

# KENTUCKY PROPERTY AND CASUALTY LICENSE PRACTICE EXAM (SAMPLE)

**STUDY GUIDE**



**SAMPLE STUDY GUIDE  
WITH LIMITED QUESTIONS**

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THE FULL VERSION STUDY GUIDE**

<https://kentuckypropertycasualty.examzify.com>



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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. What is a Coinsurance Penalty?**

- A. The cost incurred by the insured when they comply with the coinsurance condition
- B. The amount not paid by the insurance company due to non-compliance with the coinsurance requirement
- C. A fee charged for late submission of insurance claims
- D. The deductible amount applied to insurance payout

**2. What is necessary for Vandalism and Malicious Mischief coverage to be included?**

- A. A separate policy
- B. An additional premium
- C. A higher deductible
- D. No additional requirements

**3. Which concept reflects the need for individuals to take precautions to avoid harm to others?**

- A. Duty of Care
- B. Proximate Cause
- C. Breach of Duty
- D. Contributory Negligence

**4. What term refers to the financial responsibility for losses caused to another person or property?**

- A. Negligence
- B. Tort
- C. Liability Losses
- D. Duty of Care

**5. What type of liability is associated with extremely hazardous activities?**

- A. Vicarious Liability
- B. Comparative Liability
- C. Absolute Liability
- D. Limited Liability

- 6. What does Coverage E in a personal liability insurance policy primarily cover?**
- A. Personal injury to employees
  - B. Personal liability for business activities
  - C. Personal and nonbusiness bodily injury or property damage
  - D. Medical expenses for employees injured on the job
- 7. What type of property is covered under Coverage C?**
- A. Real estate used for farming purposes
  - B. Personal property
  - C. Commercial buildings
  - D. Automated equipment
- 8. How long does an insurer have to notify a policyholder of cancellation due to nonpayment of premium?**
- A. 5 days
  - B. 10 days
  - C. 30 days
  - D. 60 days
- 9. What is usually excluded from insurance policies because it is customarily covered elsewhere?**
- A. Personal Liability
  - B. Property Covered in Other Policies
  - C. Business Interruption Insurance
  - D. Flood Insurance
- 10. What is a Deductible in insurance?**
- A. The total amount the insurer pays for covered losses
  - B. The first part of every loss the insured must pay up to a fixed amount
  - C. The cost of insurance required by the insurer
  - D. The penalty for late payment of the insurance premium

## **Answers**

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

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## **Explanations**

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## 1. What is a Coinsurance Penalty?

- A. The cost incurred by the insured when they comply with the coinsurance condition
- B. The amount not paid by the insurance company due to non-compliance with the coinsurance requirement**
- C. A fee charged for late submission of insurance claims
- D. The deductible amount applied to insurance payout

*A coinsurance penalty is the amount that is not paid by the insurance company as a result of the policyholder's failure to meet the coinsurance requirement outlined in their property insurance policy. Coinsurance is a provision that requires the insured to insure their property for a specified percentage of its total value; typically, this is set at 80%, 90%, or even 100%. If the insured fails to maintain this required level of coverage, they may incur a coinsurance penalty when they file a claim. When a claim is made, and the insured has not maintained the proper coverage, the insurer can apply a penalty to the payout, typically reducing the amount they would otherwise owe. This mechanism is designed to encourage policyholders to insure their property adequately and to discourage underinsurance. Thus, the correct answer addresses how non-compliance with the coinsurance requirement directly impacts the claim settlement process.*

## 2. What is necessary for Vandalism and Malicious Mischief coverage to be included?

- A. A separate policy
- B. An additional premium**
- C. A higher deductible
- D. No additional requirements

*Vandalism and Malicious Mischief coverage is typically included as part of a property insurance policy, but it often requires the payment of an additional premium. This means that if a policyholder wants this specific coverage, they will usually need to pay more than the standard rate for their property insurance. This is because vandalism and malicious mischief are considered higher-risk events, and insurers want to ensure they are adequately covered for the potential losses associated with these acts. Payment of this additional premium enables the insurer to provide coverage for losses resulting from vandalism or malicious acts, which could otherwise lead to significant financial harm to the property owner. Therefore, to obtain this important coverage, policyholders usually must be willing to invest extra to ensure they are protected against these risks.*

**3. Which concept reflects the need for individuals to take precautions to avoid harm to others?**

- A. Duty of Care**
- B. Proximate Cause
- C. Breach of Duty
- D. Contributory Negligence

*The concept of Duty of Care establishes a legal obligation for individuals to take reasonable precautions to prevent harm to others. This principle is foundational in tort law and emphasizes that every person is expected to act in a manner that avoids causing injury to others in their vicinity. It articulates the responsibility one has toward others in both actions and omissions, creating a standard of behavior that promotes safety and the well-being of society. For example, a driver has a duty of care to operate their vehicle safely and attentively to prevent accidents that could injure pedestrians or other drivers. This applies in various contexts across personal, business, and public interactions. In contrast, proximate cause relates to the direct link between an individual's actions and the resulting harm but doesn't address the obligation to foresee and prevent that harm. Breach of duty involves a failure to meet the duty of care, meaning that even if the duty exists, a person may still act in a way that neglects this responsibility. Contributory negligence speaks to a situation where a plaintiff may have played a role in their own harm, which does not directly pertain to the concept of someone's obligation to protect others from harm. Thus, Duty of Care is the principle that encompasses the necessity for individuals to take precautions to*

**4. What term refers to the financial responsibility for losses caused to another person or property?**

- A. Negligence
- B. Tort
- C. Liability Losses**
- D. Duty of Care

*The term that refers to the financial responsibility for losses caused to another person or property is "liability losses." This concept is central to understanding both liability insurance and the legal implications of causing harm or damage to others. When one party is found to have caused another party's loss due to their actions or negligence, they may be held financially responsible for the resulting damages, which is what liability losses encompass. This can include medical expenses, property damage costs, and other associated financial burdens that arise from such incidents. In the context of insurance, liability losses are what insurance policies aim to cover, providing protection for individuals or businesses that might face legal claims due to their actions. This emphasizes the importance of having liability coverage in place to mitigate the financial impact of such losses. Other terms mentioned, such as negligence, tort, and duty of care, relate to legal concepts surrounding liability but do not define financial responsibility directly. Negligence refers to a failure to take reasonable care, a tort is a civil wrong that causes harm or loss, and the duty of care is a legal obligation to ensure the safety or well-being of others.*

## 5. What type of liability is associated with extremely hazardous activities?

- A. Vicarious Liability
- B. Comparative Liability
- C. Absolute Liability**
- D. Limited Liability

*Absolute liability is associated with extremely hazardous activities because it imposes liability without the need to prove fault or negligence. In contexts where inherently dangerous activities take place—such as the use of explosives, handling toxic substances, or operating a nuclear facility—the law recognizes that these activities carry a high risk of harm. As a result, anyone engaging in such activities can be held liable for damages that arise, regardless of the precautions they may take or their intent. This form of liability serves to encourage greater caution and accountability in those who undertake activities that have a potential for serious harm to people and property. Unlike other types of liability, where the intent or negligence of the party may be assessed, absolute liability is a strict standard that prioritizes public safety and victim protection. Therefore, it applies specifically to those high-risk activities where any resulting damage leads to liability, creating a clear standard for the responsible party.*

## 6. What does Coverage E in a personal liability insurance policy primarily cover?

- A. Personal injury to employees
- B. Personal liability for business activities
- C. Personal and nonbusiness bodily injury or property damage**
- D. Medical expenses for employees injured on the job

*Coverage E in a personal liability insurance policy is designed to provide protection against personal and nonbusiness bodily injury or property damage that the insured may be legally obligated to pay. This type of coverage is crucial because it addresses situations where the insured may be held liable for causing harm to others or for damaging their property, thereby offering financial security in case of legal claims. The focus on nonbusiness activities distinguishes Coverage E from other types of insurance that may address business-related liabilities. By covering personal actions such as accidents that result in bodily injury to third parties or damage to their property, this coverage plays an essential role in safeguarding individuals from unforeseen incidents that could lead to significant financial repercussions. Understanding this provision is important for anyone studying for a license in this field, as it highlights the personal nature of liability coverage in contrast to business or employer-related coverages, which would fall under different operational clauses.*

## 7. What type of property is covered under Coverage C?

- A. Real estate used for farming purposes
- B. Personal property**
- C. Commercial buildings
- D. Automated equipment

Coverage C refers specifically to personal property in many insurance policies, particularly in the context of homeowners policies. This coverage is designed to protect personal belongings that are not permanently attached to the structure of the home. Examples of personal property include furniture, clothing, and appliances. The intention of Coverage C is to offer financial protection against risks such as theft, fire, and certain types of damage for the insured's personal items. Real estate used for farming purposes, commercial buildings, and automated equipment do not fall under Coverage C, as these categories typically pertain to specific types of property that would be covered under different parts of a policy, such as Coverage A (which includes the dwelling itself) or specific forms of commercial insurance for business equipment and structures. By focusing on personal property, Coverage C effectively separates the coverage for the items people use daily from the structures in which those items are housed. This distinction ensures that policyholders understand what is included in their protection plan and helps in managing their insurance needs accurately.

## 8. How long does an insurer have to notify a policyholder of cancellation due to nonpayment of premium?

- A. 5 days
- B. 10 days**
- C. 30 days
- D. 60 days

The correct time frame for an insurer to notify a policyholder of cancellation due to nonpayment of premium is indeed 10 days. This requirement is in place to ensure that policyholders are given a reasonable opportunity to address any outstanding payments before their insurance coverage is terminated. This 10-day notice period is particularly important in the context of financial responsibility, as it allows policyholders to rectify the situation, thereby minimizing the risk of being left without coverage unexpectedly. Insurers must abide by this timeline to comply with regulatory standards that protect consumers and ensure fairness in the insurance market. In contrast, shorter notice periods, such as 5 days, could be deemed insufficient for policyholders to respond effectively, and longer periods like 30 or 60 days would unnecessarily delay the process, complicating the management of insurance contracts. Therefore, the 10-day requirement strikes a balance between the insurer's operational needs and the policyholder's rights.

**9. What is usually excluded from insurance policies because it is customarily covered elsewhere?**

- A. Personal Liability
- B. Property Covered in Other Policies**
- C. Business Interruption Insurance
- D. Flood Insurance

*The correct choice highlights the concept of coverage exclusivity within insurance policies. In the context of insurance, certain types of coverage are often included in specialized or separate policies rather than a standard property or casualty policy. Property covered in other policies typically refers to the fact that some risks or types of property have dedicated insurance solutions designed to address their specific needs, which provides a more thorough and tailored level of protection. Insurance contracts are designed to avoid duplication of coverage, meaning that if a risk is effectively addressed by a different type of policy, it is often excluded from standard property and casualty policies. This helps to keep premiums manageable and ensures that policyholders obtain the most appropriate coverage for their individual situations. For example, while property insurance may cover general risks to property, certain kinds of property, like vehicles, are specifically regulated and covered under auto insurance policies. Therefore, listing those coverages as part of a property policy would not be necessary, as they have dedicated coverage options available elsewhere, aligning with industry practices that avoid overlapping protections. Other options presented focus on specific insurance types or liabilities, which typically do not encompass the broader concept of coverage commonly excluded due to the existence of alternative policies.*

**10. What is a Deductible in insurance?**

- A. The total amount the insurer pays for covered losses
- B. The first part of every loss the insured must pay up to a fixed amount**
- C. The cost of insurance required by the insurer
- D. The penalty for late payment of the insurance premium

*A deductible in insurance refers to the fixed amount that the insured must pay out of pocket for a covered loss before the insurance company starts to pay its share. This amount is predetermined when the policy is created and is designed to share the risk between the insurer and the insured. For example, if someone has a deductible of \$1,000 and incurs a covered loss of \$5,000, they would pay the first \$1,000, and the insurance company would then cover the remaining \$4,000. The purpose of a deductible is to discourage minor claims and to encourage policyholders to be more responsible with their insured property, as they will be financially involved in the loss. The other options do not accurately describe what a deductible is. The total amount the insurer pays for covered losses pertains to the claims payment process, while the cost of insurance refers to the premium owed to the insurer. Lastly, a penalty for late payment of the insurance premium relates to payment expectations rather than the concept of deductibles.*

## 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://kentuckypropertycasualty.examzify.com>

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

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