

Nevada Property and Casualty (P&C) Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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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

- 1. All of the following describe strict liability EXCEPT?**
 - A. It is imposed on all defendants.**
 - B. It applies in cases of engaging in hazardous activities.**
 - C. It requires proof of negligence.**
 - D. It holds defendants accountable regardless of fault.**
- 2. What is an excluded peril on most standard property forms that can be added by endorsement?**
 - A. Flood**
 - B. Theft**
 - C. Earthquake**
 - D. Fire**
- 3. In insurance terminology, what is a 'deductible'?**
 - A. The amount the insurer pays upon a claim**
 - B. The amount deducted from the claim amount**
 - C. The premium paid by the insured**
 - D. The remaining balance of coverage**
- 4. What does the Garage Coverage Form provide protection for in commercial auto policies?**
 - A. Liability for bodily injury caused by vehicles**
 - B. Liability for property damage because of vehicles**
 - C. Business income losses due to personal injury**
 - D. Both A and B**
- 5. In the event of a \$40,000 loss, how much will a policy pay if an insured's building with an actual cash value of \$200,000 is insured for \$120,000 with an 80% coinsurance clause?**
 - A. \$20,000**
 - B. \$30,000**
 - C. \$40,000**
 - D. \$50,000**

- 6. Which location is NOT considered part of the insured location under a homeowners policy?**
- A. A rented vacation home**
 - B. The primary residence of the insured**
 - C. Vacant farmland owned by the insured**
 - D. A secondary living structure on the insured property**
- 7. Which of the following best describes 'agreed value' coverage?**
- A. Coverage based on fluctuating market values.**
 - B. A predetermined value agreed upon before loss occurs.**
 - C. Coverage for actual cash value at the time of loss.**
 - D. Coverage that calculates depreciation on property.**
- 8. Under what condition is a liability policy considered to have been triggered?**
- A. When a claim is reported**
 - B. When a lawsuit is filed**
 - C. When injury or damage occurs**
 - D. When the policy is renewed**
- 9. In which scenario does the jewelers block extension provide coverage?**
- A. Loss of jewelry during transport**
 - B. Theft from a retail store**
 - C. Loss of inventory due to fire**
 - D. Loss of jewelry during a live event**
- 10. Which statement is true regarding single dwellings insured for at least 80% of their replacement value?**
- A. They receive market value coverage**
 - B. They are automatically provided with replacement cost coverage**
 - C. They need an additional endorsement for replacement cost coverage**
 - D. They must undergo a risk assessment annually**

Answers

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

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Explanations

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1. All of the following describe strict liability EXCEPT?

- A. It is imposed on all defendants.**
- B. It applies in cases of engaging in hazardous activities.**
- C. It requires proof of negligence.**
- D. It holds defendants accountable regardless of fault.**

Strict liability is a legal doctrine that holds a party responsible for their actions or products without the need for proving negligence or fault. This fundamentally distinguishes strict liability cases from those based on negligence, where proof of the defendant's failure to exercise reasonable care is required. The assertion that strict liability requires proof of negligence is incorrect. In strict liability cases, the focus is on the activity itself—often engaged in inherently hazardous activities or related to defective products—rather than the conduct of the defendant. Therefore, the correct understanding is that once a plaintiff demonstrates that the conditions for strict liability are met, such as the nature of the activity or the defect in a product, the defendant is liable regardless of their intent or care taken to prevent harm. While strict liability can apply broadly, it is not imposed on all defendants uniformly. It typically pertains to specific contexts, particularly related to dangerous activities or defective products, which further clarifies why it does not encompass every possible situation or defendant. The balancing of these legal principles leads to a nuanced understanding of how liability functions in different scenarios.

2. What is an excluded peril on most standard property forms that can be added by endorsement?

- A. Flood**
- B. Theft**
- C. Earthquake**
- D. Fire**

An excluded peril that can be added by endorsement on most standard property forms is earthquake. In standard property insurance policies, certain perils are typically excluded to limit the insurer's exposure to high-risk events. Earthquakes are often classified as high-risk and are excluded from standard coverage to help keep premiums at manageable levels. By using an endorsement, a policyholder can purchase additional coverage specifically for earthquakes, allowing them to protect their property against this peril. This flexibility enables individuals and businesses located in seismic areas to obtain relevant coverage tailored to their specific needs. Flood and theft are also commonly excluded but typically have more straightforward separate policies, while fire is usually included in standard property policies. Thus, earthquake stands out as a peril that frequently requires an endorsement for coverage.

3. In insurance terminology, what is a 'deductible'?

- A. The amount the insurer pays upon a claim**
- B. The amount deducted from the claim amount**
- C. The premium paid by the insured**
- D. The remaining balance of coverage**

A deductible is defined as the amount that is subtracted from a claim payout before the insurer disburses funds to the policyholder. When a policyholder files a claim, the deductible represents the portion of the loss that the insured agrees to pay out of pocket. For instance, if a policy has a \$500 deductible and a claim for damages amounts to \$2,000, the insurer will only pay \$1,500, since the insured is responsible for the first \$500. This structure is designed to encourage responsible insurance usage, as it prompts policyholders to be more diligent in preventing losses, knowing they will bear some initial costs. Deductibles can be found in various types of insurance policies, including auto, homeowner's, and health insurance, and they can vary depending on the policy chosen. In contrast, the other options pertain to different aspects of insurance and claims. They do not specifically outline the concept of a deductible, making the correct answer distinct and relevant to understanding policyholder financial responsibilities in relation to claims.

4. What does the Garage Coverage Form provide protection for in commercial auto policies?

- A. Liability for bodily injury caused by vehicles**
- B. Liability for property damage because of vehicles**
- C. Business income losses due to personal injury**
- D. Both A and B**

The Garage Coverage Form is designed specifically to provide insurance protection for businesses that operate garages or similar establishments, such as auto repair shops or dealerships. This coverage is crucial because it addresses specific risks associated with the operation of vehicles in a business setting. The correct choice encompasses the idea that the Garage Coverage Form provides liability for bodily injury and property damage caused by vehicles. This form would typically cover incidents such as injuries to customers in the garage or damage to third-party property as a result of the use of vehicles. These liabilities are essential for business protection, as they can result in substantial financial exposure if not adequately addressed. In contrast, the notion that the Garage Coverage Form covers business income losses due to personal injury does not align with its intended purpose. Business income coverage and personal injury are generally associated with different types of insurance forms. Therefore, the correct understanding of the Garage Coverage Form focuses on its liability coverages related to bodily injury and property damage stemming from ongoing vehicle operations in a business context.

5. In the event of a \$40,000 loss, how much will a policy pay if an insured's building with an actual cash value of \$200,000 is insured for \$120,000 with an 80% coinsurance clause?

A. \$20,000

B. \$30,000

C. \$40,000

D. \$50,000

To determine how much a policy will pay in the event of a loss, it's essential to consider the terms of the coinsurance clause, particularly the 80% requirement in this case. The coinsurance clause encourages the insured to insure the property for a certain percentage of its value, which is often set at 80% or more. First, we need to establish the minimum insurance requirement based on the actual cash value of the building. In this scenario, the actual cash value is \$200,000, and with an 80% coinsurance provision, the required minimum insurance coverage would be calculated as follows: Minimum required coverage = 80% of Actual Cash Value = $0.80 \times \$200,000 = \$160,000$. The insured has coverage of \$120,000. Since this amount is less than the required minimum of \$160,000, a penalty for underinsurance applies. Next, we apply the formula for the loss payment under a coinsurance clause: Loss Payment = (Amount of Insurance Carried / Amount of Insurance Required) x Loss Amount. Plugging in the values: Amount of Insurance Carried = \$120,000, Amount of Insurance Required = \$160,000, Loss Amount = \$

6. Which location is NOT considered part of the insured location under a homeowners policy?

A. A rented vacation home

B. The primary residence of the insured

C. Vacant farmland owned by the insured

D. A secondary living structure on the insured property

In a homeowners policy, the term "insured location" refers to places where coverage is provided under the policy. These typically include the primary residence, any additional structures on the property, and other specific types of properties such as vacation homes or secondary residences if they're owned by the insured. Vacant farmland owned by the insured is not included in this definition of insured locations. While it might be owned by the policyholder, it is not primarily used for residential purposes and is considered separate from the typical coverage areas of a homeowners policy. This exclusion reflects the specific conditions and intended purpose of homeowners insurance, which generally focuses on residential properties rather than agricultural land. In contrast, the primary residence and any rented vacation home or secondary living structure are generally covered because they serve as living spaces for the insured or their guests. Therefore, identifying vacant farmland as an area outside the scope of the homeowners policy aligns with the intent and structure of the coverage provided.

7. Which of the following best describes 'agreed value' coverage?

- A. Coverage based on fluctuating market values.**
- B. A predetermined value agreed upon before loss occurs.**
- C. Coverage for actual cash value at the time of loss.**
- D. Coverage that calculates depreciation on property.**

'Agreed value' coverage refers to a type of insurance policy where the insurer and the insured agree on a specific value for the insured property before a loss occurs. This predetermined value is set forth in the policy and is important because it alleviates disputes at the time of a claim, ensuring that the insured will be compensated for the agreed amount regardless of fluctuations in the market or depreciation of the property. This type of coverage is beneficial for items that may appreciate in value or do not easily fit into standard replacement cost or actual cash value calculations. For example, unique collectible items, fine art, or vintage cars may have values that are better established through an agreed value, providing clarity and stability in the case of a loss. Insurance policies with agreed value coverage ensure that the insured receives a fair payout as established by both parties, thus facilitating a smoother claims process.

8. Under what condition is a liability policy considered to have been triggered?

- A. When a claim is reported**
- B. When a lawsuit is filed**
- C. When injury or damage occurs**
- D. When the policy is renewed**

A liability policy is considered to have been triggered when injury or damage occurs. This is rooted in the principle that liability insurance is designed to provide coverage for legal liabilities that arise from incidents leading to bodily injury or property damage. The policy kicks in at the moment the event causing the liability happens, regardless of whether a claim has been reported, a lawsuit has been filed, or the policy is renewed. While reporting a claim and filing a lawsuit are important actions that relate to the management of a liability claim, they do not initiate the coverage under the policy. Protection is actually activated by the occurrence of the event in question, which can then lead to claims or lawsuits being filed later. Additionally, the renewal of a policy does not affect its activation but ensures continued coverage during ongoing risks. Understanding this fundamental concept is crucial for interpreting the conditions under which liability insurance takes effect.

9. In which scenario does the jewelers block extension provide coverage?

- A. Loss of jewelry during transport**
- B. Theft from a retail store**
- C. Loss of inventory due to fire**
- D. Loss of jewelry during a live event**

The jewelers block extension is specifically designed to address the unique risks associated with the jewelry trade. In this context, coverage typically focuses on protecting the inventory and equipment of jewelers, which includes the loss of jewelry due to various perils. When considering the provided options, loss of inventory due to fire is indeed covered under this extension because it pertains to the protection of a jeweler's goods against significant and damaging events such as a fire. The jewelers block insurance usually provides coverage for inventory while on the premises and may also extend coverage while items are being transported or displayed. Losses occurring during transport, theft from a retail store, or during a live event may have different coverage implications and are typically addressed under other specific policies or coverage forms. For example, while theft and loss during transport may be covered, they would typically require specific terms in the policy, and not all jewelers block policies include blanket coverage for such circumstances. Therefore, focusing on the aspect of inventory loss due to fire highlights why that scenario is aligned with the coverage intentions of jewelers block insurance.

10. Which statement is true regarding single dwellings insured for at least 80% of their replacement value?

- A. They receive market value coverage**
- B. They are automatically provided with replacement cost coverage**
- C. They need an additional endorsement for replacement cost coverage**
- D. They must undergo a risk assessment annually**

The assertion that single dwellings insured for at least 80% of their replacement value are automatically provided with replacement cost coverage is accurate. This principle is aligned with the standard practices in property insurance, particularly under policies such as the ISO (Insurance Services Office) forms. When a dwelling is insured to at least the 80% threshold of its replacement value, it typically qualifies for replacement cost coverage, which means that in the event of a loss, the insurer will pay the amount necessary to replace the damaged property with new materials of like kind and quality, without deducting for depreciation. This coverage is crucial for homeowners because it helps ensure they can fully recover and rebuild in the event of a loss, rather than only receiving the current market value of the property, which may be significantly less than what is needed to repair or replace it. The other options do not accurately reflect the coverage conditions pertaining to this scenario. Market value coverage would only consider the property's current market value, which is not applicable when the policy is set to replacement cost under the stated conditions. The requirement for an additional endorsement or an annual risk assessment is not standard practice for policies meeting the 80% replacement value criterion, making these other options invalid in this context.

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://nvpropertyandcasualty.examzify.com>

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