

AD BANKER PROPERTY AND CASUALTY PRACTICE EXAM (SAMPLE)

STUDY GUIDE



**SAMPLE STUDY GUIDE
WITH LIMITED QUESTIONS**

**VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE**

<https://adbankerpropertycasualty.examzify.com>



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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 does the term "retention risk" imply?**
 - A. Transferring risk to an insurance provider
 - B. Assuming risk and absorbing it instead of transferring
 - C. An insured's choice to retain minimal coverage
 - D. A tactic to reduce premiums artificially
- 2. Which type of insurance agent sells insurance for carriers they are contracted with but does not recruit other agents?**
 - A. Independent agent
 - B. Personal producing general agent
 - C. Captive agent
 - D. Commercial agent
- 3. What does "redlining" refer to?**
 - A. A fair lending practice among neighborhoods
 - B. Banks refusing loans based on specific geographic locations
 - C. The assessment of property values
 - D. A method of underwriting risk
- 4. Which of the following describes a condition under which concealment might render an insurance contract void?**
 - A. When it's related to the policy premium
 - B. When it concerns unverified property value
 - C. When it involves withholding material facts
 - D. When it pertains to non-renewal of the policy
- 5. What is the fundamental role of a blanketed limit in insurance?**
 - A. To reduce the cost for the insured
 - B. To apply one insurance amount across multiple properties
 - C. To enforce stricter underwriting guidelines
 - D. To limit claims to specific events only

- 6. What is the purpose of an annual transit coverage form?**
- A. To cover workers' compensation during shipping
 - B. To protect all property/shipments being shipped or received during the year
 - C. To insure all vehicles used in transportation
 - D. To provide liability coverage for transit companies
- 7. An occupational disease is defined by which criteria?**
- A. It arises from personal habits
 - B. It occurs only outside of work
 - C. It is caused by conditions specific to employment
 - D. It is unrelated to work activities
- 8. Which statement describes the liability of a carrier under a straight (regular) bill of lading?**
- A. The carrier is responsible for all associated shipping costs
 - B. The carrier is only liable for the value declared on the bill of lading
 - C. The carrier is responsible for the invoice cost of the goods
 - D. The carrier has no liability under this type of bill of lading
- 9. What is the role of a surety in a bond agreement?**
- A. To finalize the financial contracts of the insured
 - B. To provide guarantees if the obligor fails
 - C. To assess the risks involved in contracts
 - D. To oversee the underwriting process
- 10. What type of insurance indemnifies an insured's legal liability for the actions of subcontractors?**
- A. General liability insurance
 - B. Contingent liability insurance
 - C. Workers' compensation insurance
 - D. Professional liability insurance

Answers

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

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Explanations

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1. What does the term "retention risk" imply?

- A. Transferring risk to an insurance provider
- B. Assuming risk and absorbing it instead of transferring**
- C. An insured's choice to retain minimal coverage
- D. A tactic to reduce premiums artificially

Retention risk refers to the practice of an individual or organization assuming responsibility for certain risks rather than transferring them to an insurance provider. When an entity decides to retain risk, it means they have evaluated their situation and determined that they can absorb potential losses, whether due to financial capability or risk management strategies. This often occurs when the costs of transferring the risk through insurance are higher than the expected losses or when the risks are manageable. The choice to retain risk can make sense in situations where the potential loss is relatively minor or when the insured has the resources to cover it directly. Companies often weigh the cost of insurance against the likelihood and potential costs of a loss before deciding whether to retain or transfer that risk. Retaining risk is a common approach in self-insured retention programs and can also be a strategic decision to lower overall insurance costs in the long run. Understanding retention risk is essential in risk management and insurance planning, as it influences how businesses allocate resources to mitigate or accept losses.

2. Which type of insurance agent sells insurance for carriers they are contracted with but does not recruit other agents?

- A. Independent agent
- B. Personal producing general agent**
- C. Captive agent
- D. Commercial agent

The type of insurance agent that sells insurance for carriers they are contracted with but does not recruit other agents is a personal producing general agent. This agent typically has a strong understanding of the products they sell and works directly with clients to meet their insurance needs. Unlike independent agents who may represent multiple insurers and have the ability to recruit other agents, personal producing general agents focus solely on selling policies and building relationships with their clients. This role emphasizes direct engagement with the consumer and often involves significant expertise in specific insurance products. By concentrating on sales without the added responsibilities of managing or recruiting other agents, personal producing general agents can provide dedicated service and tailored offerings to clients, leveraging their knowledge and experience in the insurance marketplace. In contrast, independent agents have a broader range of options to represent multiple insurers, captive agents work exclusively for one insurance company, and commercial agents specialize in selling business-related insurance policies. Each of these roles has distinct responsibilities, which further clarifies why the personal producing general agent is the correct choice for the scenario described.

3. What does "redlining" refer to?

- A. A fair lending practice among neighborhoods
- B. Banks refusing loans based on specific geographic locations**
- C. The assessment of property values
- D. A method of underwriting risk

Redlining refers to the practice where banks and other financial institutions refuse loans or offer less favorable terms to individuals based on their geographic location, often specifically targeting neighborhoods predominantly inhabited by racial or ethnic minorities. This discriminatory practice emerged in the 1930s and contributes to systemic inequalities in housing and finance. The term originates from the red ink used to outline neighborhoods on maps to indicate high-risk areas, leading to widespread denial of access to financial resources for residents in those regions. Understanding redlining is essential as it highlights significant issues in fair lending practices and the intersections of race, poverty, and accessibility to credit and housing. It illustrates how geographic areas can be unjustly stigmatized, perpetuating cycles of disadvantage that affect generations. This context underscores the importance of equitable policies that strive to ensure fair access to loans and financial services for all communities, regardless of location.

4. Which of the following describes a condition under which concealment might render an insurance contract void?

- A. When it's related to the policy premium
- B. When it concerns unverified property value
- C. When it involves withholding material facts**
- D. When it pertains to non-renewal of the policy

Concealment in the context of an insurance contract refers to the act of intentionally withholding material facts that are relevant to the underwriting process. Material facts are those that could affect the insurer's decision to provide coverage or determine the premium that should be charged. When a policyholder conceals important information, such as previous claims, criminal history, or existing conditions that could impact the risk associated with the insured item, this can lead to the insurer being misled regarding the risk they are underwriters against. In this case, if a policyholder withholds material facts about their risk, it can be deemed as concealment, which could make the insurance contract void. This is based on the principle of utmost good faith, which requires both parties in the insurance contract to disclose pertinent information. Other options might deal with various aspects of an insurance policy, but it is the withholding of material facts that directly correlates with the potential for voiding the contract due to concealing critical information that the insurer relies upon to assess risk and determine coverage terms.

5. What is the fundamental role of a blanketed limit in insurance?

- A. To reduce the cost for the insured
- B. To apply one insurance amount across multiple properties**
- C. To enforce stricter underwriting guidelines
- D. To limit claims to specific events only

The fundamental role of a blanketed limit in insurance is to apply one insurance amount across multiple properties. This type of limit simplifies coverage by allowing a single sum to cover various locations or types of property under one policy, rather than requiring separate limits for each individual property. As a result, it provides more flexibility in managing coverage options and ensures that the total collective value can be adequately insured without the need for complex calculations or separate policies. Using a blanketed limit can be particularly advantageous for businesses or investors with multiple assets or locations, as it streamlines the insurance process and potentially offers cost savings and efficiencies in claims handling. This approach ensures that all covered properties benefit from the same level of insurance protection, making it easier to maintain compliance with insurance requirements and manage risk across the portfolio.

6. What is the purpose of an annual transit coverage form?

- A. To cover workers' compensation during shipping
- B. To protect all property/shipments being shipped or received during the year**
- C. To insure all vehicles used in transportation
- D. To provide liability coverage for transit companies

The purpose of an annual transit coverage form is to protect all property or shipments being shipped or received throughout the year. This type of insurance is particularly beneficial for businesses that frequently ship goods, as it provides a broad coverage for various shipments without the need to purchase individual policies for each shipment. This form typically covers losses that may occur in transit due to various risks, ensuring that the business's assets are financially protected while they are being transported. This ease of coverage makes it an essential component for businesses that deal with a high volume of shipments.

7. An occupational disease is defined by which criteria?

- A. It arises from personal habits
- B. It occurs only outside of work
- C. It is caused by conditions specific to employment**
- D. It is unrelated to work activities

An occupational disease is specifically defined as a condition that arises directly from the nature of one's work environment or job duties. This means that the cause of the disease is linked to hazards or exposures that are characteristic of a particular occupation. For example, lung diseases from inhaling harmful substances in a factory or repetitive strain injuries from performing the same motion repetitively in a production line would qualify as occupational diseases. The emphasis on conditions that are specific to employment underscores the principle that these diseases are not merely coincidental with the individual's work but are a direct result of the working conditions and environment. Understanding this helps in identifying and addressing workplace health risks and implementing safety measures to prevent such diseases. This aspect is a significant consideration for workers' compensation and occupational health policies. Other criteria mentioned do not align with the definition of occupational diseases. Personal habits are individual choices unrelated to work conditions, diseases occurring outside of work do not meet the occupational criterion, and conditions unrelated to work activities would not qualify as work-related illnesses.

8. Which statement describes the liability of a carrier under a straight (regular) bill of lading?

- A. The carrier is responsible for all associated shipping costs
- B. The carrier is only liable for the value declared on the bill of lading
- C. The carrier is responsible for the invoice cost of the goods**
- D. The carrier has no liability under this type of bill of lading

In the context of a straight (regular) bill of lading, the liability of the carrier is tied to the invoice cost of the goods being transported. A straight bill of lading is a type of document used in the shipping industry that indicates the carrier's receipt of goods for shipment and also outlines the responsibilities of the carrier regarding the delivery of these goods. When the carrier receives the goods under a straight bill of lading, they assume liability for the goods and are obligated to deliver them in good condition to the consignee, as long as the goods were properly packaged and labeled. If the goods are lost or damaged during transit, the carrier is typically liable for the invoice cost of the goods, which is the amount owed by the consignee for those goods as indicated on the invoice. This liability is critical because it protects the shipper and ensures that the carrier is accountable for the value of the goods they are transporting. Additionally, the liability does not extend to all shipping costs or only the declared value unless clearly specified, which is why other choices don't accurately represent the nature of liability under a straight bill of lading.

9. What is the role of a surety in a bond agreement?

- A. To finalize the financial contracts of the insured
- B. To provide guarantees if the obligor fails**
- C. To assess the risks involved in contracts
- D. To oversee the underwriting process

In a bond agreement, the role of a surety is to provide guarantees if the obligor fails to fulfill their obligations under the contract. The surety is essentially a third-party entity that promises to cover the obligations of the principal (the party that is obliged to perform) if they do not complete the contracted work or meet their financial responsibilities. This ensures that the obligee (the party that requires the bond) is protected against potential losses due to the principal's non-performance. This guarantee is crucial in many industries, such as construction, where completion of a project may hinge on various contracts and agreements. By having a surety in place, both the obligee and the principal can mitigate risks, as the surety assumes a financial responsibility that adds a layer of security to the transaction.

10. What type of insurance indemnifies an insured's legal liability for the actions of subcontractors?

- A. General liability insurance
- B. Contingent liability insurance**
- C. Workers' compensation insurance
- D. Professional liability insurance

Contingent liability insurance is specifically designed to cover an insured's legal liability for the actions of subcontractors that they hire. This type of insurance is particularly relevant in situations where a contractor or client may be held liable for the negligent acts or omissions of a subcontractor, even though the contractor or client did not directly cause the loss. While general liability insurance provides broad coverage for various liabilities, including injuries or damage caused by the insured's own operations and completed work, it may not cover liabilities arising solely from the actions of subcontractors. Professional liability insurance focuses on negligence or errors in professional services provided, and workers' compensation insurance covers employees' work-related injuries but does not address liability for subcontractors' actions. Thus, contingent liability insurance serves as an essential protection for businesses that rely on subcontractors, ensuring they are covered in scenarios where they might be found legally responsible for subcontractors' actions.

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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://adbankerpropertycasualty.examzify.com>

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

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