EVERY EXAM PREP · CHEAT SHEET

Property & Casualty Insurance Cheat Sheet 2026

The night-before summary, built like the exam.

130 Questions	**2h 30m** Time limit	**70% (varies by state)** Passing score
$49 Exam fee	**State DOI** Governing body	

Exam Snapshot (Must-Know Numbers)

- Questions: 130 scoreable questions
- Time limit: 150 minutes (~ 69 seconds per question)
- Exam fee: $49
- Passing score: 70%

Score Math

- 70% of 130 ~ 91 correct answers needed to pass.
- You can miss roughly 39 questions and still pass.
- Pace target: answer ~ 1 question per minute to leave a buffer for review.

Property Insurance — Core Concepts

- Insurable interest: must exist at time of loss for property coverage.
- Indemnity: restore insured to pre-loss condition — no profit from a loss.
- ACV = Replacement Cost - Depreciation.
- Coinsurance penalty: Claim Payment = (Carried ÷ Required) × Loss - Deductible.
- Perils: Named-peril (only listed causes) vs. Open/All-risk (everything except exclusions).
- HO forms: HO-2 (broad), HO-3 (special — open peril dwelling), HO-4 (renters), HO-6 (condo), HO-8 (modified).

Casualty (Liability) — Core Concepts

- Negligence elements: Duty -> Breach -> Causation -> Damages.
- Liability limits: Split limits (e.g., 100/300/50) vs. Combined Single Limit (CSL).
- Damages: Compensatory (special + general) vs. Punitive.
- Auto coverage parts: Liability (BI/PD), Med Pay/PIP, UM/UIM, Collision, Comprehensive.

Key Policy Provisions to Memorize

- Declarations: the "who/what/how much" page.
- Insuring agreement: the promise to pay.
- Conditions: duties after loss, notice, proof of loss.
- Exclusions: what is NOT covered.
- Subrogation: insurer recovers from at-fault third party after paying.
- Pro rata / other insurance: multiple policies share loss proportionally.

High-Yield Rules

- Utmost good faith: both parties deal honestly (representations, warranties, concealment).
- Adhesion: ambiguity is construed against the insurer (drafter).
- Aleatory: unequal exchange of value based on chance.
- Deductible reduces claim payment; limit caps the maximum payout.

Test-Day Strategy

- Read for qualifiers: always, never, except, not.
- Eliminate two wrong options first, then choose between the remaining two.
- Flag and skip time-sinks; return with your buffer.
- Since a wrong answer costs nothing extra, never leave a question blank — answer all 130.

Official sources

- Texas DOI / Pearson VUE — Texas P&C Insurance Licensing Handbook: https://www.tdi.texas.gov/agent/general-property-apply.html
- California Department of Insurance — Apply for a License: https://www.insurance.ca.gov/0200-industry/0020-apply-license/index.cfm
- National Association of Insurance Commissioners — NAIC State Licensing Handbook: https://content.naic.org/state_licensing_handbook.htm

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Free practice questions for this exam: www.everyexamprep.com/exams/property-casualty-insurance/practice-test