

NEVADA PROPERTY AND CASUALTY (P&C) PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE**

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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 typically included in the insuring agreement of an insurance policy?**
 - A. List of exclusions.
 - B. Statement of coverage provided.
 - C. Limit of liability.
 - D. Discounts available.

- 2. 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

- 3. Which method of loss valuation is most likely to provide the highest payout to the insured?**
 - A. Actual cash value
 - B. Replacement cost
 - C. Agreed value
 - D. Market value

- 4. Which act protects consumers against the circulation of inaccurate or obsolete personal or financial information?**
 - A. The Fair Credit Reporting Act
 - B. The Truth in Lending Act
 - C. The Credit Repair Organizations Act
 - D. The Fair Debt Collection Practices Act

- 5. In property insurance, what typically happens if the insured property is declared vacant?**
 - A. Coverage remains unchanged.
 - B. Coverage may be reduced or excluded.
 - C. New premiums are required.
 - D. Claims are processed faster.

- 6. The War, Military Act, and Terrorism Exclusion applies to terrorism incidents when damages exceed what amount?**
- A. \$10,000,000
 - B. \$15,000,000
 - C. \$20,000,000
 - D. \$25,000,000
- 7. What is true regarding the fire department service charge under the builders risk form?**
- A. It is included in the basic coverage.
 - B. It is an additional coverage.
 - C. It is excluded from all policies.
 - D. It requires a separate endorsement.
- 8. Which of the following is NOT covered by the accounts receivable coverage form?**
- A. Uncollected invoices due to customer bankruptcy
 - B. Any loans required to offset uncollectible amounts
 - C. Costs to re-establish records
 - D. Loss of billing information
- 9. What endorsement adds coverage for employee use of automobiles during business use of rented autos?**
- A. Personal auto liability
 - B. Commercial auto policy
 - C. Hired and nonowned auto liability
 - D. Motor vehicle endorsement
- 10. Who has the authority to cancel a commercial package policy in writing and make changes with insurer consent?**
- A. First named insured
 - B. Insurance agent
 - C. Any named insured
 - D. Insurer only

Answers

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

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Explanations

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1. What is typically included in the insuring agreement of an insurance policy?

- A. List of exclusions.
- B. Statement of coverage provided.**
- C. Limit of liability.
- D. Discounts available.

The insuring agreement of an insurance policy is fundamentally a core component that outlines the commitments that the insurer makes to the insured. This statement of coverage provided specifies what risks are covered under the policy and articulates the conditions under which the insurer will pay for losses. This agreement lays the groundwork for the insurance contract by defining the scope of protection afforded to the policyholder. It typically includes information on the types of losses covered, the circumstances under which coverage applies, and the insured perils—essentially detailing what the policyholder can expect from their coverage. While other elements like the list of exclusions delineate what is not covered, the limit of liability sets the maximum amount the insurer will pay for covered losses, and discounts available might reduce the premium but do not pertain to the core coverage. The statement of coverage is essential as it serves to align the expectations of both the insurer and the insured regarding the protection being provided.

2. 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.

3. Which method of loss valuation is most likely to provide the highest payout to the insured?

- A. Actual cash value
- B. Replacement cost**
- C. Agreed value
- D. Market value

The replacement cost method of loss valuation typically provides the highest payout to the insured. This approach calculates the value of a lost or damaged item based on the cost to replace it with a similar new item, regardless of depreciation. For instance, if a homeowner's roof is damaged, the replacement cost method would cover the full amount required to install a new roof, reflecting current prices and labor costs without accounting for any depreciation that the original roof may have experienced over time. This method is particularly advantageous to policyholders as it ensures that they are adequately compensated to restore their property to its original state or better, rather than receiving a reduced amount that factors in depreciation, as seen in the actual cash value approach. Finding the highest payout is critical for insured individuals, as it guarantees they can meet the financial demands of replacing damaged property without incurring out-of-pocket expenses beyond their deductible. Other methods, such as agreed value or market value, might not offer the same level of immediate financial relief in the event of a loss, depending on market fluctuations or predefined agreements that may not include full replacement costs.

4. Which act protects consumers against the circulation of inaccurate or obsolete personal or financial information?

- A. The Fair Credit Reporting Act**
- B. The Truth in Lending Act
- C. The Credit Repair Organizations Act
- D. The Fair Debt Collection Practices Act

The Fair Credit Reporting Act (FCRA) is the legislation that safeguards consumers by setting rules for the collection, dissemination, and use of consumer credit information. This act is specifically designed to ensure that the personal and financial information maintained by credit reporting agencies is accurate and up to date. Under the FCRA, consumers have the right to access their credit reports, dispute inaccuracies, and have obsolete information removed. This enhances transparency and enables consumers to maintain control over their financial records, ultimately protecting them from potential harm caused by erroneous information. The other options, while also important pieces of consumer protection legislation, serve different purposes. The Truth in Lending Act focuses on ensuring that consumers are provided with clear and understandable information regarding the terms and costs associated with borrowing money. The Credit Repair Organizations Act regulates credit repair services to ensure they operate fairly and transparently, but it does not directly address inaccuracies in personal financial information. Lastly, the Fair Debt Collection Practices Act aims to protect consumers from abusive and unfair debt collection practices rather than addressing the accuracy of the information collected and reported. Thus, the Fair Credit Reporting Act is the most appropriate answer in this context.

5. In property insurance, what typically happens if the insured property is declared vacant?

- A. Coverage remains unchanged.
- B. Coverage may be reduced or excluded.**
- C. New premiums are required.
- D. Claims are processed faster.

When an insured property is declared vacant, the typical outcome is that coverage may be reduced or excluded. Insurance policies, particularly property insurance, often have specific provisions regarding vacant properties because they are perceived as a higher risk. Vacant buildings are more susceptible to certain dangers such as vandalism, theft, or damage due to lack of maintenance. Many insurance policies will include a clause that defines what constitutes "vacant" and may stipulate that after a defined period of vacancy, coverage may be limited. This means that while the property may still have some level of protection, the insurer might not cover certain types of losses that could occur while the property is unoccupied. For instance, if a fire starts in a vacant property, the insurer may deny a claim if it can be demonstrated that the vacancy contributed to the situation. Thus, it is crucial for property owners to understand the implications of their property being vacant and to communicate with their insurer for possible adjustments or endorsements that can provide continued coverage.

6. The War, Military Act, and Terrorism Exclusion applies to terrorism incidents when damages exceed what amount?

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

The War, Military Act, and Terrorism Exclusion is a crucial aspect of property and casualty insurance policies that addresses the coverage limitations related to acts of terrorism. In this context, the correct answer is \$25,000,000. This figure is significant because it reflects the threshold amount established within many insurance policies and regulations, indicating that when damages resulting from terrorism incidents exceed this value, the exclusions for war, military actions, and terrorism come into effect. This exclusion effectively removes coverage for claims that arise when damages surpass the specified limit of \$25 million, thus protecting insurers from potentially catastrophic financial losses resulting from large-scale terror incidents. As a result, insured parties may find themselves without coverage for substantial losses in such situations unless they have procured additional coverage that specifically addresses these exclusions. Understanding this limit and the implications of the War, Military Act, and Terrorism Exclusion is essential for insurance professionals and policyholders alike, as it influences risk management and insurance purchasing decisions in the face of potential terrorism threats.

7. What is true regarding the fire department service charge under the builders risk form?

- A. It is included in the basic coverage.
- B. It is an additional coverage.**
- C. It is excluded from all policies.
- D. It requires a separate endorsement.

The fire department service charge under the builders risk form is classified as an additional coverage. This means that it is not included as part of the basic coverage provided by the policy. Instead, it offers an additional layer of protection that applies in specific situations where the fire department responds to a fire at a construction site. Having this charge as an additional coverage allows the property owner or contractor to benefit from financial assistance linked to the expenses incurred when the fire department is called out to combat a fire. The costs associated with the fire department's response can be significant, thus providing this coverage adds vital protection for those engaging in construction activities. In contrast, basic coverage generally focuses on protecting the physical structure and materials on-site from risks such as fire, theft, or vandalism, while additional coverages enhance that protection to cover specific incidents or damages that may not be included in the primary terms of the policy. This distinction helps policyholders ensure comprehensive risk management specific to their project needs.

8. Which of the following is NOT covered by the accounts receivable coverage form?

- A. Uncollected invoices due to customer bankruptcy
- B. Any loans required to offset uncollectible amounts**
- C. Costs to re-establish records
- D. Loss of billing information

The accounts receivable coverage form is designed to protect businesses from losses related to their accounts receivable due to specific risks. This form typically covers losses arising from uncollected receivables due to events like customer bankruptcy or loss of billing information. Additionally, it includes costs that may be incurred to re-establish records related to accounts receivable. However, the costs associated with loans required to offset uncollectible amounts are not typically covered under this insurance. This is because the primary intent of the accounts receivable coverage form is to address losses from the failure to collect on invoices rather than to provide coverage for new expenses or financial adjustments that the business may need to make as a result of those losses. Essentially, the coverage form focuses on the receivables themselves and the immediate impact of their non-collection, rather than on financial strategies or loans that a business might pursue to recover from those losses.

9. What endorsement adds coverage for employee use of automobiles during business use of rented autos?

- A. Personal auto liability
- B. Commercial auto policy
- C. Hired and nonowned auto liability**
- D. Motor vehicle endorsement

The endorsement that adds coverage for employee use of automobiles during business use of rented autos is indeed the hired and nonowned auto liability. This coverage is specifically designed to protect businesses when employees use rented or non-owned vehicles for work-related purposes. When employees utilize vehicles that are not owned by the business, such as rental cars or their personal vehicles for business duties, they still need liability protection in case of an accident. The hired and nonowned auto liability endorsement covers the business for liabilities arising from such uses, ensuring that employees have appropriate coverage while conducting business. In contrast, the other options address different types of auto coverage. A personal auto liability policy is tailored for personal use of vehicles and does not extend to business activities involving rented autos. A commercial auto policy focuses on vehicles owned by the business and does not inherently cover non-owned or rented vehicles unless specific endorsements are added. The motor vehicle endorsement refers to a different type of adjustment and typically does not specifically address employee usage of rental cars in a business context. Hence, hired and nonowned auto liability is specifically suited for the scenario presented in the question.

10. Who has the authority to cancel a commercial package policy in writing and make changes with insurer consent?

- A. First named insured**
- B. Insurance agent
- C. Any named insured
- D. Insurer only

The first named insured generally has the authority to cancel a commercial package policy and make changes with the consent of the insurer. This individual is typically listed first on the declarations page and has certain rights and responsibilities under the policy, including decisions related to its management. In a commercial package policy context, the first named insured often assumes a leadership role amongst other named insureds, reflecting a greater degree of authority. This provision helps streamline decision-making when it comes to managing the policy, ensuring that there is a designated point of contact for matters such as cancellations or amendments to the coverage. While other entities such as any named insured or the insurer may have roles in managing or enforcing insurance contracts, it is the first named insured who has the explicit contractual authority to initiate cancellation in writing and request changes, subject to the insurer's consent. This highlights the importance of understanding the roles of the insured parties within a commercial package policy framework.

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!

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