

AGENT/BROKER REVIEW COMPANY (ABRC) CASUALTY PRACTICE EXAM (SAMPLE) STUDY GUIDE



Prepare with structure. Pass with confidence



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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 physical hazard refer to in insurance?**
 - A. Financial or market risks influencing insurance rates
 - B. Conditions or use of property leading to potential loss
 - C. Legal risks arising from contract disputes
 - D. Market fluctuations affecting the value of insurance
- 2. What is an endorsement in the context of insurance?**
 - A. A negative review of the policy
 - B. A reduction in coverage options
 - C. A form added to include additional coverage
 - D. A notice of policy cancellation
- 3. What purpose does a loss run serve for insurers?**
 - A. To determine premium rates
 - B. To evaluate customer satisfaction
 - C. To assess risk during underwriting
 - D. To calculate the profitability of claims
- 4. What is the purpose of environmental liability insurance?**
 - A. To cover personal injuries from accidents
 - B. To cover any damage caused by fire
 - C. To cover claims from pollution or environmental damage
 - D. To cover only natural disaster-related damage
- 5. Which situation exemplifies 'omission'?**
 - A. Failing to install a smoke detector
 - B. Accidentally causing property damage
 - C. Intentionally misrepresenting information
 - D. Doing required maintenance
- 6. Who is typically insured under a Commercial General Liability (CGL) policy?**
 - A. Only the business owner
 - B. Only employees acting outside their job scope
 - C. The business and its officers, employees, and partners
 - D. Independent contractors working for the business

7. What does collision or upset coverage specifically cover?

- A. Damage to the insured vehicle caused by theft
- B. Damage to the insured vehicle caused by fire
- C. Damage to the insured vehicle caused by collision or upset
- D. Medical expenses incurred for passengers

8. What does incidental insured contracts liability cover?

- A. Covers liability assumed for someone else by contract
- B. Covers all medical expenses regardless of location
- C. Covers only bodily injury liability
- D. Only covers liability for lease contracts

9. What is the primary role of a claims adjuster?

- A. To create insurance policies for clients
- B. To investigate claims and determine an insurer's liability
- C. To provide legal advice on claims
- D. To market insurance products

10. What is the minimum liability required under State Mandatory Insurance Law?

- A. 20/40/10
- B. 25/50/20
- C. 30/60/25
- D. 15/30/5

Answers

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

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Explanations

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1. What does the term physical hazard refer to in insurance?

- A. Financial or market risks influencing insurance rates
- B. Conditions or use of property leading to potential loss**
- C. Legal risks arising from contract disputes
- D. Market fluctuations affecting the value of insurance

The term physical hazard in the context of insurance refers specifically to conditions or the use of property that may lead to potential loss. This includes tangible factors such as the location of a property, the type of construction materials used, or the maintenance of the property. For example, if a building is located in an area prone to floods or earthquakes, these physical characteristics can increase the risk of loss or damage, making it essential for insurance assessments. Understanding physical hazards is critical for insurers when determining premiums and coverage, as they must evaluate how these hazards impact the likelihood of claims being made. The right identification of physical hazards allows for better risk management strategies and helps insurance companies create policies that reflect the actual risk exposure.

2. What is an endorsement in the context of insurance?

- A. A negative review of the policy
- B. A reduction in coverage options
- C. A form added to include additional coverage**
- D. A notice of policy cancellation

An endorsement in the context of insurance is indeed a form added to an insurance policy that provides additional coverage or modifies the existing terms of the policy. This is important for policyholders because endorsements allow customization of their coverage to meet specific needs or circumstances that may not be addressed in the standard policy. For example, an endorsement might include coverage for specific items like valuable jewelry, or it could extend coverage for certain risks not otherwise covered. This concept underscores the flexibility of insurance policies, enabling policyholders to adapt their coverage as their situation changes—whether that's to add protection for new assets, adjust the limits of coverage, or even change other policy terms. This adaptability is critical in ensuring that insured parties have the right coverage for their unique circumstances.

3. What purpose does a loss run serve for insurers?

- A. To determine premium rates
- B. To evaluate customer satisfaction
- C. To assess risk during underwriting**
- D. To calculate the profitability of claims

A loss run serves a crucial purpose for insurers by providing a detailed history of an insured party's claims over a specified period. This information allows insurers to assess the risk associated with underwriting a new policy or renewing an existing one. By analyzing loss runs, underwriters can identify patterns in claims frequency or severity, which helps them make informed decisions about whether to accept the risk and under what terms. Risk assessment is critical in underwriting because it directly impacts the insurer's potential exposure to future claims. By examining the historical claims data contained in loss runs, underwriters can establish appropriate premium rates and coverage limits that reflect the insured's actual risk profile. Thus, the loss run plays an essential role in the underwriting process, ensuring that the insurer adequately understands and mitigates the risks involved in providing coverage.

4. What is the purpose of environmental liability insurance?

- A. To cover personal injuries from accidents
- B. To cover any damage caused by fire
- C. To cover claims from pollution or environmental damage**
- D. To cover only natural disaster-related damage

Environmental liability insurance is specifically designed to protect businesses and individuals from claims arising due to pollution or environmental damage. This type of insurance addresses the financial risks associated with the release of pollutants into the environment, including soil and water contamination, which can result in legal claims and regulatory penalties. The coverage can extend to a variety of incidents, such as the cleanup of contaminated sites, legal defense costs related to environmental lawsuits, and compensation for third-party damages caused by pollution. As environmental regulations become more stringent and awareness of environmental issues increases, this insurance has become essential for companies that handle hazardous materials or have operations that could potentially impact the environment. In contrast, while personal injury coverage from accidents, damage from fire, and natural disaster-related damage may be addressed by other types of insurance, they do not encompass the specific risks associated with environmental liabilities. This highlights the unique role that environmental liability insurance plays in safeguarding against claims related to ecological harm.

5. Which situation exemplifies 'omission'?

- A. Failing to install a smoke detector**
- B. Accidentally causing property damage
- C. Intentionally misrepresenting information
- D. Doing required maintenance

An example of 'omission' is best illustrated by the situation of failing to install a smoke detector. Omission refers to a failure to act or a neglect to fulfill an obligation, which can result in a risk or danger. In this case, neglecting to install a smoke detector represents the absence of an essential safety measure, which could have potentially prevented harm in the event of a fire. In contrast, the other options present different contexts. Accidentally causing property damage involves an action that was unintended but resulted in harm, which does not align with the definition of an omission. Intentionally misrepresenting information represents a deliberate act of deception, rather than a failure to act. Lastly, doing required maintenance reflects proactive behavior, ensuring safety and compliance rather than illustrating the lack of action. Thus, the scenario of failing to install a smoke detector clearly highlights the concept of omission.

6. Who is typically insured under a Commercial General Liability (CGL) policy?

- A. Only the business owner
- B. Only employees acting outside their job scope
- C. The business and its officers, employees, and partners**
- D. Independent contractors working for the business

A Commercial General Liability (CGL) policy is designed to provide broad coverage for businesses against a variety of liability claims. The correct answer reflects the comprehensive nature of protection offered under this type of policy. Typically, a CGL policy insures the business itself, along with its officers, employees, and partners. This means that not only the business owner but anyone directly involved with the business's operations is covered for liabilities that may arise from their work-related activities. The inclusion of officers, employees, and partners ensures that all aspects of the business are protected, as liability can stem from many different sources, including accidents that occur during normal business operations or claims of negligence. This comprehensive coverage is crucial for businesses to effectively manage potential risks associated with their activities and interactions with the public and clients. In contrast, options that focus solely on specific individuals (like only the business owner or only employees) overlook the broader protections that CGL policies are meant to provide. Additionally, independent contractors may need separate coverage as their relationship with the business can complicate liability claims, and they are not automatically included in a standard CGL policy.

7. What does collision or upset coverage specifically cover?

- A. Damage to the insured vehicle caused by theft
- B. Damage to the insured vehicle caused by fire
- C. Damage to the insured vehicle caused by collision or upset**
- D. Medical expenses incurred for passengers

Collision or upset coverage specifically addresses damage to the insured vehicle that results from the vehicle being involved in an accident, which includes situations where it collides with another object or overturns (upsets). This type of coverage is designed to financially protect the vehicle owner from the costs associated with repairing or replacing their vehicle after such incidents. In contrast, the other options pertain to different types of coverage. For instance, theft is covered under comprehensive coverage, while fire damage is also typically under a comprehensive policy that protects against non-collision incidents. Medical expenses for passengers are generally covered under personal injury protection (PIP) or bodily injury liability coverage, rather than collision or upset coverage. Thus, collision or upset coverage is distinctly important for providing peace of mind in the event of accidents that physically impact the vehicle itself.

8. What does incidental insured contracts liability cover?

- A. Covers liability assumed for someone else by contract
- B. Covers all medical expenses regardless of location
- C. Covers only bodily injury liability
- D. Only covers liability for lease contracts

Incidental insured contracts liability specifically covers the liability assumed by an insured for another party's benefits as a result of entering into a contract. This means that when a business assumes responsibility for damages or injuries that may occur while fulfilling the terms of that contract, those liabilities are covered. This coverage is particularly relevant in contracts where the insured agrees to take on certain risks that they wouldn't normally be responsible for, such as indemnifying another party for injuries that arise during business operations related to the contract. The other answer choices do not accurately represent the scope of incidental insured contracts liability. For example, while medical expenses can be covered under different insurance provisions, this specific type of liability does not cover all medical expenses regardless of location. Likewise, it is not limited to only bodily injury liability or solely to lease contracts; rather, it can apply to various types of contractual agreements that impose liability on the insured.

9. What is the primary role of a claims adjuster?

- A. To create insurance policies for clients
- B. To investigate claims and determine an insurer's liability
- C. To provide legal advice on claims
- D. To market insurance products

The primary role of a claims adjuster is to investigate claims and determine an insurer's liability. This involves a thorough review of the circumstances surrounding the claim, gathering evidence, interviewing relevant parties, and assessing damages. The adjuster analyzes the policy in relation to the facts of the claim to make informed decisions about whether the claim should be paid, and if so, how much. While the creation of insurance policies, providing legal advice, and marketing insurance products are important functions within the insurance industry, they fall under different roles. The duties of a claims adjuster are specifically focused on assessing claims after an incident occurs, making it a critical function in the claims processing workflow. Understanding this role is essential in the casualty practice as it directly impacts the insurer's financial exposure and the insured's experience following a loss.

10. What is the minimum liability required under State Mandatory Insurance Law?

- A. 20/40/10
- B. 25/50/20**
- C. 30/60/25
- D. 15/30/5

The minimum liability required under State Mandatory Insurance Law is often represented as a series of three numbers, which indicate the coverage limits for bodily injury and property damage. For many states, the set of numbers that corresponds to the minimum requirements reflects the need to sufficiently cover common accident scenarios. The choice of 25/50/20 means that an insured individual has coverage limits of \$25,000 for injury to one person, \$50,000 for total injuries per accident (for multiple people), and \$20,000 for property damage. This coverage is designed to align with the financial responsibility laws in many states, ensuring that drivers have a basic level of protection that can help cover the expenses arising from accidents they cause. The first number protects against costs associated with injuries to a single party, the second takes care of costs when multiple parties are involved, and the third covers damage to property. The other options provide different minimum limits that may not reflect the standard requirements in many jurisdictions, which is why they may not be the correct answer in this context. Therefore, the selection of 25/50/20 appropriately meets the criteria set by many state laws for the minimum liability insurance coverage.

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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://abrccasualty.examzify.com>

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

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