

NEW YORK STATE PROPERTY AND CASUALTY LICENSING PRACTICE EXAM (SAMPLE) STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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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 factor is a key influence on property insurance premiums?**
 - A. The age of the insured homeowner
 - B. The location and risk factors associated with the insured property
 - C. The insurance company's financial history
 - D. The number of claims made by the homeowner in the past
- 2. Which of the following is NOT considered a hazard?**
 - A. Physical hazard
 - B. Moral hazard
 - C. Economic hazard
 - D. Statistical hazard
- 3. What does "coverage A" in homeowners insurance protect?**
 - A. Personal property and belongings
 - B. The dwelling and attached structures
 - C. Liability incurred while on the property
 - D. Temporary living expenses during repairs
- 4. What does "fire insurance" specifically cover?**
 - A. Damages from water leaks
 - B. Losses caused by fire to property
 - C. All natural disasters
 - D. Only personal injuries related to fire
- 5. What is typically included in a liability insurance policy for professionals?**
 - A. Coverage for personal property
 - B. Coverage for errors and omissions in professional services
 - C. Coverage for all business-related accidents
 - D. Only coverage for small claims
- 6. Which term refers to a unit of measurement used to determine rates charged for insurance coverage?**
 - A. Premium
 - B. Exposure
 - C. Deductible
 - D. Coverage

- 7. What is any inducement offered in the sale of insurance products that is not specified in the policy called?**
- A. Incentive
 - B. Rebating
 - C. Bonus Offering
 - D. Commission
- 8. What constitutes "insurance fraud"?**
- A. Accidental misreporting of claims
 - B. Making false statements or claims for benefits
 - C. Failed claims due to lack of evidence
 - D. Inflating property values for insurance purposes
- 9. What is a deductible in an insurance policy?**
- A. The amount the insurer pays on a claim
 - B. The amount a policyholder pays out of pocket before a claim is paid
 - C. The fee for obtaining the insurance policy
 - D. The final settlement amount paid by the insurer
- 10. Which of the following is NOT typically covered by a standard homeowners policy?**
- A. Fire damage to the home
 - B. Flood damage
 - C. Liability for accidents occurring on the property
 - D. Theft of personal property

Answers

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

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Explanations

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1. Which factor is a key influence on property insurance premiums?

- A. The age of the insured homeowner
- B. The location and risk factors associated with the insured property**
- C. The insurance company's financial history
- D. The number of claims made by the homeowner in the past

The correct answer identifies that the location and risk factors associated with the insured property are pivotal influences on property insurance premiums. This is because insurers assess various risk factors when underwriting policies, including geographical location, local crime rates, environmental hazards (like flood or earthquake risk), and proximity to fire hydrants or fire stations. For instance, a home located in a flood zone may incur higher premiums due to the increased likelihood of flood damage. Similarly, properties in areas with high crime rates may be subject to higher rates to account for the increased risk of theft or vandalism. The attributes of the insured property itself—such as its construction type, age, and safety features—also play a significant role in determining premium costs. While factors like the age of the insured homeowner, the insurance company's financial history, or the number of past claims can influence premium pricing, they do not have as direct of a correlation to the inherent risk associated with the property being insured. Ultimately, the level of risk posed by the location and characteristics of the property itself takes precedence in the assessment of insurance premiums.

2. Which of the following is NOT considered a hazard?

- A. Physical hazard
- B. Moral hazard
- C. Economic hazard
- D. Statistical hazard**

In the context of insurance and risk management, hazards are conditions or situations that increase the likelihood of a loss occurring. The classification of hazards typically includes physical hazards, moral hazards, and moral hazards. Physical hazards refer to tangible conditions that can lead to accidents or claims, such as icy roads or faulty wiring. Moral hazards are related to the behavior or ethics of individuals that can increase the risk of loss, such as a person who might take more risks when they are insured. Economic hazards, while not a standard category often discussed in insurance textbooks, can refer to financial elements that may affect the likelihood of loss, such as market fluctuations or economic downturns impacting businesses. Statistical hazard, on the other hand, is not a recognized category of hazard in the field of risk management and insurance. It does not capture a risk or condition that influences the likelihood or severity of loss in the same way the other types do. This distinction makes it clear why it is the choice that does not belong in the category of hazards relevant to insurance concepts.

3. What does "coverage A" in homeowners insurance protect?

- A. Personal property and belongings
- B. The dwelling and attached structures**
- C. Liability incurred while on the property
- D. Temporary living expenses during repairs

In homeowners insurance, "Coverage A" specifically protects the dwelling and any attached structures, such as garages or decks. This coverage is crucial because it addresses the physical structure of the home itself, ensuring that if it suffers damage from perils covered under the policy—like fire, wind, or vandalism—repairs or rebuilding can be funded. Understanding the significance of Coverage A helps homeowners grasp the protective scope of their insurance policy. It is fundamental for risks associated with the structure of the home, which is typically the most significant investment for homeowners. Adequate coverage in this area is essential for providing financial security and peace of mind in the event of an unfortunate incident that damages the home.

4. What does "fire insurance" specifically cover?

- A. Damages from water leaks
- B. Losses caused by fire to property**
- C. All natural disasters
- D. Only personal injuries related to fire

Fire insurance specifically covers losses caused by fire to property. This type of insurance is designed to provide financial protection against the destruction and damage that can arise from fire incidents. It typically covers the costs associated with repairing or replacing structures and personal possessions that are damaged or destroyed by fire. Fire insurance policies may also cover additional associated risks, such as smoke damage, explosion, and in some cases, damage from the efforts taken to extinguish the fire. However, it is important to note that the coverage is specifically linked to fire-related incidents, which distinguishes it from other types of insurance that might cover water damage or natural disasters. In contrast, other options discuss scenarios outside the specific realm of fire-related damages, such as water leaks or natural disasters, which are typically addressed by different types of insurance policies. Personal injuries related to fire would generally fall under liability or health insurance, not fire insurance specifically. Thus, the correct answer encompasses the primary focus of fire insurance: protection against property loss due to fire.

5. What is typically included in a liability insurance policy for professionals?

- A. Coverage for personal property
- B. Coverage for errors and omissions in professional services**
- C. Coverage for all business-related accidents
- D. Only coverage for small claims

Liability insurance for professionals, commonly referred to as errors and omissions (E&O) insurance, is designed to protect professionals from claims arising out of mistakes or negligence in the services they provide. This type of coverage is crucial because it helps safeguard against financial losses that may result from litigation or claims for damages related to professional services rendered. The inclusion of coverage for errors and omissions ensures that professionals, such as doctors, lawyers, and accountants, are protected against allegations of inadequate work or failure to perform their duties competently. This coverage typically addresses situations where a client claims to have suffered financial loss due to a professional's mistake or oversights in their entrusted work. In contrast, coverage for personal property pertains to the protection of physical assets owned by the insured and is not relevant in a professional liability context. Likewise, coverage for all business-related accidents generally relates more closely to general liability, which addresses physical injury or property damage claims. Lastly, restricting the coverage to only small claims would not adequately protect a professional's practice, as significant financial repercussions can arise from grievances that exceed small claim limits. Thus, the emphasis on errors and omissions reflects the specific nature of coverage needed by professionals to address the risks inherent in their fields of expertise.

6. Which term refers to a unit of measurement used to determine rates charged for insurance coverage?

- A. Premium
- B. Exposure**
- C. Deductible
- D. Coverage

The term that refers to a unit of measurement used to determine rates charged for insurance coverage is exposure. In the context of insurance, exposure represents the potential for loss or damage and is the basis upon which insurers assess risk and establish premium rates. This can include various factors, such as the value of the property insured, the type of coverage, or the duration of the insurance policy. For instance, in auto insurance, exposure could be measured by the number of miles driven, while in property insurance, it could be based on the value of the property and its location. It is crucial for insurance companies to accurately assess exposure in order to price policies fairly and manage risk appropriately. Other terms have distinct meanings within the insurance industry. Premium refers to the actual amount paid for the insurance coverage, while a deductible is the amount the policyholder must pay out-of-pocket before the insurance coverage kicks in. Coverage simply denotes the extent of protection provided by the policy. Understanding the concept of exposure is vital for recognizing how insurers determine the cost of coverage.

7. What is any inducement offered in the sale of insurance products that is not specified in the policy called?

- A. Incentive
- B. Rebating**
- C. Bonus Offering
- D. Commission

The term that describes any inducement offered in the sale of insurance products that is not specified in the policy is known as rebating. Rebating occurs when insurers or their agents offer additional benefits or discounts as an incentive to persuade a customer to purchase a policy. This practice is often regulated or prohibited in many jurisdictions, including New York State, to ensure fair competition and to protect consumers from misleading sales tactics. Rebating can take various forms, such as cash back, gift cards, or any other extra value that is not part of the policy's terms. It's important to note that the laws regarding rebating can differ between states, but in many places, it is viewed as a way to entice consumers in a manner that could undermine the security and integrity of insurance transactions. The other options do not accurately capture the essence of what rebating refers to in the context of insurance sales. An "incentive" is a broader term that could apply to anything intended to motivate, while "bonus offering" implies a predetermined additional value associated with a policy. "Commission," on the other hand, specifically refers to the payment agents receive for selling policies, not an inducement or benefit outside of the policy terms. Thus, the correct and specific answer regarding

8. What constitutes "insurance fraud"?

- A. Accidental misreporting of claims
- B. Making false statements or claims for benefits**
- C. Failed claims due to lack of evidence
- D. Inflating property values for insurance purposes

Insurance fraud refers to any act committed with the intent to deceive or mislead an insurance company, often resulting in financial gain for the perpetrator. Making false statements or claims for benefits is a clear example of insurance fraud, as it involves intentionally providing untrue information to secure payouts or advantages that are not legitimately owed. This behavior can take many forms, such as exaggerating the value of a claim, falsifying documents, or misrepresenting facts related to an incident or condition. In contrast, accidental misreporting of claims typically does not involve intent to deceive, which is a key element in identifying fraud. Similarly, failed claims due to a lack of evidence generally reflect a failure to meet the requirements for valid claims, rather than an attempt to commit fraud. Inflating property values for insurance purposes can be seen as a form of fraud; however, without the intent to deceive outright through false statements, it may not always be classified under the broader definition of insurance fraud. The crucial component that highlights the assertion of option B as the correct choice is the intentionality behind making false claims or statements, which distinguishes it as a fraudulent act in the insurance context.

9. What is a deductible in an insurance policy?

- A. The amount the insurer pays on a claim
- B. The amount a policyholder pays out of pocket before a claim is paid**
- C. The fee for obtaining the insurance policy
- D. The final settlement amount paid by the insurer

A deductible in an insurance policy is defined as the amount a policyholder must pay out of pocket before the insurance company will cover the remaining costs of a claim. This means that when a policyholder experiences a loss and submits a claim, they are responsible for paying the deductible amount first. For example, if a car repair costs \$1,000 and the deductible is \$500, the policyholder would need to pay the initial \$500, and then the insurance would cover the remaining \$500. Deductibles serve several purposes, including reducing the number of small claims submitted to insurance companies, which can help keep overall insurance premiums lower. By requiring policyholders to share in the cost of a loss, it also encourages responsible behavior and risk management. Understanding this concept is crucial for individuals when choosing an insurance policy, as higher deductibles can lead to lower premium costs, while lower deductibles provide more immediate financial support in the event of a loss.

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

- A. Fire damage to the home
- B. Flood damage**
- C. Liability for accidents occurring on the property
- D. Theft of personal property

A standard homeowners policy is designed to provide a range of coverages for homeowners, including specific protections against various risks. Among the typical protections included are fire damage to the home, liability for accidents that occur on the property, and theft of personal property. Flood damage, however, is not included in a standard homeowners policy. This is largely due to the specific nature of flood risks, which can vary significantly from one geographic area to another and often exceed the capabilities of a typical policy's coverage limits. Because of the distinct characteristics of flood damage and its potential for devastating impact, it is often insured separately through a specialized flood insurance policy provided by the National Flood Insurance Program (NFIP) or private insurers. This system allows for better management of flood risk and coverage options tailored for those living in flood-prone areas. Understanding these distinctions helps clarify why flood damage is specifically excluded from a standard homeowners policy while the other mentioned risks—fire, liability, and theft—are standard provisions included to protect homeowners against common perils and liabilities associated with homeownership.

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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