

Washington Property & Casualty Practice Exam (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

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- 1. What criteria must an insurer meet to deny personal insurance based on a person's credit history?**
 - A. Must use credit history alone**
 - B. Must combine with other substantial underwriting factors**
 - C. Must consider only the credit score**
 - D. Must be approved by the commissioner**
- 2. Which of the following is NOT covered by the Washington Insurance Guaranty Association?**
 - A. Insolvent property insurance claims**
 - B. Claims against fraternal benefit societies**
 - C. Life insurance claims from bankrupt companies**
 - D. Disability insurance claims**
- 3. What must an auto insurer offer in relation to underinsured motorist coverage?**
 - A. At least \$25,000 limits**
 - B. At least the same limits as the insured's auto liability policy**
 - C. A flat rate regardless of liability policy limits**
 - D. Only if requested by the insured**
- 4. Farm Property Coverage I covers which specific type of claim?**
 - A. Bodily injury claims**
 - B. Personal and advertising injury claims**
 - C. Property damage claims**
 - D. Medical payments claims**
- 5. What is the purpose of the Other Insurance Clause?**
 - A. To increase the premium on multiple policies**
 - B. To ensure the Insured has multiple coverage options**
 - C. To share losses among multiple policies on a prorated basis**
 - D. To guarantee that at least one policy pays for a claim**

6. What is the broad term used to describe the unauthorized taking of property?

- A. Burglary**
- B. Theft**
- C. Embezzlement**
- D. Fraud**

7. Which of the following is a key aspect of a temporary license issued under Washington state law?

- A. It is valid for one year**
- B. It cannot be renewed**
- C. It can be issued for a maximum of 180 days**
- D. It requires an examination for renewal**

8. What obligation does a fiduciary have when handling premiums?

- A. To ensure the best interest of the insurer**
- B. To always reduce fees for customers**
- C. To act honestly and trustworthily**
- D. To maximize the commissions earned**

9. What does Other Than Collision (OTC) coverage refer to in auto insurance?

- A. Coverage for collisions with other vehicles**
- B. Coverage against all perils except Collision**
- C. Coverage for theft and fire only**
- D. Coverage for bodily injury liability**

10. What is defined as a loss caused by natural deterioration that insurers do not cover?

- A. Inherent Vice**
- B. Extra Expense Policy**
- C. Business Income Policy**
- D. Comprehension Coverage**

Answers

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

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Explanations

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- 1. What criteria must an insurer meet to deny personal insurance based on a person's credit history?**
 - A. Must use credit history alone**
 - B. Must combine with other substantial underwriting factors**
 - C. Must consider only the credit score**
 - D. Must be approved by the commissioner**

To deny personal insurance based on a person's credit history, an insurer must combine the credit history with other substantial underwriting factors. This criterion ensures that decisions regarding insurance eligibility or premiums are not based solely on credit history, which can be an incomplete reflection of a person's risk profile. In many states, including Washington, regulations are in place that require insurers to consider multiple factors when assessing risk and determining premiums. This holistic approach recognizes that various aspects of an individual's financial behavior and insurance history contribute to their overall risk. By combining credit history with other substantial factors, such as claims history, income, and other relevant financial metrics, insurers can create a more balanced and equitable assessment process. This requirement helps protect consumers from potential discrimination or unfair treatment solely based on their credit scores, which may not fully represent their ability to manage insurance responsibilities or reflect their overall risk profile accurately.

- 2. Which of the following is NOT covered by the Washington Insurance Guaranty Association?**
 - A. Insolvent property insurance claims**
 - B. Claims against fraternal benefit societies**
 - C. Life insurance claims from bankrupt companies**
 - D. Disability insurance claims**

The Washington Insurance Guaranty Association (WIGA) provides a safety net for policyholders in the event that an insurance company becomes insolvent. It covers various types of claims to protect consumers, but there are specific exclusions outlined in its regulations. Claims against fraternal benefit societies are not covered by the WIGA. These societies operate on a different structure than typical insurance companies, and their model is often based on mutual aid rather than traditional insurance. Therefore, if a fraternal benefit society becomes insolvent, the Guaranty Association does not extend its protections to claims arising from those societies. This is a distinguishing characteristic that sets it apart from more conventional insurance products, such as property insurance and other types that WIGA does cover. In contrast, the other options provided—insolvent property insurance claims, life insurance claims from bankrupt companies, and disability insurance claims—fall within the jurisdiction of WIGA. The primary purpose of WIGA is to ensure that policyholders can receive benefits even when their insurance providers face financial difficulties, thereby offering a form of security in the insurance marketplace.

3. What must an auto insurer offer in relation to underinsured motorist coverage?

- A. At least \$25,000 limits
- B. At least the same limits as the insured's auto liability policy**
- C. A flat rate regardless of liability policy limits
- D. Only if requested by the insured

An auto insurer is required to offer underinsured motorist coverage at least at the same limits as the insured's auto liability policy. This means that if a policyholder has a liability policy with a certain limit—let's say \$100,000 in bodily injury coverage—the insurer must offer the option to purchase underinsured motorist coverage at that same limit. This requirement is in place to ensure that if an insured is involved in an accident with a driver who has insufficient coverage to fully compensate for damages, they can receive benefits up to the same level they have for their own liability. It provides a safety net, making sure that the insured's potential financial exposure is minimized in the event of an accident with an underinsured motorist. The other options present variations that do not align with the statutory requirements. For example, the requirement does not stipulate a flat rate or a minimum set amount that is lower than the insured's own liability limits; it focuses on matching those limits. Similarly, offering the coverage only upon the request of the insured does not comply with the mandate that insurers must present this option to policyholders.

4. Farm Property Coverage I covers which specific type of claim?

- A. Bodily injury claims
- B. Personal and advertising injury claims**
- C. Property damage claims
- D. Medical payments claims

Farm Property Coverage I is primarily designed to provide coverage for specific risks related to farm operations. It focuses on insuring property that is essential for farming activities, typically covering buildings, machinery, and equipment used in farming. The correct choice pertains to personal and advertising injury claims, which refers to written or spoken offenses that cause harm to a person's reputation, such as defamation, misappropriation of advertising ideas, or copyright infringement in advertising. While this form of coverage isn't the primary focus of Farm Property Coverage I, understanding the breadth of coverages offered under a typical commercial form helps clarify why personal and advertising injury claims could be included in broader farm-related insurance discussions. On the contrary, bodily injury claims pertain to the physical injury of a person, property damage claims cover damage to physical property, and medical payments claims provide for medical expenses incurred from injuries regardless of fault. Each of these options addresses different aspects of liability and injury that may arise in different contexts, but they fall outside the primary scope of Farm Property Coverage I, which is largely focused on property itself rather than on personal or advertising injuries.

5. What is the purpose of the Other Insurance Clause?

- A. To increase the premium on multiple policies
- B. To ensure the Insured has multiple coverage options
- C. To share losses among multiple policies on a prorated basis**
- D. To guarantee that at least one policy pays for a claim

The Other Insurance Clause serves to establish how claims will be handled when multiple insurance policies cover the same loss. Its primary function is to outline a method for sharing the loss among these policies, typically on a prorated basis. This means that if the insured has multiple policies covering the same risk, the payout for any claim will be distributed proportionally based on the coverage limits and premiums of each policy involved. This helps prevent the insured from profiting from having multiple coverages for the same risk, as the goal is not to allow the insured to receive more than the actual loss incurred. In this context, one can understand why options suggesting an increase in premiums, providing multiple coverage options, or guaranteeing payment from at least one policy do not align with the main intent of the Other Insurance Clause. Such provisions are not aimed at adjusting costs or ensuring accessibility to claims, but rather at accurately compensating for losses while keeping the insurance process fair and equitable among different insurers.

6. What is the broad term used to describe the unauthorized taking of property?

- A. Burglary
- B. Theft**
- C. Embezzlement
- D. Fraud

The correct answer is the term "theft," which broadly encompasses the unauthorized taking of property with the intent to permanently deprive the owner of its possession. Theft can occur in various forms and does not necessarily involve breaking and entering, which is specific to burglary. Burglary, while related to theft, specifically refers to entering a property unlawfully with the intent to commit a crime, which may not always directly involve stealing. Embezzlement involves the misappropriation of funds or property by a person in a position of trust, while fraud refers to wrongful or criminal deception intended to result in financial or personal gain. Both embezzlement and fraud do not fit the general definition of theft, as they involve different elements of deceit or misrepresentation rather than straightforward unauthorized taking.

7. Which of the following is a key aspect of a temporary license issued under Washington state law?

- A. It is valid for one year**
- B. It cannot be renewed**
- C. It can be issued for a maximum of 180 days**
- D. It requires an examination for renewal**

A temporary license in Washington state typically allows individuals to continue providing necessary insurance services while they complete the requirements for obtaining a full license. The maximum validity period of a temporary license is specifically set at 180 days, ensuring that individuals can operate effectively while actively engaging in the licensure process. This timeframe provides a balance between addressing the immediate needs of the applicant and the regulatory framework within which they must operate to ensure that all participants in the insurance market meet the professional standards established by the state. While options such as being valid for one year or requiring renewal through examination provide interesting notions, they do not align with the specific stipulations set forth in state law regarding temporary licenses. The nature of a temporary license inherently points to its short-term purpose, distinct from the ordinary long-term licensing processes that typically involve exams or longer validity periods.

8. What obligation does a fiduciary have when handling premiums?

- A. To ensure the best interest of the insurer**
- B. To always reduce fees for customers**
- C. To act honestly and trustworthily**
- D. To maximize the commissions earned**

A fiduciary, by definition, holds a position of trust and responsibility towards another party, which in this case involves handling premiums. The primary obligation of a fiduciary is to act honestly and trustworthily. This means they must manage the premiums with integrity, ensuring that they are used appropriately and in accordance with the best interests of the client or beneficiary. In this context, being honest and trustworthy encompasses several expectations, such as reporting premium payments accurately, safeguarding the funds, and not misappropriating them for personal gain. This level of trust is essential in financial dealings, as clients rely on the fiduciary to act in their best interests rather than pursuing personal advantages. While ensuring the best interest of the insurer or maximizing commissions might serve certain stakeholders, those are not the foundational principles guiding a fiduciary's obligation. Instead, the focus remains on the ethical management of funds and maintaining the trust placed in them by the clients. Reducing fees for customers does not fall under fiduciary duty since it doesn't directly relate to the trust aspect but rather to pricing strategy. Therefore, the most accurate representation of a fiduciary's obligation in this scenario is to act honestly and trustworthily.

9. What does Other Than Collision (OTC) coverage refer to in auto insurance?

- A. Coverage for collisions with other vehicles**
- B. Coverage against all perils except Collision**
- C. Coverage for theft and fire only**
- D. Coverage for bodily injury liability**

Other Than Collision (OTC) coverage, often referred to as comprehensive coverage in the context of auto insurance, provides protection against a range of losses that are not directly related to a collision with another vehicle. This includes damages caused by incidents such as theft, vandalism, natural disasters, hail, and damage from hitting an animal. It's important to note that this coverage excludes incidents involving collisions with other vehicles or objects, which is specifically covered under collision coverage. The reason that the selected answer is correct is because it encompasses all the damages or losses that can occur outside of an actual collision, which aligns with the definition of OTC coverage. It highlights that the coverage is comprehensive in nature, protecting against various perils aside from collision incidents. The other responses mischaracterize the scope of OTC coverage. For instance, one choice mistakenly implies that the coverage is limited solely to theft and fire, which does not accurately reflect its broader application to various non-collision-related damages. Another option suggests it pertains exclusively to bodily injury liability, which falls under a completely different category of auto insurance, lacking the context necessary for understanding vehicle damage or theft.

10. What is defined as a loss caused by natural deterioration that insurers do not cover?

- A. Inherent Vice**
- B. Extra Expense Policy**
- C. Business Income Policy**
- D. Comprehension Coverage**

The term that refers to a loss caused by natural deterioration that insurers do not cover is known as "Inherent Vice." Inherent vice describes characteristics of certain items that make them inherently susceptible to damage or decay under normal circumstances. For instance, organic materials may decompose over time or certain metals may corrode, regardless of any external factors. Insurance policies typically exclude coverage for such losses as they are viewed as part of the nature of the items themselves rather than an insurable risk. This diagnostic feature helps insurance providers define the boundaries of their coverage, ensuring that they do not assume liability for losses that are predictable or are a result of the item's fundamental qualities. Understanding inherent vice is essential for individuals and businesses to recognize what types of risks might not be covered under their insurance policies. The other choices pertain to different aspects of coverage or types of policies. An Extra Expense Policy is designed to cover additional costs incurred to continue operations after a loss. A Business Income Policy covers loss of income due to a covered event causing the business to cease operations temporarily. Comprehensive Coverage refers to a type of auto insurance that provides protection against various risks not covered by collision insurance, such as theft or vandalism.

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://wapropertycasualty.examzify.com>

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

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