RHODE ISLAND PROPERTY PRODUCER 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 endorsement on a BOP will extend liability coverage for an accident involving a vehicle not owned by the insured?

A. Personal and Advertising Injury Liability

B. Utility Services-Direct Damage

C. Hired and Non-owned Auto Liability

D. Protective Safeguards

2. Which policy form provides the broadest coverage for personal property in homeowners insurance?

A. HO-2 Broad Form

B. HO-3 Special Form

C. HO-4 Contents Broad Form

D. HO-5 Comprehensive Form

3. Funds received by a producer to remitted to policyholders or insurers must be held in what capacity?

A. Separate accounts

B. A fiduciary capacity

C. In the agency's operating account

D. As forms of consideration for agents

4. Which of the following practices is considered a form of rebating?

A. Sharing commissions between producers

B. Paying dividends to policyholders

C. Retrospective rating

D. Sharing one's commission with a client

5. How does a homeowners policy limit coverage for jewelry and firearms?

A. $1,500 for jewelry; no coverage for firearms

B. $2,500 for jewelry; $1,500 for theft of firearms

C. $1,500 for jewelry and firearms

D. $1,500 for jewelry; $2,500 for theft of firearms

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6. Which defense is NOT commonly used against a plaintiff's negligence suit?

A. Unintentional negligence

B. Assumption of risk

C. Contributory negligence

D. Comparative negligence

7. How does an unendorsed commercial property policy respond to a loss of inventory caused by a mechanical failure?

A. It pays for the loss under Business Personal Property coverage.

B. It denies coverage under the Mechanical Breakdown exclusion.

C. It pays for the loss under Building Property coverage.

D. It denies coverage under the Power Failure exclusion.

8. What type of home insurance policy would cover a tenant's improvements and alterations to the premises?

A. HO 3 Special Form

B. HO 6 Unit-Owners Form

C. HO 4 Contents Broad Form

D. HO 8 Modified Coverage Form

9. In an equipment breakdown policy, which coverage will cover the costs of making temporary repairs after an explosion?

A. Spoilage coverage

B. Expediting expenses

C. Property damage

D. Incidental expenses

10. If a dwelling under construction policy is in effect and the home is only 50% completed, what would the policy pay if the home was destroyed?

A. The projected completed value of the property

B. Nothing, as it had no insurable value

C. 50 percent of the coverage A limit

D. The value of materials used at the time of destruction

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Answers

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

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Explanations

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1. What endorsement on a BOP will extend liability coverage for an accident involving a vehicle not owned by the insured?

A. Personal and Advertising Injury Liability

B. Utility Services-Direct Damage

C. Hired and Non-owned Auto Liability

D. Protective Safeguards

The endorsement that will extend liability coverage for an accident involving a vehicle not owned by the insured is known as Hired and Non-owned Auto Liability. This coverage is essential for businesses that may use rented vehicles or employees' personal vehicles for work-related purposes. In such scenarios, the business could be held liable for accidents that occur while these vehicles are being used in the course of the business's operations. Hired and Non-owned Auto Liability specifically addresses these risks by providing liability protection in cases where the insured does not own the vehicle but still requires coverage. For instance, if an employee gets into an accident while driving their own car for business errands, this endorsement would apply, protecting the business from liability associated with that accident. The other options described do not provide the same coverage for non-owned vehicles. Personal and Advertising Injury Liability primarily covers claims against the business for injuries such as defamation or violation of privacy. Utility Services-Direct Damage deals with loss or damage to the business's property due to utility service interruption, while Protective Safeguards focuses on the business's equipment and procedures to minimize risks. None of these options would extend liability coverage for vehicles that are not owned by the insured, which is why Hired and Non-owned Auto Liability is the correct

2. Which policy form provides the broadest coverage for personal property in homeowners insurance?

A. HO-2 Broad Form

B. HO-3 Special Form

C. HO-4 Contents Broad Form

D. HO-5 Comprehensive Form

The HO-5 Comprehensive Form provides the broadest coverage for personal property in homeowners insurance. This form offers an open-perils policy, which means it covers personal property against all risks except for those specifically excluded in the policy. This is a significant advantage for homeowners because it provides more extensive protection for personal belongings compared to other forms, which may be more limited in their coverage. For instance, while the HO-2 Broad Form and HO-3 Special Form provide coverage on a named-perils basis for personal property, they only cover specific risks that are listed in the policy. The HO-4 Contents Broad Form is designed for renters and primarily covers personal property without structural coverage for a dwelling. In contrast, the HO-5 Comprehensive Form's broad nature means that homeowners can have peace of mind knowing that their possessions are protected against a wider array of incidents, giving it the distinction of being the most comprehensive option available in homeowners insurance policies.

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3. Funds received by a producer to remitted to policyholders or insurers must be held in what capacity?

A. Separate accounts

B. A fiduciary capacity

C. In the agency's operating account

D. As forms of consideration for agents

The funds received by a producer that are intended to be remitted to policyholders or insurers must be held in a fiduciary capacity. This means that the producer has the legal and ethical responsibility to manage the funds on behalf of others in a trustworthy manner. In this role, the producer acts as a steward of the funds, which belong to the clients or insurers, not to the producer themselves. Holding the funds in a fiduciary capacity ensures that they are used solely for the intended purpose, such as paying premiums to insurers or returning funds to policyholders. This arrangement safeguards the interests of all parties involved and helps maintain trust in the financial dealings of insurance producers. In contrast, holding funds in separate accounts or in the agency's operating account would be inappropriate, as these practices could blur the lines between personal or business expenses and the obligations owed to clients. Treating funds as forms of consideration for agents is also not aligned with the responsibility that comes with managing client funds. It is crucial for producers to understand the importance of their fiduciary duties to maintain integrity and compliance in their professional practice.

4. Which of the following practices is considered a form of rebating?

A. Sharing commissions between producers

B. Paying dividends to policyholders

C. Retrospective rating

D. Sharing one's commission with a client

Rebating refers to the practice of giving back a portion of the commission or value obtained from an insurance policy to the insured or client. This typically occurs in ways that could incentivize the client to purchase insurance, which can be considered unethical and is often prohibited by insurance regulations. Sharing one's commission with a client directly involves returning part of the earnings from a policy sale back to the client, thus qualifying as rebating. This practice is misaligned with regulatory standards because it can create unfair competitive advantages and potentially lead to misrepresentation of the policy's value. In contrast, sharing commissions between producers usually implies internal collaboration among agents and does not involve the insured directly. Paying dividends to policyholders is a legitimate practice for mutual insurance companies, signifying a return of excess premium rather than a rebate. Retrospective rating is a method of setting insurance premiums based on the loss experience of the insured and does not involve any direct return of commission to clients. Thus, the correct choice encapsulates the unethical nature of rebating as it involves a direct financial incentive given to the client from the producer's earnings.

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5. How does a homeowners policy limit coverage for jewelry and firearms?

A. $1,500 for jewelry; no coverage for firearms

B. $2,500 for jewelry; $1,500 for theft of firearms

C. $1,500 for jewelry and firearms

D. $1,500 for jewelry; $2,500 for theft of firearms

A homeowners policy typically includes specific limitations on coverage for valuable items such as jewelry and firearms. The correct answer indicates that there is a limit of $1,500 for jewelry, which aligns with common policy terms that recognize the high value of these items. Additionally, it mentions a limit of $2,500 specifically for theft of firearms, highlighting that while firearms are valuable and often included in coverage, they may have a different limit contingent upon the type of loss (in this case, theft). This coverage structure underscores the insurance company's strategy to limit exposure on high-value items and differentiate coverage based on the nature of the loss, which is a common practice in homeowners insurance. Many policies want to encourage policyholders to secure valuable items or obtain additional coverage endorsements for items that exceed standard policy limits.

6. Which defense is NOT commonly used against a plaintiff's negligence suit?

A. Unintentional negligence

B. Assumption of risk

C. Contributory negligence

D. Comparative negligence

The correct answer focuses on an approach that is not typically recognized as a valid defense in negligence cases. Unintentional negligence, while the term may imply that a defendant did not intend to cause harm and may refer to the nature of negligence itself, does not constitute a legally established defense. Legal defenses in negligence claims revolve around established principles that attribute some fault or responsibility to the plaintiff or clarify the circumstances of the incident. In contrast, the other options represent recognized defenses in negligence cases. Assumption of risk involves a plaintiff knowingly accepting the potential risks associated with an activity, thereby limiting or eliminating the defendant's liability. Contributory negligence asserts that the plaintiff's own negligence contributed to their injury, which may reduce or eliminate damages. Comparative negligence allows for damages to be apportioned based on the degree of fault of each party involved. These defenses aim to address the shared blame or circumstances surrounding the incident, while unintentional negligence does not offer a structured legal argument, making it an outlier among common defenses.

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7. How does an unendorsed commercial property policy respond to a loss of inventory caused by a mechanical failure?

A. It pays for the loss under Business Personal Property coverage.

B. It denies coverage under the Mechanical Breakdown exclusion.

C. It pays for the loss under Building Property coverage.

D. It denies coverage under the Power Failure exclusion.

An unendorsed commercial property policy typically does not cover losses caused by mechanical failures due to the Mechanical Breakdown exclusion. This exclusion specifically addresses the risks associated with the failure of machinery or equipment, which means that if there is damage to inventory caused directly by a mechanical breakdown, the insurer will deny the claim based on this exclusion. In contrast, other options might lead one to believe there is coverage available, but they do not apply in this scenario. For instance, Business Personal Property coverage usually covers physical loss of personal property located at the business premises, but this coverage does not extend to losses resulting from mechanical failure. Similarly, Building Property coverage pertains to the structure itself and would not apply to inventory losses from equipment issues. The Power Failure exclusion pertains specifically to losses resulting from a loss of electricity, which is not directly related to mechanical failures of the inventory itself. Thus, the correct understanding underscores the limitation imposed by the Mechanical Breakdown exclusion, which is crucial in assessing coverage in commercial insurance claims related to inventory losses.

8. What type of home insurance policy would cover a tenant's improvements and alterations to the premises?

A. HO 3 Special Form

B. HO 6 Unit-Owners Form

C. HO 4 Contents Broad Form

D. HO 8 Modified Coverage Form

The HO 6 Unit-Owners Form is specifically designed for condominium owners and tenants. It offers coverage for improvements and alterations made to the unit, which is crucial for tenants who have made enhancements to their living space. This policy recognizes that tenants often invest in upgrades such as new countertops, flooring, or built-in fixtures that may not be covered by the landlord's insurance. In contrast, while the HO 3 Special Form provides comprehensive coverage for the contents and certain structures, it does not specifically address tenant improvements. The HO 4 Contents Broad Form is intended for renters and focuses primarily on personal property but does not include coverage for improvements made to the rented unit. The HO 8 Modified Coverage Form offers limited and specific coverage for older homes, which is also not relevant to tenant improvements or alterations. Therefore, the HO 6 is the most suitable choice for addressing a tenant's modifications, as it specifically provides protection for these types of investments made in the dwelling.

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9. In an equipment breakdown policy, which coverage will cover the costs of making temporary repairs after an explosion?

A. Spoilage coverage

B. Expediting expenses

C. Property damage

D. Incidental expenses

In an equipment breakdown policy, expediting expenses coverage is designed to address the costs associated with taking immediate actions to minimize or prevent further damage after an incident, such as an explosion. This coverage allows the insured to make temporary repairs or perform actions that will help restore operations as quickly as possible. It is particularly important for businesses that rely on machinery and equipment, as it helps mitigate downtime and potential losses by covering the expenses associated with urgent repairs or alternative arrangements. Spoilage coverage is more focused on protecting against the loss of perishable goods due to breakdowns but does not specifically cover the costs of repairs following an explosion. Property damage generally refers to the physical loss or damage to property but does not include immediate repair expenses. Incidental expenses might arise in various contexts but do not specifically apply to the urgent need to make repairs after equipment failure. Therefore, the coverage for temporary repairs is clearly encapsulated by expediting expenses, making it the correct choice.

10. If a dwelling under construction policy is in effect and the home is only 50% completed, what would the policy pay if the home was destroyed?

A. The projected completed value of the property

B. Nothing, as it had no insurable value

C. 50 percent of the coverage A limit

D. The value of materials used at the time of destruction

The policy would pay 50 percent of the coverage A limit because dwelling under construction policies are designed to protect the insured's interest in a structure that is incomplete. Typically, these policies cover the amount of insurance specified, reflecting the value of the property as it stands at the time of loss. In the case of a home that is 50% completed and subsequently destroyed, the coverage available would logically correspond to that completion percentage. Since the dwelling is only halfway finished, the amount the insurer is obligated to pay upon loss would align with the proportional coverage based on the overall limit originally established. This rationale aligns with the intent of ensuring that the insurer covers a fair reflection of the liability based on the existing structure rather than the full projected value, since many of the elements necessary for completion remain absent. Therefore, in this context, paying half of the coverage A limit directly mirrors the completion percentage of the home as it existed at the time of destruction.

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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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