

IDAHO PROPERTY INSURANCE PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE**

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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. The difference in the contents coverage on an HO-3 and HO-5 is which of the following?**
 - A. Contents are covered for replacement cost on HO-3, and ACV on HO-5.
 - B. Contents are covered open peril on HO-5, and named peril on HO-3.
 - C. Contents are covered open peril on HO-3, and named peril on HO-5.
 - D. Contents are covered for replacement cost on HO-5, and ACV on HO-3.
- 2. Which of the following claims would be included under the dwelling policy?**
 - A. Fire damage to a garage located on the insured premises used as an auto repair shop
 - B. Theft of the insured's auto from the detached garage
 - C. Death to the insured's pet caused by smoke inhalation
 - D. Fire damage to the insured's rowboat stored in the attached garage
- 3. A builder's risk form is most often written as which of the following?**
 - A. Specific value form
 - B. Completed value form
 - C. Scheduled form
 - D. Reporting form
- 4. What are the gross sales and square footage requirements for retail stores in a BOP?**
 - A. \$2,000,000 and 15,000 square feet
 - B. \$3,000,000 and 25,000 square feet
 - C. \$4,000,000 and 30,000 square feet
 - D. \$5,000,000 and 40,000 square feet
- 5. What type of policy is specifically used to insure properties for business purposes?**
 - A. Homeowners insurance
 - B. Commercial property insurance
 - C. Specialty coverage
 - D. Personal property insurance

- 6. What type of insurance coverage typically protects personal property against theft?**
- A. Liability coverage
 - B. Property coverage
 - C. Pest control coverage
 - D. Personal injury coverage
- 7. If an insured owns several buildings insured by separate policies, what type of coverage does this indicate?**
- A. Specific
 - B. Schedule
 - C. Blanket
 - D. Special
- 8. What is the primary purpose of property insurance?**
- A. To provide liability coverage
 - B. To cover physical assets against loss
 - C. To manage employee risks
 - D. To ensure business profitability
- 9. Under the dwelling policy form, what is the maximum time limit during which multiple volcanic activities would be considered part of one occurrence?**
- A. 24 hours
 - B. 36 hours
 - C. 48 hours
 - D. 72 hours
- 10. Which inland marine coverage condition says that an insurer will settle with the actual owners of property involved in a loss?**
- A. Legal action against the insurer
 - B. Privilege to adjust with the owner
 - C. Transfer of rights of recovery
 - D. Reinstatement of limit

Answers

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

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Explanations

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1. The difference in the contents coverage on an HO-3 and HO-5 is which of the following?

- A. Contents are covered for replacement cost on HO-3, and ACV on HO-5.
- B. Contents are covered open peril on HO-5, and named peril on HO-3.**
- C. Contents are covered open peril on HO-3, and named peril on HO-5.
- D. Contents are covered for replacement cost on HO-5, and ACV on HO-3.

The correct answer is that contents are covered open peril on the HO-5 policy and named peril on the HO-3 policy. In an HO-5 policy, coverage for personal property is broader, as it is typically on an open peril basis. This means that personal property is covered against all perils except for specifically excluded risks. This approach provides comprehensive protection, giving policyholders peace of mind that if something unforeseen occurs—such as theft, fire, or accidental damage—their belongings will likely be covered. On the other hand, the HO-3 policy utilizes a named peril approach for personal property coverage. This means that only losses caused by specific perils that are explicitly listed in the policy are covered. If a peril is not named in the policy, then the losses occurring from that peril would not be covered. The distinction in these coverage types can significantly impact the level of protection that homeowners experience. Understanding these differences is crucial for policyholders when choosing the right insurance policy that meets their needs.

2. Which of the following claims would be included under the dwelling policy?

- A. Fire damage to a garage located on the insured premises used as an auto repair shop
- B. Theft of the insured's auto from the detached garage
- C. Death to the insured's pet caused by smoke inhalation
- D. Fire damage to the insured's rowboat stored in the attached garage**

The claim for fire damage to the insured's rowboat stored in the attached garage is included under the dwelling policy because dwelling policies are designed to cover the structure of the home and certain personal property associated with it. Specifically, these policies typically cover structures that are attached to the dwelling, such as an attached garage, as well as property that is stored within that structure, including boats or other personal belongings. In this scenario, the rowboat is stored in an area that is directly associated with the dwelling (the attached garage), which means it falls under the coverage provided for personal property. This highlights the relationship between coverage and the type of structure or storage facility when it comes to dwelling policies. The other scenarios involve situations that do not align with the coverage provisions of a typical dwelling policy. For example, a garage used as an auto repair shop introduces a commercial element, which could be excluded from coverage. The theft of an auto from the detached garage pertains to personal automobile coverage rather than dwelling insurance and is not covered by a dwelling policy. Lastly, the claim regarding the death of a pet due to smoke inhalation doesn't relate to property damage, as dwelling policies generally do not cover the loss or injury of pets. Thus, the focus on the dwelling structure

3. A builder's risk form is most often written as which of the following?

- A. Specific value form
- B. Completed value form**
- C. Scheduled form
- D. Reporting form

A builder's risk form is most commonly written as a completed value form because it provides coverage for the completed value of the project rather than at an interim or specific value. This type of policy is designed for buildings or projects under construction and covers losses to the property up to the agreed-upon total value upon completion. In a completed value form, coverage is automatically adjusted to match the project's value as construction progresses, which simplifies the insurance process for builders. This approach ensures that the full value of the project is covered once it is completed, rather than requiring adjustments that might be necessary in other types of policies. Other forms like the specific value form assign a set dollar amount to specific items, while a scheduled form specifies coverage limits per item or structure but doesn't adapt as easily to the total value of an ongoing project. Reporting forms typically require periodic updates on values insured, which adds complexity in the construction context. Thus, the completed value form is the most straightforward and suitable option for builder's risk insurance.

4. What are the gross sales and square footage requirements for retail stores in a BOP?

- A. \$2,000,000 and 15,000 square feet
- B. \$3,000,000 and 25,000 square feet**
- C. \$4,000,000 and 30,000 square feet
- D. \$5,000,000 and 40,000 square feet

The correct answer highlights the specific gross sales and square footage limitations set for retail stores covered under a Businessowners Policy (BOP). A BOP typically has guidelines that cater to smaller, low-risk businesses, making it a cost-effective insurance solution. In this context, the requirement of \$3,000,000 in gross sales ensures that the policy remains accessible to retail establishments that do not exceed this financial threshold, which helps contain the risk for insurers. The accompanying square footage limitation of 25,000 square feet further clarifies the types of retail operations that are eligible for this type of coverage. These thresholds are important as they align the coverage scope with the nature of small to mid-sized retail establishments, which is the primary focus of a BOP. This answer accurately reflects the designed parameters for BOP eligibility, ensuring that insurance is appropriately tailored to the size and scale of retail operations that the policy intends to serve.

5. What type of policy is specifically used to insure properties for business purposes?

- A. Homeowners insurance
- B. Commercial property insurance**
- C. Specialty coverage
- D. Personal property insurance

Commercial property insurance is the correct choice for insuring properties used for business purposes. This type of policy is designed to protect businesses from various risks associated with their physical assets. It covers damage to buildings, equipment, inventory, and other property used in the operation of a business due to perils such as fire, theft, vandalism, and natural disasters. Having a commercial property insurance policy is crucial for business owners, as it not only provides financial protection but also helps in meeting contractual obligations often required by landlords or lenders. This type of coverage is tailored specifically to the unique needs and operations of businesses, which distinguishes it from other insurance types aimed at personal or residential properties. Homeowners insurance, on the other hand, is designed for personal residences and does not provide coverage for properties used primarily for business activities. Specialty coverage typically refers to insurance designed for unique or high-risk situations but does not specifically cover standard business operations. Personal property insurance is similarly focused on individual belongings and residential contexts, making it unsuitable for business property needs.

6. What type of insurance coverage typically protects personal property against theft?

- A. Liability coverage
- B. Property coverage**
- C. Pest control coverage
- D. Personal injury coverage

Property coverage is designed to protect personal property against various risks, including theft. This type of coverage is typically included in homeowners, renters, and commercial property insurance policies and applies to items such as furniture, clothing, electronics, and other personal belongings. When an insured event, like theft, occurs, property coverage can help reimburse the policyholder for the loss or damage incurred, ensuring that individuals can recover financially. The other types of coverage listed do not specifically address the protection of personal property against theft. Liability coverage, for instance, focuses on protecting the insured from claims made by others for bodily injury or property damage. Pest control coverage deals with issues related to pest infestations and remedies, while personal injury coverage is related to protecting against claims of non-physical injury, such as defamation or invasion of privacy. Therefore, property coverage is the appropriate choice for safeguarding against theft of personal belongings.

7. If an insured owns several buildings insured by separate policies, what type of coverage does this indicate?

- A. Specific**
- B. Schedule
- C. Blanket
- D. Special

The correct choice relates to a situation where an insured owns multiple buildings, each covered by separate insurance policies. This scenario indicates a "specific" type of coverage, which is designed to cover individual properties or assets distinctly. Under specific coverage, each building would have a separate limit of insurance and individual terms outlined in its policy. This means that the insurer assesses and underwrites each property based on its unique characteristics and risk factors. In contrast, other forms of coverage handle multiple properties differently. For example, blanket coverage would combine the values of multiple properties into a single limit, offering more flexibility but less specificity regarding individual property values. Schedule coverage, while similar to specific in that it covers multiple properties, would typically involve listing each property specifically in the policy, often with detailed valuations per property, which is different from simply having separate policies. Lastly, special coverage usually indicates a type of insurance that covers a wide range of risks and may not pertain specifically to the ownership of multiple policies for different properties. Thus, the choice of specific coverage aligns perfectly with the scenario of each building being insured by its own policy.

8. What is the primary purpose of property insurance?

- A. To provide liability coverage
- B. To cover physical assets against loss**
- C. To manage employee risks
- D. To ensure business profitability

The primary purpose of property insurance is to cover physical assets against loss. This type of insurance provides financial protection for property owners by compensating them for damage or loss of their physical assets, such as buildings, personal belongings, and other tangible property. When covered risks occur, such as fires, theft, or natural disasters, property insurance helps to mitigate the financial impact of these incidents. It ensures that individuals or businesses can recover from losses and restore their property to a usable condition or replace it altogether. In comparison to the other options, while liability coverage is an important aspect of insurance, it specifically addresses claims made by third parties and does not pertain directly to protecting physical assets owned by the policyholder. Managing employee risks is essential for a comprehensive risk management strategy but falls outside the scope of property insurance, which focuses primarily on physical property. Ensuring business profitability is a goal for any business but is not the fundamental purpose of property insurance; rather, property insurance serves as a safety net that allows for operational continuity in the event of asset loss.

9. Under the dwelling policy form, what is the maximum time limit during which multiple volcanic activities would be considered part of one occurrence?

- A. 24 hours
- B. 36 hours
- C. 48 hours
- D. 72 hours**

In the context of dwelling policy forms, volcanic activities are classified as a singular occurrence if they happen within a specified time frame. The correct answer, which indicates that multiple volcanic activities occurring within a 72-hour period are considered one occurrence, aligns with the general framework of insurance policies that aim to provide coherent coverage for events that are closely related in time. This 72-hour limit is significant because it allows insurers to manage and stabilize claims resulting from natural disasters like volcanic eruptions, which may include several events such as eruptions, ash fall, or lava flow that happen in succession. By defining a long enough time frame like 72 hours, policyholders are granted the assurance that they would not face multiple deductibles or limits on their coverage due to the natural complexities of volcanic activity. The choices representing shorter time frames would not allow for the same level of coverage continuity, as they could lead to the fragmentation of a singular catastrophic event, complicating claims handling and potentially resulting in inadequate protection for the insured. Thus, a 72-hour window accommodates the unpredictability of such natural occurrences while ensuring that policy parameters remain clear and supportive for those affected.

10. Which inland marine coverage condition says that an insurer will settle with the actual owners of property involved in a loss?

- A. Legal action against the insurer
- B. Privilege to adjust with the owner**
- C. Transfer of rights of recovery
- D. Reinstatement of limit

The choice regarding the condition that states an insurer will settle with the actual owners of property involved in a loss refers to the concept of "privilege to adjust with the owner." This condition allows the insurer not only to negotiate claims but also to directly deal with the property owners when losses occur. This is particularly significant in inland marine insurance, which often covers unique and valuable items that may not be easily categorized under standard property policies. By including this provision, insurers can ensure that claims are handled efficiently and that those who suffer losses are compensated fairly. This also facilitates a smoother claims process, as it acknowledges that the actual owners have a direct stake in the resolution of the loss, enabling the insurer to address the needs and concerns of the rightful owners promptly. The other options do not encompass this specific function. Legal action against the insurer refers to the right of the insured to pursue legal remedies if they feel their claim has not been adjudicated fairly. Transfer of rights of recovery pertains to the assignment of recovery rights to the insurer after they have compensated the insured, and reinstatement of limit deals with the restoration of policy limits following a loss. None of these specifically address the insurer's duty to settle directly with the property owners as outlined in the privilege to adjust with the

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://idpropertyinsurance.examzify.com>

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

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