

Washington Property & Casualty 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. What are supplemental payments in a liability policy designed to cover?**
 - A. Property damage**
 - B. Insured's defense costs**
 - C. Medical payments**
 - D. Loss of income**
- 2. What is the primary reason that an applicant may be denied a Producer's license?**
 - A. Lack of an educational background in insurance**
 - B. Ethical issues, such as felony convictions**
 - C. Not having enough work experience**
 - D. Failure to submit a social security number**
- 3. How many days in advance must an insurer send notice to the named insured if they non-renew a commercial line policy?**
 - A. 30 days**
 - B. 45 days**
 - C. 60 days**
 - D. 90 days**
- 4. What is the requirement for an insurer regarding the statute of limitations for filing a lawsuit?**
 - A. The insurer must notify the claimant 60 days prior**
 - B. The insurer must notify the claimant 30 days prior**
 - C. The insurer is not required to notify the claimant**
 - D. The insurer must notify the claimant 15 days prior**
- 5. Which policy form includes coverage for perils only as they are explicitly mentioned?**
 - A. Comprehensive policy**
 - B. All Risk policy**
 - C. Named Peril policy**
 - D. Broad Form policy**

- 6. What essential information must a binder contain?**
- A. The applicant's credit history**
 - B. Details about the property's location**
 - C. An acknowledgment of received premiums**
 - D. Insurance regulatory approvals**
- 7. Who is covered under Personal Injury Protection (PIP) in Washington?**
- A. The named insured and their friends**
 - B. Only family members residing in the household**
 - C. Household residents related by blood, marriage or adoption, and pedestrians involved in an accident**
 - D. Any passengers in the vehicle regardless of relation**
- 8. How long must producers keep records of all transactions under their licenses?**
- A. 2 years**
 - B. 3 years**
 - C. 5 years**
 - D. 7 years**
- 9. What is the term for shifting the financial consequences of risk to another party?**
- A. Self-insurance**
 - B. Risk Transfer**
 - C. Risk Retention**
 - D. Risk Avoidance**
- 10. Which type of insurer is owned by investors?**
- A. Mutual Insurer**
 - B. Stock Insurer**
 - C. Reciprocal Insurer**
 - D. Fraternal Insurer**

Answers

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

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Explanations

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1. What are supplemental payments in a liability policy designed to cover?

- A. Property damage**
- B. Insured's defense costs**
- C. Medical payments**
- D. Loss of income**

Supplemental payments in a liability policy are specifically designed to cover the insured's defense costs. These payments are above and beyond the limits of liability coverage and ensure that an insured party can mount a defense against claims made against them, such as legal fees and court costs. This feature is particularly important because it allows the insured to defend themselves without depleting their policy limits for damages in the event of a liability claim. For instance, if a lawsuit is filed against the insured, the costs associated with hiring attorneys, expert witnesses, and other necessary legal expenses would be covered under the supplemental payments provision. While property damage, medical payments, and loss of income are also important aspects of various insurance policies, they do not fall under the category of supplemental payments. Instead, these items are typically covered by the primary policy limits or through different types of coverage entirely. Understanding the distinction and the purpose of supplemental payments is crucial for effectively managing liability and ensuring comprehensive protection in the event of a claim.

2. What is the primary reason that an applicant may be denied a Producer's license?

- A. Lack of an educational background in insurance**
- B. Ethical issues, such as felony convictions**
- C. Not having enough work experience**
- D. Failure to submit a social security number**

An applicant may be denied a Producer's license primarily due to ethical issues, such as felony convictions. This is because licensing authorities prioritize trustworthiness and integrity in individuals seeking to work within the insurance industry. A felony conviction can raise concerns about an applicant's ability to act ethically or responsibly, which is essential in a role that involves managing clients' financial and personal information. The insurance industry operates under strict regulations, and having a history of criminal behavior, especially related to fraud, theft, or dishonesty, can significantly undermine the confidence that both the regulatory body and potential clients may have in the applicant. Thus, issues of character and ethical standards are paramount in the licensing process. While factors like educational background, work experience, and the submission of necessary documentation are important, they do not carry the same weight as ethical considerations when evaluating a candidate for a Producer's license.

3. How many days in advance must an insurer send notice to the named insured if they non-renew a commercial line policy?

A. 30 days

B. 45 days

C. 60 days

D. 90 days

In Washington State, if an insurer decides not to renew a commercial line policy, they are required to provide a notice to the named insured at least 45 days in advance of the policy's expiration date. This regulation ensures that policyholders have adequate time to seek alternative coverage or make necessary arrangements before their current policy lapses. This requirement is designed to protect consumers by providing them with a reasonable notice period, allowing them to explore other options or address any potential gaps in coverage that may arise due to the non-renewal. The 45-day notice period is specifically established in Washington insurance law, highlighting the emphasis on clear and timely communication between insurers and insured parties concerning policy continuity.

4. What is the requirement for an insurer regarding the statute of limitations for filing a lawsuit?

A. The insurer must notify the claimant 60 days prior

B. The insurer must notify the claimant 30 days prior

C. The insurer is not required to notify the claimant

D. The insurer must notify the claimant 15 days prior

The requirement for an insurer regarding the statute of limitations for filing a lawsuit is that the insurer must notify the claimant 30 days prior. This notification is important because it ensures that the claimant is aware of the impending expiration of the time limit to file a legal action related to their claim. In many jurisdictions, the statute of limitations sets a specific period within which a claimant must initiate a lawsuit. By providing this advance notice, insurers help claimants to take timely action and protect their rights. The 30-day notice is a reasonable window that allows for preparation, legal consultation, or potential settlement discussions before the statute of limitations expires. This requirement is in place to promote fairness in the claims process, ensuring that claimants are treated equitably and are not unduly surprised by the need to pursue legal action.

5. Which policy form includes coverage for perils only as they are explicitly mentioned?

- A. Comprehensive policy**
- B. All Risk policy**
- C. Named Peril policy**
- D. Broad Form policy**

The named peril policy is characterized by its approach to coverage, specifically granting protection only for the dangers explicitly listed within the policy. This means that if a peril is not mentioned in the policy documentation, it will not be covered. For instance, if a named peril policy lists fire, theft, and vandalism as covered perils, then only losses resulting from these specific events would be compensated. This contrasts with more comprehensive policies, which may cover a broader range of potential risks without needing to specify each one. Named peril policies are particularly useful for individuals or businesses wanting to clearly understand what is covered. They can help in managing expectations regarding coverage and can often be more affordable due to their limited scope.

6. What essential information must a binder contain?

- A. The applicant's credit history**
- B. Details about the property's location**
- C. An acknowledgment of received premiums**
- D. Insurance regulatory approvals**

A binder serves as a temporary agreement that provides coverage until the formal policy is issued. The essential information that a binder must contain typically includes an acknowledgment of received premiums. This is crucial because it confirms that the insurer has received the initial payment necessary for coverage to take effect. It establishes that there is mutual consent to create insurance coverage, even on a temporary basis, making it a key component of the binding contract between the insurer and the insured. In contrast, while the applicant's credit history may be relevant for underwriting purposes, it is not necessary for inclusion in a binder. Similarly, while details about the property's location are important for determining the specifics of the coverage offered, they are not a required element of a binder itself. As for insurance regulatory approvals, these are not typically included in a binder; they pertain more to the compliance processes that happen at a different stage of the insurance transaction. Overall, the acknowledgment of premium payment stands out as the essential piece of information that validates the coverage provided by a binder.

7. Who is covered under Personal Injury Protection (PIP) in Washington?

- A. The named insured and their friends**
- B. Only family members residing in the household**
- C. Household residents related by blood, marriage or adoption, and pedestrians involved in an accident**
- D. Any passengers in the vehicle regardless of relation**

Personal Injury Protection (PIP) is a part of auto insurance in Washington that provides coverage for medical expenses, lost wages, and other related costs regardless of who is at fault in an accident. The correct choice encompasses a wide range of individuals who are covered under PIP. Household residents related by blood, marriage, or adoption are specifically included in PIP coverage, ensuring that family members are protected regardless of the driver at fault. Moreover, pedestrians involved in an accident are also covered. This is significant, as it indicates that PIP is designed to provide a broader safety net, not limited to only those in the insured vehicle or those who have a close relationship with the policyholder. This comprehensive coverage reflects the intent of PIP, which is to prioritize the medical care of individuals affected by an accident. Such a provision in PIP enables it to address the potential medical needs of various affected parties, ensuring that they receive the necessary support without undue concern over liability in the moment of an accident. Other options are more limited in their definitions, only covering specific groups or relationships, which do not fully articulate the broad scope of coverage meant to protect different parties involved in an accident scenario.

8. How long must producers keep records of all transactions under their licenses?

- A. 2 years**
- B. 3 years**
- C. 5 years**
- D. 7 years**

Producers are required to maintain records of all transactions conducted under their licenses for a period of five years. This requirement ensures that there is a comprehensive audit trail available for any business conducted, which aids in regulatory oversight and compliance. Retaining these records for five years allows for sufficient time to address any potential disputes, regulatory inquiries, or claims that may arise from the transactions. Keeping records for this duration is standard practice in the industry, as it balances the need for proper documentation and consumer protection with the practical considerations of storage and management. This five-year retention period helps ensure that producers adhere to their responsibilities and can provide necessary documentation when required, thereby promoting a transparent and accountable business environment.

9. What is the term for shifting the financial consequences of risk to another party?

- A. Self-insurance**
- B. Risk Transfer**
- C. Risk Retention**
- D. Risk Avoidance**

The term for shifting the financial consequences of risk to another party is risk transfer. This concept is fundamental in risk management strategies where an individual or organization purchases insurance or enters into contracts to mitigate potential losses by transferring the financial burden to an insurance company or other third party. In practice, risk transfer allows an entity to manage its exposure to various risks, which can include property damage, liability claims, or business interruption. By doing so, the entity reduces its potential financial impact in the event that a risk materializes. This is why businesses often utilize insurance policies as a form of risk transfer, ensuring that they are financially protected against unexpected events. Self-insurance refers to the practice of setting aside funds to cover potential losses without transferring the risk to an insurer, thus it does not involve transferring the financial consequences. Risk retention involves accepting and managing the risk internally without any transfer, while risk avoidance entails eliminating the activities that lead to exposure in the first place, rather than transferring the risk to another party. These distinctions highlight why risk transfer is the correct answer in the context of the question.

10. Which type of insurer is owned by investors?

- A. Mutual Insurer**
- B. Stock Insurer**
- C. Reciprocal Insurer**
- D. Fraternal Insurer**

A stock insurer is defined as a company that is owned by investors who hold shares of the company's stock. These investors, often referred to as stockholders, have a financial interest in the profitability and success of the insurer. Unlike mutual insurers, which are owned by policyholders, stock insurers exist to generate profits for their shareholders. This ownership structure allows stock insurers to raise capital by selling shares, making them able to expand operations or invest in new technology and products more easily. Therefore, the distinction between stock insurers and other types of insurers lies primarily in their ownership model, which directly impacts their operations and business objectives.

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!