

Pennsylvania Property And Casualty License Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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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

- 1. Which term refers to an insurance policy extending coverage for specific additional risks?**
 - A. Exclusion**
 - B. Endorsement**
 - C. Limitation**
 - D. Premium**
- 2. Which commercial auto symbol is applicable to owned autos subject to a state's compulsory uninsured motorist law?**
 - A. 1**
 - B. 6**
 - C. 7**
 - D. 9**
- 3. If a storefront is vandalized after being vacant for 65 days, will the insurer cover the damages?**
 - A. Yes**
 - B. No**
 - C. Depends on the insurer's discretion**
 - D. Depends on the policy terms**
- 4. Which type of coverage would protect against losses while transporting goods for a client?**
 - A. General liability coverage**
 - B. Motor carrier coverage**
 - C. Personal auto policy**
 - D. Bodily injury coverage**
- 5. For a National Flood Insurance Program dwelling form, when does coverage apply if a structure is under construction without walls or a roof?**
 - A. Only after completion of the structure**
 - B. For 90 days if work is halted**
 - C. Coverage does not apply under any circumstances**
 - D. For 30 days from the start of construction**

- 6. Which term refers to the cause of a loss?**
- A. Perils**
 - B. Risk**
 - C. Hazard**
 - D. Loss event**
- 7. Which of the following would be excluded from a commercial auto policy?**
- A. Damage to rental vehicles**
 - B. Vehicle theft outside business operations**
 - C. Loss attributable to employee negligence**
 - D. Theft of personal items within the vehicle**
- 8. Which concept describes a situation that increases the likelihood of a loss?**
- A. Perils**
 - B. Risk**
 - C. Insurance**
 - D. Hazard**
- 9. To be eligible for coverage under a businessowners policy, which limitation must an office building meet?**
- A. The office building cannot be more than 6 stories tall**
 - B. The office building cannot have seasonal operations**
 - C. The office building cannot contain apartments**
 - D. Sales from off-premises operations cannot exceed 25% of gross sales**
- 10. Which coverage in a homeowners policy addresses liability for property damage?**
- A. Coverage G**
 - B. Coverage E**
 - C. Coverage F**
 - D. Coverage D**

Answers

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

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Explanations

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1. Which term refers to an insurance policy extending coverage for specific additional risks?

A. Exclusion

B. Endorsement

C. Limitation

D. Premium

The term "endorsement" accurately refers to an addition to an insurance policy that provides coverage for specific additional risks beyond what is covered in the standard policy. Endorsements are used by policyholders to customize their insurance coverage to fit their specific needs. For instance, if a homeowner wants to add coverage for a valuable item like jewelry or make adjustments to their liability coverage, they can request an endorsement which will typically detail the additional coverage being provided, any modifications to the original terms, and any additional premiums that may apply. This flexibility allows policyholders to enhance their protection and ensure they have adequate coverage for unique circumstances or items. Understanding endorsements is crucial for both agents and clients as they navigate policy options to better safeguard against potential risks that may not be included in the base policy.

2. Which commercial auto symbol is applicable to owned autos subject to a state's compulsory uninsured motorist law?

A. 1

B. 6

C. 7

D. 9

The correct answer is the symbol that pertains specifically to owned autos that are subject to a state's compulsory uninsured motorist law. This symbol, typically designated as symbol 6 in commercial auto insurance policies, specifically refers to "owned autos subject to a state's compulsory uninsured motorist law." This means that the coverage provided under this symbol is tailored to meet the requirements of the state law concerning uninsured motorists, ensuring that the insured vehicles are covered in instances where the owner is involved in an accident with an uninsured motorist. This focus on adherence to state law is crucial, as it provides the necessary legal protections for the vehicle owners. The other options relate to different circumstances within commercial auto policies, such as specific types or uses of vehicles that do not specifically address the compulsory uninsured motorist laws. By understanding the specifics of these coverage symbols and their applications, policyholders and insurance professionals can effectively navigate and apply the right protections under various circumstances.

3. If a storefront is vandalized after being vacant for 65 days, will the insurer cover the damages?

A. Yes

B. No

C. Depends on the insurer's discretion

D. Depends on the policy terms

In this situation, coverage for vandalism damage to a vacant storefront typically depends on the specifics of the insurance policy. Many commercial property insurance policies have clauses that limit or exclude coverage for losses occurring at properties that have been vacant for a specified period, often 30 to 60 days. Since the storefront has been vacant for 65 days, it likely surpasses this common timeframe stipulated by most policies, which could lead to a denial of coverage for vandalism. Policies can define "vacancy" in a specific way, such as having minimal or no business operations and lack of occupants. After the defined vacancy period, insurers may consider the risk of loss to be lower, which can justify their decision to deny coverage. Therefore, given that the storefront remained unoccupied for more than the usual period, it is reasonable to conclude that the insurer would not cover the damages from vandalism. While it is true that certain situations could be subject to the discretion of the insurer or specific policy terms, the clear criterion related to the vacancy period makes it likely that coverage would be denied in this case.

4. Which type of coverage would protect against losses while transporting goods for a client?

A. General liability coverage

B. Motor carrier coverage

C. Personal auto policy

D. Bodily injury coverage

Motor carrier coverage is specifically designed to protect businesses that transport goods for clients. This type of insurance is essential for carriers, as it provides financial protection in case of losses or damages that occur during the transportation of goods. It covers various risks associated with hauling freight, including physical damages to the transported goods, liability for damages caused to third parties, and the cost of legal defense in case of claims related to the transportation activities. General liability coverage may provide some level of protection for businesses in a broad sense, but it does not specifically address the unique risks associated with transporting goods. Personal auto policies are meant for personal vehicles and do not cover commercial transportation or the specific liabilities involved in hauling goods. Bodily injury coverage primarily focuses on injuries to individuals as a result of accidents and would not cover losses related to the cargo being transported. In summary, motor carrier coverage is tailored to the needs of businesses involved in the transportation of goods, making it the appropriate choice for protecting against losses during transit.

5. For a National Flood Insurance Program dwelling form, when does coverage apply if a structure is under construction without walls or a roof?

A. Only after completion of the structure

B. For 90 days if work is halted

C. Coverage does not apply under any circumstances

D. For 30 days from the start of construction

Coverage under the National Flood Insurance Program (NFIP) for a structure under construction, specifically when it lacks walls or a roof, typically applies for a limited period if work is halted. This means that if construction begins but then stops, the policy provides coverage for up to 90 days. This provision is designed to offer a degree of protection for property owners who may experience flooding during the construction phase, mitigating the financial risk associated with unfinished structures. If work is ongoing, coverage may not be applicable in the same way as it would be for a completed building. This approach helps ensure that builders and homeowners have some protection during periods when a structure may be particularly vulnerable to flooding, without providing indefinite coverage for incomplete works, which would pose a greater risk to the insurer. Other options are not consistent with NFIP guidelines, as there is a specific provision for 90 days in cases where construction is halted, distinct from suggesting coverage applies only after the structure's completion or is entirely absent under any circumstance. Thus, the option indicating a 90-day coverage period in the event of halted work accurately reflects the provisions set forth by the NFIP.

6. Which term refers to the cause of a loss?

A. Perils

B. Risk

C. Hazard

D. Loss event

The term that refers to the cause of a loss is perils. In the context of insurance, perils are specific risks or events that can cause damage or loss to property or lead to liability. Common examples of perils include fire, theft, vandalism, and natural disasters like floods or earthquakes. These are the actual occurrences that lead to a claim being filed under an insurance policy. Risk, on the other hand, refers to the uncertainty regarding loss; it is the potential for an event to cause a loss but does not specify what that event is. Hazard pertains to a condition that increases the likelihood of a peril occurring, such as a wet floor that could lead to slips and falls. Lastly, a loss event describes the specific occurrence of a peril resulting in a loss, but it doesn't define what causes the loss as clearly as perils do.

7. Which of the following would be excluded from a commercial auto policy?

- A. Damage to rental vehicles**
- B. Vehicle theft outside business operations**
- C. Loss attributable to employee negligence**
- D. Theft of personal items within the vehicle**

A commercial auto policy is designed primarily to cover vehicles used for business purposes, and it includes coverage for various risks associated with business vehicle use. However, it does have specific exclusions that are critical to understand. The correct answer highlights that losses attributable to employee negligence are generally not covered under a commercial auto policy. This is because employee negligence can often fall under the realm of employer liability, which is typically addressed through employment practices liability or workers' compensation insurance rather than through an auto policy. Negligence claims related to employment may require a specific type of coverage to handle the liability created by an employee's actions while performing their duties. On the other hand, the other options involve situations that could be misunderstood but are more likely to be covered or not excluded outright under a commercial auto policy. Damage to rental vehicles may be covered if the rental is necessary for business operations, and vehicle theft outside of business operations could also be included, depending on the policy provisions and context of use. Theft of personal items within the vehicle, while not typically covered in standard auto policies, is more related to personal property and could be subject to separate coverage under homeowners or renters insurance, but it does not pertain directly to the vehicle itself and would not usually be an exclusion from the

8. Which concept describes a situation that increases the likelihood of a loss?

- A. Perils**
- B. Risk**
- C. Insurance**
- D. Hazard**

The concept that correctly fits the description of a situation that increases the likelihood of a loss is hazard. Hazards are conditions or situations that can increase the probability of a loss occurring. They can take various forms, such as physical hazards (e.g., a wet floor), moral hazards (e.g., dishonest behavior), or morale hazards (e.g., carelessness due to insurance coverage). Understanding hazards is crucial in risk management and insurance, as they identify and assess factors that could lead to loss, thereby allowing for the development of strategies to mitigate these risks. In contrast, perils are actual events that cause loss (like fire or theft), while risk refers to the uncertainty surrounding loss. Insurance is the financial mechanism designed to protect against potential losses but does not itself define situations that increase the likelihood of such losses. This nuanced understanding of how hazards function within the broader context of risk is vital for those entering the property and casualty insurance fields.

9. To be eligible for coverage under a businessowners policy, which limitation must an office building meet?

- A. The office building cannot be more than 6 stories tall**
- B. The office building cannot have seasonal operations**
- C. The office building cannot contain apartments**
- D. Sales from off-premises operations cannot exceed 25% of gross sales**

The eligibility for coverage under a businessowners policy (BOP) includes several specific criteria that help to define the type of risks and businesses that can be insured under this policy. One of the criteria regarding the physical characteristics of the office building is related to its height. An office building must not exceed six stories to qualify for coverage under a BOP. This limitation is in place to manage the risks associated with larger structures, as taller buildings often present more significant risks in terms of safety, structural integrity, and overall maintenance. If the building exceeds this height limitation, it may be considered too complex or high-risk for a standard BOP, which is designed primarily for small to medium-sized businesses. Thus, restricting the coverage to buildings under six stories helps the insurer control exposure to loss and maintain a manageable risk profile. The other considerations, such as whether the building has seasonal operations, contains apartments, or specific sales thresholds from off-premises operations, while important in determining eligibility under different circumstances, do not hold the same foundational rule concerning structural height as being under six stories does. Thus, the height limitation is a key factor in determining an office building's eligibility for a businessowners policy.

10. Which coverage in a homeowners policy addresses liability for property damage?

- A. Coverage G**
- B. Coverage E**
- C. Coverage F**
- D. Coverage D**

Coverage E in a homeowners policy specifically addresses liability coverage for property damage and bodily injury. This coverage is designed to protect the insured from claims made by others for damages they may have caused, whether accidentally or through negligence. If someone sustains property damage or bodily injury due to the policyholder's actions, Coverage E will provide financial protection against legal claims, medical expenses, and damages awarded in a lawsuit, up to the policy limits. Understanding the role of Coverage E is crucial, as it ensures that homeowners can manage the financial repercussions of mishaps involving third parties, thereby adding peace of mind to homeownership. This aspect of homeowners insurance is vital in safeguarding personal finances and protecting assets against unexpected liabilities.

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://pennsylvaniapropertyandcasualty.examzify.com>

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