

NEVADA CASUALTY LAW PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE**

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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

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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. In legal terms, "negligence" primarily refers to which of the following?**
 - A. The failure to exercise a reasonable level of care
 - B. A deliberate act of harming another
 - C. Intentional infliction of emotional distress
 - D. Defamation of character
- 2. Which of the following is a requirement for obtaining workers' compensation in Nevada?**
 - A. The employer must have a physical office in Nevada
 - B. The employer must provide proof of financial stability
 - C. The employer must be registered with the Secretary of State
 - D. The employer must report all employee injuries to OSHA
- 3. During the first three years of being a self-insurer, an employer must maintain a minimum net worth of:**
 - A. \$1,000,000
 - B. \$2,500,000
 - C. \$5,000,000
 - D. \$10,000,000
- 4. To establish negligence in Nevada, which elements must be proven?**
 - A. Intent and Motive
 - B. Duty, breach, causation, and damages
 - C. Negligent behavior alone
 - D. Only damages need to be proven
- 5. Sally has a certificate of insurance showing a minimum limit of \$15,000. Which policy most likely applies to her?**
 - A. For property damage to another vehicle
 - B. For bodily injury or death to 1 person in an accident
 - C. For non-physical injuries
 - D. For bodily injury to multiple persons

- 6. Which element is NOT required for an insurance policy to conform to state contract laws?**
- A. Offer
 - B. Conditions
 - C. Acceptance
 - D. Consideration
- 7. What does "failure to mitigate damages" mean under Nevada law?**
- A. A plaintiff's obligation to take reasonable steps to lessen their damages
 - B. The plaintiff's complete freedom from any liability
 - C. The automatic assumption of negligence by the plaintiff
 - D. A defendant's responsibility to pay all incurred costs
- 8. What phrase describes compensation for those suffering from lost earning capacity?**
- A. Future earning potential
 - B. Loss of future earnings
 - C. Net income loss
 - D. Economic distress compensation
- 9. What is the purpose of Nevada's unfair claims practices law?**
- A. To protect insurers from legal claims
 - B. To protect insureds from unjust treatment by their insurers
 - C. To regulate insurance premium rates
 - D. To manage insurance company profits
- 10. Which of the following best describes the term "subrogation" in insurance?**
- A. The process of determining liability
 - B. The right of an insurer to recover from a third party
 - C. The calculation of loss payments
 - D. The remedy for bad faith claims handling

Answers

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

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Explanations

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1. In legal terms, "negligence" primarily refers to which of the following?

- A. The failure to exercise a reasonable level of care**
- B. A deliberate act of harming another
- C. Intentional infliction of emotional distress
- D. Defamation of character

The term "negligence" is fundamentally defined as the failure to exercise a reasonable level of care that a typical person would in similar circumstances, leading to unintended harm to others. This concept is central to tort law and serves as a basis for liability in many personal injury cases. When one party's lack of reasonable care causes harm to another, it meets the criteria for negligence. The emphasis on "reasonable level of care" underscores the idea that individuals are not held to a standard of perfection but rather to what is considered acceptable behavior under the circumstances. This assessment often involves determining whether a person's actions align with those of an ordinarily prudent person faced with the same situation. The other options represent different legal concepts that do not align with the definition of negligence. A deliberate act of harming another pertains to intentional torts, while the intentional infliction of emotional distress and defamation involve specific wrongful acts directed at individuals for defined purposes. These terms do not capture the essence of negligence, which is inherently about unintentional harm due to carelessness or inaction.

2. Which of the following is a requirement for obtaining workers' compensation in Nevada?

- A. The employer must have a physical office in Nevada
- B. The employer must provide proof of financial stability
- C. The employer must be registered with the Secretary of State**
- D. The employer must report all employee injuries to OSHA

In Nevada, one of the fundamental requirements for obtaining workers' compensation is that the employer must be registered with the Secretary of State. This registration ensures that the employer is a legally recognized entity operating within the state, which is essential for the administration and compliance of workers' compensation laws. If an employer is not registered, they cannot effectively meet the obligations of the workers' compensation system, including obtaining the necessary insurance or funding to cover claims made by injured employees. This registration serves as an important mechanism for ensuring that businesses adhere to state regulations, which protects both employees and employers in the event of workplace injuries. The requirements around registration are designed to maintain proper oversight and accountability within the workers' compensation framework, which is critical for ensuring timely and fair compensation and medical care for injured workers.

3. During the first three years of being a self-insurer, an employer must maintain a minimum net worth of:

- A. \$1,000,000
- B. \$2,500,000**
- C. \$5,000,000
- D. \$10,000,000

The requirement for an employer to maintain a minimum net worth while operating as a self-insurer for workers' compensation in Nevada is specifically structured to ensure that the company has sufficient financial backing to cover potential claims. The threshold set at \$2,500,000 reflects an amount that is viewed as necessary to protect employees while also ensuring that the employer can manage its liabilities effectively during the crucial initial years of self-insurance. This minimum net worth provides a buffer that helps to guarantee payment of claims, thereby minimizing the risk to employees and the insurance system as a whole. The rationale behind having this specific amount is to ensure that only those employers with adequate financial resources can opt for self-insurance, as they need to be able to pay out any claims that occur. Other amounts, while potentially significant, either do not align with the regulations or would create an undue burden on employers, which the law aims to avoid. Thus, \$2,500,000 stands as the appropriate figure to maintain a balance between ensuring financial stability and encouraging a viable environment for self-insured employers.

4. To establish negligence in Nevada, which elements must be proven?

- A. Intent and Motive
- B. Duty, breach, causation, and damages**
- C. Negligent behavior alone
- D. Only damages need to be proven

To establish negligence in Nevada, the four essential elements that must be proven are duty, breach, causation, and damages. First, the concept of duty refers to the obligation of an individual or entity to adhere to a standard of reasonable care to avoid causing harm to others. This establishes that there is a legal relationship where one party has a responsibility towards another. Next, a breach of that duty occurs when a party fails to meet the established standard of care. This breach can take various forms, such as acting carelessly or failing to act when a reasonable person would have done so. Causation ties the breach of duty to the injury sustained. This means that it must be shown that the breach directly caused the harm experienced by the plaintiff. Establishing a clear link between the breach and the damages is critical to proving negligence. Finally, damages refer to the actual harm suffered by the plaintiff as a result of the negligent actions. This can include physical injuries, emotional distress, or financial losses, and the plaintiff must provide evidence of these damages to support their claim. In sum, all four elements—duty, breach, causation, and damages—must be satisfactorily established to prove negligence in Nevada. This contrasts sharply with the other

5. Sally has a certificate of insurance showing a minimum limit of \$15,000. Which policy most likely applies to her?

- A. For property damage to another vehicle
- B. For bodily injury or death to 1 person in an accident**
- C. For non-physical injuries
- D. For bodily injury to multiple persons

The policy that applies to Sally, given that she has a certificate of insurance showing a minimum limit of \$15,000, is most likely for bodily injury or death to one person in an accident. In insurance terminology, the limits specified on a policy often refer to how coverage is allocated per person in the event of an accident. In many jurisdictions, including Nevada, insurance policies delineate coverage in terms of per-person limits and aggregate limits. A \$15,000 limit typically relates to the maximum amount payable for bodily injury or death to a single individual injured in an accident caused by the insured. This aligns with standard auto insurance policy structures, which usually specify separate limits for bodily injury liability per person and per accident. While other options such as property damage or coverage for multiple individuals are important aspects of an auto policy, the specific limit cited here is most commonly associated with individual bodily injury, making option B the most appropriate choice in this context.

6. Which element is NOT required for an insurance policy to conform to state contract laws?

- A. Offer
- B. Conditions**
- C. Acceptance
- D. Consideration

An insurance policy must meet certain essential elements to be considered a valid contract under state laws. These elements typically include offer, acceptance, and consideration. Conditions, while they can be a critical part of the policy, do not constitute a foundational requirement of a contract in the same manner. An insurance contract can exist without specific conditions being labeled within it; instead, the essence of the agreement relies on the mutual understanding of the parties involved regarding the risk being insured and the exchange of premium for coverage, which inherently falls under offer, acceptance, and consideration. Thus, while conditions dictate specific obligations or stipulations that parties may agree to within the policy, they do not form the core framework necessary for the existence of a valid insurance contract. This distinction allows a policy to still be in compliance with state contract laws even if specific conditions are not outlined.

7. What does "failure to mitigate damages" mean under Nevada law?

- A. A plaintiff's obligation to take reasonable steps to lessen their damages**
- B. The plaintiff's complete freedom from any liability
- C. The automatic assumption of negligence by the plaintiff
- D. A defendant's responsibility to pay all incurred costs

Under Nevada law, "failure to mitigate damages" refers to the plaintiff's obligation to take reasonable steps to lessen their damages after an injury or loss has occurred. This legal principle dictates that a party who has suffered harm cannot simply allow damages to accumulate without attempting to reduce them. For example, if a person is injured in an accident and incurs medical expenses, they are expected to seek necessary medical treatment and follow prescribed rehabilitation protocols. If they neglect to do so and their condition worsens unnecessarily, their recoverable damages may be reduced because they failed to act reasonably to mitigate those damages. Essentially, the law encourages individuals to be proactive in minimizing their losses, promoting fairness in the judicial process and preventing unnecessary financial burdens on the defendant. The other choices reflect incorrect interpretations of the concept. For instance, the idea of complete freedom from liability or the automatic assumption of negligence does not align with the fundamental principle of mitigation, which focuses on the actions of the plaintiff rather than absolving them of responsibility. Additionally, a defendant's obligation to cover all costs is unrelated to the plaintiff's duty to mitigate damages, as the focus is primarily on the plaintiff's conduct following the incident.

8. What phrase describes compensation for those suffering from lost earning capacity?

- A. Future earning potential
- B. Loss of future earnings**
- C. Net income loss
- D. Economic distress compensation

The phrase that describes compensation for those suffering from lost earning capacity is "loss of future earnings." This term specifically refers to the income that an individual would have likely earned in the future if not for the injury or event that affected their ability to work. It takes into account not just the immediate loss of income but also the long-term impact on the individual's earning potential due to their diminished capacity to earn income over time. In contrast, other terms may not fully capture the nuanced nature of compensating for future earning capacity. "Future earning potential," for instance, might suggest a possibility or chance of earning in the future without specifically quantifying the loss incurred due to the injury. "Net income loss" tends to focus more on the immediate reduction in earned income rather than future implications. "Economic distress compensation" is a broader term that encompasses various forms of economic hardship and does not specifically pinpoint the loss of earnings as a direct consequence of diminished earning ability. Thus, "loss of future earnings" is the most accurate phrase that reflects the specific compensation related to lost earning capacity.

9. What is the purpose of Nevada's unfair claims practices law?

- A. To protect insurers from legal claims
- B. To protect insureds from unjust treatment by their insurers**
- C. To regulate insurance premium rates
- D. To manage insurance company profits

The purpose of Nevada's unfair claims practices law is to protect insured individuals from unjust treatment by their insurers. This law establishes standards and guidelines that insurance companies must follow when handling claims. By implementing these regulations, the law aims to ensure that policyholders are treated fairly and equitably in the claims process. It helps to deter practices such as unnecessary delays, claim denials without reasonable justification, and other forms of mishandling that could adversely affect an insured's rights. When an insurer fails to adhere to these standards, they can be held accountable, which ultimately fosters a more just and transparent insurance market, contributing to consumer confidence. This protection helps individuals secure the benefits they are entitled to under their policies without facing undue hardship or frustration from unfair treatment by the insurance companies.

10. Which of the following best describes the term "subrogation" in insurance?

- A. The process of determining liability
- B. The right of an insurer to recover from a third party**
- C. The calculation of loss payments
- D. The remedy for bad faith claims handling

Subrogation is a key concept in insurance that allows an insurer to step into the shoes of the insured after paying a loss in order to pursue recovery from a third party that may be responsible for the loss. This means that after compensating the insured, the insurer has the right to seek reimbursement from the individual or entity that caused the damage. In the context of insurance, subrogation helps prevent the insured from receiving a "double recovery" for the same loss, as the insured can only recover from one source. It also allows insurers to minimize their losses, which can lead to lower premiums for policyholders overall. This process is essential for maintaining the integrity of the insurance system by allowing insurers to recoup costs when a negligent third party is involved. The other options do not accurately describe subrogation. Determining liability is part of the broader claims process but does not capture the essence of subrogation itself. Calculation of loss payments pertains to assessing the amount owed to the insured without involving the recovery aspect. Lastly, remedy for bad faith claims handling refers to situations where an insurer does not act in good faith towards its policyholders, which is separate from the subrogation process.

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:

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

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