

Types of Property Policies Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

This is a sample study guide. To access the full version with hundreds of 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. Don't worry about getting everything right, 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, and take breaks to retain information better.

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.

7. Use Other Tools

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!

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Questions

- 1. Within how many years of a loss may an insured bring a lawsuit against an insurer, according to dwelling policy?**
 - A. 1 year**
 - B. 2 years**
 - C. 3 years**
 - D. 5 years**
- 2. Which of the following is excluded under the Film Coverage Form?**
 - A. Deterioration of a film**
 - B. Accidental exposure of a negative film to light**
 - C. Electrical erasure of a tape**
 - D. All of these are covered**
- 3. In the context of flood insurance, which of the following does NOT qualify as a flood source?**
 - A. Overflow of inland waters**
 - B. Rapid surface runoff**
 - C. A mudslide**
 - D. None of the above**
- 4. What factor can lead to an increase in insurance premiums for a property?**
 - A. Having multiple types of insurance**
 - B. Improving the property's condition**
 - C. Living in a high-risk area**
 - D. Installing security systems**
- 5. Which conditions would be considered causes for flood as covered by the National Flood Insurance Program?**
 - A. Overflow of inland or tidal waters**
 - B. Rapid accumulation or runoff of surface waters**
 - C. A mudflow**
 - D. All of the above**

- 6. What does a named-peril policy cover?**
- A. Coverage for all risks except those explicitly excluded**
 - B. Coverage for specific perils explicitly listed in the policy**
 - C. Coverage based on actual cash value**
 - D. Coverage limited to fire and theft only**
- 7. Which of the following is NOT typically a function of a property restoration company?**
- A. Mitigating damage quickly**
 - B. Providing a legal assessment of the claim**
 - C. Starting repairs after a loss incident**
 - D. Assessing the full extent of damage**
- 8. How does a claims-made policy differ from an occurrence policy?**
- A. A claims-made policy lasts indefinitely**
 - B. An occurrence policy covers claims made during the policy period**
 - C. A claims-made policy covers claims made during the policy period**
 - D. An occurrence policy is more expensive than a claims-made policy**
- 9. How are "flood" and "earthquake" generally treated in property insurance policies?**
- A. As standard coverage options**
 - B. As covered perils with specific limits**
 - C. As excluded perils**
 - D. As optional riders**
- 10. What type of property does a Personal Floaters policy cover?**
- A. Real estate and structures**
 - B. Moveable personal property, wherever it may be located**
 - C. Commercial property only**
 - D. Only property stored in warehouses**

Answers

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

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Explanations

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1. Within how many years of a loss may an insured bring a lawsuit against an insurer, according to dwelling policy?

- A. 1 year**
- B. 2 years**
- C. 3 years**
- D. 5 years**

In the context of dwelling policies, the time frame within which an insured may bring a lawsuit against an insurer after a loss is typically set at two years. This provision is standard in many insurance contracts and is designed to encourage timely claims processing and resolution. By establishing a clear timeline, both parties are better equipped to manage the expectations and responsibilities associated with the claims process. In a dwelling policy, the two-year period begins following the date of the loss, allowing the insured to gather necessary documentation and evidence to support their claim before pursuing legal action. This helps to ensure that the case is handled efficiently while preserving the integrity of the evidence and witness accounts. The other options would extend the time frame beyond what is typically stipulated in dwelling policies, which could lead to complications regarding the validity of claims and the ability of insurers to effectively investigate matters that are brought to them after a prolonged period. Hence, the two-year limitation is a key aspect of dwelling policy regulations.

2. Which of the following is excluded under the Film Coverage Form?

- A. Deterioration of a film**
- B. Accidental exposure of a negative film to light**
- C. Electrical erasure of a tape**
- D. All of these are covered**

The Film Coverage Form is designed to provide protection for various aspects of film and video production, but it specifically outlines certain exclusions that apply to coverage. The correct response highlights that certain types of damage or loss associated with film and related media are not covered under this policy. Deterioration of a film often refers to the natural aging process or deterioration due to environmental factors, which is a common exclusion since it is considered a maintenance issue rather than accidental loss. Similarly, accidental exposure of a negative film to light is also typically excluded because it falls under ordinary risks that are anticipated in the handling and processing of film. Lastly, electrical erasure of a tape is regarded as a foreseeable event that could result from normal usage, thus making it another exclusion under the Film Coverage Form. These exclusions are integral to understanding the limits of the Film Coverage Form, which focuses more on unexpected incidents or damage caused by external factors rather than gradual deterioration or common handling errors. Therefore, the items listed would generally not be covered, pointing towards the need for filmmakers to consider additional options or policies to protect against such risks.

3. In the context of flood insurance, which of the following does NOT qualify as a flood source?

- A. Overflow of inland waters**
- B. Rapid surface runoff**
- C. A mudslide**
- D. None of the above**

In flood insurance terminology, the term "flood" has a specific definition that typically includes water overflow from inland waters, rapid surface runoff, and other similar conditions that can lead to excessive accumulation of water. Recognizing "flood" sources is crucial for determining coverage under a flood insurance policy. Overflow of inland waters refers to situations where rivers, lakes, or streams exceed their banks and flood surrounding areas, which is indeed a recognized source of flooding. Rapid surface runoff pertains to rainwater or melted snow that flows over land, potentially leading to flood conditions. The option describing a mudslide is distinct from those recognized as flood sources. While mudslides can occur during heavy rainfall and may involve water, they are categorized under landslide or earth movement rather than flooding. Therefore, a mudslide does not fit the definition of a flood source as understood in the context of flood insurance. Consequently, the presence of a mudslide as a non-flood-related event indicates that, out of the listed options, it does not qualify as a source of flooding, validating the reasoning for the choice.

4. What factor can lead to an increase in insurance premiums for a property?

- A. Having multiple types of insurance**
- B. Improving the property's condition**
- C. Living in a high-risk area**
- D. Installing security systems**

Living in a high-risk area is a significant factor that can lead to an increase in insurance premiums for a property. Insurance companies assess the level of risk associated with a particular location when determining premiums. Areas that are prone to natural disasters, such as floods, hurricanes, or earthquakes, as well as those with high crime rates, present a higher likelihood of claims being made against the policy. This higher perceived risk translates to increased premiums because the insurer anticipates paying out more in claims. They factor in historical data, regional crime statistics, and environmental conditions when calculating the cost of coverage. Therefore, properties located in such high-risk areas are likely to see elevated insurance costs as a direct response to the increased potential for loss or damage. In contrast, having multiple types of insurance, improving the property's condition, or installing security systems can generally lead to lower premiums or discounts, as these factors are seen as reducing the overall risk of loss or damage.

5. Which conditions would be considered causes for flood as covered by the National Flood Insurance Program?

- A. Overflow of inland or tidal waters**
- B. Rapid accumulation or runoff of surface waters**
- C. A mudflow**
- D. All of the above**

The National Flood Insurance Program (NFIP) defines flood in broad terms that encompass a variety of scenarios related to water accumulation and movement. Each of the conditions listed falls within the NFIP's definition of a flood. Overflow of inland or tidal waters specifically describes the scenario where these bodies of water exceed their boundaries and inundate the surrounding areas, which is a primary cause of flooding covered by the NFIP. Rapid accumulation or runoff of surface waters refers to situations where precipitation or other water sources quickly gather and flood areas that may not typically be prone to such high water levels. This type of flooding can result from heavy rainfalls and is also recognized as a flood by the NFIP. A mudflow, which is primarily characterized by the movement of saturated earth materials, can occur as a result of flooding and is included in the NFIP definition of a flood because it often results from excess water that leads to ground saturation. Since all these conditions illustrate different forms of flooding as defined under the NFIP, the correct answer encompasses all these scenarios, making the comprehensive inclusion of all the listed factors the rationale behind this choice.

6. What does a named-peril policy cover?

- A. Coverage for all risks except those explicitly excluded**
- B. Coverage for specific perils explicitly listed in the policy**
- C. Coverage based on actual cash value**
- D. Coverage limited to fire and theft only**

A named-peril policy specifically covers only the perils that are explicitly listed in the policy documentation. This means that if a peril is not included in the list of covered events, any damage or loss resulting from that peril would not be eligible for coverage. This structure provides clarity for policyholders, as they can anticipate which specific risks are covered and which are not. Named-peril policies are often more affordable than broader policies because they impose limits on the situations in which the insurer will pay out claims. For example, a named-peril policy might list coverage for events like fire, theft, windstorm, and vandalism. If a policyholder experiences damage due to a peril not mentioned, such as flooding, their claim would not be paid. This is in contrast to other types of policies, such as open-peril policies, which cover all risks except those specifically excluded. Understanding the distinction between named-peril and other policy types is crucial for effective risk management and insurance planning.

7. Which of the following is NOT typically a function of a property restoration company?

- A. Mitigating damage quickly**
- B. Providing a legal assessment of the claim**
- C. Starting repairs after a loss incident**
- D. Assessing the full extent of damage**

A property restoration company primarily focuses on mitigating damage, starting repairs, and assessing the extent of damage to a property after an incident such as water, fire, or mold damage. These companies are equipped with the expertise and tools necessary to address these aspects quickly and efficiently, helping to restore the property to its pre-loss condition. Providing a legal assessment of the claim, however, is not typically within the purview of a property restoration company. Legal assessments are conducted by insurance adjusters or legal professionals who specialize in understanding the nuances of insurance claims and liability. Property restoration professionals may collaborate with adjusters and provide detailed reports about the damage and the restoration process, but they are not responsible for the legal interpretation or evaluation of insurance coverage. This distinction underscores the specialized roles that different professionals play in the recovery process following a property loss incident, ensuring that each aspect—restoration, assessment, and legal evaluation—receives the appropriate attention from experts trained in those specific fields.

8. How does a claims-made policy differ from an occurrence policy?

- A. A claims-made policy lasts indefinitely**
- B. An occurrence policy covers claims made during the policy period**
- C. A claims-made policy covers claims made during the policy period**
- D. An occurrence policy is more expensive than a claims-made policy**

A claims-made policy is characterized by its coverage for claims that are made during the policy period, provided that the event that gave rise to the claim occurred after the policy's retroactive date. This means that if an incident took place prior to the policy being issued—unless it falls under the retroactive date—the claim will not be covered even if it is reported while the policy is in effect. This contrasts with an occurrence policy, which provides coverage for incidents that happen during the policy period, regardless of when the claim is reported. Consequently, occurrence policies can address claims made long after the policy has expired, as long as the incident occurred while the policy was active. The distinction is crucial for policyholders because a claims-made policy's protection is strictly tied to the duration of the coverage provided, while occurrence policies provide more extended protection for events that might surface later. Understanding this difference helps policyholders choose the right type of insurance based on their needs and the nature of the risks they face.

9. How are "flood" and "earthquake" generally treated in property insurance policies?

- A. As standard coverage options**
- B. As covered perils with specific limits**
- C. As excluded perils**
- D. As optional riders**

Flood and earthquake are typically treated as excluded perils in most standard property insurance policies. This means that damage resulting from these events is not covered unless the policyholder specifically seeks additional coverage. The rationale behind their exclusion lies in the high risk and potential for extensive damage these natural disasters can cause, which often exceeds what standard property insurance can feasibly cover. Insurance companies generally view these events as having characteristics that make them more unpredictable and catastrophic compared to common perils like fire or theft. To obtain coverage for flood or earthquake damage, policyholders usually need to purchase separate policies or endorsements. Flood insurance, for example, is commonly provided through the National Flood Insurance Program (NFIP), which offers specific definitions and coverage limits that differ from typical homeowners' insurance. Similarly, earthquake coverage might require additional riders or separate policies, depending on the insurer and the location of the property. Understanding that these two perils are generally excluded helps property owners plan effectively for their insurance needs and ensures they have the appropriate coverage in the event of such natural disasters.

10. What type of property does a Personal Floaters policy cover?

- A. Real estate and structures**
- B. Moveable personal property, wherever it may be located**
- C. Commercial property only**
- D. Only property stored in warehouses**

A Personal Floaters policy is specifically designed to insure movable personal property, which refers to items that can easily be transported or are not permanently attached to a location. This type of insurance provides coverage for personal belongings regardless of their location, whether they are at home, in transit, or even while away on vacation. This flexibility is one of the defining features of a Personal Floaters policy, making it beneficial for individuals who have valuable personal items that may not be covered adequately by standard homeowners or renters insurance due to their mobility. The other options do not align with the purpose of a Personal Floaters policy. For instance, real estate and structures pertain to fixed property, which is not covered under this policy type. Similarly, commercial property is typically covered by different types of insurance focused on business assets, while a policy that only covers items stored in warehouses would limit coverage significantly and does not reflect the core intent of a Personal Floaters policy to cover personal items in a variety of locations.

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://typesofpropertypolicies.examzify.com>

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