

NEW HAMPSHIRE PROPERTY AND CASUALTY INSURANCE 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. Which of the following best describes the term "risk" in insurance?**
 - A. The uncertainty of loss or damage
 - B. The benefits provided by a policy
 - C. The total number of policies sold
 - D. The financial resources available to an insurer
- 2. What are "liability claims" usually based on?**
 - A. Intentional acts causing damage
 - B. Negligent acts that cause injury or property damage to another person
 - C. Loss of income due to an accident
 - D. Property theft and loss
- 3. What is the purpose of "flood insurance"?**
 - A. To cover a broad range of natural disasters
 - B. To specifically cover losses due to flooding
 - C. To provide additional living expenses during home repairs
 - D. To insure against theft during a flood event
- 4. What is another name for employee dishonesty coverage?**
 - A. Employee theft insurance
 - B. Fidelity bond
 - C. Liability coverage
 - D. Commercial property insurance
- 5. Which of the following is typically NOT covered by a standard homeowners policy?**
 - A. Electrical appliances
 - B. Jewelry valued over a specific amount
 - C. Personal income
 - D. Furniture
- 6. Who benefits from the implementation of a fidelity bond?**
 - A. Only the insurance provider
 - B. Employees of the company
 - C. The employer and the company
 - D. Clients of the company

- 7. What type of coverage does the Dwelling Rented to Others Endorsement provide?**
- A. Homeowners liability only
 - B. Property coverage for personal belongings
 - C. Personal liability and medical coverage
 - D. Loss of rental income
- 8. What does loss of use coverage primarily cover?**
- A. Only lost wages
 - B. Only additional living expenses
 - C. Replacement cost of personal property
 - D. Medical expenses during an incident
- 9. What is the maximum duration for which the Homeowners Policy (HOP) covers contents while moving?**
- A. 15 days
 - B. 30 days
 - C. 60 days
 - D. 90 days
- 10. What are the three parts of Commercial General Liability insurance?**
- A. Property damage, bodily injury, and medical payments
 - B. Part A: Liability, Part B: Personal Injury, Part C: Medical Pay
 - C. Personal injury, product liability, and bodily injury
 - D. Professional liability, errors and omissions, and general liability

Answers

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

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Explanations

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1. Which of the following best describes the term "risk" in insurance?

- A. The uncertainty of loss or damage**
- B. The benefits provided by a policy
- C. The total number of policies sold
- D. The financial resources available to an insurer

The term "risk" in insurance fundamentally relates to the uncertainty surrounding potential loss or damage. In the context of insurance, risk is a critical concept because it determines how insurers evaluate and underwrite policies. Insurers assess various risks associated with insured individuals or properties to calculate premiums and establish coverage terms. By defining risk as the uncertainty of loss or damage, it emphasizes that not all insured events will occur, and there is an inherent unpredictability in whether an individual will experience a loss that will be covered by their policy. This uncertainty is the basis for how insurance operates, as consumers seek coverage to mitigate the financial impact of unforeseen events. The other options do not adequately represent the definition of risk. Benefits provided by a policy pertain to the coverage and protection offered, rather than the uncertainty associated with loss. The total number of policies sold relates to sales and market strategies, not the inherent risk of loss. Finally, financial resources available to an insurer are an aspect of stability and capacity, not the statistical uncertainty that defines risk itself in the insurance domain.

2. What are "liability claims" usually based on?

- A. Intentional acts causing damage
- B. Negligent acts that cause injury or property damage to another person**
- C. Loss of income due to an accident
- D. Property theft and loss

Liability claims are primarily based on negligent acts that result in injury or property damage to another person. In the context of insurance and legal liability, negligence refers to the failure to exercise the level of care that a reasonably prudent person would exercise in similar circumstances. When someone behaves in a way that falls short of this standard, and as a result, another person suffers harm or their property is damaged, the injured party may file a liability claim seeking compensation for their losses. For instance, if a driver fails to stop at a red light and collides with another vehicle, the at-fault driver may be held liable for the injuries sustained by the other driver and for any damages to their vehicle. In such cases, the claim is made against the liability coverage of the at-fault party's insurance to cover the costs associated with the injury and damage. This understanding of liability is crucial for insurers, as they assess risks and determine coverage limits. In contrast, options related to intentional acts, loss of income due to accidents, or property theft and loss refer to different types of claims or coverage under an insurance policy. Intentional acts may involve criminal behavior rather than negligence, while loss of income would fall under different areas of coverage such as business interruption or disability insurance.

3. What is the purpose of "flood insurance"?

- A. To cover a broad range of natural disasters
- B. To specifically cover losses due to flooding**
- C. To provide additional living expenses during home repairs
- D. To insure against theft during a flood event

Flood insurance is specifically designed to cover losses that result from flooding, which is distinct from other types of natural disasters like hurricanes or earthquakes. This specialized coverage is crucial because standard homeowner's insurance policies often do not include flood-related damages. Flood insurance provides financial protection against water damage that occurs when water overflows from lakes, rivers, or oceans, or when heavy rains overwhelm drainage systems. Understanding the dedicated nature of flood insurance highlights its importance for homeowners, especially those in flood-prone areas. This insurance can cover various damages, including those to the structure of the home and personal possessions that are damaged due to flooding conditions. Therefore, by focusing solely on flooding, this type of insurance addresses a unique risk that cannot be adequately covered by more general property insurance policies. Other options, while related to insurance coverage in the broader context, do not capture the specific purpose of flood insurance. For instance, flood insurance does not provide comprehensive coverage for all natural disasters, nor does it typically cover living expenses during home repairs or theft incidents during a flood. This specificity of coverage is what makes option B the only accurate representation of the purpose of flood insurance.

4. What is another name for employee dishonesty coverage?

- A. Employee theft insurance
- B. Fidelity bond**
- C. Liability coverage
- D. Commercial property insurance

Employee dishonesty coverage is specifically designed to protect businesses from losses due to the dishonest acts of their employees, such as theft or fraud. The term "fidelity bond" is a type of insurance policy that serves this exact purpose. A fidelity bond provides a guarantee that an employee will not engage in dishonest conduct that causes financial harm to the employer. This insurance is crucial for businesses that handle significant amounts of cash or valuable assets, as it mitigates the risk associated with employee misconduct. While "employee theft insurance" may sound similar and is related to the concept of protecting against employee dishonesty, the terminology more commonly and officially used in the insurance industry for this coverage is "fidelity bond." The other choices, including liability coverage and commercial property insurance, do not address the specific risks associated with employee dishonesty. Liability coverage pertains to legal responsibility for injuries or damages, while commercial property insurance is focused on physical assets and property loss rather than employee actions. Thus, the fidelity bond stands out as the most accurate and officially recognized name for employee dishonesty coverage.

5. Which of the following is typically NOT covered by a standard homeowners policy?

- A. Electrical appliances
- B. Jewelry valued over a specific amount
- C. Personal income**
- D. Furniture

In a standard homeowners policy, personal income is not typically covered. Homeowners insurance is primarily designed to protect physical property and associated liabilities, and it does not extend to insuring financial income or earnings. The policy focuses on tangible assets like the home itself, personal belongings, and liability coverage for accidents that occur on the property. In contrast, the other options represent types of property that might be covered under various provisions of a homeowners policy. Homeowners insurance generally protects against risks associated with electrical appliances, furniture, and even personal items, although there may be limits or exclusions for high-value items such as jewelry over a specified amount. Thus, while personal belongings are covered, the income one earns from employment or investments falls outside the scope of what homeowners insurance is intended to protect.

6. Who benefits from the implementation of a fidelity bond?

- A. Only the insurance provider
- B. Employees of the company
- C. The employer and the company**
- D. Clients of the company

The implementation of a fidelity bond primarily benefits the employer and the company. A fidelity bond is a type of insurance that protects businesses from losses caused by fraudulent acts committed by employees, such as theft or embezzlement. When a company purchases a fidelity bond, it creates a safety net for the organization, allowing them to receive compensation for losses due to dishonest actions. This not only protects the financial interests of the employer but also adds a layer of security to the overall operations of the company. By having a fidelity bond, employers demonstrate their commitment to safeguarding company assets, which can enhance trust among clients and stakeholders. It reassures clients that the business is taking proactive steps to mitigate risks associated with employee dishonesty. While other groups such as clients and employees may have indirect benefits from the bond's implementation—such as increased trust and security—primarily, the bond serves to protect the employer's and company's financial integrity.

7. What type of coverage does the Dwelling Rented to Others Endorsement provide?

- A. Homeowners liability only
- B. Property coverage for personal belongings
- C. Personal liability and medical coverage**
- D. Loss of rental income

The Dwelling Rented to Others Endorsement is designed specifically to extend coverage to properties that are being rented out to tenants. While it indeed provides personal liability protection and medical expenses coverage to the policyholder, it covers various risks associated with renting a dwelling. When a homeowner rents out their property, the risk exposure increases. The endorsement adds protection for personal liability, which is crucial if a tenant or their guest suffers an injury on the property and seeks to hold the landlord responsible. It also includes medical coverage, addressing the costs that arise if someone is injured and requires medical treatment as a result of an incident occurring on the rented premises. This endorsement does not focus solely on homeowners liability, which would only cover the homeowner's personal exposures, nor does it address property coverage for personal belongings, which would relate to the tenant's possessions rather than the landlord's liability. Lastly, while loss of rental income can be a concern for landlords, it is not covered under this endorsement but may be addressed through other specific policies or endorsements related to business income interruptions. Therefore, the coverage encompasses essential protections for landlords renting out their properties, primarily through personal liability and medical coverage, making it an important consideration for anyone involved in rental properties.

8. What does loss of use coverage primarily cover?

- A. Only lost wages
- B. Only additional living expenses**
- C. Replacement cost of personal property
- D. Medical expenses during an incident

Loss of use coverage primarily addresses the costs associated with being unable to reside in your home due to a covered peril, such as a fire or severe storm damage. This type of coverage is designed to help policyholders manage expenses that arise when temporary accommodations are needed. It typically includes additional living expenses incurred while the home is being repaired or rebuilt, such as hotel bills, food costs, and other related expenditures that exceed the insured's normal living expenses. In this context, the correct answer emphasizes that loss of use coverage is not limited to just housing but encompasses any additional expenses related to maintaining a standard of living while the insured property is unavailable. Other choices do not accurately represent the primary function of loss of use coverage, which clearly pertains to expenses rather than lost wages, personal property replacement, or medical expenses. These areas are covered under different types of insurance provisions and are not specifically concerned with the impacts of temporary displacement from one's home.

9. What is the maximum duration for which the Homeowners Policy (HOP) covers contents while moving?

- A. 15 days
- B. 30 days**
- C. 60 days
- D. 90 days

The Homeowners Policy typically provides coverage for personal property while it is in transit due to a move to a new residence. This coverage generally extends for a maximum duration of 30 days. During this period, the insured's belongings are protected against risks specified in the policy, such as theft or damage from various hazards. This limited time frame is designed to offer transitional support while individuals or families are relocating, ensuring they are not left unprotected during the moving process. Once the 30-day period elapses, coverage for the contents in transit usually ceases unless the items are moved into the new home, at which point they would again be covered under the homeowner's policy. Other durations like 15 days, 60 days, or 90 days do not align with the standard policies, as coverage typically does not extend beyond the 30 days unless otherwise stated in specific endorsements or added coverage options. Understanding this aspect of homeowner's insurance is crucial for managing risks associated with moving.

10. What are the three parts of Commercial General Liability insurance?

- A. Property damage, bodily injury, and medical payments
- B. Part A: Liability, Part B: Personal Injury, Part C: Medical Pay**
- C. Personal injury, product liability, and bodily injury
- D. Professional liability, errors and omissions, and general liability

Commercial General Liability (CGL) insurance is designed to protect businesses from a variety of claims, and understanding its structure is crucial for those in the insurance field. The three main components of CGL insurance are correctly identified in the choice given. The correct answer focuses on the essential categories that CGL insurance covers. The first part, liability, refers to the legal responsibility of a business for causing harm to others, which includes both bodily injury and property damage claims. The second part, personal injury, encompasses non-physical injuries such as slander, libel, and invasion of privacy. Lastly, medical pay provides coverage for medical expenses incurred by others due to injuries sustained on the insured's premises or as a result of their operations, regardless of fault. The other options, while they do reference important concepts found in insurance, do not accurately summarize the three parts specifically laid out in a Commercial General Liability policy. For instance, property damage and bodily injury are indeed crucial concepts in CGL insurance but are not broken into the defined structural parts like liability and personal injury. Similarly, professional liability and errors and omissions pertain to different coverage types entirely, which are more about risks associated with professional services rather than the general operations of a business. By understanding

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://newhampshirepcinsurance.examzify.com>

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

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