making insurance more accessible while also stabilizing their financial performance. The sharing of risk helps in managing exposure and can lead to more favorable underwriting conditions. This collaborative approach is particularly important in markets where individual insurers may find certain risks untenable on their own, ensuring that they can still offer necessary coverages while protecting their own financial viability. The focus on collaborative risk management is vital in the insurance industry, particularly for complex or hazardous types of coverage. The other options, while related to various aspects of the insurance marketplace, do not accurately capture the fundamental purpose of a joint underwriting association. Encouraging competition among insurers and standardizing premium rates are generally governed by market forces and regulatory frameworks, not specifically the function of a joint underwriting association. Similarly, centralizing risk assessment tends to fall under the purview of individual insurance companies or regulatory bodies rather than being a primary role of a joint underwriting

**9. What does time element coverage protect against?**

- A. Cost of repairs to damaged property**
- B. Loss of business income during the restoration period**
- C. Expense due to employee training**
- D. Premiums for extended coverage**

Time element coverage is designed to protect against the loss of business income that occurs during the restoration period following a covered loss. This type of coverage is crucial for businesses because it addresses the income that would have been generated if the business had not been interrupted. When a property suffers damage, it often results in downtime as repairs are made, and this coverage helps mitigate the financial impact by compensating for the income that is lost during that period. This form of coverage is particularly important for business owners who rely on steady cash flow to maintain their operations, pay employees, and cover ongoing expenses, even when they are unable to generate revenue due to property damage. By providing a cushion during these critical recovery times, time element coverage enables businesses to stabilize and eventually resume normal operations without severe financial distress.

**10. What is the liability limit for watercraft in a homeowners broad form policy?**

- A. \$1,000**
- B. \$1,500**
- C. \$2,000**
- D. \$2,500**

In a homeowners broad form policy, the liability limit for watercraft is set at \$1,500. This specific limit applies to watercraft and recognizes the potential risks and responsibilities associated with watercraft ownership. Homeowners policies include various coverages, and the liability limit for specific categories like watercraft helps homeowners understand the extent of their coverage when it comes to incidents involving their boats or personal watercraft. It's important to note that this limit is established to encourage safe usage and inform the policyholder of the financial boundaries of their insurance coverage. Understanding these limits helps homeowners make informed decisions regarding additional coverage, should they believe the standard limit is insufficient for their needs.



## 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](mailto:hello@examzify.com).**

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

**<https://adbankerpropertycasualty.examzify.com>**

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