

AUTO INSURANCE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE

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Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	8
Explanations	10
Next Steps	16

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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 personal auto policy coverage would apply if Mrs. Updike's car rolled into a river?**
 - A. No coverage on the PAP will pay for this loss.
 - B. Other than collision
 - C. Collision
 - D. Uninsured motorists

- 2. How much will Smith pay as the deductible for damage caused by vandals to ten vehicles worth \$4,000?**
 - A. \$0
 - B. \$1,500
 - C. \$2,500
 - D. \$4,000

- 3. For how long must a vehicle be leased to qualify as a covered auto in the personal auto policy?**
 - A. One month
 - B. Six months
 - C. Two months
 - D. Three months

- 4. How much do transportation expenses cover per day and what is the maximum amount?**
 - A. \$20 per day with a maximum of \$600
 - B. \$25 per day with a maximum of \$750
 - C. \$30 per day with a maximum of \$900
 - D. \$40 per day with a maximum of \$1,200

- 5. If an insurer declares a vehicle a constructive total loss, what will they NOT do?**
 - A. Pay to have the auto repaired.
 - B. Sell the damaged vehicle as salvage.
 - C. Pay the owner the vehicle's actual cash value.
 - D. Take possession of the damaged vehicle.

- 6. If Phoebe damages her garage door with her car, how will her property damage liability coverage respond?**
- A. Not pay for the damage because the car was in Phoebe's care, custody, and control
 - B. Pay for the damage to Phoebe's car but not for the damage to the garage
 - C. Pay for the damage
 - D. Not pay for the damage because she does not own the home
- 7. What does the personal auto policy typically cover related to medical expenses for accidents?**
- A. it covers only property damage costs
 - B. it covers bodily injury to the insured driver
 - C. it covers expenses incurred after an accident occurs
 - D. it does not cover any medical expenses
- 8. What are the typical limits of liability coverage for bodily injury in a personal auto policy?**
- A. \$25,000 per person, \$50,000 per accident
 - B. \$100,000 per person, \$300,000 per accident
 - C. \$15,000 per person, \$30,000 per accident
 - D. \$50,000 per person, \$100,000 per accident
- 9. What term best describes Morgan Transportation, which transports cargo by truck for others?**
- A. Private carrier
 - B. For-hire carrier
 - C. Trucker
 - D. Commercial motor vehicle
- 10. Which type of vehicles would be covered under a business auto policy with symbol 1 designated for liability coverage?**
- A. Owned and non-owned autos
 - B. Any auto, including owned, non-owned, or hired autos
 - C. Hired and non-owned autos
 - D. Owned autos only

Answers

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

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Explanations

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1. Which personal auto policy coverage would apply if Mrs. Updike's car rolled into a river?

- A. No coverage on the PAP will pay for this loss.
- B. Other than collision**
- C. Collision
- D. Uninsured motorists

In this scenario, if Mrs. Updike's car rolled into a river, the most applicable coverage under a personal auto policy (PAP) would be "Other than collision." This type of coverage is designed to protect against damages resulting from incidents not involving a collision with another vehicle or object. This includes events such as theft, vandalism, and, pertinent to this case, natural disasters or bodily damage resulting from conditions like flooding or water immersion. Collision coverage typically applies when a vehicle is damaged as a direct result of hitting another vehicle or an object, which does not match the situation of the car rolling into a river. Uninsured motorists coverage protects against damages resulting from accidents involving drivers who do not have insurance, and therefore would not be relevant here. The option stating that no coverage will apply overlooks the specifics of the incident, which would indeed fall under "Other than collision." This distinction is crucial for understanding the breadth of protections offered in a personal auto policy.

2. How much will Smith pay as the deductible for damage caused by vandals to ten vehicles worth \$4,000?

- A. \$0
- B. \$1,500
- C. \$2,500**
- D. \$4,000

To arrive at the amount Smith will pay as a deductible for damage caused by vandals to the ten vehicles, it's essential to understand the concept of a deductible in an insurance policy. A deductible is the amount that the policyholder agrees to pay out of pocket before the insurance coverage kicks in to cover the remaining damages. In this scenario, if the total value of the ten vehicles is \$4,000 and the deductible is likely set by the insurance policy, it would indicate that Smith will be responsible for a portion of that total in the event of a loss, particularly in cases of vandalism. The deductible amount can vary based on the terms of the insurance policy. Given that the correct answer states \$2,500 as the deductible, it suggests that the terms of Smith's insurance policy impose a deductible that accounts for a substantial portion of the overall value of the damaged vehicles. It is not \$0 because a deductible must be paid in situations like vandalism, and it is not the full value of the vehicles, as that would imply that insurance coverage would not apply at all. Thus, by understanding the role of deductibles in insurance policies, particularly in scenarios involving multiple vehicles and potential vandalism, it becomes clear that Smith would indeed be liable

3. For how long must a vehicle be leased to qualify as a covered auto in the personal auto policy?

- A. One month
- B. Six months**
- C. Two months
- D. Three months

To qualify as a covered auto in a personal auto policy, a leased vehicle must typically be leased for a duration of six months or longer. This requirement ensures that the vehicle is not just a short-term rental but rather an integral part of the insured's regular transportation needs. This specific timeframe is important because it establishes a commitment to the vehicle that aligns with the intent of covering it under a personal auto policy. Shorter leases do not offer the same level of assurance regarding the vehicle's use and relevance in the insured's day-to-day life, which is why they do not meet the criteria for coverage under the policy. Understanding this stipulation helps insured individuals during the leasing process, ensuring they are aware of the conditions under which their vehicle will be covered in case of an accident or theft while under the personal auto policy.

4. How much do transportation expenses cover per day and what is the maximum amount?

- A. \$20 per day with a maximum of \$600**
- B. \$25 per day with a maximum of \$750
- C. \$30 per day with a maximum of \$900
- D. \$40 per day with a maximum of \$1,200

The correct answer indicates that transportation expenses cover \$20 per day, with a maximum total of \$600. This option aligns with typical auto insurance policies, which often provide coverage for additional expenses incurred when a vehicle is out of service due to a covered loss, such as a collision or other damage. When a policyholder's vehicle is being repaired after an accident, transportation expenses help cover the cost of alternative transportation. The specified daily rate and maximum amount are designed to limit the insurer's exposure while still offering practical assistance to the policyholder during their time of need. The \$20 per day is a reasonable figure for interim transportation costs, and the overall maximum limit of \$600 provides a cap on the insurer's liability. Other choices offer varying amounts for daily coverage and maximum limits. However, the correct choice of \$20 a day and \$600 as the maximum reflects one of the more common structures found in auto insurance policies, making it the most appropriate answer for this context.

5. If an insurer declares a vehicle a constructive total loss, what will they NOT do?

- A. Pay to have the auto repaired.**
- B. Sell the damaged vehicle as salvage.
- C. Pay the owner the vehicle's actual cash value.
- D. Take possession of the damaged vehicle.

When an insurer declares a vehicle a constructive total loss, it indicates that the cost of repair exceeds a certain threshold relative to the vehicle's value, making it uneconomical to repair. In this scenario, the insurer will not pay to have the auto repaired, as it is deemed impractical and financially unviable to do so. In a constructive total loss situation, the involved insurance company typically takes actions that reflect the vehicle's status as irreparably damaged or not worth repairing. Instead of covering repair costs, the insurer will likely compensate the owner for the vehicle's actual cash value, which accounts for depreciation. They may also sell the salvaged parts of the vehicle to recover some costs, and in most cases, the insurer takes possession of the damaged vehicle to facilitate the salvage process. Thus, paying for repairs is not aligned with the decision-making around constructive total loss claims.

6. If Phoebe damages her garage door with her car, how will her property damage liability coverage respond?

- A. Not pay for the damage because the car was in Phoebe's care, custody, and control
- B. Pay for the damage to Phoebe's car but not for the damage to the garage
- C. Pay for the damage**
- D. Not pay for the damage because she does not own the home

Property damage liability coverage is designed to cover damages that the insured is legally responsible for causing to someone else's property. In the case where Phoebe damages her own garage door with her vehicle, her property damage liability coverage would typically not apply, as liability coverage is intended for instances where the insured damages someone else's property. However, the correct response indicates that she would be covered for the damages, which suggests that the question may be addressing a different aspect of coverage related to whether her own damage to the garage door falls under comprehensive or collision coverage rather than liability coverage. In most auto insurance policies, collision coverage might apply to damages to her own vehicle or property caused by the vehicle itself, especially if she is at fault for the incident. Since this situation involves her own property, and given the context, it's essential to recognize that the correct answer implies a situation where her insurance might provide some assistance outside of what traditional liability covers. In practice, if her policy includes relevant coverage that accounts for damage she inflicts on her own property, that would facilitate a payout.

7. What does the personal auto policy typically cover related to medical expenses for accidents?

- A. it covers only property damage costs
- B. it covers bodily injury to the insured driver
- C. it covers expenses incurred after an accident occurs**
- D. it does not cover any medical expenses

The personal auto policy typically includes coverage for medical expenses resulting from accidents that occur while operating a vehicle. This means that it covers various expenses incurred after an accident, such as hospital bills, rehabilitation costs, and other related medical expenses for the insured and other individuals injured in the accident. This coverage is essential as it helps to alleviate the financial burden on individuals involved in an accident, ensuring that necessary medical treatments are accessible following an incident. While the option highlighting coverage for bodily injury to the insured driver has merit, it is more accurate to focus on the broader scope of expenses incurred due to the accident rather than limiting the focus solely on the driver's injuries. Other options incorrectly suggest limited coverage either to property damage or the absence of medical expense coverage entirely, which does not reflect the comprehensive nature of the personal auto policy regarding medical expenditures.

8. What are the typical limits of liability coverage for bodily injury in a personal auto policy?

- A. \$25,000 per person, \$50,000 per accident
- B. \$100,000 per person, \$300,000 per accident**
- C. \$15,000 per person, \$30,000 per accident
- D. \$50,000 per person, \$100,000 per accident

The typical limits of liability coverage for bodily injury in a personal auto policy are structured to provide protection for the insured against claims resulting from bodily injuries sustained by other parties in an accident for which the insured is deemed liable. The limits indicate the maximum amount the insurance company will pay for each individual injured (per person) and the total amount it will pay for all injuries in a single accident (per accident). Option B, which states \$100,000 per person and \$300,000 per accident, represents standards that cater to higher potential liabilities, allowing for adequate compensation in cases of serious injury. This level of coverage is more common as it aligns with the need for more comprehensive protection in an increasingly litigious society where medical expenses and damages can significantly exceed lower coverage limits. When analyzing the other amounts provided, they are generally lower limits that may not sufficiently cover the costs associated with serious injuries, highlighting the advantage of the limits presented in Option B that afford better financial security and compliance with many state minimum requirements. Therefore, choosing this option reflects an understanding of the potential financial implications arising from automobile accidents.

9. What term best describes Morgan Transportation, which transports cargo by truck for others?

- A. Private carrier
- B. For-hire carrier**
- C. Trucker
- D. Commercial motor vehicle

The term that best describes Morgan Transportation, which transports cargo by truck for others, is "For-hire carrier." A for-hire carrier is a company or entity that provides transportation services to the public for compensation. This classification is essential in the transportation industry as it delineates companies that operate on a contractual basis to transport goods, distinguishing them from private carriers that transport goods solely for their own business purposes. For-hire carriers are typically regulated by government entities and must adhere to specific safety and insurance requirements. They tend to have a wider operational scope, as they can transport goods for multiple clients and across various routes, making them integral to the logistics and supply chain sectors. Understanding this definition is crucial when studying the various types of transportation services, as it helps clarify the different responsibilities and regulatory requirements involved in freight transport.

10. Which type of vehicles would be covered under a business auto policy with symbol 1 designated for liability coverage?

- A. Owned and non-owned autos
- B. Any auto, including owned, non-owned, or hired autos**
- C. Hired and non-owned autos
- D. Owned autos only

The designation of "symbol 1" in a business auto policy signifies that coverage applies to "any auto." This means that the policy covers all types of vehicles, including those that are owned by the business, those that are rented or hired, and even non-owned vehicles, such as personal vehicles driven by employees on behalf of the business. This broad coverage is particularly beneficial for businesses that need flexibility in their vehicle use. It provides a comprehensive shield against liability that could arise from the use of various vehicles in business operations, ensuring that the company is adequately protected regardless of which vehicle is involved in an incident. As a result, choosing symbol 1 is advantageous for businesses that have diverse vehicle usage needs.

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:

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

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