

Insurance Dwelling Policy Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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

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

- 1. Which peril is generally covered by an Extended Coverage Endorsement?**
 - A. Earthquake**
 - B. Hail**
 - C. Flood**
 - D. War-related damages**
- 2. What is the primary purpose of personal liability coverage?**
 - A. To protect personal belongings**
 - B. To cover legal fees for disputes**
 - C. To protect against third-party bodily injury or property damage**
 - D. To ensure property maintenance**
- 3. Which additional peril is covered under both basic and broad form dwelling policies?**
 - A. Vandalism**
 - B. Theft**
 - C. Internal explosion**
 - D. Artificially generated electricity**
- 4. What is the significance of replacement cost value in an insurance policy?**
 - A. It determines the market rate for selling the property**
 - B. It affects the amount paid out upon a total loss**
 - C. It establishes the value of personal property**
 - D. It influences deductible rates**
- 5. Replacement cost coverage is provided in both the broad and special form dwelling policies when what condition is met?**
 - A. The dwelling is fully insured**
 - B. The coverage meets 100% of the market value**
 - C. The amount of insurance is at least 80% of the dwelling's replacement cost**
 - D. The dwelling is newer than 10 years old**

- 6. Which coverage would most likely be found in a Landlord Policy?**
- A. Coverage for tenant's personal property**
 - B. Coverage for loss of rent due to a covered peril**
 - C. Liability coverage for tenants**
 - D. Coverage for renovations**
- 7. A house insured under a dwelling policy has been vacant for 70 consecutive days. Which of the following statements is true?**
- A. Loss by vandalism and malicious mischief is excluded**
 - B. Loss by fire is covered**
 - C. Personal liability coverage is still applicable**
 - D. All theft claims are covered**
- 8. What type of damage is excluded under a special form dwelling policy?**
- A. Damage caused by fire**
 - B. Damage from domestic animals**
 - C. Vandalism damage**
 - D. Theft of personal property**
- 9. How does granting Power of Attorney affect a Dwelling Policy?**
- A. It allows the insured to sell the property**
 - B. It enables someone to manage the policy and file claims**
 - C. It invalidates the original policy**
 - D. It increases the coverage limits**
- 10. What is a common limitation of dwelling policies compared to homeowners insurance?**
- A. Higher premiums**
 - B. Narrower coverage options**
 - C. Lesser liability protection**
 - D. Inclusion of all perils automatically**

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. Which peril is generally covered by an Extended Coverage Endorsement?

- A. Earthquake**
- B. Hail**
- C. Flood**
- D. War-related damages**

The correct answer is hail, which is commonly covered by an Extended Coverage Endorsement. This endorsement typically expands the coverage of a basic dwelling policy to include additional perils that are not covered under the standard form, such as windstorm, hail, explosion, riot or civil commotion, and aircraft damage. Hail is a specific peril that can cause significant damage to a property, particularly to its roof and exterior, making it a crucial consideration for homeowners. The Extended Coverage Endorsement is designed to provide broader protection, and hail damage is specifically included as it can lead to costly repairs. The basic dwelling policy does not cover all possible risks, so endorsements like this one are essential for enhancing a policy's coverage. Other options, such as earthquake, flood, and war-related damages, are typically excluded from the coverage of standard policies and require separate insurance policies or specialized endorsements not included in the basic Extended Coverage Endorsement.

2. What is the primary purpose of personal liability coverage?

- A. To protect personal belongings**
- B. To cover legal fees for disputes**
- C. To protect against third-party bodily injury or property damage**
- D. To ensure property maintenance**

The primary purpose of personal liability coverage is to protect against third-party bodily injury or property damage. This type of coverage is designed to provide financial protection to the policyholder in the event that they are found legally responsible for causing injury to someone else or damaging someone else's property. For example, if a visitor is injured on the policyholder's property or if the policyholder accidentally damages someone else's belongings, personal liability coverage helps cover the related expenses, including medical bills and legal costs that may arise from lawsuits. In contrast, protecting personal belongings relates more to coverage for personal property, while legal fees for disputes generally fall under different types of insurance or endorsements. Furthermore, property maintenance is not the focus of personal liability coverage, as this insurance specifically aims to address liability risks rather than property upkeep or repairs.

3. Which additional peril is covered under both basic and broad form dwelling policies?

- A. Vandalism**
- B. Theft**
- C. Internal explosion**
- D. Artificially generated electricity**

The correct answer is internal explosion, as this peril is included in both basic and broad form dwelling policies. Basic form dwelling policies cover specific perils that include fire, lightning, explosion (which encompasses internal explosion), and others listed in the policy. The broad form extends coverage to additional perils, but it also retains coverage for internal explosion as a common risk factor. Internal explosion specifically refers to explosions happening within the insured premises, such as due to heating systems or other appliances. This coverage is crucial for homeowners, as it addresses potential hazards that could cause significant damage. The other choices present perils that are not uniformly covered by both policy types. For instance, vandalism is typically covered under the broad form but may not be included in the basic form. Theft is generally found in broad form policies, not in the basic. Artificially generated electricity is not a standard peril covered in either form but might be covered under specialized endorsements or additional policies. Thus, understanding the scope of coverage in various dwelling policies helps in managing risks effectively.

4. What is the significance of replacement cost value in an insurance policy?

- A. It determines the market rate for selling the property**
- B. It affects the amount paid out upon a total loss**
- C. It establishes the value of personal property**
- D. It influences deductible rates**

The significance of replacement cost value in an insurance policy lies primarily in how it affects the amount paid out upon a total loss. Replacement cost refers to the amount of money that would be required to replace the damaged or destroyed property with a similar item of the same kind and quality, without deducting for depreciation. In the event of a total loss, the insurance company would calculate the claim based on the replacement cost value rather than the actual cash value, which would consider depreciation. This ensures that the insured can adequately rebuild or replace their property, securing financial support equivalent to the current market costs of reconstruction or repurchase, rather than just the diminished cash value. This aspect is crucial for policyholders, as it helps them to recover from losses effectively, ensuring they can replace what they had rather than only receive compensation for its diminished value.

5. Replacement cost coverage is provided in both the broad and special form dwelling policies when what condition is met?

- A. The dwelling is fully insured**
- B. The coverage meets 100% of the market value**
- C. The amount of insurance is at least 80% of the dwelling's replacement cost**
- D. The dwelling is newer than 10 years old**

Replacement cost coverage is a significant aspect of both broad and special form dwelling policies, as it ensures that a policyholder can recover the cost of replacing damaged property without accounting for depreciation. The correct condition for replacement cost coverage to apply is that the amount of insurance must be at least 80% of the dwelling's replacement cost. This requirement is put in place to encourage policyholders to insure their properties for a value that reflects the true cost of replacement. If property is underinsured, the insurance company may reduce the payout in the event of a claim. By maintaining coverage at or above this 80% threshold, policyholders can ensure they are fully protected against losses while also avoiding penalties related to the underinsurance of their property. This coverage condition emphasizes the importance of regularly assessing the replacement cost of a dwelling, as market conditions and building costs can change over time. Ensuring that the insurance coverage meets this requirement helps safeguard the financial well-being of the policyholder against substantial losses.

6. Which coverage would most likely be found in a Landlord Policy?

- A. Coverage for tenant's personal property**
- B. Coverage for loss of rent due to a covered peril**
- C. Liability coverage for tenants**
- D. Coverage for renovations**

Coverage for loss of rent due to a covered peril is typically included in a Landlord Policy, also known as a Dwelling Policy for landlords. This type of coverage is designed to protect landlords from income loss if the property becomes uninhabitable due to damage from a peril that is covered under the policy, such as a fire, storm, or other significant events. This coverage is critical for landlords because it helps ensure that they can continue to meet financial obligations, such as mortgage payments, even when the property is not generating rental income due to unforeseen circumstances. It provides a safety net that acknowledges the importance of maintaining a steady cash flow, which can be jeopardized by property damage. In contrast, other options such as coverage for tenant's personal property or liability coverage for tenants would typically not be found in a landlord's policy, as these coverages are generally the responsibility of the tenants themselves. Coverage for renovations, while potentially relevant to a landlord's investment, is not the primary focus of a landlord policy which is more concerned with the income derived from rental properties and loss of rental income.

7. A house insured under a dwelling policy has been vacant for 70 consecutive days. Which of the following statements is true?

A. Loss by vandalism and malicious mischief is excluded

B. Loss by fire is covered

C. Personal liability coverage is still applicable

D. All theft claims are covered

Under a dwelling policy, a home that has been vacant for 70 consecutive days faces specific exclusions regarding certain types of losses. One of the most significant exclusions is related to vandalism and malicious mischief. After a property has been vacant for more than 60 days, coverage for losses caused by vandalism or malicious mischief is no longer provided. This is a standard provision within many insurance policies, emphasizing the increased risk associated with vacant properties. In this case, the correct statement indicates that loss by vandalism and malicious mischief is excluded due to the property having been vacant for 70 days. This aligns with the intent of insurers to minimize their liability when properties are not actively maintained or monitored. While fire damage may still be covered and some aspects of personal liability coverage could theoretically remain applicable depending on specific circumstances, the key point here is the vacancy exclusion concerning vandalism, which is a notable risk for empty homes. That is why the correct answer focuses on the specific exclusion applicable to properties that have been vacant for more than 60 days.

8. What type of damage is excluded under a special form dwelling policy?

A. Damage caused by fire

B. Damage from domestic animals

C. Vandalism damage

D. Theft of personal property

Damage from domestic animals is excluded under a special form dwelling policy primarily because this policy form is designed to provide comprehensive coverage for a wide range of risks, but it also maintains specific exclusions to limit the insurer's liability. Domestic animals pose a unique risk, as they can cause damage to property either intentionally or unintentionally, and managing these risks can be complex. Excluding claims related to damage from domestic animals helps insurance companies mitigate their exposure and manage claims more effectively. This aligns with the overall goal of balancing coverage with risk management in the policy framework. By clearly delineating what is covered and what is excluded, special form dwelling policies provide clarity for policyholders regarding their responsibilities and the importance of taking preventive measures regarding their pets. The other types of damages mentioned in the choices, such as fire, vandalism, and theft, are generally covered by the special form dwelling policy, reflecting typical hazards that home insurance is designed to protect against. This further emphasizes why damage from domestic animals is specifically excluded.

9. How does granting Power of Attorney affect a Dwelling Policy?

- A. It allows the insured to sell the property**
- B. It enables someone to manage the policy and file claims**
- C. It invalidates the original policy**
- D. It increases the coverage limits**

Granting Power of Attorney (POA) enables a designated individual to act on behalf of another person in legal or financial matters. In the context of a Dwelling Policy, this means that the person given the Power of Attorney can manage the policy on behalf of the insured. This management could include handling payments, making changes to the policy, and importantly, filing claims when necessary. When a claim is needed, the person with POA can directly interact with the insurance company, ensuring that claims are filed correctly and in a timely manner. This arrangement is particularly useful if the insured is unable to manage such affairs due to reasons like being out of the area, incapacitation, or other circumstances. Therefore, by enabling someone to manage the policy and file claims, the POA facilitates the entire claims process, ensuring that the insured's interests are represented and that any issues can be handled quickly. Other options, while related to the management and operation of the policy, do not accurately reflect the role and implications of granting Power of Attorney in this context. For instance, selling the property or increasing coverage limits may require additional steps or permissions that the POA does not automatically grant. Additionally, granting Power of Attorney does not inherently invalidate the original policy. Instead,

10. What is a common limitation of dwelling policies compared to homeowners insurance?

- A. Higher premiums**
- B. Narrower coverage options**
- C. Lesser liability protection**
- D. Inclusion of all perils automatically**

Dwelling policies are designed primarily to provide coverage for the physical structure of a home that is not owner-occupied, such as rental properties or seasonal residences. One common limitation of dwelling policies in comparison to homeowners insurance is that they typically offer narrower coverage options. Homeowners insurance generally includes a broader range of coverages, encompassing not only the dwelling but also personal property, liability protection, additional living expenses, and more comprehensive peril coverage. Conversely, dwelling policies focus mainly on protecting the structure itself and may not automatically include personal property protection or robust liability coverage unless explicitly added. This narrower scope can limit the policyholder's overall protection compared to a homeowners policy, which is crafted with a more comprehensive approach to covering both property and liability exposure for owner-occupied residences.

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://insurancedwellingpolicy.examzify.com>

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