

Nevada Casualty Law Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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SAMPLE

Questions

- 1. What is described by the part of the insurance contract detailing covered perils and nature of coverage?**
 - A. Declarations page**
 - B. Exclusions**
 - C. Insuring agreement**
 - D. Conditions**
- 2. What type of property insurance offers coverage of \$100,000 for a building and \$50,000 for personal property at one location?**
 - A. Broad coverage**
 - B. Specific coverage**
 - C. Comprehensive coverage**
 - D. Actual cash value coverage**
- 3. Proof of Motor Vehicle Liability insurance is required of a driver:**
 - A. Only during an accident**
 - B. When registering a vehicle**
 - C. Every six months**
 - D. For towing services only**
- 4. The Workers Compensation Act provides coverage for all of the following losses EXCEPT:**
 - A. An on-the-job injury sustained by an employee who was intoxicated**
 - B. Medical expenses due to workplace accidents**
 - C. Rehabilitation costs for injured workers**
 - D. Loss of wages due to work-related injuries**
- 5. An insurer cannot cancel a motor vehicle liability policy until how many days advance notice of cancellation is given to the policyholder?**
 - A. 5 days**
 - B. 10 days**
 - C. 15 days**
 - D. 30 days**

- 6. Which document outlines Nevada's insurance law regulations?**
- A. Nevada Administrative Code**
 - B. Nevada Revised Statutes (NRS) Chapter 685A**
 - C. Nevada Insurance Guidelines**
 - D. Nevada Law Review**
- 7. How much coverage must a motor vehicle owner in Nevada provide for bodily injury to one person in an accident?**
- A. \$10,000**
 - B. \$15,000**
 - C. \$20,000**
 - D. \$25,000**
- 8. In the context of Workers Compensation insurance, what does the injured employee forfeit by accepting compensation for medical expenses and lost wages?**
- A. The right to sue the employer for the injury**
 - B. The right to seek additional medical care**
 - C. The right to salary during rehabilitation**
 - D. The right to return to work**
- 9. In negligence cases, what does the term "duty" refer to?**
- A. The legal obligation to act in a certain way**
 - B. A measure of damages incurred**
 - C. The standard of care expected**
 - D. The causation link between actions and damages**
- 10. Which of the following represents a liability that is often excluded in business auto insurance policies?**
- A. Liability from personal use of vehicles**
 - B. Liability from the use of non-owned vehicles**
 - C. Liability due to intentional acts**
 - D. Liability from hired auto usage**

Answers

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

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Explanations

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1. What is described by the part of the insurance contract detailing covered perils and nature of coverage?

- A. Declarations page**
- B. Exclusions**
- C. Insuring agreement**
- D. Conditions**

The insuring agreement is a crucial component of an insurance contract that outlines the specific coverage provided by the policy. It explicitly details the perils that are covered, which are the risks, events, or circumstances under which the insurer will provide financial protection for the insured. This section also describes the nature of the coverage, indicating what is included in the policy and the limits of that coverage. By defining the covered perils, the insuring agreement sets the foundation for the terms of the insurance relationship and clarifies the responsibilities of both the insurer and the insured. For example, in a property insurance policy, the insuring agreement would outline whether coverage is provided for events such as fire, theft, or vandalism. This clarity is essential for policyholders to understand the extent of their protection, which ultimately aids in their risk management and planning. The other elements of the insurance contract serve different purposes, such as specifying exclusions, stating conditions that must be met for coverage to apply, or providing declarations of the policyholder's information; however, it is the insuring agreement that primarily outlines what is covered.

2. What type of property insurance offers coverage of \$100,000 for a building and \$50,000 for personal property at one location?

- A. Broad coverage**
- B. Specific coverage**
- C. Comprehensive coverage**
- D. Actual cash value coverage**

Specific coverage refers to a type of property insurance that provides a defined sum insured for specific items or properties. In this context, the coverage of \$100,000 for a building and \$50,000 for personal property at a particular location indicates a precise amount allocated for each type of property covered. This is characteristic of specific coverage since it clearly delineates coverage limits without variability based on other factors. Broad coverage generally encompasses a wider array of risks but does not limit the amount specifically to the stated values for particular items. Comprehensive coverage expands on this further, usually covering very exhaustive lists of risks or exposures, which goes beyond just two specific amounts. Actual cash value coverage focuses on reimbursement based on the depreciated value of the property rather than fixed amounts, which does not align with the stated coverage limits. This distinction makes specific coverage the appropriate answer, as it aligns perfectly with the explicit coverage limits mentioned for both the structure and personal property.

3. Proof of Motor Vehicle Liability insurance is required of a driver:

- A. Only during an accident
- B. When registering a vehicle**
- C. Every six months
- D. For towing services only

The requirement for proof of motor vehicle liability insurance, particularly in Nevada, is tied to the vehicle registration process. When a driver seeks to register their vehicle, they must provide evidence of having the necessary liability insurance coverage. This regulation ensures that all vehicles on the road are adequately insured, which protects both the driver and other parties in the event of an accident. While proof of insurance may also be necessary during an accident or for specific services like towing, these situations do not establish the fundamental requirement for insurance that is originally set at the point of vehicle registration. It's essential for the state to maintain records of insured vehicles to facilitate legal compliance and enhance road safety. Thus, the obligation to show proof of motor vehicle liability insurance aligns with the initial registration of a vehicle rather than periodic checks or specific events.

4. The Workers Compensation Act provides coverage for all of the following losses EXCEPT:

- A. An on-the-job injury sustained by an employee who was intoxicated**
- B. Medical expenses due to workplace accidents
- C. Rehabilitation costs for injured workers
- D. Loss of wages due to work-related injuries

The correct choice indicates that the Workers Compensation Act does not provide coverage for an on-the-job injury sustained by an employee who was intoxicated. This exception is significant because workers' compensation is designed to ensure that employees receive benefits for injuries that occur in the course of their employment. However, if an employee is found to be under the influence of alcohol or illegal drugs at the time of their injury, it is generally understood that their intoxication may have contributed to the injury. In many jurisdictions, including Nevada, the rationale is that workers' compensation benefits are intended to compensate employees who are acting in the scope of their employment and are injured due to workplace hazards or accidents. However, intoxication is often seen as a voluntary and blameworthy act that can be viewed as a forsaking of personal responsibility for one's safety, and thus, limits or excludes the right to claim benefits under the Act. On the other hand, medical expenses due to workplace accidents, rehabilitation costs for injured workers, and loss of wages due to work-related injuries are all integral components of the benefits provided under the Workers Compensation Act. These provisions ensure that employees can receive necessary medical care and are supported financially while they recover from injuries incurred at work.

5. An insurer cannot cancel a motor vehicle liability policy until how many days advance notice of cancellation is given to the policyholder?

- A. 5 days
- B. 10 days**
- C. 15 days
- D. 30 days

The requirement for an insurer to provide advance notice before canceling a motor vehicle liability policy is established to protect policyholders and ensure they are not caught off guard by the cancellation of their coverage. In Nevada, an insurer must give at least 10 days' notice to the policyholder prior to canceling a motor vehicle liability policy. This notice period allows the policyholder time to understand the reason for the cancellation and make necessary arrangements, such as securing alternative coverage. This provision serves to maintain fairness in the insurance process, acknowledging that sudden cancellations without sufficient notice could lead to uninsured situations on the road. While there are other time frames mentioned in the options, the 10-day notice period is specifically stipulated in Nevada's insurance regulations, making it the correct answer in this context.

6. Which document outlines Nevada's insurance law regulations?

- A. Nevada Administrative Code
- B. Nevada Revised Statutes (NRS) Chapter 685A**
- C. Nevada Insurance Guidelines
- D. Nevada Law Review

The correct answer focuses on the Nevada Revised Statutes (NRS) Chapter 685A, which specifically outlines the regulatory framework for insurance in Nevada. This chapter encompasses various regulations governing insurance practices, including licensing requirements, financial regulations for insurers, and consumer protections within the insurance market. NRS Chapter 685A provides clear statutory language that defines the roles and responsibilities of insurance companies operating in Nevada, ensuring compliance with state laws. This statute serves as the primary source of law regarding insurance, making it essential for practitioners to understand its provisions when dealing with insurance matters in Nevada. While other options may refer to general administrative codes or publications relevant to law in Nevada, they do not focus specifically on the comprehensive legal framework concerning insurance regulations as NRS Chapter 685A does.

7. How much coverage must a motor vehicle owner in Nevada provide for bodily injury to one person in an accident?

- A. \$10,000
- B. \$15,000**
- C. \$20,000
- D. \$25,000

In Nevada, the minimum coverage requirement for bodily injury liability for an individual injured in an accident is \$15,000. This amount is set to ensure that motor vehicle owners can compensate injured parties for medical expenses, lost income, and other damages resulting from accidents they cause. Having a minimum liability insurance coverage, such as \$15,000, helps protect not only the injured party but also the at-fault driver from potential personal financial liabilities that can arise from accidents with serious injuries. Laws mandate this requirement to promote accountability and ensure that sufficient funds are available to cover at least basic medical expenses, which can quickly escalate in the aftermath of an accident. While the other amounts listed may represent different levels of coverage that could be purchased, the legally mandated minimum for bodily injury to one person is specifically \$15,000, making it essential for all drivers in Nevada to be aware of and comply with this requirement.

8. In the context of Workers Compensation insurance, what does the injured employee forfeit by accepting compensation for medical expenses and lost wages?

- A. The right to sue the employer for the injury**
- B. The right to seek additional medical care
- C. The right to salary during rehabilitation
- D. The right to return to work

Accepting Workers' Compensation benefits, such as compensation for medical expenses and lost wages, generally entails the injured employee forfeiting the right to sue their employer for the injury related to that claim. This principle is rooted in the concept of Workers' Compensation as a no-fault system designed to provide injured workers with timely and guaranteed benefits without the need for litigation against their employers. By accepting these benefits, employees agree to the statutory framework that limits their recourse to the benefits provided under the Workers' Compensation system. This prevents the possibility of a double recovery — where an employee could receive benefits under Workers' Compensation while also recovering damages through a lawsuit against their employer. Thus, in exchange for the financial help covering their medical expenses and lost wages, the employee relinquishes the right to pursue legal action outside of the established Workers' Compensation system. This reflects the overall intent of Workers' Compensation laws to streamline the claims process and protect both employees and employers from the uncertainties and costs associated with litigation.

9. In negligence cases, what does the term "duty" refer to?

- A. The legal obligation to act in a certain way**
- B. A measure of damages incurred**
- C. The standard of care expected**
- D. The causation link between actions and damages**

In negligence cases, the term "duty" refers to the legal obligation to act in a certain way towards others. This obligation is fundamental in establishing whether a party can be held liable for negligence. Specifically, it establishes that an individual must act with a certain standard of care to avoid causing harm to others. The concept of duty is the starting point in determining whether the defendant owed a responsibility to the plaintiff, and whether a breach of that duty occurred. When a plaintiff alleges negligence, they must first demonstrate that the defendant had a duty to conform to a specific standard of conduct. This standard is typically based on what a reasonably prudent person would do in similar circumstances. If a duty is established and breached, it can potentially lead to negligence liability if the breach causes harm to another party. Understanding this aspect of negligence is crucial, as it sets the foundation for the entire case and is necessary for the plaintiff to prove their claims effectively. The other options relate to different aspects of a negligence claim: the measure of damages, the standard of care, and the causation aspect, but only the legal obligation aspect defines what "duty" is in the context of negligence.

10. Which of the following represents a liability that is often excluded in business auto insurance policies?

- A. Liability from personal use of vehicles**
- B. Liability from the use of non-owned vehicles**
- C. Liability due to intentional acts**
- D. Liability from hired auto usage**

Liability due to intentional acts is often excluded in business auto insurance policies because such policies are generally designed to cover unintentional accidents and damages that occur during the ordinary course of business operations. Intentional acts, by their nature, involve a willful disregard for safety and can include actions such as vandalism, assault, or the purposeful infliction of damage. Insurance policies typically do not cover these acts, as they go against the fundamental purpose of providing protection against unforeseen events. In contrast, liability from personal use of vehicles, the use of non-owned vehicles, and liability from hired auto usage may still be covered under certain conditions in business auto policies, as these scenarios can include unintentional incidents that the insurance is intended to protect against. Thus, the exclusion of liability due to intentional acts aligns with standard industry practices, ensuring that insurance does not endorse or protect against deliberate wrongdoing.