

ARKANSAS PROPERTY AND CASUALTY PRACTICE EXAM (SAMPLE)

STUDY GUIDE



**SAMPLE STUDY GUIDE
WITH LIMITED QUESTIONS**

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THE FULL VERSION STUDY GUIDE**

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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. Which of the following is NOT a reaction to risk?**
 - A. An increase in the possibility that a loss may occur
 - B. Accepting the risk
 - C. Mitigating the risk
 - D. Transferring the risk
- 2. In which instance would an "all-risk" policy typically provide coverage?**
 - A. Any loss except those specifically excluded
 - B. Only losses from natural disasters
 - C. Losses that are under a certain dollar amount
 - D. Losses resulting from negligence
- 3. Which of the following losses would NOT be covered on an "all-risk" crop insurance policy?**
 - A. Flood
 - B. Fire
 - C. Hail
 - D. Earthquake
- 4. Which coverage would be best for a prospective insured wanting liability coverage for assumed contracts?**
 - A. A. Liability Insurance
 - B. B. General Liability
 - C. C. Contractual Liability
 - D. D. Errors and Omissions Insurance
- 5. What information is typically found in the "exclusions" section of an insurance policy?**
 - A. Details about the insured's personal information
 - B. Conditions or situations not covered by the policy
 - C. Limits of coverage and premium costs
 - D. Information on how to file a claim

- 6. What is the main characteristic of a standard homeowner's policy?**
- A. It covers all potential losses regardless of type
 - B. It typically excludes certain natural disaster coverage
 - C. It provides coverage only for the structure of the home
 - D. It is mandatory for all property owners
- 7. What does the term "risk" refer to in insurance?**
- A. The likelihood of needing to file a claim
 - B. The chance of loss or damage
 - C. The cost structure of an insurance premium
 - D. The evaluation of policyholder health conditions
- 8. Which of the following losses would be covered by Comprehensive Personal Liability?**
- A. Injuries caused while skiing
 - B. Running over a caddy with a golf mobile
 - C. Accidental damage to rented equipment
 - D. Damage caused by pets
- 9. What is a primary function of property insurance?**
- A. To ensure medical expenses for the policyholder
 - B. To reimburse for theft of personal possessions
 - C. To protect against financial loss due to damage or destruction of property
 - D. To cover the cost of legal defense
- 10. In which scenario would property insurance NOT provide coverage?**
- A. A flood causing damage to a home
 - B. Fire damage to personal belongings
 - C. A theft occurring during a storm
 - D. Vandalism to a business property

Answers

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

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Explanations

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1. Which of the following is NOT a reaction to risk?

- A. An increase in the possibility that a loss may occur
- B. Accepting the risk
- C. Mitigating the risk
- D. Transferring the risk

The correct choice identifies a scenario that does not constitute a response to risk. Accepting, mitigating, and transferring risk are all proactive strategies that individuals or organizations adopt to manage risk effectively. Accepting the risk means acknowledging its existence and deciding to bear the consequences if it materializes, typically done when the potential impact is deemed manageable or when other strategies are too costly. Mitigating the risk involves implementing measures to reduce the likelihood of a loss or minimize its impact, such as introducing safety protocols or diversifying investments. Transferring the risk refers to passing the potential financial loss to another party, commonly done through insurance policies. In contrast, an increase in the possibility that a loss may occur does not reflect a response to risk but rather a change in the risk environment. This situation could prompt a reaction, such as a decision to accept, mitigate, or transfer the risk, but it itself is not an active response. Thus, it's recognized as not being a reaction to risk.

2. In which instance would an "all-risk" policy typically provide coverage?

- A. Any loss except those specifically excluded
- B. Only losses from natural disasters
- C. Losses that are under a certain dollar amount
- D. Losses resulting from negligence

An "all-risk" policy is designed to cover a wide range of risks, extending protection to all perils except for those specifically excluded in the policy terms. This means that unless the policy explicitly mentions certain exclusions, any loss or damage that occurs will typically be covered. This comprehensive coverage is what differentiates an all-risk policy from named perils policies, which only cover risks that are explicitly listed. In contrast, the other choices focus on limitations or specific scenarios. For example, stating that coverage is limited to losses from natural disasters or those under a specific dollar amount does not align with the broad nature of an all-risk policy. Similarly, mentioning only losses due to negligence suggests a narrow focus on liability rather than the expansive coverage intended with all-risk provisions. Overall, the primary characteristic of an all-risk policy is its inclusivity, meaning it covers all risks unless they are specifically excluded.

3. Which of the following losses would NOT be covered on an "all-risk" crop insurance policy?

- A. Flood
- B. Fire
- C. Hail
- D. Earthquake

An "all-risk" crop insurance policy is designed to provide coverage for a wide range of perils that can damage or destroy crops. However, even with its broad coverage, there are typically exclusions based on the specifics of the policy. Floods are often excluded from crop insurance policies, especially those labeled as "all-risk." This exclusion arises because flooding is considered to be a significant peril that frequently results in extensive and catastrophic damage, and it can be challenging for insurers to accurately assess risk and set premiums accordingly. Policies usually require separate flood insurance for comprehensive protection against such risks. In contrast, fire, hail, and earthquakes are generally included under an all-risk policy, meaning that losses from these events would be covered unless specifically excluded within the terms of that policy.

4. Which coverage would be best for a prospective insured wanting liability coverage for assumed contracts?

- A. A. Liability Insurance
- B. B. General Liability
- C. C. Contractual Liability**
- D. D. Errors and Omissions Insurance

The best coverage for a prospective insured wanting liability coverage for assumed contracts is contractual liability coverage. This type of coverage specifically addresses the liabilities that arise from contracts where the insured has agreed to assume responsibility for certain risks. Assumed contracts are those where the insured agrees to handle liabilities that arise from particular obligations outlined in a contract with another party. Contractual liability coverage is designed to protect against losses that occur due to these obligations, often providing defense costs and damages in the event of a lawsuit stemming from these contractual agreements. In contrast, general liability primarily covers general business risks, including bodily injury, property damage, and personal injury, but may not provide the specific protections related to contractual obligations. Errors and omissions insurance focuses on professional liability, addressing claims arising from mistakes or negligence in the provision of professional services, which is not applicable to assumed contracts. Liability insurance, in a general sense, covers a range of liabilities but lacks the specificity needed for assumed contractual risks. Therefore, for comprehensive protection in the context of assumed contracts, contractual liability coverage is the most appropriate choice.

5. What information is typically found in the "exclusions" section of an insurance policy?

- A. Details about the insured's personal information
- B. Conditions or situations not covered by the policy**
- C. Limits of coverage and premium costs
- D. Information on how to file a claim

The exclusions section of an insurance policy is crucial as it outlines the specific conditions, risks, or situations that are not covered by the policy. This section serves to clarify the boundaries of the insurance protection being offered, ensuring that policyholders understand what is excluded from coverage. By identifying these exclusions, insured individuals can make informed decisions about their coverage needs and potentially identify areas where additional insurance may be required. For example, common exclusions might include damages resulting from acts of war, certain natural disasters, or specific pre-existing conditions. Understanding these exclusions is vital for policyholders to avoid any misunderstandings during the claims process. The other options deal with different aspects of the insurance policy. Personal information does not belong in the exclusions section, as it pertains more to identifying the insured rather than coverage specifics. Limits of coverage and premium costs relate to the policy terms and conditions and are typically found in separate sections. Likewise, instructions for filing a claim are typically included in a distinct claims procedure section, not in the exclusions. Thus, the exclusions section specifically addresses what is not covered, making the understanding of this part essential for maximizing the benefits of the insurance policy.

6. What is the main characteristic of a standard homeowner's policy?

- A. It covers all potential losses regardless of type
- B. It typically excludes certain natural disaster coverage**
- C. It provides coverage only for the structure of the home
- D. It is mandatory for all property owners

The main characteristic of a standard homeowner's policy is its typical exclusion of certain natural disaster coverage. Homeowners insurance is designed to protect against a variety of risks associated with owning a home, such as theft, fire, and liability. However, it often excludes coverage for specific types of natural disasters, most notably floods and earthquakes. These exclusions exist because these natural disasters can lead to extremely high claims costs, prompting insurers to offer separate policies or endorsements to cover such risks. This understanding highlights the necessity for homeowners to carefully assess their coverage needs and consider additional policies that might be required for comprehensive protection against all potential risks.

7. What does the term "risk" refer to in insurance?

- A. The likelihood of needing to file a claim
- B. The chance of loss or damage**
- C. The cost structure of an insurance premium
- D. The evaluation of policyholder health conditions

The term "risk" in insurance fundamentally refers to the chance of loss or damage. It encompasses the uncertainty associated with potential adverse events that could lead to financial loss. Insurance operates on the principle of risk management; insurers assess this risk to determine coverage options, set premiums, and establish the terms of policies. In the context of insurance, understanding "risk" is crucial as it informs how insurers categorize and price different types of coverage. By analyzing the likelihood and frequency of specific events that may lead to losses, insurers can better predict potential claims and thus create a more balanced pool of policyholders. This assessment ultimately plays a significant role in ensuring the sustainability of the insurance model. While the likelihood of needing to file a claim is related to risk, it is a narrower aspect that assumes a claim will occur based on specific circumstances, rather than encompassing the broader concept of risk itself. Additionally, aspects like the cost structure of a premium and the evaluation of policyholder health conditions are important for underwriting and pricing but do not capture the essence of what "risk" represents within insurance as a whole.

8. Which of the following losses would be covered by Comprehensive Personal Liability?

- A. Injuries caused while skiing
- B. Running over a caddy with a golf mobile**
- C. Accidental damage to rented equipment
- D. Damage caused by pets

Comprehensive Personal Liability insurance is designed to provide coverage for personal injuries and property damage that you might unintentionally cause to others. The correct choice reflects an incident that falls squarely within typical liability scenarios. Running over a caddy with a golf mobile illustrates a situation where a personal liability claim could arise due to physical harm inflicted on another individual as a result of the policyholder's actions. This aligns perfectly with the purpose of Comprehensive Personal Liability insurance, which is to protect against claims of negligence or unintentional harm to others. In contrast, the other scenarios do not clearly fit within the general coverage provided by this type of insurance. For example, skiing injuries would typically involve risks associated with the sport itself, which may not fall under personal liability. Accidental damage to rented equipment usually pertains to property insurance rather than liability coverage. Damage caused by pets can sometimes be covered under separate pet liability provisions or homeowner's insurance, but it often isn't covered under the general comprehensive personal liability umbrella, depending on the specific policy terms.

9. What is a primary function of property insurance?

- A. To ensure medical expenses for the policyholder
- B. To reimburse for theft of personal possessions
- C. To protect against financial loss due to damage or destruction of property**
- D. To cover the cost of legal defense

The primary function of property insurance is to protect against financial loss due to damage or destruction of property. This type of insurance provides coverage for various types of property, including structures, personal belongings, and sometimes additional living expenses if the dwelling becomes uninhabitable. When a covered event occurs, such as a fire, theft, or natural disaster, property insurance enables the policyholder to recover financially by compensating them for the repair or replacement costs of the damaged property. This function is foundational because it helps individuals and businesses manage risks associated with owning property. By having property insurance, owners can mitigate the financial impact of unforeseen events, making it an essential tool for financial stability and peace of mind regarding their assets.

10. In which scenario would property insurance NOT provide coverage?

- A. A flood causing damage to a home**
- B. Fire damage to personal belongings
- C. A theft occurring during a storm
- D. Vandalism to a business property

Property insurance typically excludes certain types of damage, and flooding is a common exclusion in many property insurance policies. Standard homeowners and business property policies do not cover flood damage because it is considered a high-risk peril. Therefore, in the scenario where flooding causes damage to a home, property insurance would not provide coverage unless the policy specifically includes flood insurance or the policyholder has purchased a separate flood insurance policy through the National Flood Insurance Program (NFIP) or other carrier specializing in flood coverage. The other scenarios involve types of damages that are generally covered by standard property insurance policies. Fire damage is typically covered under most policies; theft during a storm is also regarded as a covered peril, as personal property is generally protected against theft regardless of the weather conditions; and vandalism to business property is commonly included in property insurance coverage as well, addressing the risks related to malicious damage.

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://arkansaspropertycasualty.examzify.com>

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

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