

Connecticut Insurance Laws and Rules 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. Dependent coverage under group insurance must extend until the dependent turns what age?**
 - A. 21**
 - B. 24**
 - C. 26**
 - D. 30**
- 2. What is "co-insurance" in health insurance policies?**
 - A. A fee for switching insurance providers**
 - B. A cost-sharing agreement where the insured pays a percentage of the claim**
 - C. An additional type of coverage**
 - D. A penalty for late premium payments**
- 3. In Connecticut, what is the maximum penalty for violations of insurance laws?**
 - A. Fines up to \$5,000 per violation**
 - B. Fines up to \$10,000 per violation**
 - C. Fines up to \$25,000 per violation**
 - D. Fines up to \$50,000 per violation**
- 4. What is a common consequence of having a surcharge on an insurance policy?**
 - A. Lowered premium rates**
 - B. Increased premium costs**
 - C. Automatic coverage for additional risks**
 - D. Enhanced policy benefits**
- 5. Which act regulates unfair trade practices in the insurance industry in Connecticut?**
 - A. The Connecticut Insurance Accountability Act**
 - B. The Connecticut Insurance Reformation Act**
 - C. The Connecticut Unfair Insurance Practices Act**
 - D. The Connecticut Fair Trade Practices Act**

- 6. Which of the following constitutes unfair trade practices under Connecticut law?**
- A. Offering discounts on premiums**
 - B. Misrepresentation of policy terms**
 - C. Advertising insurance policies**
 - D. Providing customer service**
- 7. Which of the following is NOT a mandatory coverage in Connecticut homeowners' insurance policies?**
- A. Coverage for liability**
 - B. Coverage for dwelling**
 - C. Coverage for vehicles**
 - D. Coverage for additional living expenses**
- 8. Can policyholders in Connecticut appeal an insurance company's denial of a claim?**
- A. Yes, they have the right to appeal the decision**
 - B. No, once denied, the decision is final**
 - C. Yes, but only if they have a lawyer**
 - D. No, appeals are not allowed under state law**
- 9. Controlled business in insurance refers to policies written on whose interests?**
- A. The general public**
 - B. Licensee's family**
 - C. Licensee's employer**
 - D. Both B and C**
- 10. What does a "comprehensive" auto insurance policy cover?**
- A. Damages to a vehicle not involving a collision, such as theft or natural disasters**
 - B. Only damages resulting from a car accident**
 - C. Personal injury to the driver and passengers**
 - D. Towing and roadside assistance services**

Answers

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

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Explanations

1. Dependent coverage under group insurance must extend until the dependent turns what age?

- A. 21
- B. 24
- C. 26**
- D. 30

Under Connecticut law, dependent coverage under group health insurance plans must extend until the dependent reaches the age of 26. This requirement reflects changes in federal law under the Affordable Care Act, which mandates that young adults be allowed to stay on their parents' health insurance plans until they turn 26 years old. This provision applies regardless of the dependent's marital status, financial independence, or whether they live with their parents. This policy ensures that young adults have access to necessary health coverage during a critical transitional phase in their lives, such as finishing college, starting careers, or establishing their own households. By allowing coverage up to age 26, the law helps to alleviate the burden of healthcare costs for young individuals who may not yet have their own health insurance or may struggle to afford it on their own.

2. What is "co-insurance" in health insurance policies?

- A. A fee for switching insurance providers
- B. A cost-sharing agreement where the insured pays a percentage of the claim**
- C. An additional type of coverage
- D. A penalty for late premium payments

Co-insurance in health insurance policies refers to a cost-sharing mechanism between the insurer and the insured. Under this arrangement, after the insured has met their deductible, they are responsible for paying a predetermined percentage of the cost of covered healthcare services. For example, if a policy includes 20% co-insurance, the insured will pay 20% of the costs, while the insurance company covers the remaining 80%. This arrangement helps to lower premium costs since the insured shares some of the financial responsibility for their healthcare expenses. In the context of health insurance, co-insurance serves to encourage more prudent use of medical services by placing some financial responsibility on the insured. This can also help to prevent over-utilization of healthcare services because individuals might be more mindful of costs when they know they have to contribute a portion themselves. Other options offered do not accurately define co-insurance. A fee for switching insurance providers does not relate to cost-sharing. An additional type of coverage does not describe the concept of co-insurance, but rather suggests something different entirely. Lastly, a penalty for late premium payments involves the timing of payments rather than the sharing of costs concerning healthcare services.

3. In Connecticut, what is the maximum penalty for violations of insurance laws?

- A. Fines up to \$5,000 per violation**
- B. Fines up to \$10,000 per violation**
- C. Fines up to \$25,000 per violation**
- D. Fines up to \$50,000 per violation**

The maximum penalty for violations of insurance laws in Connecticut is set at fines up to \$25,000 per violation. This figure reflects the state's commitment to enforcing its regulations and holding insurance entities accountable for compliance with the law. The penalties are intended to deter misconduct and ensure that companies adhere to established standards for ethical operation and consumer protection. Understanding the context of these penalties is crucial for professionals in the insurance industry. It emphasizes the importance of compliance not only to avoid financial repercussions but also to maintain the integrity of the insurance market. The specific amount of \$25,000 aligns with regulatory frameworks that seek to impose significant enough fines that they cause insurers to prioritize adherence to the law seriously.

4. What is a common consequence of having a surcharge on an insurance policy?

- A. Lowered premium rates**
- B. Increased premium costs**
- C. Automatic coverage for additional risks**
- D. Enhanced policy benefits**

When a surcharge is applied to an insurance policy, it typically results in increased premium costs. A surcharge is a financial penalty indicating that the policyholder has had certain claims or actions that have negatively impacted their risk profile. This could be due to traffic violations, claims history, or other factors that increase the insurer's perceived risk associated with the policyholder. Consequently, to cover this increased risk, insurance companies impose surcharges, leading to higher premium rates for the insured. The other options do not accurately reflect the implications of a surcharge. While lowered premium rates would be contrary to the intent of a surcharge, automatic coverage for additional risks or enhanced policy benefits are not standard outcomes associated with increased charges on a policy. Instead, these concepts imply an increase in value or additional coverage, which typically would not occur alongside a surcharge situation.

5. Which act regulates unfair trade practices in the insurance industry in Connecticut?

- A. The Connecticut Insurance Accountability Act**
- B. The Connecticut Insurance Reformation Act**
- C. The Connecticut Unfair Insurance Practices Act**
- D. The Connecticut Fair Trade Practices Act**

The Connecticut Unfair Insurance Practices Act specifically addresses and regulates unfair trade practices within the insurance industry. This act is essential because it outlines prohibited practices that can occur in the marketing and sale of insurance, thereby promoting fairness and transparency in the industry. By establishing guidelines for acceptable conduct, the act protects consumers from deceptive and abusive practices, ensuring that insurance companies operate in a manner that is equitable and just. The intent of the act is to foster competition while protecting the interests of policyholders and consumers. It gives regulatory authorities the power to enforce compliance, investigate violations, and impose penalties for practices deemed unfair. This makes it a cornerstone of consumer protection within the Connecticut insurance landscape. In contrast, while the other acts mentioned may deal with various aspects of insurance or trade practices in different contexts, none of them specifically target the regulation of unfair practices in the insurance realm as effectively as the Connecticut Unfair Insurance Practices Act does.

6. Which of the following constitutes unfair trade practices under Connecticut law?

- A. Offering discounts on premiums**
- B. Misrepresentation of policy terms**
- C. Advertising insurance policies**
- D. Providing customer service**

Misrepresentation of policy terms is deemed an unfair trade practice under Connecticut law because it involves providing false or misleading information regarding the details and conditions of an insurance policy. This practice can lead to consumer confusion and can prevent individuals from making informed decisions about their insurance coverage. Misrepresenting what a policy covers or the terms of that coverage not only undermines consumer trust but can also disrupt the fair operation of the insurance market by creating inequalities between what the insured believes they are purchasing and the actual terms of coverage. Therefore, such behavior is prohibited to ensure that all policyholders are treated fairly and can rely on accurate information when selecting insurance products. In contrast, offering discounts on premiums, advertising insurance policies, and providing customer service are standard practices within the industry intended to enhance customer engagement and satisfaction. These activities do not compromise the transparency or integrity of the insurance products being offered and are generally seen as beneficial practices to promote competition and consumer choice in the marketplace.

7. Which of the following is NOT a mandatory coverage in Connecticut homeowners' insurance policies?

- A. Coverage for liability**
- B. Coverage for dwelling**
- C. Coverage for vehicles**
- D. Coverage for additional living expenses**

In Connecticut homeowners' insurance policies, coverage for vehicles is not a mandatory inclusion. Homeowners' insurance is specifically designed to cover the home and its occupants against certain risks, including damage to the dwelling and liability for injuries or damages that occur on the property. Coverage for liability is essential as it provides financial protection in case someone is injured on the property or if the homeowner is responsible for damages to someone else's property. Coverage for dwelling is also critical since it ensures the structure of the home is protected against perils like fire, theft, or vandalism. Additionally, coverage for additional living expenses is important because it offers financial support for policyholders who need to live elsewhere while their home is being repaired after a covered loss. In contrast, coverage for vehicles is typically handled under auto insurance policies rather than homeowners' policies. Each type of insurance serves distinct needs, which is why vehicle coverage is not included in the mandatory provisions of homeowners' insurance.

8. Can policyholders in Connecticut appeal an insurance company's denial of a claim?

- A. Yes, they have the right to appeal the decision**
- B. No, once denied, the decision is final**
- C. Yes, but only if they have a lawyer**
- D. No, appeals are not allowed under state law**

Policyholders in Connecticut do indeed have the right to appeal an insurance company's denial of a claim. This right is fundamental to ensuring that consumers can seek further review and potentially rectify situations where they believe their claims have been unjustly denied. In Connecticut, insurance companies are required to provide policyholders with clear reasoning for any denial, and policyholders can contest this decision through several avenues. This may involve formal appeals within the insurance company's internal processes and, if necessary, escalating the matter to regulatory bodies or seeking legal recourse. Allowing appeals serves to protect consumers and ensures transparency in the claims process, making it an essential aspect of the insurance regulatory framework in Connecticut. This process also reinforces the balance of power between policyholders and insurers, providing consumers with a mechanism to advocate for their rights effectively.

9. Controlled business in insurance refers to policies written on whose interests?

- A. The general public**
- B. Licensee's family**
- C. Licensee's employer**
- D. Both B and C**

Controlled business in insurance refers to policies written on the interests of individuals or entities that have a close relationship with the licensee, specifically including the licensee's family and their employer. This practice is closely monitored due to the potential for abuse where agents might write business primarily for their financial benefit rather than serving the needs of the general public. When looking at the interests of the licensee's family, it is clear that any insurance policy issued for family members falls within this definition. Similarly, when policies are issued for the employer of the licensee, that relationship also qualifies as controlled business. Both of these scenarios highlight the personal and professional connections that can influence the insurance business practices of the licensee. Monitoring controlled business is crucial as it helps ensure that insurance representatives are acting ethically and not prioritizing personal gains over broader market needs. Thus, recognizing that controlled business encompasses policies written for both family and employer provides a comprehensive understanding of this term within insurance regulations.

10. What does a "comprehensive" auto insurance policy cover?

- A. Damages to a vehicle not involving a collision, such as theft or natural disasters**
- B. Only damages resulting from a car accident**
- C. Personal injury to the driver and passengers**
- D. Towing and roadside assistance services**

A "comprehensive" auto insurance policy specifically covers a wide range of damages to a vehicle that are not a result of a collision. This includes incidents such as theft, vandalism, fire, falling objects, and damage caused by natural disasters like floods or hurricanes. The key feature of comprehensive coverage is that it protects against risks that occur outside of car accidents, addressing various non-collision-related scenarios that could damage or destroy the vehicle. This coverage is essential for policyholders who want to ensure their vehicle is protected from a variety of potential hazards that are often unpredictable and outside of their control. By including comprehensive coverage, drivers can have peace of mind knowing that their investment in the vehicle is safeguarded against diverse threats.

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://ctinsurancelawsrules.examzify.com>

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