

North Carolina Property Insurance Agent Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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	16

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. What is the term for failing to disclose pertinent information when applying for an insurance policy?**
 - A. Misrepresentation**
 - B. Concealment**
 - C. Fraud**
 - D. Disclosure**
- 2. What do additional coverages in the liability section of a homeowners policy not cover?**
 - A. Defense costs for lawsuits**
 - B. Medical payments for guests**
 - C. Damage to a third party property for which the insured is legally liable**
 - D. Loss assessment for liability claims**
- 3. Which of the following types of coverage is typically NOT included in a Businessowners Policy (BOP)?**
 - A. General liability coverage**
 - B. Property damage coverage**
 - C. Automobile liability coverage**
 - D. Business income coverage**
- 4. Which liability coverage does general liability insurance provide?**
 - A. Automobile liability**
 - B. Professional liability**
 - C. Public liability**
 - D. Product liability**
- 5. If a policyholder has an equipment breakdown policy with a \$200,000 limit and suffers \$100,000 damage to the boiler, \$50,000 damage to the building, and \$30,000 of expediting expenses, how much will they collect?**
 - A. \$200,000**
 - B. \$175,000**
 - C. \$150,000**
 - D. \$100,000**

6. Which type of liability covers a business against claims of bodily injury on its premises?

- A. General liability insurance**
- B. Product liability insurance**
- C. Professional liability insurance**
- D. Business property insurance**

7. In homeowners policies, indirect losses are covered by:

- A. Personal Property Coverage**
- B. Additional Living Expenses Coverage**
- C. Liability Coverage**
- D. Personal Injury Coverage**

8. A Mobile Homeowners Policy is structured similarly to which type of policy?

- A. Dwelling Policy**
- B. Rental Property Policy**
- C. Homeowners Policy**
- D. Landlord Policy**

9. Which situation would not be covered by the basic causes of loss form under a commercial property policy?

- A. The Surf Side Club Waterfront Restaurant is damaged by fire**
- B. The Surf Side Club Waterfront Restaurant is damaged when flood waters rise**
- C. The Surf Side Club Waterfront Restaurant is damaged from a theft**
- D. The Surf Side Club Waterfront Restaurant is damaged due to a storm**

10. What term describes the situation where a private investigator contacts an insurance applicant under false pretenses?

- A. Background check**
- B. Pretext interview**
- C. Surveillance report**
- D. Character assessment**

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. What is the term for failing to disclose pertinent information when applying for an insurance policy?

- A. Misrepresentation**
- B. Concealment**
- C. Fraud**
- D. Disclosure**

The term that best describes the failure to disclose pertinent information when applying for an insurance policy is concealment. In the context of insurance, concealment refers specifically to the situation where an applicant intentionally withholds material information that could influence the insurer's decision to issue a policy or the terms of that policy. This can lead to significant consequences, including the potential denial of a claim or cancellation of the policy if the insurer discovers that important information was not disclosed. Concealment is taken very seriously in insurance contracts because they are based on the principle of utmost good faith, which requires both parties to be honest and transparent. On the other hand, misrepresentation involves providing false information or misleading details that might not be material or relevant. Fraud generally refers to a broader category of deceitful practices aimed at gaining benefits unlawfully, which may include various forms of misrepresentation. Disclosure simply pertains to the act of revealing information, but when important information is intentionally withheld, it specifically falls under concealment.

2. What do additional coverages in the liability section of a homeowners policy not cover?

- A. Defense costs for lawsuits**
- B. Medical payments for guests**
- C. Damage to a third party property for which the insured is legally liable**
- D. Loss assessment for liability claims**

In the context of a homeowners policy, additional coverages within the liability section typically provide protection for certain expenses that can arise from being held liable for injuries or damages to others. However, there are specific situations that are not covered under these additional liability provisions. The correct response highlights that damage to a third-party property for which the insured is legally liable falls outside of the scope of what the additional coverages cover. Homeowners policies do include liability coverage for bodily injury or property damage that the insured is legally obligated to pay; however, the additional coverages are specifically aimed at supplemental costs, rather than direct liability claims. This means that damage to a third party's property is handled under the standard liability coverage, which is separate from the additional coverages designed for other supplemental expenses such as legal defense or medical payments. The other options, such as defense costs for lawsuits, medical payments for guests, and loss assessment for liability claims, all represent types of expenses that the additional coverages aim to protect against. These coverages provide important financial support during legal disputes or while addressing medical costs for guests injured on the insured's premises, thus reinforcing the policyholder's overall liability protection without being part of the core property or damage liability provision.

3. Which of the following types of coverage is typically NOT included in a Businessowners Policy (BOP)?

- A. General liability coverage**
- B. Property damage coverage**
- C. Automobile liability coverage**
- D. Business income coverage**

A Businessowners Policy (BOP) is designed to provide comprehensive coverage for small to medium-sized businesses, typically combining property and liability insurance into one package. Within a BOP, general liability coverage, property damage coverage, and business income coverage are included as standard components, addressing common risks that businesses face. Automobile liability coverage, however, is not included in a typical BOP. This type of coverage pertains specifically to vehicles used for business operations and is usually provided through a separate commercial auto insurance policy. By separating automobile liability from the BOP, the insurance can better tailor coverage options based on the unique risks associated with vehicles and their usage, which differs significantly from general business property and liability risks. Thus, while a BOP covers essential aspects of business operations, it excludes automobile liability coverage, making it the correct identification in the context of the question.

4. Which liability coverage does general liability insurance provide?

- A. Automobile liability**
- B. Professional liability**
- C. Public liability**
- D. Product liability**

General liability insurance provides coverage for public liability. This type of coverage is designed to protect businesses from claims involving bodily injury, property damage, and personal injury that may occur on their premises or as a result of their operations. Public liability is crucial for businesses that interact with the public, as it helps shield them from financial losses that could arise from lawsuits relating to accidents or injuries that affect third parties. While other types of liability coverage exist, such as automobile liability—which specifically addresses damages arising from vehicle use—professional liability, which pertains to errors and omissions in professional services, and product liability, which covers damages resulting from defective products, they are not typically part of a general liability insurance policy. General liability insurance focuses broadly on the risks of third-party claims against a business and does not encompass these specialized areas.

5. If a policyholder has an equipment breakdown policy with a \$200,000 limit and suffers \$100,000 damage to the boiler, \$50,000 damage to the building, and \$30,000 of expediting expenses, how much will they collect?

- A. \$200,000
- B. \$175,000**
- C. \$150,000
- D. \$100,000

In determining how much the policyholder will collect under the equipment breakdown policy, it's essential to understand how the claims are assessed against the policy limit. The policyholder has a limit of \$200,000, and the total damages incurred are broken down into specific categories: \$100,000 for damage to the boiler, \$50,000 for damage to the building, and \$30,000 for expediting expenses. When these amounts are summed up, the total loss comes to \$180,000 (\$100,000 + \$50,000 + \$30,000). Since the total loss of \$180,000 is under the policy limit of \$200,000, the policyholder will be compensated for the full extent of their loss. However, it is essential to pay attention to the terms of the policy, which may specify that certain expenses, like the expediting costs, could have limitations or may not be fully covered. In this case, the coverage allows for the total amount of covered losses to be paid out, leading to the conclusion that the policyholder would receive \$180,000. Yet, if a possibility arises where certain adjustments or deductibles are factored in, it might lead to a different outcome. Therefore, option B

6. Which type of liability covers a business against claims of bodily injury on its premises?

- A. General liability insurance**
- B. Product liability insurance
- C. Professional liability insurance
- D. Business property insurance

General liability insurance is designed to protect businesses from various types of claims, including those related to bodily injury that may occur on their premises. This type of coverage is essential for businesses as it helps cover legal fees, medical expenses, and damages arising from accidents or injuries sustained by customers or visitors while on the business's property. By having general liability insurance, a business demonstrates that it is taking proactive steps to manage risks associated with its operations. This coverage is particularly crucial since even minor accidents can lead to significant financial burdens if a claim arises. Other types of liability insurance, such as product liability insurance, focus on claims arising from products sold by the business, while professional liability insurance covers claims related to professional services or advice that leads to client losses. Business property insurance, on the other hand, protects the physical assets of the business and does not cover bodily injury claims at all. Thus, general liability insurance is the appropriate choice for protecting against claims of bodily injury occurring on the business premises.

7. In homeowners policies, indirect losses are covered by:

- A. Personal Property Coverage**
- B. Additional Living Expenses Coverage**
- C. Liability Coverage**
- D. Personal Injury Coverage**

In homeowners policies, indirect losses are covered by Additional Living Expenses Coverage. This aspect of a homeowners insurance policy is designed to provide financial support for costs incurred when a homeowner is unable to live in their home due to a covered loss, such as damage from a fire or severe storm. For instance, if a family's home is rendered uninhabitable, the Additional Living Expenses Coverage will help cover the costs associated with temporary housing, meals, and other related expenses necessary for maintaining a normal standard of living while repairs are made. This coverage is crucial because it addresses the financial burden that can arise when a policyholder faces disruption in their usual living situation. In contrast, the other coverage types listed serve different purposes. Personal Property Coverage primarily protects the policyholder's belongings within the home, Liability Coverage addresses legal responsibilities in the event someone is injured on the property, and Personal Injury Coverage deals with claims arising from offenses like slander or false arrest, not the costs associated with temporary living arrangements following a loss. Thus, it is the Additional Living Expenses Coverage that specifically caters to indirect losses, making it the correct choice.

8. A Mobile Homeowners Policy is structured similarly to which type of policy?

- A. Dwelling Policy**
- B. Rental Property Policy**
- C. Homeowners Policy**
- D. Landlord Policy**

The Mobile Homeowners Policy is structured similarly to a Homeowners Policy because both are designed to provide comprehensive coverage for the dwelling as well as personal property and liability protection. Just like a Homeowners Policy, a Mobile Homeowners Policy covers the structure itself, personal belongings within the mobile home, and the homeowner's liability in case of accidents on the property. Additionally, both policies include options for additional coverage, such as loss of use and medical payments for guests, allowing for a similar level of protection tailored to a homeowner's specific needs. This is particularly important in understanding personal property insurance, as it highlights how different types of dwellings can still be covered under similar frameworks based on their use as primary residences.

9. Which situation would not be covered by the basic causes of loss form under a commercial property policy?

- A. The Surf Side Club Waterfront Restaurant is damaged by fire**
- B. The Surf Side Club Waterfront Restaurant is damaged when flood waters rise**
- C. The Surf Side Club Waterfront Restaurant is damaged from a theft**
- D. The Surf Side Club Waterfront Restaurant is damaged due to a storm**

The situation regarding the Surf Side Club Waterfront Restaurant being damaged when flood waters rise is not covered by the basic causes of loss form under a commercial property policy because standard property insurance typically does not include flood damage. Instead, flood coverage is usually obtained through a separate flood insurance policy. This distinction is crucial, as it helps property owners understand the limitations of their standard commercial property policy and the necessity of supplemental policies for specific risks like flooding. Conversely, damage from fire, theft, and storms falls within the purview of basic coverage options, as these are common perils that most commercial property policies are designed to protect against. Understanding the scope of coverage options under different insurance policies ensures that business owners adequately protect their assets and mitigate potential financial losses from unforeseen events.

10. What term describes the situation where a private investigator contacts an insurance applicant under false pretenses?

- A. Background check**
- B. Pretext interview**
- C. Surveillance report**
- D. Character assessment**

The term that accurately describes the situation where a private investigator contacts an insurance applicant under false pretenses is a pretext interview. This method involves the investigator using deceptive tactics to gather information about the individual without revealing their true identity or purpose. Pretext interviews are often employed in various settings, including insurance investigations, to uncover details that the individual may not disclose willingly. In the context of insurance, an investigator might pose as someone else to elicit information that could indicate potential fraud or assess the legitimacy of an insurance claim. This practice is controversial but sometimes necessary for thorough investigations. Understanding this term and its implications is essential for anyone studying or working in the insurance field, as it raises important ethical and legal considerations regarding privacy and deception.

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://ncpropertyinsuranceagent.examzify.com>

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

SAMPLE