

HAWAII INSURANCE LICENSE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

**VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE**

<https://hawaiiinsurancelicense.examzify.com>



Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain accurate, complete, and timely information about this product from reliable sources.

SAMPLE

Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	8
Explanations	10
Next Steps	16

SAMPLE

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

SAMPLE

- 1. Which factor influences the total payout in a homeowners insurance claim?**
 - A. The insurance agent's experience
 - B. The location of the home
 - C. Coverage limits of the policy
 - D. The time of year the claim is made
- 2. What is the penalty amount for an insurance producer to reinstate an expired license?**
 - A. The renewal fee
 - B. Double the renewal fee
 - C. Triple the renewal fee
 - D. Half the renewal fee
- 3. What does co-insurance in a property insurance policy mean?**
 - A. The insured pays all losses under a certain amount
 - B. A percentage of coverage must be maintained by the insured
 - C. The insurer pays only the depreciation value
 - D. It provides unlimited coverage
- 4. What is the term for the forcible removal of property from a messenger through the threat of violence?**
 - A. Burglary
 - B. Theft
 - C. Robbery
 - D. Assault
- 5. What type of coverage would protect personal belongings from theft or damage in a rented apartment?**
 - A. Liability coverage
 - B. Personal property coverage
 - C. Dwelling coverage
 - D. Loss of use coverage

- 6. Who is typically protected under a fidelity bond?**
- A. Clients
 - B. Employees
 - C. Employers
 - D. Contractors
- 7. Under which circumstance would an insurance commissioner likely conduct an inspection?**
- A. Only during license renewal
 - B. To respond to consumer complaints
 - C. Anytime as deemed necessary
 - D. Upon request from the insurer
- 8. What does the ratio 20/40/10 mean in terms of insurance coverage?**
- A. Bodily Injury per person/Bodily Injury per accident/property damage
 - B. Property damage for vehicles/medical payments/uninsured driver compensation
 - C. Total medical coverage/maximum per individual/total damages
 - D. Personal injury/vehicle damage/replacement costs
- 9. What is the best definition of insurable interest?**
- A. Financial stake in the insured item
 - B. Emotional ties to the item
 - C. Agreement on policy terms
 - D. Value of the item insured
- 10. What does excess coverage provide over underlying insurance?**
- A. Higher deductible
 - B. Exclusively basic coverage
 - C. Broader coverage than most underlying coverage
 - D. Limited benefit increase

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. Which factor influences the total payout in a homeowners insurance claim?

- A. The insurance agent's experience
- B. The location of the home
- C. Coverage limits of the policy**
- D. The time of year the claim is made

The coverage limits of the policy are a fundamental factor that directly influences the total payout in a homeowners insurance claim. Each homeowners insurance policy outlines specific coverage limits, which represent the maximum amount the insurer will pay for a covered loss. When a claim is filed, the insurer assesses the damage or loss based on the terms stated in the policy and will only pay up to these limits. If the loss exceeds the coverage limit, the policyholder will have to bear the difference, meaning adequate coverage is crucial to ensure financial protection in the event of a claim. Other aspects like the experience of the insurance agent, the home's location, or the timing of the claim may play roles in the claims process, such as the assessment of damages or service quality, but they do not determine the maximum amount that can be received from the insurance coverage itself. Thus, understanding coverage limits is essential for homeowners to ensure they are adequately protected against potential losses.

2. What is the penalty amount for an insurance producer to reinstate an expired license?

- A. The renewal fee
- B. Double the renewal fee**
- C. Triple the renewal fee
- D. Half the renewal fee

The penalty amount for an insurance producer to reinstate an expired license is double the renewal fee. This penalty serves as both a deterrent and a means to encourage timely license renewals, ensuring that producers remain compliant with regulatory requirements. When a license expires, the insurance producer is required to remit a reinstatement fee that is twice the standard renewal fee. This increased fee reflects the state's interest in maintaining an up-to-date registry of licensed producers and ensuring that individuals operating in the insurance market have current knowledge and competencies. The objective is to uphold the integrity of the insurance industry while providing a structured process for reinstatement. Other options suggest different fee structures that do not align with the established guidelines for reinstatement following an expired license. Understanding this specific penalty structure is important for producers to ensure they remain compliant and can continue their business without interruptions.

3. What does co-insurance in a property insurance policy mean?

- A. The insured pays all losses under a certain amount
- B. A percentage of coverage must be maintained by the insured**
- C. The insurer pays only the depreciation value
- D. It provides unlimited coverage

Co-insurance in a property insurance policy refers to the requirement that the insured maintains a certain percentage of coverage relative to the value of the property. This means that if a property is underinsured and a covered loss occurs, the insurance payout may be reduced based on the percentage of coverage maintained. For example, if a policy stipulates a co-insurance requirement of 80%, the property owner must have insurance coverage equal to at least 80% of the property's value. If they fail to meet this requirement, they may incur a penalty in the event of a claim, resulting in a decrease in the amount the insurer will pay for a loss. This mechanism encourages property owners to maintain adequate coverage to adequately protect their assets. The other options do not accurately capture the essence of co-insurance. The first option suggests that the insured pays all losses under a certain amount, which relates more to deductibles rather than co-insurance. The third option mentions the insurer paying only the depreciation value, which pertains to actual cash value policies rather than co-insurance. Finally, the fourth option, stating that it provides unlimited coverage, is also erroneous as co-insurance involves maintaining a required level of insurance rather than offering limitless protection.

4. What is the term for the forcible removal of property from a messenger through the threat of violence?

- A. Burglary
- B. Theft
- C. Robbery**
- D. Assault

The term that refers to the forcible removal of property from a messenger through the threat of violence is robbery. This crime not only involves taking someone else's property but does so with the use of intimidation or fear, making it a more serious offense than theft. In robbery, the presence of violence or the threat thereof is a crucial component, distinguishing it from other related offenses. Burglary typically involves entering a building with the intent to commit a crime inside, usually without the presence of the occupants, and does not necessarily involve confrontation or violence. Theft, on the other hand, generally refers to the unlawful taking of someone else's property without their consent but does not include the element of force or intimidation. Assault involves causing physical harm or the threat of harm to another person but does not necessarily involve taking property. Understanding these distinctions is important, especially in the context of insurance and crime coverage, as various types of claims may be affected by the specific nature of the crime involved.

5. What type of coverage would protect personal belongings from theft or damage in a rented apartment?

- A. Liability coverage
- B. Personal property coverage**
- C. Dwelling coverage
- D. Loss of use coverage

Personal property coverage is specifically designed to protect a tenant's belongings from theft, damage, or loss while on a rented property, such as an apartment. This type of coverage typically includes items like furniture, electronics, clothing, and personal effects. When a tenant's possessions are insured under personal property coverage, they have financial protection against specific risks, such as fire, vandalism, or theft, which helps ensure that they can replace essential items in the event of a covered loss. Liability coverage, on the other hand, deals with legal responsibilities for injuries or damages caused to others on the rented premises but does not protect the tenant's personal belongings. Dwelling coverage is designed for property owners and covers the physical structure of a home, not the contents within it. Loss of use coverage provides financial assistance if a tenant cannot live in their rented apartment due to covered damages, but it does not cover the personal belongings themselves. Thus, personal property coverage is the suitable choice for safeguarding a renter's personal items against theft or damage.

6. Who is typically protected under a fidelity bond?

- A. Clients
- B. Employees
- C. Employers**
- D. Contractors

A fidelity bond primarily protects employers against dishonest acts committed by employees. This type of surety bond is designed to provide financial protection in the event that an employee engages in theft, fraud, or other dishonest behaviors that result in financial loss to the employer. The bond essentially acts as a safety net for businesses, ensuring that they can recover some of their losses caused by such misconduct. In addition to covering potential losses, fidelity bonds can also serve to build trust between an employer and its clients, as having this protection in place demonstrates a commitment to ethical business practices. While clients, employees, and contractors may have different interests in relation to the fidelity bond, it is the employer who is directly protected against financial loss resulting from dishonest employee actions.

7. Under which circumstance would an insurance commissioner likely conduct an inspection?

- A. Only during license renewal
- B. To respond to consumer complaints
- C. Anytime as deemed necessary**
- D. Upon request from the insurer

An insurance commissioner has the authority to conduct inspections any time they deem necessary to ensure compliance with regulations and the overall functioning of the insurance marketplace. This proactive approach allows the commissioner to evaluate an insurer's operations, financial stability, and compliance with the law, protecting consumers and maintaining market integrity. Such inspections could be triggered by various factors, including routine compliance checks, anomalies that arise in financial assessments, or inconsistencies in reported data. The flexibility in timing enables the commissioner to act swiftly when warranted, rather than being confined to specific circumstances like license renewals, consumer complaints, or requests from insurers, all of which are more limited scenarios.

8. What does the ratio 20/40/10 mean in terms of insurance coverage?

- A. Bodily Injury per person/Bodily Injury per accident/property damage**
- B. Property damage for vehicles/medical payments/uninsured driver compensation
- C. Total medical coverage/maximum per individual/total damages
- D. Personal injury/vehicle damage/replacement costs

The ratio of 20/40/10 in the context of insurance coverage specifically refers to the limits of liability coverage provided by an auto insurance policy. In this case, the components of the ratio are defined as follows: - The first number, 20, represents the maximum amount of bodily injury liability coverage available per person injured in an accident. This means that if one individual suffers injuries in an accident for which the insured is held responsible, the insurer will pay up to \$20,000 for that person's medical expenses and related costs. - The second number, 40, indicates the total maximum amount of bodily injury liability coverage applicable for all individuals injured in a single accident. Thus, in a scenario where multiple people are hurt, the maximum payout for all injured parties collectively cannot exceed \$40,000. - The third number, 10, signifies the maximum amount of property damage liability coverage. In the event that the insured is liable for damaging someone else's property (such as a vehicle or fence), the insurance will cover up to \$10,000 for those damages. This structured format is standard in auto insurance policies, providing clear limits to both bodily injury and property damage coverage. Understanding these numbers is crucial for policyholders to gauge their financial exposure.

9. What is the best definition of insurable interest?

- A. Financial stake in the insured item**
- B. Emotional ties to the item
- C. Agreement on policy terms
- D. Value of the item insured

The best definition of insurable interest is a financial stake in the insured item. Insurable interest is a fundamental principle in insurance that refers to the requirement that the policyholder must have a legitimate interest in the preservation of the insured item or person. This stake ensures that the insured has a vested interest in the subject matter of the insurance policy, which is crucial for the validity of the insurance contract. For example, if a person insures a car they own, they have an insurable interest because they would suffer a financial loss if the car were damaged or destroyed. This financial relationship is what justifies the need for insurance coverage and prevents moral hazard, where one might intentionally cause damage to collect on an insurance claim. In contrast, while emotional ties or agreements on policy terms may seem relevant, they do not fulfill the necessary criteria for insurable interest. Emotional connections do not establish a financial stake, and although agreeing on policy terms is part of developing an insurance contract, it does not address the fundamental requirement of insurable interest. Likewise, the value of the item insured is important for determining coverage amounts and premiums, but it doesn't define the concept of insurable interest itself.

10. What does excess coverage provide over underlying insurance?

- A. Higher deductible
- B. Exclusively basic coverage
- C. Broader coverage than most underlying coverage**
- D. Limited benefit increase

Excess coverage is designed to provide additional protection beyond what is offered by the underlying insurance policies. It serves as a secondary layer of coverage that kicks in when the limits of the primary policy have been exhausted. This additional layer often includes broader coverage terms that can address risks not sufficiently covered by the underlying policy. By providing a wider range of protection, excess coverage can fill in gaps that may exist in the underlying policies, ensuring that policyholders have greater security against significant losses. This is particularly crucial in situations where claims exceed the limits of primary insurance, which can occur in scenarios involving large damages or catastrophic events. While other choices mention various aspects of coverage, they do not accurately reflect the primary function of excess coverage. For instance, higher deductibles do not relate specifically to the role of excess coverage, and limited benefits do not capture the expansive nature of the additional security that excess coverage offers.

SAMPLE

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://hawaiiinsurancelicense.examzify.com>

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

SAMPLE