

General Insurance Level 1 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

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- 1. What is generally required of travelers to maintain eligibility for travel insurance reimbursement?**
 - A. Providing proof of residency**
 - B. Submission of receipts for all expenses**
 - C. Documentation of a claim due to covered incidents**
 - D. Proof of health insurance coverage**

- 2. What is the leading cause of disabilities?**
 - A. Accidents**
 - B. Sickness**
 - C. Aging**
 - D. Environmental factors**

- 3. What is the primary goal of mutual insurance companies?**
 - A. Maximize profits for shareholders**
 - B. Provide the cheapest insurance possible for policyholders**
 - C. Sell stock to the public**
 - D. Offer insurance exclusively through brokers**

- 4. What type of law is defined as a system that relies on punishments to enforce rules?**
 - A. Civil law**
 - B. International law**
 - C. Criminal law**
 - D. Administrative law**

- 5. What does Replacement Cost Basis provide in the event of a loss?**
 - A. Payment out without replacing or repairing**
 - B. Replacement with a new item or repair of the existing item**
 - C. Only reimbursement for repairs**
 - D. Partial payment based on market value**

- 6. Which of the following is NOT included in the automatic personal property coverage of homeowner's forms?**
- A. Detached private structures**
 - B. Personal Property**
 - C. Liability Insurance**
 - D. Dwelling building**
- 7. What types of losses does limited depreciation coverage typically not apply to?**
- A. Accidental damage**
 - B. Fire, theft, vandalism, malicious mischief**
 - C. Weather-related damage**
 - D. Mechanical failure**
- 8. What type of claim involves proving the other party is at fault in an accident?**
- A. Chargeable claim**
 - B. No-fault claim**
 - C. Tort claim**
 - D. Intentional claim**
- 9. What is the primary focus of a broker's duties?**
- A. Representing the insurer's interests**
 - B. Maximizing profits for the agency**
 - C. Representing the client's interests**
 - D. Providing legal advice to clients**
- 10. What does the Roadside Plus Package improve upon?**
- A. The coverage limits of the base policy**
 - B. The benefits of the Roadstar Package**
 - C. The claim process duration**
 - D. The types of vehicles covered**

Answers

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

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Explanations

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1. What is generally required of travelers to maintain eligibility for travel insurance reimbursement?

- A. Providing proof of residency
- B. Submission of receipts for all expenses
- C. Documentation of a claim due to covered incidents**
- D. Proof of health insurance coverage

Travel insurance is designed to offer financial protection against unexpected events that might disrupt a trip, such as trip cancellations, medical emergencies, or lost luggage. To ensure that a claim is processed successfully and reimbursement is issued, travelers typically need to provide documentation of a claim due to covered incidents. This may include details such as medical reports, police reports for theft or loss, or evidence of trip interruption. When a claim is submitted, the insurer will assess whether the incident falls within the coverage provided by the policy. The documentation serves as proof that the claim is valid and that the expenses incurred are eligible for reimbursement. This requirement for documentation is essential because it helps the insurance company verify the circumstances under which the claim is made and ensures that only legitimate claims are paid out. Other options such as proof of residency, submission of receipts for all expenses, and proof of health insurance coverage may not be relevant or necessary in all cases. These factors do not directly pertain to the conditions under which a claim can be made or approved for reimbursement by travel insurance.

2. What is the leading cause of disabilities?

- A. Accidents
- B. Sickness**
- C. Aging
- D. Environmental factors

Sickness is recognized as the leading cause of disabilities, particularly in a broader context. This includes various health conditions such as chronic diseases (heart disease, diabetes), mental health disorders, and other medical issues that impair an individual's ability to function normally. Many disabilities arise from these conditions, which can limit daily activities, work, and overall quality of life. In contrast, while accidents certainly contribute to a significant number of disabilities, they are not as prevalent as those caused by chronic illnesses or diseases. Aging also plays a role in disabilities, as the risk of health issues increases with age, but it is not the direct cause; rather, it influences the likelihood of sickness. Environmental factors can also cause disabilities, particularly through exposure to harmful substances or conditions, but they do not surpass sickness in terms of overall impact. Understanding the primary role of sickness in leading to disabilities underscores the importance of preventive care and early intervention in managing health issues effectively.

3. What is the primary goal of mutual insurance companies?

- A. Maximize profits for shareholders
- B. Provide the cheapest insurance possible for policyholders**
- C. Sell stock to the public
- D. Offer insurance exclusively through brokers

The primary goal of mutual insurance companies is to provide insurance coverage primarily for the benefit of their policyholders rather than for the purpose of generating profits. Mutual insurance companies are owned by their policyholders, and any profits they earn are typically reinvested back into the company or distributed to policyholders in the form of dividends or reduced future premiums. This structure emphasizes the provision of affordable and accessible insurance options to meet the needs of the policyholders, aligning with the goal of offering cost-effective coverage. While the objective may not be to provide the absolute cheapest insurance available, the focus on policyholder welfare means that mutual companies aim to balance affordability with adequate coverage rather than prioritize profitability for external shareholders. This creates a competitive landscape where the interests of policyholders are central to the company's operations, fostering a sense of community and belonging among members.

4. What type of law is defined as a system that relies on punishments to enforce rules?

- A. Civil law
- B. International law
- C. Criminal law**
- D. Administrative law

The correct choice is criminal law, which is defined as a system focused on laws that prohibit certain behaviors and impose punishments for violations. This legal framework is designed to maintain public order and safety by establishing what constitutes a crime—actions or omissions that are detrimental to society at large. When an offense is committed, criminal law provides the procedures for prosecution and the potential penalties, which can include imprisonment, fines, or community service, among others. The other types of law mentioned serve different purposes. Civil law deals primarily with disputes between individuals or organizations and typically involves compensation or restitution rather than punishment. International law governs the relationships and agreements between countries, focusing on treaties and global governance. Administrative law deals with the rules and regulations that govern government agencies and their interactions with the public, emphasizing compliance rather than punitive measures. Thus, criminal law is unique in its reliance on penalties to enforce societal rules.

5. What does Replacement Cost Basis provide in the event of a loss?

- A. Payment out without replacing or repairing**
- B. Replacement with a new item or repair of the existing item**
- C. Only reimbursement for repairs**
- D. Partial payment based on market value**

Replacement Cost Basis provides coverage that ensures the insured is compensated to either replace the damaged item with a new equivalent item or repair the existing item to its pre-loss condition. This means that the policyholder will receive the amount required to either purchase a similar item of equal quality or cover the repair costs, without deductions for depreciation. This concept is crucial in insurance, as it aims to restore the insured's property to its original state rather than just compensating based on the item's current market value or condition. This type of coverage helps to ensure that individuals or businesses can continue their operations or lives with minimal disruption following a loss, as it alleviates concerns about the financial burden of having to pay out of pocket for replacement or repairs. Consequently, those who have insurance on a replacement cost basis benefit from a more comprehensive financial safety net in times of loss.

6. Which of the following is NOT included in the automatic personal property coverage of homeowner's forms?

- A. Detached private structures**
- B. Personal Property**
- C. Liability Insurance**
- D. Dwelling building**

Homeowner's insurance policies typically offer various types of coverage, including automatic personal property coverage. This coverage generally includes personal property owned by the insured, detached private structures like garages or sheds, and the dwelling itself. Each of these elements serves to protect the insured's investments in their home and related structures. Liability insurance, however, operates under a different function and is designed to protect the insured from legal obligations due to injuries or damages they may cause to others. This type of insurance is not part of the automatic personal property coverage included in the homeowner's forms. Instead, it is a separate coverage that must be understood within the broader context of liability protection rather than as part of property coverage. Therefore, the correct answer indicates that liability insurance is not included in the automatic personal property coverage, as it serves to provide a different form of protection altogether. Understanding this distinction helps clarify how different types of coverage within a homeowner's insurance policy work.

7. What types of losses does limited depreciation coverage typically not apply to?

- A. Accidental damage**
- B. Fire, theft, vandalism, malicious mischief**
- C. Weather-related damage**
- D. Mechanical failure**

Limited depreciation coverage usually refers to an insurance policy feature that provides some level of protection for property, typically related to how much coverage will be paid after depreciation is factored in. This type of coverage is often relevant for physical damage claims but does not generally extend to losses resulting from specific peril events. In the context of the options given, the correct choice indicates that limited depreciation coverage does not apply to losses from fire, theft, vandalism, and malicious mischief. These types of losses are associated with direct, intentional acts or specific catastrophic events that insurance generally covers on a full replacement cost basis. Essentially, when dealing with significant and defined risks like these, insurers typically agree to provide full coverage without depreciation, recognizing the nature of these incidents as more severe and less frequent than everyday accidents. On the other hand, accidental damage, weather-related damage, and mechanical failure might often fall under a standard coverage approach where depreciation could be factored into the settlement, as these situations can occur more frequently or might be treated differently in the policy structure.

8. What type of claim involves proving the other party is at fault in an accident?

- A. Chargeable claim**
- B. No-fault claim**
- C. Tort claim**
- D. Intentional claim**

A tort claim is a legal claim in which one party seeks compensation for damages caused by the wrongful acts of another party. In the context of an accident, this type of claim requires the claimant to establish that the other party was at fault or negligent in their actions, leading to the accident and subsequent damages. In personal injury cases resulting from accidents, such as car collisions, the injured party must provide evidence that demonstrates how the other party's behavior did not meet a reasonable standard of care. This can include showing that the other driver violated traffic laws, acted recklessly, or failed to take appropriate precautions, leading to the accident. If the claimant successfully proves fault, they may be entitled to recover damages for medical expenses, lost wages, pain and suffering, and other losses resulting from the accident. The other types of claims listed do not require the same process of proving fault. For instance, a no-fault claim typically allows individuals to receive compensation for their injuries without needing to establish the other party's liability, making the claims process less contentious. Chargeable claims and intentional claims have different focuses, such as violations that may affect insurance premiums or claims involving deliberate wrongdoing, respectively. Therefore, tort claims uniquely address the need to prove fault in accident scenarios.

9. What is the primary focus of a broker's duties?

- A. Representing the insurer's interests
- B. Maximizing profits for the agency
- C. Representing the client's interests**
- D. Providing legal advice to clients

A broker's primary duty is to represent the interests of the client. In the insurance context, brokers act as intermediaries between the client seeking insurance coverage and the insurance providers. Their role is to understand the client's needs and find appropriate insurance solutions that best meet those needs, ensuring that clients receive suitable coverage for their particular situations. Unlike agents, who may have a responsibility to represent the interests of a specific insurer, brokers operate independently and are obligated to advocate for their clients. This means they must provide impartial advice, carry out thorough market research, and seek out the best available policies from multiple insurers, ultimately ensuring that their clients' interests are prioritized throughout the insurance purchasing process. By focusing on the client's interests, brokers help clients navigate complex insurance options, which can lead to better-informed decisions regarding coverage choices. This distinct role underscores the importance of the broker's commitment to serve the client and maintain a fiduciary duty toward them.

10. What does the Roadside Plus Package improve upon?

- A. The coverage limits of the base policy
- B. The benefits of the Roadstar Package**
- C. The claim process duration
- D. The types of vehicles covered

The Roadside Plus Package enhances the benefits of the Roadstar Package, which means it builds on the existing services and features provided in the Roadstar offering. This improvement can include additional services such as expanded towing distances, added roadside assistance features, or other enhanced benefits that are designed to provide greater convenience and support to the policyholder. This focus on enhancing the benefits is crucial for policyholders who are looking for greater protection and assistance while on the road. By expanding upon the existing package, the Roadside Plus Package effectively offers a more comprehensive solution tailored to meet the needs of motorists.

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://geninsurancelvl1.examzify.com>

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

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