

# **Idaho Property and Casualty Practice Exam (Sample)**

## **Study Guide**



**Everything you need from our exam experts!**

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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 true about binders?**
  - A. A binder always expires 15 days after its inception date**
  - B. A binder will not end when the policy is issued**
  - C. A binder does not name the company providing coverage**
  - D. The premium amount is not stated in a binder**
- 2. Which of the following coverage forms covers the cost of replacing or reproducing documents that are important for the continuation of business?**
  - A. Commercial Articles Coverage Form**
  - B. Business Property Coverage Form**
  - C. Accounts Receivable Coverage Form**
  - D. Valuable Papers and Records Coverage Form**
- 3. How many credit hours of continuing education must a producer complete during each renewal period?**
  - A. 12 (with at least 2 hours in ethics)**
  - B. 18 (with at least 2 hours in ethics)**
  - C. 24 (with at least 3 hours in ethics)**
  - D. 24 (with at least 6 hours in ethics)**
- 4. Which is the correct minimum limit for auto liability?**
  - A. \$25,000/\$50,000/\$10,000**
  - B. \$15,000/\$50,000/\$25,000**
  - C. \$25,000/\$50,000/\$15,000**
  - D. \$50,000/\$25,000/\$15,000**
- 5. An Aircraft Hull Policy provides all the following coverage, except?**
  - A. Damage to the insured aircraft while it is in flight**
  - B. Passenger Liability Coverage**
  - C. Damage to the insured aircraft while it is in motion on the ground**
  - D. Damage to the insured aircraft while it is not in motion on the ground**

**6. Under the Building and Personal Property Coverage Form, when is abandonment allowed?**

- A. Abandonment is allowed only in the cases of total loss**
- B. Abandonment is allowed whenever the insured and insurer fail to reach agreement on the amount of a loss**
- C. Abandonment is never allowed**
- D. Abandonment is allowed only after written notice to the company**

**7. What distinguishes actual cash value from replacement cost in property insurance?**

- A. Actual cash value includes depreciation, while replacement cost does not**
- B. Actual cash value covers future expenses, while replacement cost covers present expenses**
- C. Replacement cost only applies to new items, while actual cash value applies to all items**
- D. There is no difference; they are the same**

**8. What type of coverage is typically excluded from a standard homeowners policy?**

- A. Coverage for theft and vandalism**
- B. Coverage for earthquakes and floods**
- C. Coverage for fire and smoke damage**
- D. Coverage for personal liability**

**9. What does "peril" refer to in insurance terms?**

- A. A specific risk or cause of loss covered under an insurance policy**
- B. A type of insurance fraud**
- C. A deductible amount set in a policy**
- D. A claim that has been denied**

**10. While driving in another state with higher coverage requirements, which of the following sections of the PAP automatically provides the required coverage?**

- A. Other Insurance**
- B. Automatic Extension of Coverage**
- C. Any State Coverage**
- D. Out of State Coverage**

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## **Answers**

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

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## **Explanations**

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**1. Which of the following is true about binders?**

- A. A binder always expires 15 days after its inception date**
- B. A binder will not end when the policy is issued**
- C. A binder does not name the company providing coverage**
- D. The premium amount is not stated in a binder**

The statement regarding binders that is true is that the premium amount is not stated in a binder. A binder serves as a temporary insurance contract that provides immediate coverage before a formal policy is issued. It is typically issued for a short period and is intended to hold the terms of the agreement until the actual policy is finalized. In the context of a binder, the specific premium amount is usually not included because the details of the policy, including the final premium determination, are typically established once the policy is officially issued. The binder remains in force without specifying the premium until such details are agreed upon in the formal policy document. This distinguishes binders from the complete insurance policy, which contains all critical details including premium amounts, coverage limits, and exclusions. Understanding that a binder is a temporary measure focusing on establishing coverage without all specifics, including premium costs, outlines its fundamental purpose in the insurance process.

**2. Which of the following coverage forms covers the cost of replacing or reproducing documents that are important for the continuation of business?**

- A. Commercial Articles Coverage Form**
- B. Business Property Coverage Form**
- C. Accounts Receivable Coverage Form**
- D. Valuable Papers and Records Coverage Form**

The correct answer is the Valuable Papers and Records Coverage Form, as it is specifically designed to cover the costs associated with the replacement or reproduction of important documents critical to business operations. This coverage is crucial for protecting documents that, if lost or damaged, could significantly impact a business's ability to function, such as contracts, client records, and legal documents. While the other options deal with various aspects of business property and liability, they do not focus specifically on the unique need for coverage related to valuable papers and records. The Commercial Articles Coverage Form typically covers movable property like equipment used in a business, while the Business Property Coverage Form is broader and focuses on insuring the tangible property of the business itself. The Accounts Receivable Coverage Form provides coverage for the loss of accounts receivable due to damage or destruction but does not address the replacement or reproduction of essential documents. Therefore, Valuable Papers and Records Coverage Form is the specialized coverage that adequately addresses the needs for replacing important business documents.

**3. How many credit hours of continuing education must a producer complete during each renewal period?**

- A. 12 (with at least 2 hours in ethics)**
- B. 18 (with at least 2 hours in ethics)**
- C. 24 (with at least 3 hours in ethics)**
- D. 24 (with at least 6 hours in ethics)**

Producers in Idaho are required to complete 24 credit hours of continuing education during each renewal period to maintain their licenses. This requirement ensures that producers stay updated on industry changes, legal regulations, and best practices, which is crucial for providing clients with accurate and informed advice. In addition to the total hours, there is also a focus on ethics training, which underscores the importance of ethical behavior in the insurance industry. The requirement of at least 3 hours specifically dedicated to ethics ensures that producers are aware of the ethical standards and practices necessary to maintain professionalism and protect consumer interests. Thus, the correct option reflects both the total credit requirement and the necessary ethical component that supports the overall integrity of the profession. This combination of education helps ensure that producers remain competent and trustworthy in their dealings with clients.

**4. Which is the correct minimum limit for auto liability?**

- A. \$25,000/\$50,000/\$10,000**
- B. \$15,000/\$50,000/\$25,000**
- C. \$25,000/\$50,000/\$15,000**
- D. \$50,000/\$25,000/\$15,000**

The correct minimum limit for auto liability insurance in Idaho is \$25,000 for bodily injury per person, \$50,000 for bodily injury per accident, and \$15,000 for property damage. These limits are designed to ensure that drivers have a basic level of financial protection in the event of an accident that causes injury or damage to others. The first number, \$25,000, represents the maximum amount the insurance will pay for injuries to one person in an accident. The second number, \$50,000, indicates the total amount that will be paid for all injuries in a single accident. Lastly, the \$15,000 limit covers any property damage that may be incurred during the accident. This structure helps in proving financial responsibility on the roads and provides a safety net for various situations that may arise from an automobile accident. In understanding the significance of these limits, it's important for drivers to be aware that having insurance at or above the minimum requirements can help protect them from out-of-pocket expenses that could ensue from lawsuits or liability claims after an accident.

**5. An Aircraft Hull Policy provides all the following coverage, except?**

- A. Damage to the insured aircraft while it is in flight**
- B. Passenger Liability Coverage**
- C. Damage to the insured aircraft while it is in motion on the ground**
- D. Damage to the insured aircraft while it is not in motion on the ground**

An Aircraft Hull Policy primarily focuses on providing coverage for physical damage to the insured aircraft itself. This includes various scenarios such as damage while in flight and during ground operations, whether the aircraft is in motion or at rest. Passenger liability coverage, however, is generally not included within the purview of an Aircraft Hull Policy. Instead, this type of coverage is typically addressed through a separate liability policy designed to protect against claims arising from injuries to passengers or third parties. Therefore, when assessing the components of an Aircraft Hull Policy, it becomes clear that while it offers substantial protection for the aircraft itself in various circumstances, it does not extend to liabilities associated with passenger injuries, which is the correct distinction for this question.

**6. Under the Building and Personal Property Coverage Form, when is abandonment allowed?**

- A. Abandonment is allowed only in the cases of total loss**
- B. Abandonment is allowed whenever the insured and insurer fail to reach agreement on the amount of a loss**
- C. Abandonment is never allowed**
- D. Abandonment is allowed only after written notice to the company**

Abandonment is never allowed under the Building and Personal Property Coverage Form. This principle is rooted in the fundamental insurance tenet that an insured cannot simply relinquish property back to the insurer in the event of a loss. If abandonment were permitted, it could create moral hazard, where the insured might intentionally allow property to deteriorate or become damaged, knowing they could walk away from the loss with the insurer responsible for the property. By disallowing abandonment, insurance companies protect their interests and ensure the insured maintains a vested interest in the property. It also maintains the integrity of claims processes, ensuring that claims are made based on actual damages rather than speculative or non-existent losses surrounding abandoned property. Thus, the insistence on maintaining ownership and responsibility for the property reinforces the contractual obligations between the insured and the insurer.

**7. What distinguishes actual cash value from replacement cost in property insurance?**

- A. Actual cash value includes depreciation, while replacement cost does not**
- B. Actual cash value covers future expenses, while replacement cost covers present expenses**
- C. Replacement cost only applies to new items, while actual cash value applies to all items**
- D. There is no difference; they are the same**

Actual cash value is determined by taking the replacement cost of an item and subtracting any depreciation that has occurred over time. This means that actual cash value represents the current worth of an item, reflecting its age, wear and tear, and overall condition at the time of the loss. In contrast, replacement cost provides coverage for the cost to replace an item with a new, similar item without deducting for depreciation. This distinction is crucial in property insurance as it affects the amount of compensation an insured may receive in the event of a loss. Understanding this difference helps insured individuals make informed decisions about their coverage options and the financial implications related to claims.

**8. What type of coverage is typically excluded from a standard homeowners policy?**

- A. Coverage for theft and vandalism**
- B. Coverage for earthquakes and floods**
- C. Coverage for fire and smoke damage**
- D. Coverage for personal liability**

A standard homeowners policy typically excludes coverage for earthquakes and floods because these types of natural disasters carry a higher risk and potential for significant loss. Insurance companies often categorize them as catastrophic events that require separate endorsements or policies. This limitation encourages homeowners to consider additional specialized coverage to protect against these specific risks, as the likelihood and potential damages from such events can be extreme and outside the standard parameters of a basic homeowners policy. Other choices, such as coverage for theft and vandalism, fire and smoke damage, and personal liability, are generally included in standard homeowners policies, reflecting the need to protect against common risks that homeowners face. By understanding the exclusions of a homeowners policy, homeowners can make informed choices about additional coverage to adequately protect their property.

## 9. What does "peril" refer to in insurance terms?

**A. A specific risk or cause of loss covered under an insurance policy**

**B. A type of insurance fraud**

**C. A deductible amount set in a policy**

**D. A claim that has been denied**

In insurance terms, "peril" specifically refers to a risk or a cause of loss that is covered under an insurance policy. This could include events such as fire, theft, or natural disasters. Understanding perils is crucial because insurance policies often explicitly list the perils that are covered, and knowing what constitutes a peril helps policyholders understand what protection they have against potential losses. The other options highlight concepts related to insurance but do not define "peril." For example, insurance fraud refers to illegal activities aimed at obtaining benefits from an insurance policy under false pretenses. A deductible is the amount a policyholder must pay out-of-pocket before insurance kicks in and is not related to the definition of peril. Finally, a denied claim refers to a situation where an insurer does not approve a request for compensation and does not constitute a peril either. Understanding the definition of peril assists policyholders in recognizing and evaluating their coverage effectively.

## 10. While driving in another state with higher coverage requirements, which of the following sections of the PAP automatically provides the required coverage?

**A. Other Insurance**

**B. Automatic Extension of Coverage**

**C. Any State Coverage**

**D. Out of State Coverage**

When driving in another state that has higher insurance coverage requirements, the section of the Personal Auto Policy (PAP) that automatically provides the necessary coverage is referred to as "Out of State Coverage." This provision ensures that if an insured vehicle is being driven in a state where the minimum liability limits are greater than what is provided in the PAP, the policy will adjust to meet those higher limits. This is designed to protect the insured from being underinsured while traveling in different jurisdictions, allowing them to comply with local laws without needing to modify their policy or purchase additional coverage on the spot. It is particularly important for drivers who frequently travel or move between states, thereby necessitating an understanding of varying legal requirements. Understanding how this out-of-state coverage works is crucial, as it underscores the importance of ensuring that all drivers are adequately protected, regardless of where they drive. Other sections of the PAP do not automatically adjust to meet these requirements, which is why they would not apply in this scenario.

# 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](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://idaho-propertyandcasualty.examzify.com>**

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

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