ACCIDENT AND HEALTH INSURANCE AGENT/BROKER PRACTICE EXAM (SAMPLE)

STUDY GUIDE

SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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https://accidenthealthinsurance.examzify.com

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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. Insurers must cover off-label use of drugs if recognized in which source?

A. By the State Attorney General's Office

B. By the Commissioner

C. By the NAIC

D. In medical reference or literature

2. Which of the following best describes a TPA arrangement in health insurance?

A. It involves a direct insurance contract with the employer.

B. It facilitates the processing of claims and administrative services.

C. It is a form of risk pooling among multiple employers.

D. It provides individual coverage for employees.

3. What gives the insurance company the right to assume rights of the insured in order to sue a responsible third party when damages are inflicted on the insured?

A. Warranties.

B. Subrogation.

C. Concealment.

D. Utmost good faith.

4. What type of benefit does the relation of earnings provision provide?

A. Fixed payment regardless of income

B. Benefits directly tied to current salary

C. Limitations based on past income

D. Provisions for future salary increases

5. What type of offense is a violation of Maryland insurance laws subject to?

A. Federal

B. Felony

C. Misdemeanor

D. None of the Above

6. What step should partners consider for a disability buy-out agreement?

A. Draft an agreement to eliminate the partnership for the disabled partner

B. Purchase individual disability plans for the partner's salary

C. Draft a disability buy-out agreement and insure each partner for $100,000

D. Draft an agreement to pay the disabled partner's spouse

7. If Jonathan does not receive a timely response from his insurance company regarding a medical bill, which action can he take?

A. Demand a full refund of premiums paid

B. Submit proof of loss in any form

C. Wait for the proper claim form to arrive

D. Report the delay to the insurance commissioner's office

8. The government is one of three primary types of insurers. Which of the following is an example of a government insurance program?

A. Social Security

B. Blue Cross

C. Lloyd's Associations

D. All of the above

9. What term describes Joey's practice of using manipulation to entice clients?

A. Intimidation

B. Bait and switch

C. Discrimination

D. Coercion

10. Under what circumstance are premiums paid for Long Term Care policies deductible from income tax?

A. Deduction of premiums may create taxable income when benefits are paid

B. Under no circumstances are premiums deductible

C. The plan must be a qualified plan and only a portion of the premiums is deductible

D. A plan can be converted to a deductible plan on any policy anniversary.

Answers

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

Explanations

1. Insurers must cover off-label use of drugs if recognized in which source?

A. By the State Attorney General's Office

B. By the Commissioner

C. By the NAIC

D. In medical reference or literature

Insurers are required to cover off-label use of drugs when this usage is supported by credible medical reference materials or literature. This requirement aims to ensure that patients receive necessary treatments based on scientific evidence and current medical practices. Medical literature includes peer-reviewed studies, clinical trials, and guidelines from professional medical organizations, all of which provide a robust framework for understanding how a drug can be used effectively outside its approved indications. The reliance on established medical literature helps to standardize care and ensures that insurance coverage aligns with accepted medical practices. This both protects patient safety and allows healthcare providers to offer the most appropriate treatment options based on evidence rather than solely on regulatory approval processes. Other sources, such as state offices or commissioner guidance, might not provide the same level of validated medical evidence required to justify off-label drug usage, while the NAIC primarily focuses on insurance regulation rather than clinical practices. Thus, the essential aspect here is the foundation provided by documented medical reference that validates off-label drug uses.

2. Which of the following best describes a TPA arrangement in health insurance?

A. It involves a direct insurance contract with the employer.

B. It facilitates the processing of claims and administrative services.

C. It is a form of risk pooling among multiple employers.

D. It provides individual coverage for employees.

A TPA (Third-Party Administrator) arrangement in health insurance primarily refers to the facilitation of claims processing and the provision of administrative services on behalf of insurance companies or self-insured employers. By leveraging the expertise and resources of a TPA, employers can streamline claims management, ensure compliance with regulations, and enhance their overall administrative efficiency without having to handle these processes internally. In this context, TPAs play a pivotal role in managing health benefits by effectively acting as intermediaries between the employer and the insurance provider, overseeing functions such as claims processing, enrollment, and customer service. This allows employers, especially those who are self-insured, to focus more on their core operations while ensuring that their employees' health claims are handled promptly and accurately. The other options focus on direct insurance contracts, risk pooling, and individual coverage, which do not accurately capture the primary function of a TPA. A TPA arrangement is specifically about administrative efficiency rather than direct insurance relationships or individual employee coverage.

3. What gives the insurance company the right to assume rights of the insured in order to sue a responsible third party when damages are inflicted on the insured?

A. Warranties.

B. Subrogation.

C. Concealment.

D. Utmost good faith.

Subrogation is the legal concept that allows an insurance company to take on the rights of the insured to pursue a third party for reimbursement after paying a claim. When damages are inflicted on an insured party due to the actions of another individual or entity, the insurance company may step in and seek to recoup the costs from that responsible party. This process is vital because it helps prevent the insured from receiving a double recovery—once from the insurance payment and again from the responsible party. In practice, subrogation ensures that the financial burden is placed on the party at fault, rather than the insurance company or the insured. This aligns the incentives of the insurance provider to act in the interest of their policyholder while also maintaining the integrity of the insurance system. Subrogation rights are typically outlined in the insurance policy, establishing the framework and conditions under which the insurer can pursue such actions. The other terms mentioned, such as warranties, concealment, and utmost good faith, do not relate directly to the insurer's ability to sue a third party for damages. Warranties refer to promises or guarantees within a contract, concealment involves withholding critical information that could affect an underwriting decision, and utmost good faith is a principle governing the ethical obligations of both parties

4. What type of benefit does the relation of earnings provision provide?

A. Fixed payment regardless of income

B. Benefits directly tied to current salary

C. Limitations based on past income

D. Provisions for future salary increases

The relation of earnings provision is designed to provide benefits that are influenced by the insured's past income levels. This means that when a claim is made, the insurer assesses the insured's earnings history to determine the benefit amount, rather than basing it solely on their current salary or a fixed payment structure. This allows the insurance policy to account for the policyholder's income at the time of a previous assessment or job status, which is essential for maintaining a fair and equitable distribution of benefits. Incorporating such provisions helps to ensure that the benefits align more closely with the financial situation the insured experienced prior to the claim event, which is particularly important in situations where an individual may have experienced a reduction in salary or changes in job status since the policy was taken out. This provides a safeguard, ensuring that benefits are reflective of the workforce environment and the insured's previous economic contributions, thereby helping to support their financial recovery after an accident or health-related issue.

5. What type of offense is a violation of Maryland insurance laws subject to?

A. Federal

B. Felony

C. Misdemeanor

D. None of the Above

A violation of Maryland insurance laws is classified as a misdemeanor. This classification means that the offense is less severe than a felony, typically involving less severe penalties, which may include fines or short-term imprisonment. In Maryland, the law establishes specific penalties for insurance law violations, reinforcing the concept that these offenses, while serious, are not among the most grave criminal offenses, which would fall under the felony category. Understanding that violations of regulations regarding insurance conduct are treated as misdemeanors helps insurance agents and brokers recognize the legal ramifications of their actions in a professional context. The other classifications, such as federal offense, would apply to violations of federal laws and are thus not relevant in this situation, while none of the above does not accurately reflect the nature of the offense.

6. What step should partners consider for a disability buy-out agreement?

A. Draft an agreement to eliminate the partnership for the disabled partner

B. Purchase individual disability plans for the partner's salary

C. Draft a disability buy-out agreement and insure each partner for $100,000

D. Draft an agreement to pay the disabled partner's spouse

In the context of a disability buy-out agreement, drafting such an agreement and insuring each partner for a specific amount, such as $100,000, provides a structured plan for addressing potential financial disruptions caused by a partner becoming disabled. This is essential for business continuity and financial stability. When a partner becomes disabled and is unable to contribute to the business, the partnership may face significant challenges in decision-making, operations, and revenue generation. By insuring each partner, the agreement ensures that funds are available to buy out the disabled partner's interest in the business. This can help the remaining partners avoid potential conflicts and maintain control over the business without needing to handle undue financial strain. Insuring a fixed amount, like $100,000, also helps provide clarity and sets a standard for the buy-out process, which can mitigate ambiguity and disputes regarding the valuation of the disabled partner's stake in the partnership. This structured approach supports the overall health and sustainability of the partnership, allowing it to adapt to changes while providing fair treatment to all partners involved.

7. If Jonathan does not receive a timely response from his insurance company regarding a medical bill, which action can he take?

A. Demand a full refund of premiums paid

B. Submit proof of loss in any form

C. Wait for the proper claim form to arrive

D. Report the delay to the insurance commissioner's office

If Jonathan does not receive a timely response from his insurance company regarding a medical bill, he can take the action of submitting proof of loss in any form. This is a proactive step that can help expedite the claims process, especially if there has been a delay in the insurance company's response. By providing proof of loss, such as medical records, bills, or other relevant documentation, Jonathan demonstrates his diligence and can remind the insurance company of their obligation to process the claim. This action is essential in cases where communication has fallen through or where the insurer has not promptly acknowledged the claim. It provides the insurer with the necessary information to evaluate the claim and make a decision, thus moving the process forward. In contrast, waiting for the proper claim form to arrive would prolong the situation and potentially delay the processing of the medical bill. Demanding a full refund of premiums is not appropriate unless the policy has been canceled or there are legitimate grounds under which premiums can be refunded. Reporting the delay to the insurance commissioner's office is generally a more formal route taken when there are ongoing issues with an insurer, but it does not directly contribute to resolving the immediate concern of a delayed claim response.

8. The government is one of three primary types of insurers. Which of the following is an example of a government insurance program?

A. Social Security

B. Blue Cross

C. Lloyd's Associations

D. All of the above

Social Security is indeed an example of a government insurance program. It is a federal system established to provide financial support and insurance benefits, particularly during retirement, disability, or in the event of a death of a wage earner. This program is funded through payroll taxes and is designed to assist individuals in maintaining a basic standard of living. Blue Cross and Lloyd's Associations, on the other hand, are not government programs. Blue Cross is a private health insurance provider that offers various health insurance products, while Lloyd's Associations operate as a market for insurance and reinsurance, primarily based in London, and also function as a private entity. Hence, they do not fit within the category of government insurance programs. By identifying Social Security as the government insurance program, it underlines the distinction between public and private insurance entities, which is essential for understanding the broader landscape of insurance offerings.

9. What term describes Joey's practice of using manipulation to entice clients?

A. Intimidation

B. Bait and switch

C. Discrimination

D. Coercion

The practice described in the question aligns best with the term associated with the use of influence or pressure to encourage clients to act against their better judgment or interests. Coercion involves compelling someone to act in a certain way through pressure or threats, suggesting that the person feels they have no genuine choice. In the context of an insurance agent, using manipulation to entice clients may imply tactics that go beyond ethical persuasion, instead bordering on forceful or manipulative dealings. This stands in contrast to the other terms provided. Intimidation suggests a more aggressive approach that involves creating fear to control behavior, which is not specifically what manipulation entails. Bait and switch refers to a deceptive marketing tactic where a consumer is lured in by an attractive offer that is not intended to be upheld. While this involves manipulation, the specific term does not fully capture the essence of the manipulation indicated. Discrimination involves treating individuals differently based on certain traits or identities and does not apply directly to client interactions that involve manipulation. Thus, coercion is indeed the most fitting term to describe Joey's practice.

10. Under what circumstance are premiums paid for Long Term Care policies deductible from income tax?

A. Deduction of premiums may create taxable income when benefits are paid

B. Under no circumstances are premiums deductible

C. The plan must be a qualified plan and only a portion of the premiums is deductible

D. A plan can be converted to a deductible plan on any policy anniversary.

Premiums paid for Long Term Care (LTC) policies can indeed be deductible from income tax when the plan meets certain criteria. Specifically, the plan must be a qualified plan as defined by the Internal Revenue Service (IRS). A qualified Long Term Care policy is one that provides specific contractual benefits and meets IRS requirements. When the premiums are for a qualified LTC policy, taxpayers can deduct a portion of the premiums they pay based on their age and the maximum allowable amounts set by the IRS for that tax year. This portion is subject to limits, meaning that not all premiums will be fully deductible—only a specified amount based on the insured's age can be deducted. This deduction encourages individuals to invest in Long Term Care insurance, helping to alleviate some of the financial burdens associated with long-term care services, which can be significant. The deductibility of these premiums acts as an incentive for people to secure coverage against potentially large expenses in the future. The other options present incorrect scenarios regarding the deductibility of LTC premiums; for instance, the idea that no circumstances allow for premiums to be deductible fails to reflect the specific conditions under which deductions can occur, and that a plan can be converted to a deductible plan every anniversary is not aligned with how tax law recognizes

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://accidenthealthinsurance.examzify.com

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