

NEW JERSEY PROPERTY PRODUCER PRACTICE EXAM (SAMPLE)

STUDY GUIDE



**SAMPLE STUDY GUIDE
WITH LIMITED QUESTIONS**

**VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE**

<https://njpropertyproducer.examzify.com>



Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain accurate, complete, and timely information about this product from reliable sources.

SAMPLE

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	15

SAMPLE

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

SAMPLE

- 1. Who is the HO-6 policy intended for?**
 - A. Commercial property owners
 - B. Tenants
 - C. Condominium owners
 - D. Owner-occupied properties
- 2. What are hazards in the context of risk management?**
 - A. Conditions that prevent losses
 - B. Conditions that might increase the probability of a loss
 - C. Conditions that guarantee a financial gain
 - D. Conditions that reduce premiums
- 3. What does the McCarran-Ferguson Act state about state and federal law?**
 - A. States had to follow federal law, but regulation was up to the state
 - B. Federal law completely overrides state law
 - C. Insurance regulations are not subject to federal law
 - D. States can create laws that contradict federal law
- 4. Which of the following best describes pure risk?**
 - A. It can lead to a profit.
 - B. It results primarily from voluntary activities.
 - C. It is only related to chances of loss.
 - D. It can be managed through proactive measures.
- 5. Which requirement must a first-time producer fulfill to obtain a license?**
 - A. Complete a financial responsibility assessment
 - B. Submit a business plan to the state
 - C. Provide criminal history requests and undergo fingerprinting
 - D. Have a minimum of two years of experience in insurance
- 6. Which term describes the transfer of rights under an insurance policy?**
 - A. Subrogation
 - B. Assignment
 - C. Warranties
 - D. Nonconcurrency

- 7. Which type of insurance cannot be included in a Commercial Package Policy?**
- A. Personal Property Insurance
 - B. Workers' Compensation
 - C. Commercial General Liability
 - D. Property Damage Insurance
- 8. What aspect of insurance does the term "binder" specifically relate to?**
- A. Temporary agreements between insurers and applicants
 - B. Final policy issuance after underwriting
 - C. Long-term contract management
 - D. Claim submission processes
- 9. What is the penalty for a first offence according to the penalties from the Commissioner?**
- A. \$2,500
 - B. \$5,000
 - C. \$7,500
 - D. \$10,000
- 10. What is the purpose of Personal Floaters insurance?**
- A. To insure business equipment
 - B. To cover personal belongings while traveling
 - C. To protect property at commercial locations
 - D. To insure vehicles

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. Who is the HO-6 policy intended for?

- A. Commercial property owners
- B. Tenants
- C. Condominium owners**
- D. Owner-occupied properties

The HO-6 policy is specifically designed for condominium owners. It provides coverage for the interior structure of the unit, including the walls, floors, and fixtures, as well as personal property within the unit. This type of policy also includes liability protection and can cover loss of use if the condominium becomes uninhabitable due to a covered loss. Condominium owners typically share common areas and building structures with other residents, so the HO-6 policy is tailored to address their unique insurance needs that are not covered by the condominium association's master policy, which usually covers only the exterior and common areas. The other choices do not align with the intended purpose of the HO-6 policy. Commercial property owners would require commercial insurance, while tenants usually look for renter's insurance to cover personal belongings and liability. Lastly, while owner-occupied properties can be relevant in some contexts, the HO-6 specifically targets the needs of those owning a condominium rather than other types of residential ownership.

2. What are hazards in the context of risk management?

- A. Conditions that prevent losses
- B. Conditions that might increase the probability of a loss**
- C. Conditions that guarantee a financial gain
- D. Conditions that reduce premiums

In risk management, hazards refer to conditions that might increase the probability of a loss occurring. Hazards can take various forms, such as physical hazards like unsafe building practices or environmental conditions that could lead to damage, moral hazards involving dishonest behavior that increases risk, or even administrative practices that might lead to poor decision-making. By identifying and understanding these hazardous conditions, risk managers can implement strategies to mitigate potential losses and improve overall risk management practices. This understanding is crucial since the aim of risk management is to minimize exposure to risks that could lead to financial losses, damages, or liabilities. Effective hazard identification enables businesses and individuals to proactively address these conditions, thereby enhancing their risk management efforts.

3. What does the McCarran-Ferguson Act state about state and federal law?

- A. States had to follow federal law, but regulation was up to the state**
- B. Federal law completely overrides state law
- C. Insurance regulations are not subject to federal law
- D. States can create laws that contradict federal law

The McCarran-Ferguson Act, enacted in 1945, is significant in delineating the relationship between state and federal regulation of insurance. It establishes the principle that states have the authority to regulate the insurance industry, meaning that states can create and enforce regulations specific to insurance practices. The act emphasizes that this state regulation should be maintained, providing the states the flexibility to govern insurance in a manner they see fit. While it acknowledges the existence of federal law, the act specifically states that federal law does not automatically take precedence over state law when it comes to insurance regulations. This means that, while states must comply with federal law in general, they have the discretionary power to regulate the insurance market as they choose, unless there is an explicit federal statute that pertains directly to insurance. Therefore, the correct understanding is that states have the autonomy to regulate insurance without being overridden by federal laws, aligning with the selected answer regarding state regulation of insurance.

4. Which of the following best describes pure risk?

- A. It can lead to a profit.
- B. It results primarily from voluntary activities.
- C. It is only related to chances of loss.**
- D. It can be managed through proactive measures.

Pure risk is best described as a situation that presents only the possibility of loss or no loss, without any opportunity for gain or profit. This concept is fundamental to the understanding of risk in insurance and finance, distinguishing it from speculative risk, where both loss and gain are possible. In this context, pure risk encompasses scenarios such as natural disasters, health issues, and accidents. These are risks that can lead to financial loss but do not create opportunities for earning a profit. Recognizing this characteristic is essential for both individuals and organizations when evaluating insurance needs or risk management strategies. The options that do not align with the definition of pure risk include scenarios that imply the potential for profit, such as voluntary activities that may introduce risk for gain or suggest that such risks can be entirely managed or mitigated through proactive measures, which are characteristic of speculative risks.

5. Which requirement must a first-time producer fulfill to obtain a license?

- A. Complete a financial responsibility assessment
- B. Submit a business plan to the state
- C. Provide criminal history requests and undergo fingerprinting**
- D. Have a minimum of two years of experience in insurance

To obtain a license as a first-time producer, the requirement to provide criminal history requests and undergo fingerprinting is essential in ensuring that applicants meet the necessary ethical and legal standards to operate in the insurance industry. This requirement is in place to protect consumers and maintain the integrity of the insurance profession. Background checks help identify any past criminal behavior that might disqualify an individual from being entrusted with the responsibilities that come with handling insurance transactions and client information. This process involves submitting fingerprints to the appropriate authorities, who will then perform a thorough check to ensure that the candidate has a suitable legal standing to practice in the field. This regulation is common across many states, including New Jersey, as part of the licensing process for insurance producers. The emphasis is on ensuring that individuals in positions of financial trust are accountable and vetted for any potential risks they may pose to consumers. Other options, such as completing a financial responsibility assessment or submitting a business plan, are not standard requirements for licensing and would not necessarily contribute to vetting the applicant's suitability to engage in the insurance business. Additionally, requiring a minimum of two years of experience for first-time producers is contradictory, as a first-time producer would not yet have that experience. Thus, fingerprinting and background checks remain critical

6. Which term describes the transfer of rights under an insurance policy?

- A. Subrogation
- B. Assignment**
- C. Warranties
- D. Nonconcurrency

The correct term that describes the transfer of rights under an insurance policy is assignment. When a policyholder assigns their rights or interests in an insurance policy to another party, they are effectively transferring the benefits and responsibilities associated with that policy. This process often occurs in situations such as when a property owner sells an asset and assigns their insurance policy related to that asset to the new owner. Assignment can allow the new party to file claims or make changes to the policy, depending on the terms outlined in the original insurance agreement. It is important to note that most insurance policies have specific provisions regarding assignment, possibly requiring the insurer's written consent for the assignment to be valid. Understanding this term is crucial for both consumers and professionals navigating insurance agreements, ensuring that the rights and obligations are clearly defined and upheld during such transfers.

7. Which type of insurance cannot be included in a Commercial Package Policy?

- A. Personal Property Insurance
- B. Workers' Compensation**
- C. Commercial General Liability
- D. Property Damage Insurance

A Commercial Package Policy (CPP) is designed to allow businesses to combine various types of insurance coverages in one unified package. However, there are certain coverages that cannot be included in a CPP, and that's where Workers' Compensation comes into play. Workers' Compensation insurance specifically focuses on providing benefits to employees who are injured or become ill as a result of their job. It is heavily regulated by state laws and requires specific compliance and coverage requirements that differ significantly from other types of business insurance. The nature of Workers' Compensation regulations means that it is typically written as a standalone policy, separate from a CPP, to ensure that the coverage adheres to state mandates. In contrast, other options listed—such as Personal Property Insurance, Commercial General Liability, and Property Damage Insurance—can be included within a CPP, as they often cover risks associated with the property and liabilities of a business but do not have the same regulatory constraints as Workers' Compensation.

8. What aspect of insurance does the term "binder" specifically relate to?

- A. Temporary agreements between insurers and applicants**
- B. Final policy issuance after underwriting
- C. Long-term contract management
- D. Claim submission processes

The term "binder" specifically refers to a temporary agreement between an insurer and an applicant that provides immediate coverage before the final policy is issued. This is essential in situations where the insured needs coverage to be effective immediately, often because of a pressing need or time-sensitive circumstances. The binder ensures that the applicant is protected during the interim period while the underwriting process is completed and the formal policy is being prepared. Binders serve a practical purpose in the insurance process, as they give both the insurer and the insured confidence that coverage will be in force even before all underwriting steps are finalized. This temporary agreement outlines the basic terms of coverage, allowing the insured to have peace of mind until the formal policy is delivered. Therefore, the correct answer emphasizes the transient nature and prompt effectiveness of binders in the insurance context.

9. What is the penalty for a first offence according to the penalties from the Commissioner?

- A. \$2,500
- B. \$5,000**
- C. \$7,500
- D. \$10,000

The penalty for a first offense according to the penalties from the Commissioner is indeed \$5,000. This amount is established in regulatory guidelines to discourage violations in the property insurance sector and emphasizes the importance of compliance with the laws governing property producers. By setting this specific monetary penalty for first-time offenders, it serves both as a warning and a means of encouraging adherence to proper practices within the industry. Understanding the financial implications of such penalties underscores the need for property producers to remain informed about their responsibilities and to operate within the legal framework established by the state's insurance regulations.

10. What is the purpose of Personal Floaters insurance?

- A. To insure business equipment
- B. To cover personal belongings while traveling**
- C. To protect property at commercial locations
- D. To insure vehicles

Personal Floaters insurance is designed to provide coverage for personal belongings that may be at risk of loss or damage while you are away from your home. This type of insurance typically protects items that are not covered under a standard homeowners or renters insurance policy, especially when they are outside your premises, such as during travel. Many personal items, such as jewelry, electronics, and sporting equipment, can be covered by this insurance even if they are temporarily away from home. It ensures that you are protected against theft, loss, or damage during activities like travel, where typical homeowners policies may not extend their coverage. The other options, while related to insurance, do not accurately capture the primary function of Personal Floaters insurance, as they focus on business equipment, commercial properties, or vehicles – none of which fall under the specific provisions of this type of policy.

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://njpropertyproducer.examzify.com>

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

SAMPLE