

VIRGINIA PROPERTY AND CASUALTY PRACTICE EXAM (SAMPLE)

STUDY GUIDE



Prepare with structure. Pass with confidence



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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

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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. What is the general reason for cancellation of a property insurance policy?**
 - A. Change of ownership
 - B. Compulsory inspections
 - C. Material misrepresentation
 - D. Natural disaster claims

- 2. True or False: Splitting commissions with an agent with the same license as you is allowed.**
 - A. True
 - B. False
 - C. Depends on the state
 - D. Only if documented

- 3. What does direct loss refer to?**
 - A. Fire damage to a dwelling's roof
 - B. Cost of increased living expenses due to a fire
 - C. Reduction in the value of the insured's 401k
 - D. Exclusions

- 4. What is "personal injury protection" (PIP)?**
 - A. A type of insurance that covers vehicle damages
 - B. Medical coverage for injuries regardless of fault
 - C. Insurance that pays for damages caused to others
 - D. Coverage that protects against theft of the vehicle

- 5. All the following are exceptions to the contractual liability exclusion in a CGL, EXCEPT?**
 - A. Easement agreement
 - B. Tort liability
 - C. Liquor liability
 - D. Elevator maintenance agreement

- 6. What type of liability exists when an insured is held liable for a product they manufactured without needing to prove negligence?**
- A. Negligence
 - B. Vicarious liability
 - C. Not liable
 - D. Strict liability
- 7. How does a claims-made policy differ from an occurrence policy?**
- A. A claims-made policy covers claims regardless of when reported
 - B. An occurrence policy covers claims based on the policy term
 - C. A claims-made policy covers claims only if reported during the policy term
 - D. An occurrence policy has a separate deductible
- 8. Which commercial floater would a contractor use to cover equipment not yet installed on a construction site?**
- A. Scheduled personal property floater
 - B. Installation floater
 - C. Personal effects floater
 - D. Equipment breakdown
- 9. What does "loss of use" coverage include?**
- A. Coverage for personal items lost in a disaster
 - B. Coverage for expenses incurred when a home is uninhabitable
 - C. Coverage for loss of income due to property damage
 - D. Coverage for legal fees associated with property disputes
- 10. Under an auto insurance policy, what does the term "collision" refer to?**
- A. A. Damage from theft
 - B. B. Damage from a fire
 - C. C. Damage resulting from hitting another object
 - D. D. Damage from weather-related incidents

Answers

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

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Explanations

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1. What is the general reason for cancellation of a property insurance policy?

- A. Change of ownership
- B. Compulsory inspections
- C. Material misrepresentation**
- D. Natural disaster claims

The cancellation of a property insurance policy is often linked to material misrepresentation. This occurs when an insured individual provides false or misleading information during the application process or at any point in managing the policy. Insurers rely on accurate information to assess risk accurately and determine the appropriate premium for coverage. If a misrepresentation is discovered, the insurer may have grounds to cancel the policy because it undermines the principle of good faith in the insurance contract. In this context, the other options do not typically constitute valid reasons for cancellation. Change of ownership may require updating the policy but does not automatically lead to cancellation unless specific circumstances indicate increased risk. Compulsory inspections are often mandated to ensure safety and compliance but are not usually a cancellation reason; rather, they help in keeping coverage appropriate. Natural disaster claims may increase the risk profile but usually result in other actions, such as adjusting premiums or deductibles, rather than immediate cancellation.

2. True or False: Splitting commissions with an agent with the same license as you is allowed.

- A. True**
- B. False
- C. Depends on the state
- D. Only if documented

Splitting commissions with another agent who holds the same type of license is indeed permissible under certain conditions. In general, many states allow licensed agents to share commissions when they have a cooperative agreement and comply with relevant regulations. This typically involves ensuring that both agents are actively involved in the transaction, fulfilling their duties, and adhering to the state's insurance laws governing such arrangements. The rationale behind allowing commission splitting is to encourage collaboration between licensed agents, which can ultimately benefit clients by enabling more comprehensive service offerings. Additionally, such agreements promote goodwill and strategic partnerships within the industry. However, it is crucial for agents to confirm the specific laws and regulations in their state, as there might be nuances regarding how commissions can be split, whether agreements need to be documented, or if there are limitations to the arrangement. Understanding these stipulations helps maintain compliance and fosters ethical business practices.

3. What does direct loss refer to?

- A. Fire damage to a dwelling's roof
- B. Cost of increased living expenses due to a fire
- C. Reduction in the value of the insured's 401k
- D. Exclusions

Direct loss refers to the immediate and tangible damage to property resulting from a peril, such as fire. When a dwelling's roof is damaged by fire, it is a direct loss because it is the physical destruction of an insured asset caused by a covered event. This type of loss is distinctly identifiable and reflects the straightforward consequences of the incident on the property itself, which is a fundamental concept in property insurance. In contrast, the cost of increased living expenses due to a fire relates more to indirect losses associated with the incident; these expenses arise from the necessity to live elsewhere while repairs are made. Similarly, a reduction in the value of an insured's 401k is not connected to property loss but rather reflects a financial investment issue, and exclusions refer to specific situations or items that are not covered under a policy, which do not fit the definition of direct loss. These distinctions highlight why fire damage to a dwelling's roof is the most appropriate example of direct loss in this context.

4. What is "personal injury protection" (PIP)?

- A. A type of insurance that covers vehicle damages
- B. Medical coverage for injuries regardless of fault
- C. Insurance that pays for damages caused to others
- D. Coverage that protects against theft of the vehicle

Personal Injury Protection (PIP) is designed to provide medical coverage for individuals injured in an automobile accident, regardless of who is at fault. This type of insurance is meant to cover medical expenses, rehabilitation costs, and sometimes even lost wages and other related costs resulting from an auto accident. PIP is a critical component of many auto insurance policies because it ensures that individuals receive the necessary medical care without having to navigate complex fault determinations immediately following an accident. This can be especially beneficial in accidents where fault is disputed or when the other party's insurance is insufficient or unavailable. The other options presented do not accurately define PIP. Specifically, coverage relating to vehicle damages, payments for damages caused to others, or protection against vehicle theft covers different aspects of auto insurance. Therefore, the focus on medical coverage offered by PIP makes this option the correct choice.

5. All the following are exceptions to the contractual liability exclusion in a CGL, EXCEPT?

- A. Easement agreement
- B. Tort liability
- C. Liquor liability**
- D. Elevator maintenance agreement

The contractual liability exclusion in a Commercial General Liability (CGL) policy is designed to limit coverage for liabilities that arise from contractual agreements. The exceptions to this exclusion typically include specific types of agreements or liabilities that the insurance policy intends to cover, even if they arise from a contract. In this context, easement agreements, tort liabilities, and elevator maintenance agreements are considered exceptions because they often involve responsibilities that can exist independently of a contract. For instance, an easement agreement involves the right to use someone else's property without transferring ownership, creating a liability that isn't purely contractual. Similarly, tort liability arises from civil wrongs that can occur regardless of any contractual obligations, making it inherently outside the scope of the contractual liability exclusion. Elevator maintenance agreements typically involve a maintenance service that may be subject to liability based on failures in service that go beyond mere contractual issues, focusing instead on safety and regulations. Liquor liability, on the other hand, is a specific type of liability that pertains to the selling or serving of alcoholic beverages. This liability often arises from actions associated with alcohol service, which may include incidents of negligence related to serving patrons rather than a contractual obligation. In many jurisdictions, this type of liability is firmly categorized and often does not fall under the exceptions

6. What type of liability exists when an insured is held liable for a product they manufactured without needing to prove negligence?

- A. Negligence
- B. Vicarious liability
- C. Not liable
- D. Strict liability**

Strict liability is a legal doctrine under which a party is held liable for their actions or products, regardless of fault or negligence. In the context of product manufacturing, if an insured is held responsible for a product they manufactured, strict liability applies without the need for the injured party to prove that the manufacturer acted negligently. This concept aims to protect consumers by ensuring that manufacturers take full responsibility for the safety and efficacy of their products, encouraging them to maintain high standards in production. This doctrine is particularly significant in cases where products cause injury or harm, as it allows for quicker resolution and compensation for the injured parties. By placing the liability on the manufacturer simply by virtue of them having put the product into the market, it emphasizes the responsibility of producers to ensure their products are safe for use. Negligence, on the other hand, requires proof that the manufacturer failed to act with reasonable care, which is not necessary under strict liability. Vicarious liability involves holding one party responsible for the actions of another, typically in employer-employee situations, and is not applicable in cases dealing directly with product liability. Lastly, the option of not being liable contradicts the context of the question, which assumes the insured is indeed held liable for their product. Thus,

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

- A. A claims-made policy covers claims regardless of when reported
- B. An occurrence policy covers claims based on the policy term
- C. A claims-made policy covers claims only if reported during the policy term**
- D. An occurrence policy has a separate deductible

A claims-made policy is designed to cover claims that are made during the policy period, specifically those claims that are reported while the policy is in effect, regardless of when the incident that caused the claim occurred. This means that if an event happens prior to the policy period but the claim is reported after the policy has started, it will not be covered unless the incident occurs after the retroactive date specified in the policy. In contrast, an occurrence policy covers claims based on the date when the actual event causing the claim occurred, rather than when the claim is reported. This coverage is triggered as long as the incident happens during the coverage period, regardless of when the claim is filed. Understanding this distinction is crucial for policyholders because it affects when claims can be reported and how coverage operates in relation to the timing of incidents and claims. This differentiation also underscores the strategic importance of choosing the appropriate type of insurance based on risk management needs.

8. Which commercial floater would a contractor use to cover equipment not yet installed on a construction site?

- A. Scheduled personal property floater
- B. Installation floater**
- C. Personal effects floater
- D. Equipment breakdown

The installation floater is specifically designed to provide coverage for equipment that is in transit or not yet installed at a construction site. This type of policy protects materials, machinery, and equipment that will be incorporated into a finished project, ensuring that they are covered during the period when they are waiting to be installed. Contractors often deal with significant investments in equipment and materials before they are put into operation, so having coverage for these items while they are on-site or in transit is essential. The installation floater can address risks such as theft, damage, or loss that might occur before the equipment is fully operational. In contrast, a scheduled personal property floater typically applies to personal items listed on a schedule and may not specifically cater to construction equipment. A personal effects floater is generally focused on personal belongings. Equipment breakdown coverage is aimed at protecting against mechanical failures rather than covering items waiting to be installed. Thus, the installation floater is the most appropriate choice for covering equipment not yet installed on a construction site.

9. What does "loss of use" coverage include?

- A. Coverage for personal items lost in a disaster
- B. Coverage for expenses incurred when a home is uninhabitable**
- C. Coverage for loss of income due to property damage
- D. Coverage for legal fees associated with property disputes

"Loss of use" coverage is a vital component of homeowners and renters insurance policies. It specifically addresses the expenses that an insured person incurs when their home becomes uninhabitable due to a covered peril, such as a fire or storm damage. This type of coverage helps policyholders manage costs associated with temporary accommodations, such as hotel stays, as well as additional living expenses that may arise, like increased food costs or utility bills during the time they cannot reside in their home. The reason this option stands out is that it directly relates to the concept of "loss of use," which is focused on the inability to use the insured property and the consequent financial burden it creates. By providing coverage in this area, insurance policies ensure that individuals are protected from the financial strain that often follows significant property damage, promoting recovery and stability during a crisis.

10. Under an auto insurance policy, what does the term "collision" refer to?

- A. A. Damage from theft
- B. B. Damage from a fire
- C. C. Damage resulting from hitting another object**
- D. D. Damage from weather-related incidents

The term "collision" in an auto insurance policy specifically refers to damage that occurs when your vehicle strikes another vehicle or an object, such as a tree, guardrail, or any other stationary object. This coverage is designed to help pay for repairs or the replacement of your vehicle after such an event, regardless of who is at fault. Collision coverage is a key component of a comprehensive auto insurance policy, as it provides financial protection in scenarios where an accident involving a collision causes damage. Other types of damages, like those from theft, fire, or weather-related incidents, fall under different sections of an auto policy and are typically covered under other forms of insurance, such as comprehensive coverage. Understanding this distinction is critical for drivers when assessing their coverage options and ensuring they have the protection they need for various types of incidents.

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://vapropertycasualty.examzify.com>

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

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