

AUTO INSURANCE 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. Which of the following best describes uninsured motorist coverage?**
 - A. It covers physical damages caused by an insured driver.
 - B. It compensates for injuries suffered in an accident with a hit-and-run driver.
 - C. It exclusively applies to property damage claims.
 - D. It does not apply to vehicles owned by the insured.

- 2. Which coverage in a personal auto policy (PAP) would the policy's deductible apply in the event of a covered loss?**
 - A. Part A - Liability
 - B. Part B - Medical Payments
 - C. Part C - Uninsured Motorists
 - D. Part D - Collision

- 3. What type of operations does the truckers policy primarily insure?**
 - A. Only on a "for-hire" basis
 - B. As a private carrier or as a "carrier for hire"
 - C. Only as a "carrier for hire"
 - D. Only for so-called "outlaw truckers"

- 4. When Kim was rear-ended by an uninsured driver, how much will her uninsured motorists coverage pay for her bodily injury?**
 - A. \$0
 - B. \$1,000
 - C. \$3,000
 - D. \$4,000

- 5. Why might an insurer opt to use non-original equipment manufacturer (non-OEM) parts for repairs?**
 - A. To ensure the replacement parts are the best available.
 - B. To help minimize the cost of repairs and insurance.
 - C. To guarantee the replacement parts are of like kind and quality.
 - D. To eliminate the deductible.

- 6. Which symbols should be recommended for Muller's Floral Shop to secure the necessary auto coverage?**
- A. Symbol 2 for all vehicles and coverages
 - B. Symbol 7 for liability on owned vehicles; symbol 4 for medical payments, UM/UIM, and physical damage coverage
 - C. Symbol 1 for liability coverage on any auto; symbol 2 for medical payments, UM/UIM, and physical damage coverage on owned autos
 - D. Symbol 7 for liability, medical payments, UM/UIM, and physical damage coverages on all owned autos
- 7. Who typically determines the legal responsibility for an auto accident?**
- A. Insurers
 - B. Judges
 - C. Police
 - D. Juries
- 8. Which accident is considered outside of the policy territory on a personal auto policy?**
- A. a collision in Nova Scotia, Canada
 - B. a theft in New York City
 - C. vandalism in Puerto Rico
 - D. a hit-and-run in Mexico
- 9. Which provision allows for insuring family members except for a named individual with a poor driving record under a personal auto policy (PAP)?**
- A. Personal injury protection
 - B. Named driver exclusion
 - C. Extended non-owned coverage
 - D. Joint ownership coverage
- 10. If Tina collides with another car while borrowing her neighbor's vehicle, whose policy will primarily handle the liability claim?**
- A. Both policies will respond on a pro rata basis.
 - B. Only Tina's policy will respond.
 - C. The neighbor's policy will be primary; Tina's policy will be excess.
 - D. Tina's policy will be primary; the neighbor's policy will be excess.

Answers

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

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Explanations

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1. Which of the following best describes uninsured motorist coverage?

- A. It covers physical damages caused by an insured driver.
- B. It compensates for injuries suffered in an accident with a hit-and-run driver.**
- C. It exclusively applies to property damage claims.
- D. It does not apply to vehicles owned by the insured.

Uninsured motorist coverage is designed to protect insured drivers when they are involved in accidents with drivers who do not have any insurance or when the other driver cannot be identified, such as in a hit-and-run situation. With option B, it highlights that this coverage specifically compensates for injuries sustained in these types of accidents, which is a primary purpose of uninsured motorist coverage. This means that if you're hit by someone who either has no insurance or flees the scene, this coverage can help cover your medical expenses and potentially lost wages as a result of the accident, ensuring that you are not left financially vulnerable due to the actions of an uninsured driver. The other options do not accurately represent what uninsured motorist coverage entails. For instance, the first option refers to physical damage caused by an insured driver, which relates more to collision coverage rather than uninsured motorist coverage. The third option incorrectly limits the scope of uninsured motorist coverage to property damage, while it primarily aims to cover bodily injuries. Lastly, the statement about coverage not applying to vehicles owned by the insured does not reflect the intent of uninsured motorist protection, which indeed applies to insured individuals and their vehicles under specified conditions.

2. Which coverage in a personal auto policy (PAP) would the policy's deductible apply in the event of a covered loss?

- A. Part A - Liability
- B. Part B - Medical Payments
- C. Part C - Uninsured Motorists
- D. Part D - Collision**

The deductible in a personal auto policy (PAP) applies to Part D - Collision coverage. Collision coverage is designed to pay for damage to your vehicle resulting from a collision with another vehicle or object, regardless of who is at fault. When a claim is made under this part of the policy, the deductible is the amount you are responsible for before the insurer pays the rest of the repair costs. In contrast, liability coverage (Part A) does not involve a deductible because it compensates third parties for their damages when you are at fault in an accident. Medical Payments coverage (Part B) provides payments for medical expenses resulting from an accident, and typically, a deductible is not applicable in this case. Uninsured Motorists coverage (Part C) also generally does not involve a deductible as it compensates you for losses caused by uninsured drivers. Therefore, when it comes to collision claims under Part D, the deductible is a key component that impacts how much of the repair costs are out of pocket for the policyholder, making this part of the coverage subject to the deductible.

3. What type of operations does the truckers policy primarily insure?

- A. Only on a "for-hire" basis
- B. As a private carrier or as a "carrier for hire"
- C. Only as a "carrier for hire"
- D. Only for so-called "outlaw truckers"

The correct understanding of the types of operations covered by a truckers policy is that it primarily insures a trucker or trucking company operating as a private carrier or as a "carrier for hire." This means that a truckers policy can cover both those who are transporting goods for payment and those operating their own vehicles to transport their own goods. The truckers policy is specifically designed to address the unique risks associated with commercial trucking, whether the carrier is transporting goods they own or transporting goods for others for compensation. The policy includes coverage for liability, cargo, and other hazards that may arise while the truck is on the road. While the idea of "for-hire" operations does suggest one aspect of the truckers policy, limiting it solely to that is incomplete. The policy also encompasses private carriers and does not restrict coverage only to those operating as "carriers for hire." Understanding this broader scope is essential for properly assessing the types of operations insured by a truckers policy.

4. When Kim was rear-ended by an uninsured driver, how much will her uninsured motorists coverage pay for her bodily injury?

- A. \$0
- B. \$1,000
- C. \$3,000
- D. \$4,000

In this scenario, it's important to understand how uninsured motorist coverage operates. This type of insurance is designed to protect individuals in the event that they are involved in an accident with an uninsured driver. In this case, since Kim was rear-ended by an uninsured driver, her uninsured motorist coverage would indeed come into play to cover her bodily injury. The choice indicating \$1,000 suggests that this is the limit Kim has for coverage under her policy for uninsured motorist bodily injury. If her policy states that the maximum amount available for such injuries is \$1,000, then that is the amount that would be paid for her medical expenses or related costs resulting from the accident. Limits on such coverage can vary significantly based on the insurance policy held, and it's important for policyholders to be aware of these limits when they purchase their insurance. The other options present more or less than the stated coverage limit, illustrating that these figures do not match the policy limit that would apply in this situation.

5. Why might an insurer opt to use non-original equipment manufacturer (non-OEM) parts for repairs?

- A. To ensure the replacement parts are the best available.
- B. To help minimize the cost of repairs and insurance.**
- C. To guarantee the replacement parts are of like kind and quality.
- D. To eliminate the deductible.

An insurer may choose to use non-original equipment manufacturer (non-OEM) parts for repairs primarily to help minimize the cost of repairs and insurance. Non-OEM parts are often less expensive than OEM parts, allowing insurers to reduce overall repair costs. This cost-saving approach can lead to lower premiums for policyholders and more affordable insurance options. When insurers manage repair costs effectively, they can maintain their profitability while also providing accessible insurance rates to consumers. This is particularly important in the competitive auto insurance market, where pricing can greatly influence consumers' choice of insurer. Thus, using non-OEM parts is a strategic decision aimed at balancing quality, cost, and affordability for both the insurer and the insured.

6. Which symbols should be recommended for Muller's Floral Shop to secure the necessary auto coverage?

- A. Symbol 2 for all vehicles and coverages
- B. Symbol 7 for liability on owned vehicles; symbol 4 for medical payments, UM/UIM, and physical damage coverage
- C. Symbol 1 for liability coverage on any auto; symbol 2 for medical payments, UM/UIM, and physical damage coverage on owned autos**
- D. Symbol 7 for liability, medical payments, UM/UIM, and physical damage coverages on all owned autos

Symbol 1 is designed to provide liability coverage for any auto, meaning that it includes coverage for vehicles that the business may use that are not specifically owned by the business but are still in operation for business purposes. This is particularly important for a floral shop like Muller's Floral Shop, which may use various vehicles for deliveries and errands. Utilizing Symbol 2 for medical payments, uninsured motorist (UM), underinsured motorist (UIM), and physical damage coverage on owned autos ensures the shop's specifically owned vehicles have comprehensive coverage as they might be exposed to different risks while on the road. This combination allows Muller's Floral Shop to operate flexibly with both owned and non-owned vehicles while ensuring adequate coverage that protects the business against liability and helps in managing potential financial losses from accidents. This approach balances wide coverage for liability with more focused, essential coverage for owned vehicles, aligning with the diverse needs of a floral delivery business.

7. Who typically determines the legal responsibility for an auto accident?

A. Insurers

B. Judges

C. Police

D. Juries

The determination of legal responsibility in an auto accident primarily falls to the legal system, which involves judges and juries. Insurers may evaluate claims and assess fault based on the information provided from various sources, including police reports, witness statements, and the circumstances of the accident. However, their assessments are not legally binding and can be subject to interpretation or challenge. Judges and juries play critical roles in the legal process, particularly when disputes arise over fault or compensation related to an auto accident. Judges oversee the legal proceedings, ensuring that laws are followed, while juries ultimately decide the outcome of disputed cases, particularly in civil suits where damages are claimed. Understanding this system highlights that while insurers have a role in the claims process, they do not have the authority to legally determine fault. Thus, the legal responsibility is ultimately determined through judicial processes rather than solely through the insurance mechanisms.

8. Which accident is considered outside of the policy territory on a personal auto policy?

A. a collision in Nova Scotia, Canada

B. a theft in New York City

C. vandalism in Puerto Rico

D. a hit-and-run in Mexico

A personal auto policy generally covers incidents occurring within the United States, its territories, or Canada. Incidents outside this territory may not be covered, making it crucial to identify which options fall outside the defined policy area. In the context of this question, a hit-and-run incident occurring in Mexico is considered outside the policy territory. Personal auto policies typically do not extend their coverage to countries beyond the U.S. and Canada, including Mexico. This lack of coverage is significant for policyholders to understand, as it highlights the need for different insurance solutions when driving in foreign countries. On the other hand, incidents such as a collision in Nova Scotia, a theft in New York City, and vandalism in Puerto Rico, would generally fall under the coverage of a personal auto policy, as they occur in Canadian territory and within U.S. jurisdiction, respectively. Understanding these territorial limits is essential for making informed decisions about auto insurance coverage.

9. Which provision allows for insuring family members except for a named individual with a poor driving record under a personal auto policy (PAP)?

- A. Personal injury protection
- B. Named driver exclusion**
- C. Extended non-owned coverage
- D. Joint ownership coverage

The named driver exclusion provision is designed to allow insurance companies to exclude specific individuals from coverage under a personal auto policy (PAP), especially when those individuals have a poor driving record. This means that while the policy will cover the policyholder and other family members, it explicitly does not cover the excluded individual. This provision is particularly useful for families where an individual may have a history of accidents or violations that could raise the risk and premiums associated with the insurance policy. By using this provision, the insurance company can manage its risk exposure while still providing coverage to the other drivers in the household who have a better driving history. The other options refer to different aspects of auto insurance coverage but do not address the specific scenario of excluding a driver due to a poor record while allowing coverage for family members. Personal injury protection focuses on medical expenses and loss of income rather than driver exclusions. Extended non-owned coverage pertains to situations involving vehicles not owned by the insured, and joint ownership coverage relates to policies that cover vehicles owned by multiple individuals.

10. If Tina collides with another car while borrowing her neighbor's vehicle, whose policy will primarily handle the liability claim?

- A. Both policies will respond on a pro rata basis.
- B. Only Tina's policy will respond.
- C. The neighbor's policy will be primary; Tina's policy will be excess.**
- D. Tina's policy will be primary; the neighbor's policy will be excess.

In a situation where an individual is driving a borrowed vehicle and gets into an accident, the typical practice is that the insurance policy covering the vehicle itself will respond first to any liability claims resulting from the accident. In this case, since Tina was driving her neighbor's car, her neighbor's auto insurance policy will be considered the primary source of coverage. This is because the policy is designed to cover the vehicle, and liability claims arising from its use will usually be handled under that policy. Tina's personal auto insurance policy may provide additional coverage, but it typically functions as excess coverage, coming into play only after the primary policy's limits have been exhausted. This reflects the principle that vehicles are insured, rather than drivers, which means that the owner's insurance takes precedence in cases where the vehicle is being operated by someone else legally. In summary, the neighbor's policy responds first, making it the primary policy, while Tina's policy serves as excess coverage should the liability exceed the neighbor's policy limits.

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://autoinsurance.examzify.com>

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

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