CANADIAN ACCREDITED INSURANCE BROKER (CAIB) TWO PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED 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.

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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!

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Questions

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1. **What is the difference between personal accident and workers' compensation insurance?**

   A. Personal accident covers only medical expenses

   B. Workers' compensation covers only non-work-related injuries

   C. Personal accident covers injuries outside of work, workers' compensation covers job-related injuries

   D. Workers' compensation covers all types of accidents

2. **Which situation does NOT normally cause coverage to cease under the Builders Risk Policy?**

   A. Building used as office space during construction

   B. Vacant building during winter

   C. Building occupied as residence before completion

   D. Daily site evaluations

3. **Which three exclusions are common in Equipment Breakdown Policies?**

   A. Data loss, fire and smoke, and war-related losses

   B. Flood, technical errors, and fire damage

   C. War-related losses, fire and smoke, and delay or interruption

   D. Environmental issues, fire, and technical failure

4. **Which of the following is a reason for excluding flood or earthquake coverage?**

   A. These occurrences are well predicted

   B. They are not common in most areas

   C. They have the potential to be catastrophic

   D. They can easily be mitigated

5. **What is the general definition of 'ordinary care' as it pertains to bailees?**

   A. Care beyond what a prudent person would provide

   B. The same care as a diligent owner would take for their own property

   C. A minimal effort to protect property

   D. Any care that is legally acceptable

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6. What is one type of Property Protection System?

A. Weather forecasting systems

B. Sprinkler systems

C. Safety training programs

D. Employee tracking systems

7. What does "co-insurance" in property insurance require?

A. The insurer must pay all claims

B. The insured must carry a minimum percentage of coverage

C. The property must be valued at market price

D. The insured must select a higher deductible

8. What does the term "deductible" refer to in insurance policies?

A. The amount paid by the insurance company before coverage begins

B. The total amount of premium paid annually

C. The amount paid out of pocket before coverage kicks in

D. The value of the insured asset

9. Which of the following is part of the summary of insurance coverages?

A. Policy maturity date

B. Claims history

C. Coverages provided

D. Deductible amounts

10. What type of coverage would apply to property in transit?

A. General liability coverage

B. Off premises coverage

C. Commercial auto insurance

D. Property damage coverage

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Answers

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

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Explanations

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1. What is the difference between personal accident and workers' compensation insurance?

A. Personal accident covers only medical expenses

B. Workers' compensation covers only non-work-related injuries

C. Personal accident covers injuries outside of work, workers' compensation covers job-related injuries

D. Workers' compensation covers all types of accidents

The distinction between personal accident insurance and workers' compensation insurance primarily revolves around the context in which injuries occur. Personal accident insurance is designed to provide coverage for injuries sustained outside of work. This type of insurance typically covers individuals for accidents that happen during leisure activities, travel, or other non-work-related pursuits, ensuring financial support for medical expenses, disability, or even accidental death. On the other hand, workers' compensation insurance is specifically tailored for job-related injuries. It protects employees who sustain injuries or illnesses as a direct result of their work duties. This coverage usually includes medical expenses, lost wages, and rehabilitation costs associated with work-related incidents, providing essential financial support for employees in these situations. Thus, the correct answer emphasizes that personal accident insurance covers injuries occurring outside of the workplace, while workers' compensation is focused solely on job-related injuries. This delineation highlights the specific circumstances each type of insurance addresses and the populations they are intended to protect.

2. Which situation does NOT normally cause coverage to cease under the Builders Risk Policy?

A. Building used as office space during construction

B. Vacant building during winter

C. Building occupied as residence before completion

D. Daily site evaluations

The situation involving daily site evaluations does not normally cause coverage to cease under the Builders Risk Policy because these evaluations are typically considered part of the ongoing construction process. Builders Risk Policies are designed to provide insurance protection for buildings under construction, and regular site evaluations fall within the normal operational activities that ensure the project is progressing as planned. They help monitor construction progress, assess any risks, and confirm that safety measures are in place. In contrast, the other situations mentioned can lead to a cessation of coverage due to increased risks. For example, using a building as office space could indicate a change in the purpose of the property that may not align with the coverage that a Builders Risk Policy provides. A vacant building during winter presents additional risks related to weather and potential damage, which could breach the terms of the policy. Similarly, occupying a building as a residence before its completion may also introduce risks that are not covered under a typical Builders Risk Policy. Understanding these distinctions is crucial for effectively managing insurance needs during the construction process. Regular evaluations keep the project in compliance with the coverage terms, while deviations from intended use or increases in inherent risk can jeopardize the coverage provided by the policy.

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3. Which three exclusions are common in Equipment Breakdown Policies?

A. Data loss, fire and smoke, and war-related losses

B. Flood, technical errors, and fire damage

C. War-related losses, fire and smoke, and delay or interruption

D. Environmental issues, fire, and technical failure

In Equipment Breakdown Policies, the exclusions commonly focus on losses that are outside the typical scope of equipment breakdown or that are already covered by other types of insurance. The correct choice identifies exclusions that align well with the specific structure and intentions of these policies. War-related losses are typically excluded because they fall under catastrophic events that larger insurance policies or war risk policies address separately. Fire and smoke are also commonly excluded, since they can be covered under property insurance policies or fire insurance, thus preventing overlap and redundancy within coverage. Delay or interruption is included as an exclusion related to business interruption that might arise due to equipment breakdown but does not specifically pertain to the physical damage to the equipment itself. These exclusions help define the parameters of coverage and ensure that Equipment Breakdown Policies focus specifically on insuring the risk of equipment failures rather than events that are more broadly managed by other forms of insurance.

4. Which of the following is a reason for excluding flood or earthquake coverage?

A. These occurrences are well predicted

B. They are not common in most areas

C. They have the potential to be catastrophic

D. They can easily be mitigated

Flood and earthquake coverage is often excluded from standard insurance policies primarily due to the catastrophic potential of these events. Both types of disasters can result in extensive damage to properties, infrastructure, and even loss of life, leading to significant financial losses for insurers. Therefore, to protect themselves from the overwhelming claims that could arise from such unpredictable and severe events, insurance companies often choose to exclude these risks from their policies. While it may be true that certain areas experience these natural disasters less frequently, the uncommon nature of an event does not guarantee safety from severe impacts when they do occur. Predicting the timing and intensity of such disasters accurately is also a challenge, which adds to the risk and complicates underwriting. Mitigation measures exist, but they might not be effective in completely preventing the damage caused by extreme flooding or earthquakes. Therefore, the focus on their catastrophic potential is the primary reason why coverage for floods and earthquakes may not be included by default in insurance policies.

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5. What is the general definition of 'ordinary care' as it pertains to bailees?

A. Care beyond what a prudent person would provide

B. The same care as a diligent owner would take for their own property

C. A minimal effort to protect property

D. Any care that is legally acceptable

The definition of 'ordinary care' concerning bailees refers to the standard of care that a diligent owner would take in the management and protection of their own property. This concept is grounded in the expectation that bailees (those who hold someone else's property) should treat the property with a level of concern and diligence that resembles how they would care for their own belongings. This standard emphasizes responsibility and consideration for the property entrusted to them. Therefore, it incorporates the idea that while a bailee does not need to provide extraordinary care, they must nonetheless exhibit a level of attention and protection that reflects the actions of a conscientious owner. The other options highlight less stringent or different standards of care, such as minimal effort or legally acceptable care, which do not capture the essence of the ordinary care standard expected from bailees. By understanding this definition, it becomes clear why it is vital for bailees to uphold such a responsibility when handling another person's property.

6. What is one type of Property Protection System?

A. Weather forecasting systems

B. Sprinkler systems

C. Safety training programs

D. Employee tracking systems

A sprinkler system is a crucial type of Property Protection System designed to help prevent and mitigate damage from fires. These systems are installed in buildings and can automatically detect heat or smoke, activating the sprinklers to release water in areas affected by fire. This rapid response helps to control the flames, reduce the spread of the fire, and minimize property damage and potential loss of life. Sprinkler systems are an essential part of fire safety planning and are often mandated by building codes for commercial properties. In contrast, weather forecasting systems do not directly protect property but rather provide information about environmental conditions. Safety training programs focus on educating individuals about safety practices and reducing risk, but they do not physically protect property. Employee tracking systems assist in monitoring employee activities and locations, which is more relevant to operational efficiency and security rather than directly protecting property.

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7. What does "co-insurance" in property insurance require?

A. The insurer must pay all claims

B. The insured must carry a minimum percentage of coverage

C. The property must be valued at market price

D. The insured must select a higher deductible

Co-insurance in property insurance is a provision that requires the insured to carry a minimum percentage of their property's value, typically 80%, 90%, or 100%. This is aimed at encouraging policyholders to insure their property adequately and to protect the insurer from risk associated with underinsurance. When co-insurance applies, if the insured fails to meet the required percentage of coverage, they may face a penalty in the event of a loss, meaning the insurer will only pay a proportionate amount of the claim based on how much coverage was actually purchased relative to the required amount. This principle helps to ensure that the insured maintains coverage that reflects the true value of the property, which in turn helps stabilize the insurance market by promoting sound underwriting practices. The other choices do not accurately reflect the co-insurance requirement. The insurer paying all claims does not align with the purpose of co-insurance; rather, it is the responsibility of the insured to ensure adequate coverage. Valuing property at market price relates to appraisal and not specifically to co-insurance requirements, while selecting a higher deductible pertains to the terms of the policy and does not have a direct relationship with co-insurance.

8. What does the term "deductible" refer to in insurance policies?

A. The amount paid by the insurance company before coverage begins

B. The total amount of premium paid annually

C. The amount paid out of pocket before coverage kicks in

D. The value of the insured asset

The term "deductible" in insurance policies refers to the amount that the policyholder must pay out of pocket before the insurance coverage begins to pay for any covered expenses. This concept is fundamental in various types of insurance, including health, auto, and property insurance. When an insurance claim is made, the insurer will first subtract the deductible amount from the total claim amount. For instance, if you incur a loss of $1,000 and you have a deductible of $250, you would be responsible for paying the initial $250, and the insurance company would then cover the remaining $750. This function of the deductible serves to share some of the financial risk between the insurer and the insured and often helps keep premiums lower. The other options do not accurately describe the role of a deductible in an insurance contract. The amount paid by the insurance company before coverage begins refers to initial coverage obligations, not a deductible. The total amount of premium paid annually pertains to the cost of the insurance policy rather than the deductible concept. Lastly, the value of the insured asset reflects the worth of the policyholder's property, separate from the deductible amount they might need to pay before any losses are compensated by the insurer.

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9. Which of the following is part of the summary of insurance coverages?

A. Policy maturity date

B. Claims history

C. Coverages provided

D. Deductible amounts

The summary of insurance coverages typically includes a comprehensive overview of what is included in the policy. This encompasses the specific coverages provided, giving a clear outline of the types of risks that are insured against and the associated protections. Understanding the coverages is fundamental for clients, as it helps them to grasp what is protected under their policy and ensures that they are adequately covered for their needs. While policy maturity date, claims history, and deductible amounts are important aspects of an insurance policy, they do not directly constitute the summary of insurance coverages. The maturity date relates to the timeline of the policy, claims history provides insight into past incidents, and deductible amounts detail how much the policyholder must pay out of pocket before the insurance coverage kicks in. These elements are significant, but the primary focus of the summary is on the coverages themselves.

10. What type of coverage would apply to property in transit?

A. General liability coverage

B. Off premises coverage

C. Commercial auto insurance

D. Property damage coverage

When considering coverage for property in transit, off premises coverage is the most applicable choice. This type of coverage specifically includes protection for property that is not located at the insured's primary premises. It often extends to situations where property is being transported or stored away from the insured's main location. Off premises coverage ensures that items remain protected while they are being moved, whether it's for delivery or other purposes, which is vital for businesses that regularly transport goods. This coverage typically applies to property lost or damaged while away from the insured's premises, thereby encompassing various transit scenarios. Other options like general liability coverage, commercial auto insurance, and property damage coverage may provide some level of protection in specific circumstances, but they do not directly address the unique risks associated with property in transit as effectively as off premises coverage does. General liability pertains to third-party claims, commercial auto insurance covers vehicles specifically rather than the cargo itself, and property damage coverage focuses on damage to property that could occur in various contexts, but again, it is not as tailored for transit situations. Thus, off premises coverage stands out as the most relevant and protective option for property during transportation.

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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:

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

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