

ASSOCIATE IN INSURANCE (AINS) 103 PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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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. In property/casualty insurance, when must insurable interest exist?**
 - A. Only at the time of loss
 - B. At policy inception and must be maintained
 - C. Only at policy renewal
 - D. Only at death
- 2. Medical expense coverage under Business Section II-Liability Coverage of the ISO BOP would cover small and reasonable medical claims for which group?**
 - A. Customers
 - B. Vendors
 - C. Volunteer workers
 - D. Employees on payroll
- 3. What may happen if misrepresentation or concealment occurs while obtaining a policy?**
 - A. The insurer may rescind or cancel the policy, deny claims, or pursue fraud; coverage could be void from inception.
 - B. The policy is automatically renewed.
 - C. The policy premium is discounted.
 - D. There are no consequences.
- 4. Identify the three major policy sections: insuring agreement, conditions, and exclusions—give a brief purpose for each.**
 - A. Insuring agreement states the coverage provided; conditions outline duties and policy provisions; exclusions specify losses not covered.
 - B. Declarations, endorsements, premiums
 - C. First aid clause, premium adjustment, renewal terms
 - D. Insuring agreement, declarations, riders
- 5. What is a Personal Articles Floater (PAF), and when is it typically used?**
 - A. A scheduled coverage program for valuable items (jewelry, fine arts, cameras) that provides broader coverage and higher limits than standard homeowners.
 - B. A standard homeowners endorsement for minor items.
 - C. Insurance for personal automobiles.
 - D. A rider that covers floods.

- 6. Differentiate appraisal from valuation and explain when each is used in property claims.**
- A. Valuation is determining the value of the loss; appraisal is a formal dispute-resolution process where each side appoints an appraiser and an umpire to agree on value.
 - B. Appraisal and valuation are the same; both used only for auto claims.
 - C. Valuation is used for claim denial; appraisal is used for suing insurers.
 - D. Appraisal is the only method used; valuation is not applicable to property claims.
- 7. A company-owned land used for a softball game hosts a nonprofit; the nonprofit director is injured during the game. Under an unendorsed CGL, does the policy cover the director's injuries?**
- A. No, it does not cover injuries sustained during an athletic event.
 - B. Yes, it covers all injuries regardless of the event.
 - C. Only if the nonprofit is a named insured.
 - D. Yes, but only if there is a waiver of subrogation.
- 8. Which is the correct outline and general purpose of each Part in a commercial auto policy?**
- A. Part A - Liability; Part B - Physical Damage; Part C - Medical Payments or PIP; Part D - Uninsured/Underinsured Motorist; Part E - Duties after loss; Endorsements modify coverage.
 - B. Part A - Liability; Part B - Auto Physical Damage; Part C - Personal Injury Protection; Part D - Comprehensive Coverage; Part E - Claim Procedures.
 - C. Part A - Bodily Injury Only; Part B - Property Damage; Part C - Medical Benefits; Part D - Uninsured Motorists; Part E - Loss Settlement.
 - D. Part A - Liability; Part B - Physical Damage; Part C - Medical Payments or PIP; Part D - Uninsured/Underinsured Motorist; Part E - Duties after loss; Endorsements modify coverage.
- 9. Under BOP, which statement about Ordinance or Law exclusion is accurate?**
- A. The additional cost would be fully covered
 - B. The Ordinance or Law exclusion eliminates coverage for the cost to upgrade to codes
 - C. There is no ordinance clause in BOP
 - D. The Ordinance or Law exclusion does not apply to upgrades

10. Which statement best describes the Businessowners Policy (BOP) and its coverage combination?

- A. A personal auto policy for individuals.
- B. A packaged policy for small to mid-size businesses combining property, liability, and often business interruption with simplified underwriting.
- C. A standard homeowners policy.
- D. A workers' compensation policy.

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Answers

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

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Explanations

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1. In property/casualty insurance, when must insurable interest exist?

- A. Only at the time of loss
- B. At policy inception and must be maintained**
- C. Only at policy renewal
- D. Only at death

Insurable interest is about having a real stake in the insured property—the financial risk you'd bear if it were damaged or lost. In property/casualty insurance, the contract is intended to indemnify someone who would suffer a loss, so that risk must exist when the policy is issued and continue throughout the policy term. If the interest isn't present at inception, there would be no valid basis for the insurer to issue coverage in the first place. Likewise, if your stake ends during the term (for example you no longer own the property or the loan is paid off), continuing coverage would be inappropriate because there's no longer a real risk to insure. That's why insurable interest must exist at policy inception and be maintained for the duration of the policy.

2. Medical expense coverage under Business Section II-Liability Coverage of the ISO BOP would cover small and reasonable medical claims for which group?

- A. Customers
- B. Vendors
- C. Volunteer workers**
- D. Employees on payroll

Medical expense coverage in the Liability section of the BOP is a medical payments provision designed to cover small, reasonable medical expenses for injuries to others that occur on the insured's premises or as a result of the insured's operations, regardless of fault. Among the groups listed, volunteer workers fit this coverage best. They're not employees on payroll, so injuries to them during duties for the insured are addressed by this medical payments protection rather than by workers' compensation. This provision provides quick help with medical costs for volunteers, while employees on payroll would typically be covered under workers' compensation rather than this liability medical payments coverage.

3. What may happen if misrepresentation or concealment occurs while obtaining a policy?

- A. The insurer may rescind or cancel the policy, deny claims, or pursue fraud; coverage could be void from inception.**
- B. The policy is automatically renewed.
- C. The policy premium is discounted.
- D. There are no consequences.

Misrepresentation or concealment happens when the applicant provides false information or hides a material fact that matters to underwriting. If the misrepresented or concealed fact is material—meaning it would have changed how the policy was issued—the insurer has remedies that can affect the entire contract. The insurer may rescind the policy, treating it as though it never existed, or cancel it. They can also deny a claim that relates to the misrepresented risk, and in cases of fraud, pursue fraud charges. Because of this, coverage could be void from inception. The other options don't fit how misrepresentation is treated: misrepresentation doesn't automatically renew or cause a premium discount, and there are real consequences when material facts are misrepresented.

4. Identify the three major policy sections: insuring agreement, conditions, and exclusions—give a brief purpose for each.

A. Insuring agreement states the coverage provided; conditions outline duties and policy provisions; exclusions specify losses not covered.

B. Declarations, endorsements, premiums

C. First aid clause, premium adjustment, renewal terms

D. Insuring agreement, declarations, riders

Understanding the policy structure is the key. The insuring agreement is where the insurer states what is covered—the promises about the scope of coverage and the events or perils that trigger payment. The conditions spell out the insured's duties and the policy provisions that govern how coverage works—things like duties after a loss, how claims are filed, and how premium payments or cancellations are handled. The exclusions specify losses or situations the policy does not cover, narrowing the insurer's liability and clarifying what is not insured. This combination is captured by the choice that correctly links insuring agreement to describing coverage, conditions to duties and provisions, and exclusions to non-covered losses. The other options mix in components that aren't part of the standard three major sections, such as declarations, endorsements, premiums or riders, or terms like first aid clauses and renewal terms, which aren't the trio described.

5. What is a Personal Articles Floater (PAF), and when is it typically used?

A. A scheduled coverage program for valuable items (jewelry, fine arts, cameras) that provides broader coverage and higher limits than standard homeowners.

B. A standard homeowners endorsement for minor items.

C. Insurance for personal automobiles.

D. A rider that covers floods.

A Personal Articles Floater is a scheduled inland marine coverage that protects valuable personal items—like jewelry, fine arts, and cameras—on an all-risk basis with higher limits than a standard homeowners policy. It's used when you have items whose value or exposure isn't adequately covered by your home policy, or items you carry, travel with, or store away from home. You list each item with its appraised value, and the policy provides broad protection tailored to those specific items, often worldwide and with flexible terms such as agreed value. This helps close coverage gaps that a typical homeowners policy might have for valuable belongings.

6. Differentiate appraisal from valuation and explain when each is used in property claims.

A. Valuation is determining the value of the loss; appraisal is a formal dispute-resolution process where each side appoints an appraiser and an umpire to agree on value.

B. Appraisal and valuation are the same; both used only for auto claims.

C. Valuation is used for claim denial; appraisal is used for suing insurers.

D. Appraisal is the only method used; valuation is not applicable to property claims.

Appraisal and valuation are two ways to handle how much a loss is worth, but they serve different purposes in property claims. Valuation is about establishing the value of the property or the loss itself—this sets the basis for how a claim will be paid. It involves determining whether the property is worth its market value, replacement cost, or actual cash value, depending on the policy terms, and it happens as part of assessing the claim from the start. Appraisal, on the other hand, is a dispute-resolution process used when the insured and the insurer disagree about the amount of the loss. Each side selects an appraiser, those appraisers work to reach a consensus value, and if they cannot agree, an umpire is appointed to render a binding decision on the amount. This mechanism is commonly included in property policies (such as homeowners or auto) and is used to settle disagreements over the dollar value of the loss, not to establish the policy's general value of the property. So, valuation determines worth for the purpose of the claim, while appraisal resolves a disagreement about the claim's dollar amount. Appraisal isn't limited to autos and isn't a standalone method of valuing property; it's a specific process invoked when there's a dispute over how much the loss is worth after damage has occurred.

7. A company-owned land used for a softball game hosts a nonprofit; the nonprofit director is injured during the game. Under an unendorsed CGL, does the policy cover the director's injuries?

A. No, it does not cover injuries sustained during an athletic event.

B. Yes, it covers all injuries regardless of the event.

C. Only if the nonprofit is a named insured.

D. Yes, but only if there is a waiver of subrogation.

In a standard CGL, there is an exclusion for bodily injury that arises out of participating in or organizing any athletic or sports event. The idea is to exclude coverage for injuries tied to sports activities unless the policy is endorsed to add that exposure. Here, the nonprofit director is injured during a softball game hosted on company-owned land. Because the injury is connected to the athletic event and the policy is unendorsed, the CGL exclusion applies, so the director's injuries aren't covered. Endorsements or different coverages would be needed to insure this kind of scenario. Subrogation waivers or making the nonprofit a named insured don't remove the athletic-event exclusion.

8. Which is the correct outline and general purpose of each Part in a commercial auto policy?

- A. Part A - Liability; Part B - Physical Damage; Part C - Medical Payments or PIP; Part D - Uninsured/Underinsured Motorist; Part E - Duties after loss; Endorsements modify coverage.
- B. Part A - Liability; Part B - Auto Physical Damage; Part C - Personal Injury Protection; Part D - Comprehensive Coverage; Part E - Claim Procedures.**
- C. Part A - Bodily Injury Only; Part B - Property Damage; Part C - Medical Benefits; Part D - Uninsured Motorists; Part E - Loss Settlement.
- D. Part A - Liability; Part B - Physical Damage; Part C - Medical Payments or PIP; Part D - Uninsured/Underinsured Motorist; Part E - Duties after loss; Endorsements modify coverage.

Think about how a commercial auto policy is organized to isolate different kinds of risk. Each Part covers a distinct area, so you can see at a glance what protects you and what governs the claims process. The best outline maps directly to that structure: Part A covers liability to others for injuries or property damage; Part B covers auto physical damage to your insured vehicles; Part C provides medical protection for you and any passengers (Personal Injury Protection); Part D gives coverage related to the insured vehicle under a comprehensive-style category; and Part E spells out the duties after a loss and how to handle the claim, with endorsements available to modify coverage. This layout keeps the purposes of each section clear and aligns with how these policies are typically written, making it easy to understand what is covered and how to proceed after an loss. The other options shuffle or rename coverages in ways that don't match the standard structure, which is why this outline is the most accurate.

9. Under BOP, which statement about Ordinance or Law exclusion is accurate?

- A. The additional cost would be fully covered
- B. The Ordinance or Law exclusion eliminates coverage for the cost to upgrade to codes**
- C. There is no ordinance clause in BOP
- D. The Ordinance or Law exclusion does not apply to upgrades

Under the BOP, the costs to upgrade repairs to meet current building codes are not covered by default. This is governed by the Ordinance or Law exclusion, which means the extra expense to bring property up to code during repair or replacement after a covered loss is excluded unless you add an endorsement that provides this coverage. The statement that accurately reflects this is: the Ordinance or Law exclusion eliminates coverage for the cost to upgrade to codes. This aligns with the policy's intent to cover the direct loss to property, not the added costs required by code upgrades. You would need the appropriate endorsement to have those upgrade costs paid.

10. Which statement best describes the Businessowners Policy (BOP) and its coverage combination?

- A. A personal auto policy for individuals.
- B. A packaged policy for small to mid-size businesses combining property, liability, and often business interruption with simplified underwriting.**
- C. A standard homeowners policy.
- D. A workers' compensation policy.

A Businessowners Policy is a packaged policy for small to mid-size businesses that bundles property, liability, and often business interruption with simplified underwriting. It provides property coverage for the building and its contents, general liability protection for third party injuries or property damage arising from the business, and often coverage for business income and extra expenses after a covered loss. The streamlined underwriting fits the common risk profiles of smaller firms, making it easier and typically more cost-effective than buying separate policies. This isn't a personal auto policy, a standard homeowners policy, or workers' compensation, which are separate lines of coverage with different purposes.

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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://ains103.examzify.com>

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

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