

Canadian Accredited Insurance Broker (CAIB) Two Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

This is a sample study guide. To access the full version with hundreds of questions,

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Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	6
Answers	9
Explanations	11
Next Steps	17

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. Don't worry about getting everything right, 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, and take breaks to retain information better.

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.

7. Use Other Tools

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!

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Questions

- 1. Which of the following does NOT represent a theft scenario covered under the Inside/Outside Robbery Policy?**
 - A. Theft during transportation of goods**
 - B. Theft from an open display while the store is open**
 - C. Theft from a safe drop box**
 - D. Theft resulting from employee negligence**
- 2. In the context of health insurance, what risk does a waiting period manage?**
 - A. Financial loss due to accidents**
 - B. Claims for pre-existing conditions**
 - C. Overutilization of healthcare services**
 - D. Insurance fraud**
- 3. Which of the following is a key exclusion in the Damage to Building by Burglary or Robbery policy?**
 - A. Damage to personal belongings**
 - B. Damage to glass or damage to lettering**
 - C. Losses due to employee theft**
 - D. Theft from unattended vehicles**
- 4. Which of the following is NOT a way for bailees to insure their responsibilities for damages?**
 - A. Including customer property in their commercial property insurance limits**
 - B. Purchasing a separate liability extension policy**
 - C. Obtaining a comprehensive insurance policy for all business activities**
 - D. Purchasing a specialized bailees customers' policy**
- 5. Which of the following is considered an additional coverage some insurers may provide?**
 - A. Cost of making repairs**
 - B. Cost of premium discounts**
 - C. Cost of customer outreach**
 - D. Cost of improved security measures**

- 6. What is the maximum reimbursement limit for theft from a custodian's private residence under the Inside/Outside Robbery Policy?**
- A. \$1,000**
 - B. \$500**
 - C. \$1,500**
 - D. No limit**
- 7. What are the primary expenses outlined in the Accounts Receivable Form?**
- A. Freight expenses and shipping costs**
 - B. Collection expenses and accounts that cannot be collected**
 - C. Legal fees and consulting costs**
 - D. Advertising expenses and promotional offers**
- 8. Which of the following is NOT an electronic barrier that can restrict unauthorized access?**
- A. Infrared sensors**
 - B. Motion detectors**
 - C. Magnetic window locks**
 - D. Traditional locks**
- 9. What does business interruption insurance cover?**
- A. Costs involved in business expansion**
 - B. Loss of income due to operational disruptions**
 - C. Legal fees incurred during lawsuits**
 - D. Property damages from burglaries**
- 10. What potential issue may arise if a carrier's insurance has lapsed?**
- A. The carrier becomes uninsurable**
 - B. The liability shifts to the owner of the goods**
 - C. Damage claims cannot be processed**
 - D. The shipping contract becomes void**

Answers

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

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Explanations

1. Which of the following does NOT represent a theft scenario covered under the Inside/Outside Robbery Policy?

- A. Theft during transportation of goods**
- B. Theft from an open display while the store is open**
- C. Theft from a safe drop box**
- D. Theft resulting from employee negligence**

The reason "Theft resulting from employee negligence" is the correct answer is that most Inside/Outside Robbery Policies are designed to cover theft that occurs through active criminal conduct rather than incidents where negligence is a factor. Employee negligence refers to situations where a worker may inadvertently contribute to a theft occurring, such as misplacing keys or failing to lock up properly. This type of scenario typically falls outside the scope of coverage because the loss does not directly involve a criminal act but rather an error in judgment or carelessness by the employee. In contrast, the other scenarios listed involve clear instances of theft where the action is taken with the intent to steal. For example, theft during transportation of goods, theft from an open display while the store is open, and theft from a safe drop box all involve direct acts of stealing that are intentional and criminal in nature, making them more likely to be covered by an Inside/Outside Robbery Policy. The policy generally focuses on protecting against losses that arise from theft rather than the consequences of an employee's negligent actions.

2. In the context of health insurance, what risk does a waiting period manage?

- A. Financial loss due to accidents**
- B. Claims for pre-existing conditions**
- C. Overutilization of healthcare services**
- D. Insurance fraud**

The waiting period in health insurance is primarily designed to manage claims for pre-existing conditions. This arises from the fact that individuals may seek insurance coverage and then immediately file claims for conditions they already have prior to obtaining the policy. By instituting a waiting period, insurers can mitigate the risk associated with covering expenses for health issues that were present before the individual applied for coverage. This helps ensure that individuals are not incentivized to obtain insurance solely to cover costs of existing health issues, thereby promoting fairness in the insurance pool and helping to maintain a more stable premium structure. In effect, the waiting period serves as a protective measure for the insurer, allowing them to avoid immediate financial exposure related to conditions that were already in existence prior to the policy's inception. This mechanism supports the sustainability of health insurance plans by preventing a surge in claims that could result from unhealthy applicants seeking coverage only when they are aware of their health issues.

3. Which of the following is a key exclusion in the Damage to Building by Burglary or Robbery policy?

- A. Damage to personal belongings**
- B. Damage to glass or damage to lettering**
- C. Losses due to employee theft**
- D. Theft from unattended vehicles**

The key exclusion in the Damage to Building by Burglary or Robbery policy is damage to glass or damage to lettering. This is an important provision as such policies are typically designed to cover structural damage incurred during a burglary or robbery, while specific items like glass and lettering are often excluded because they can be subject to separate policies or coverage options. Damage to glass may be distinct in its nature and typically falls under different coverage terms, given its susceptibility to various other forms of damage unrelated to theft. Similarly, lettering is generally not considered a structural component of a building and is also treated separately in insurance coverage. By designating these areas as exclusions, the policy is clarified to focus on protecting the core structure of the building itself rather than incidental or external features that could more properly align with other types of coverage. Understanding these exclusions is crucial for insurance professionals and policyholders alike, as it highlights the need to assess additional coverage options to ensure comprehensive protection for all aspects of a property, including glass and lettering.

4. Which of the following is NOT a way for bailees to insure their responsibilities for damages?

- A. Including customer property in their commercial property insurance limits**
- B. Purchasing a separate liability extension policy**
- C. Obtaining a comprehensive insurance policy for all business activities**
- D. Purchasing a specialized bailees customers' policy**

The option indicating that obtaining a comprehensive insurance policy for all business activities is not a way for bailees to insure their responsibilities for damages is accurate. This is due to the nature of comprehensive insurance policies, which typically provide broad coverage for various business risks but may not specifically address the unique liabilities associated with handling customers' property. Bailees have specific responsibilities and legal obligations regarding the property that they temporarily hold for others. The other options demonstrate more tailored approaches to safeguarding against these responsibilities. For instance, including customer property in commercial property insurance limits directly addresses the need to protect the items held by the bailee. Purchasing a separate liability extension policy is also designed to cover additional exposures related to the handling of client property. Additionally, a specialized bailees customers' policy would provide coverage specifically for the unique risks faced by bailees in their operations. In contrast, while a comprehensive policy might offer general protection for various risks faced by the business, it may not provide adequate coverage against the specific liabilities associated with being a bailee. This lack of specificity makes it less effective for ensuring protection of customer property compared to the other options that are explicitly crafted for this purpose.

5. Which of the following is considered an additional coverage some insurers may provide?

- A. Cost of making repairs**
- B. Cost of premium discounts**
- C. Cost of customer outreach**
- D. Cost of improved security measures**

The choice regarding the cost of making repairs is considered an additional coverage that some insurers may provide. This type of coverage typically helps policyholders manage unexpected expenses that arise when damages occur and makes it possible for insured individuals to expedite the restoration of their property. Repair costs can reflect the need to address various issues, from minor fixes to significant restoration efforts following a covered loss, thereby aiding in the smooth return to normalcy. In contrast, the costs of premium discounts, customer outreach, and improved security measures do not neatly fit into the category of additional coverage. Premium discounts relate to reductions in the cost of the insurance itself, customer outreach often pertains more to engagement strategies than to direct coverage provisions, and improved security measures are typically aspects of risk management rather than direct coverage offered by insurers. Thus, repair costs directly impact claims handling and recovery post-loss, making them a relevant option for additional coverage.

6. What is the maximum reimbursement limit for theft from a custodian's private residence under the Inside/Outside Robbery Policy?

- A. \$1,000**
- B. \$500**
- C. \$1,500**
- D. No limit**

The maximum reimbursement limit for theft from a custodian's private residence under the Inside/Outside Robbery Policy is \$500. This amount reflects the standard coverage cap designated for such situations in typical insurance policies aimed at providing specific protections. Understanding the rationale behind this limit is important because it aligns with risk assessment strategies employed by insurers, where providing a defined maximum for theft from private residences helps manage exposure to loss for the company. It also serves to outline the level of coverage that policyholders can expect, emphasizing the importance of reviewing specific policy details surrounding limits and conditions for different types of theft scenarios. It's beneficial for policyholders to be aware that while some theft coverage might extend to larger amounts, the specific limits tied to certain circumstances, like theft in a custodian's private residence, may be lower due to the increased difficulty in verifying claims and potential for loss. Thus, knowing that the limit is capped at \$500 helps prepare insured individuals to consider additional coverage if they require more extensive protection.

7. What are the primary expenses outlined in the Accounts Receivable Form?

- A. Freight expenses and shipping costs**
- B. Collection expenses and accounts that cannot be collected**
- C. Legal fees and consulting costs**
- D. Advertising expenses and promotional offers**

The primary expenses outlined in the Accounts Receivable Form include collection expenses and accounts that cannot be collected. Collection expenses refer to the costs incurred by a business to recover outstanding amounts owed by customers. This can include administrative costs, fees paid to collection agencies, or costs associated with sending reminders. Additionally, accounts that cannot be collected represent bad debts, which are amounts that customers are unlikely to pay. Recognizing these expenses is crucial for accurately assessing a company's financial health and managing cash flow. Properly accounting for these items ensures that the business reflects a realistic view of its receivables and potential losses in its financial statements. In contrast, other options involve expenses that are not directly related to managing or recovering accounts receivable. For instance, freight expenses and shipping costs pertain more to logistics and distribution rather than the collection of payments. Legal fees and consulting costs are also not central to the collection of receivables, as they deal with legal and advisory functions. Advertising expenses and promotional offers are related to marketing efforts, which do not influence the accounting for accounts receivable.

8. Which of the following is NOT an electronic barrier that can restrict unauthorized access?

- A. Infrared sensors**
- B. Motion detectors**
- C. Magnetic window locks**
- D. Traditional locks**

Traditional locks are not considered an electronic barrier because they operate mechanically rather than electronically. They require a physical key or combination to unlock and provide security through physical means. In contrast, infrared sensors, motion detectors, and magnetic window locks function through electronic systems to monitor and control access. Infrared sensors can detect movement, while motion detectors respond to changes in the environment, often triggering alarms or alerts. Magnetic window locks use electronic mechanisms to secure windows and can often be integrated into alarm systems. Thus, traditional locks stand out as a purely mechanical solution, defining them as the option that does not fit within the category of electronic barriers.

9. What does business interruption insurance cover?

- A. Costs involved in business expansion
- B. Loss of income due to operational disruptions**
- C. Legal fees incurred during lawsuits
- D. Property damages from burglaries

Business interruption insurance is designed specifically to cover the loss of income that a business suffers due to an operational disruption. This can occur as a result of various events such as natural disasters, fires, or other unforeseen incidents that lead to temporary closure or reduced functionality of the business. When a covered event occurs, business interruption insurance helps replace lost income, covering ongoing expenses like salaries, rent, and utilities during the period when the business is unable to operate normally. This ensures that the business can sustain itself financially despite the operational challenges it faces. In contrast, the other options relate to different aspects of business operations. Costs involved in business expansion pertain to growth activities, legal fees from lawsuits encompass the financial burden of legal challenges, and property damages from burglaries focus on the physical loss or damage of assets rather than the impact on income generation. Therefore, they do not align with the primary function of business interruption insurance.

10. What potential issue may arise if a carrier's insurance has lapsed?

- A. The carrier becomes uninsurable
- B. The liability shifts to the owner of the goods**
- C. Damage claims cannot be processed
- D. The shipping contract becomes void

When a carrier's insurance has lapsed, the primary concern is that the liability for any potential damages or losses during transit can shift to the owner of the goods. This occurs because the carrier, who is responsible for the safe transport and protection of the goods while in their custody, would no longer have the financial backing to cover any claims. Thus, if any incident arises that damages the cargo or results in loss, the owner of the goods would need to bear the financial burden directly. The shipping contract may still be considered valid; however, the lack of insurance fundamentally alters the risk profile of the agreement, making it less secure for the owner of the goods. While damage claims may still be processed, they would be pursued directly against the carrier without insurance coverage, complicating the situation for the goods' owner who must deal with an uninsured party. Additionally, not all carriers become uninsurable due to a lapse in insurance; they may still acquire coverage subsequently. This highlights that the shifting of liability to the owner is a significant consequence when a carrier lacks the necessary insurance protections.

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://canadianaccreditedinsurancebroker-caib2.examzify.com>

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