

IDAHO PROPERTY AND CASUALTY PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

**VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE**

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



Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain accurate, complete, and timely information about this product from reliable sources.

SAMPLE

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

SAMPLE

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

SAMPLE

- 1. What is the difference between "first-party" and "third-party" coverage?**
 - A. First-party coverage pays for another's losses
 - B. Third-party coverage pays for the insured's losses
 - C. First-party coverage pays for the insured's own losses
 - D. Third-party coverage includes medical payments
- 2. What type of insurance policy is designed to cover healthcare expenses?**
 - A. Property insurance
 - B. Life insurance
 - C. Health insurance
 - D. Disability insurance
- 3. 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
- 4. Which of the following insurance forms is designed for those with potential liability exposure from negligent acts of contractors or subcontractors?**
 - A. Contractual Liability Insurance
 - B. Contingent Liability Insurance
 - C. Completed Operations Insurance
 - D. Contractors Liability Insurance
- 5. What can a "policy rider" add to an insurance policy?**
 - A. Additional fees to be paid by the insured
 - B. Standard coverage limits for claims
 - C. Additional benefits, terms, or coverage not included in the standard policy
 - D. Mandatory legal disclosures required by law

- 6. An HO-3 policy provides coverage on which basis?**
- A. Open perils coverage on both the dwelling and personal property
 - B. Open perils coverage on the dwelling and broad form coverage on the personal property
 - C. Broad form perils coverage on both the dwelling and personal property
 - D. Replacement cost coverage on both the dwelling and personal property
- 7. Which of the following is a key element of a valid insurance contract?**
- A. Public notice
 - B. Collusion
 - C. Offer, acceptance, consideration, competent parties, and a lawful object
 - D. Insurance premium discounts
- 8. What is the function of uninsured motorist coverage?**
- A. It provides protection against rental car damage
 - B. It covers damages incurred while parked
 - C. It provides protection if the insured is in an accident with an uninsured driver
 - D. It covers the legal fees for uninsured drivers
- 9. All of the following are covered perils under the Extended Coverage Endorsement to the DP-1, except:**
- A. Vehicles
 - B. Weight of ice, snow or sleet
 - C. Windstorm
 - D. Volcanic eruption
- 10. Which of the following actions is prohibited for licensed brokers?**
- A. Negotiating insurance contracts for clients
 - B. Accepting commissions from insurers
 - C. Accepting payments for consultations
 - D. Failing to disclose their commission structure to clients

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. What is the difference between "first-party" and "third-party" coverage?

- A. First-party coverage pays for another's losses
- B. Third-party coverage pays for the insured's losses
- C. First-party coverage pays for the insured's own losses**
- D. Third-party coverage includes medical payments

First-party coverage refers to insurance that pays for the insured's own losses. This type of coverage is designed to provide financial protection to the policyholder directly. For example, if a policyholder suffers damage to their home due to a covered peril, the first-party coverage would reimburse the policyholder for the repair costs, regardless of who caused that damage. This coverage is essential for individuals and businesses as it helps mitigate their own financial risks resulting from property damage, theft, or personal injury occurring on their property. It is distinct from third-party coverage, where the policy protects the insured against claims brought by others, such as bodily injury or property damage claims made by third parties due to the insured's actions. Understanding this distinction is crucial for policyholders to ensure they have the appropriate coverage for both their own losses and potential liabilities they might face due to the actions affecting others.

2. What type of insurance policy is designed to cover healthcare expenses?

- A. Property insurance
- B. Life insurance
- C. Health insurance**
- D. Disability insurance

Health insurance is specifically designed to cover healthcare expenses, which include the costs associated with medical care, treatments, hospital visits, and preventive services. This type of insurance protects individuals from high healthcare costs by covering various medical services, thus ensuring they have access to necessary treatment without significant financial burden. While property insurance is aimed at protecting physical assets, life insurance provides financial support to beneficiaries after the policyholder's death, and disability insurance offers income protection in case of inability to work due to illness or injury, none of these address healthcare expenses directly in the way health insurance does. Health insurance stands out as the policy that directly mitigates the financial impact of medical expenses, making it the correct answer.

3. 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.

4. Which of the following insurance forms is designed for those with potential liability exposure from negligent acts of contractors or subcontractors?

- A. Contractual Liability Insurance
- B. Contingent Liability Insurance**
- C. Completed Operations Insurance
- D. Contractors Liability Insurance

The form designed for those with potential liability exposure specifically resulting from the negligent acts of contractors or subcontractors is Contingent Liability Insurance. This type of insurance is crucial for contractors who may be held liable for the actions of subcontractors they hire to perform services. For example, if a subcontractor makes an error that causes damage or injury, the contractor who hired them could face claims. Contingent Liability Insurance is unique because it extends coverage even when the primary liability lies with the subcontractor, ensuring that the contractor is protected against claims that arise from the subcontractor's errors or omissions. This form of insurance is essential for contractors to manage the risks associated with hiring other professionals, thereby providing an additional layer of security against potential claims stemming from someone else's negligence. While Contractual Liability Insurance relates to liabilities assumed under a contract, it does not specifically address the negligent acts of subcontractors. Completed Operations Insurance covers liability for bodily injuries or property damage occurring after the completion of work, but it does not focus directly on subcontractor actions. Contractors Liability Insurance is a broad term that may include various coverages but does not pinpoint the contingent nature of liability stemming from subcontractors specifically.

5. What can a "policy rider" add to an insurance policy?

- A. Additional fees to be paid by the insured
- B. Standard coverage limits for claims
- C. Additional benefits, terms, or coverage not included in the standard policy**
- D. Mandatory legal disclosures required by law

A policy rider is an amendment or addition to an existing insurance policy that provides extra benefits, terms, or coverage options that are not included in the standard policy. This allows policyholders to tailor their insurance coverage to better meet their specific needs and circumstances. For instance, a rider might add coverage for high-value personal property or even expand the scope of coverage for certain types of risks that the standard policy may not cover. This customization enhances the policyholder's protection and can be crucial for those with unique situations that require more comprehensive coverage. The other options do not accurately reflect the purpose or function of a policy rider. Additional fees are not the primary purpose of a rider, and standard coverage limits are set within the original policy terms rather than established by a rider. Furthermore, while mandatory legal disclosures are required, they are part of the policy documentation and not related to the enhanced coverage that a rider provides.

6. An HO-3 policy provides coverage on which basis?

- A. Open perils coverage on both the dwelling and personal property
- B. Open perils coverage on the dwelling and broad form coverage on the personal property**
- C. Broad form perils coverage on both the dwelling and personal property
- D. Replacement cost coverage on both the dwelling and personal property

An HO-3 policy provides open perils coverage on the dwelling and broad form coverage on personal property. This means that for the structure of the home, the policy covers losses caused by all risks of physical loss, except for those specifically excluded in the policy. This broad protection ensures that the homeowner is safeguarded against a wide range of potential hazards. In contrast, the personal property covered under an HO-3 policy is insured on a broad form basis, which includes specific perils listed in the policy, such as fire, theft, and vandalism. This distinction is crucial because it means that while the home itself is protected against nearly all threats, the belongings inside may not have as extensive coverage. This combination approach allows homeowners to appreciate the security of wide-ranging protection for their dwelling while balancing the coverage provided for personal possessions, which is more limited but still comprehensive. Understanding this structure is vital for homeowners in assessing their insurance needs and ensuring that they have adequate protection in place.

7. Which of the following is a key element of a valid insurance contract?

- A. Public notice
- B. Collusion
- C. Offer, acceptance, consideration, competent parties, and a lawful object**
- D. Insurance premium discounts

A key element of a valid insurance contract is that it must contain certain foundational components, which include offer, acceptance, consideration, competent parties, and a lawful object. This framework ensures that both parties involved—the insurer and the insured—are entering into a voluntary agreement with mutual consent. The offer is the proposal made by one party (usually the insured) to enter into a contract, while acceptance signifies the agreement of the other party (the insurer) to the terms of the offer. Consideration refers to something of value that is exchanged between the parties—typically, the insured pays a premium in exchange for coverage. Competent parties means the individuals entering the contract must have the legal capacity to do so, such as being of legal age and mentally competent. Finally, a lawful object means that the contract's purpose must be legal and not against public policy. This set of elements not only establishes the legitimacy of the insurance contract but also protects the rights and expectations of both parties involved, ensuring clarity and enforceability in case of disputes. The other choices do not encompass the essential criteria that define a valid insurance contract, as they either represent unrelated concepts or do not encompass the necessary contractual elements.

8. What is the function of uninsured motorist coverage?

- A. It provides protection against rental car damage
- B. It covers damages incurred while parked
- C. It provides protection if the insured is in an accident with an uninsured driver**
- D. It covers the legal fees for uninsured drivers

Uninsured motorist coverage is designed to protect insured individuals in the event of an accident with a driver who does not carry insurance. This type of coverage steps in to cover medical expenses, lost wages, and other damages that an insured party may suffer when involved in a collision with an uninsured driver. The function of this coverage is critical, as it helps ensure that the insured does not bear the financial burden resulting from an accident caused by someone who is unable to pay for the damages due to a lack of insurance. Regarding the other options, they focus on different aspects of automobile insurance that do not relate directly to uninsured motorists. Rental car damage typically falls under different types of coverage, such as physical damage coverage. Damages incurred while parked may be addressed by comprehensive coverage or collision coverage, depending on the specifics of the incident. Legal fees for uninsured drivers do not pertain to the protection offered by uninsured motorist coverage, as that coverage is focused on protecting the insured in their dealings with drivers who do not have insurance.

9. All of the following are covered perils under the Extended Coverage Endorsement to the DP-1, except:

- A. Vehicles
- B. Weight of ice, snow or sleet**
- C. Windstorm
- D. Volcanic eruption

The Extended Coverage Endorsement to the DP-1 policy extends coverage to additional perils that are not included in the standard policy. Among the perils generally covered by the Extended Coverage Endorsement are windstorm, volcanic eruption, and the weight of ice, snow, or sleet. While the weight of ice, snow, or sleet is a covered peril under this endorsement, vehicles are not covered. This is due to the fact that vehicles are typically excluded from standard property insurance policies, which focus on immovable structures like homes or buildings. In this case, the inclusion of vehicles as an option highlights a specific exclusion that is not covered by the endorsement, making it the correct answer for what is not a covered peril. Understanding which perils are included in this endorsement is crucial for property owners to ensure they have adequate coverage for potential damages. This emphasizes the importance of reviewing policy specifics to know what is protected under various endorsements and exclusions.

10. Which of the following actions is prohibited for licensed brokers?

- A. Negotiating insurance contracts for clients
- B. Accepting commissions from insurers
- C. Accepting payments for consultations
- D. Failing to disclose their commission structure to clients**

The prohibition against failing to disclose commission structures to clients emphasizes the importance of transparency and ethical practices within the insurance industry. Licensed brokers are required to provide clients with clear and honest information regarding their compensation. This disclosure helps clients understand any potential conflicts of interest that may arise when brokers have financial stakes in the products they recommend. By being clear about how they are compensated, brokers build trust and foster stronger relationships with their clients. This transparency is essential for maintaining the integrity of the insurance profession and ensuring that clients can make well-informed decisions. The expectation of disclosure is a fundamental part of regulatory requirements and industry standards, ensuring that brokers act in the best interests of their clients.

SAMPLE

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://idaho-propertyandcasualty.examzify.com>

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

SAMPLE