

# Kansas Insurance 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. Which term refers to a shared percentage of costs after a deductible is met?**

- A. Subrogation**
- B. Coinsurance**
- C. Exclusion**
- D. Reinsurance**

**2. What is 'actuarial science'?**

- A. A discipline for managing claims**
- B. A method for customer service improvement**
- C. Application of math and statistics to assess risk**
- D. A program for training insurance agents**

**3. What is the difference between 'personal insurance' and 'commercial insurance'?**

- A. Personal insurance covers individuals; commercial insurance covers businesses**
- B. Personal insurance covers only home-related risks**
- C. Commercial insurance is cheaper than personal insurance**
- D. Personal insurance is mandatory, while commercial insurance is optional**

**4. What is 'group insurance'?**

- A. Insurance coverage for an individual against specific risks**
- B. Insurance coverage for a group of members, typically offered by an employer**
- C. A policy that only covers high-risk individuals**
- D. Insurance coverage that is purchased through a broker**

**5. What is a scenario where assuming risk might be relevant for consumers?**

- A. Signing a lease for an apartment**
- B. Participating in a charity cycling event**
- C. Buying a home with a mortgage**
- D. Investing in the stock market**

**6. What do premium audits in business insurance verify?**

- A. The financial stability of the insurer**
- B. The accuracy of the premium charged**
- C. The effectiveness of the marketing strategy**
- D. The qualifications of the insurance agent**

**7. Under a Guaranteed Renewable Accident and Health policy, what right does the insurer retain?**

- A. Increase the premium rate for an entire class of insureds**
- B. Change the benefits provided in the policy**
- C. Cancel the policy without notice**
- D. Limit the coverage to specific situations**

**8. For which type of life coverage can an employer deduct premium payments as an ordinary business expense?**

- A. Whole Life**
- B. Universal Life**
- C. Group Life**
- D. Term Life**

**9. What does "actual cash value" refer to in insurance terms?**

- A. The cost of replacing an item with a brand new one**
- B. The value of property after depreciation is deducted**
- C. The market value of property before any loss**
- D. The amount paid to the insured within the first year of policy**

**10. What is an example of self-insured retention?**

- A. Purchasing a deductible on an auto insurance policy**
- B. Deciding to pay for minor repairs out-of-pocket**
- C. Choosing to insure only high-value assets**
- D. Claiming the full value of an asset on insurance**

## **Answers**

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

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## **Explanations**

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**1. Which term refers to a shared percentage of costs after a deductible is met?**

- A. Subrogation**
- B. Coinsurance**
- C. Exclusion**
- D. Reinsurance**

The term that refers to a shared percentage of costs after a deductible is met is coinsurance. Coinsurance is a provision in health insurance plans that requires the insured to pay a certain percentage of the costs for covered services after the deductible has been satisfied. For example, if a health plan has a coinsurance provision of 20%, the insured would pay 20% of the remaining costs while the insurance company covers the 80%. This arrangement helps to share the financial responsibility between the insurer and the insured, often encouraging cost-conscious behaviors from the insured. While other terms have specific meanings, they do not represent the concept of shared costs post-deductible. Subrogation, for instance, refers to the right of an insurer to pursue a third party responsible for a loss after compensating the insured. Exclusion pertains to conditions or situations that are not covered by a policy, and reinsurance involves an insurance company transferring a portion of risk to another insurer. Each of these terms represents different aspects of insurance but does not encompass the shared cost structure described in the question.

**2. What is 'actuarial science'?**

- A. A discipline for managing claims**
- B. A method for customer service improvement**
- C. Application of math and statistics to assess risk**
- D. A program for training insurance agents**

Actuarial science is fundamentally the application of mathematics and statistics to assess risk in the insurance and finance industries. This discipline involves analyzing data to predict future events, particularly in relation to financial security and insurance claims. Actuaries use mathematical models to determine probabilities and financial impacts of risk, which helps insurance companies set premiums, manage funds, and ensure they can pay out claims. This approach is crucial in helping insurers maintain profitability while providing coverage to policyholders. By applying statistical tools and methodologies, actuaries can evaluate both historical and potential future data, thereby optimizing the management of risks associated with various insurance products. In contrast, the other options relate to different aspects of the insurance field. The management of claims may involve overseeing the claims process but does not typically involve the advanced statistical modeling that characterizes actuarial science. Customer service improvement focuses on enhancing the experience of customers which can be informed by actuaries' work but is not the central purpose of actuarial science itself. Lastly, training insurance agents is an educational initiative that prepares agents for their roles in the industry, but does not encompass the analytical processes inherent in actuarial methods.

### 3. What is the difference between 'personal insurance' and 'commercial insurance'?

- A. Personal insurance covers individuals; commercial insurance covers businesses**
- B. Personal insurance covers only home-related risks**
- C. Commercial insurance is cheaper than personal insurance**
- D. Personal insurance is mandatory, while commercial insurance is optional**

The distinction between personal insurance and commercial insurance primarily lies in the type of entities they cover and the purposes they serve. Personal insurance is designed to protect individuals and their personal assets, addressing coverage needs for items such as homes, automobiles, and personal liability. This type of insurance is tailored for risks that affect a person's personal life. On the other hand, commercial insurance covers businesses and their operations, including property, liability, employees, and various specific risks associated with running a business. This insurance is essential for protecting against losses that could threaten the business's viability, such as damage to physical assets, lawsuits, or interruptions in business operations. The other options do not accurately reflect the fundamental differences between the two types of insurance. Personal insurance can cover a broader range of risks beyond just home-related ones, commercial insurance varies widely in pricing depending on numerous factors, and both personal and commercial insurance can have mandatory aspects depending on state regulations and business structures.

### 4. What is 'group insurance'?

- A. Insurance coverage for an individual against specific risks**
- B. Insurance coverage for a group of members, typically offered by an employer**
- C. A policy that only covers high-risk individuals**
- D. Insurance coverage that is purchased through a broker**

Group insurance refers to a type of insurance coverage that is provided to a collective group of people, often through an employer or an organization. This form of coverage is typically designed to offer benefits to employees and their families, helping to lower costs for individuals as the risks are spread across the entire group. Because the insurance is purchased in bulk, group insurance often comes with lower premiums compared to individual insurance plans. Furthermore, group insurance plans usually require less stringent medical underwriting, which can be advantageous for individuals who may have pre-existing conditions. Members of the group generally receive standardized benefits, which can create a more comprehensive safety net for health, life, or other types of insurance under the same plan. The collective nature of this coverage fosters a sense of community and shared responsibility among members. Other options describe different aspects of insurance but do not accurately reflect the definition of group insurance. Individual insurance is tailored for personal needs, high-risk individual coverage typically addresses specific cases rather than a broader group, and insurance obtained through a broker does not specifically categorize the insurance as group-oriented. Thus, the essence of group insurance lies in its collective approach to providing coverage to multiple individuals through a single policy, which makes it both cost-effective and accessible.

## 5. What is a scenario where assuming risk might be relevant for consumers?

- A. Signing a lease for an apartment
- B. Participating in a charity cycling event**
- C. Buying a home with a mortgage
- D. Investing in the stock market

Assuming risk becomes particularly relevant in the context of participating in a charity cycling event. In this scenario, participants are voluntarily exposing themselves to potential hazards, such as injuries that could occur during the ride. By entering the event, cyclists take on the responsibility for their safety, which means they are accepting certain risks associated with physical activities, especially in a public setting. In such events, participants usually acknowledge the risks by signing waivers or disclaimers, indicating that they understand the inherent danger of cycling in a group, potentially on uneven terrain, or in varying weather conditions. This act of assuming risk is critical as it allows individuals to participate in activities that contribute to personal enjoyment, community support, or charitable causes, despite the possibility of adverse outcomes. Meanwhile, the other scenarios involve different types of risk management considerations. Signing a lease for an apartment involves more legal agreements and financial implications rather than the active assumption of physical risk. Buying a home typically involves financial risks but also robust protections through insurance. Investing in the stock market involves financial risk as well but focuses more on investment choices and market fluctuations rather than the physical risks associated with an activity like cycling.

## 6. What do premium audits in business insurance verify?

- A. The financial stability of the insurer
- B. The accuracy of the premium charged**
- C. The effectiveness of the marketing strategy
- D. The qualifications of the insurance agent

Premium audits in business insurance play a crucial role in ensuring that the premiums charged are accurate and reflect the level of risk associated with the insured business. During a premium audit, an insurance company assesses various factors, such as payroll figures, sales revenues, and other pertinent data, to determine whether the premium accurately reflects the exposure of the business to potential claims. This process is essential because businesses often experience fluctuations in operations that can affect their risk profile. For example, if a business has reduced its payroll or changed aspects of its operations, the initial premium might be based on outdated or inaccurate information. The audit helps to reconcile any discrepancies between the initial estimates and the actual figures. Consequently, if the audit reveals that the initial premium was too high or too low based on the current risk factors, adjustments can be made to ensure fairness for both the insurer and the insured. The other options do not directly relate to the primary purpose of premium audits. The financial stability of the insurer is assessed through other means, while the effectiveness of marketing strategies and the qualifications of insurance agents are not relevant to the process of determining the correct premium for a policy. Thus, confirming the accuracy of the premium charged is the key objective of conducting premium audits in the context of business insurance.

**7. Under a Guaranteed Renewable Accident and Health policy, what right does the insurer retain?**

- A. Increase the premium rate for an entire class of insureds**
- B. Change the benefits provided in the policy**
- C. Cancel the policy without notice**
- D. Limit the coverage to specific situations**

In a Guaranteed Renewable Accident and Health policy, the insurer retains the right to increase the premium rate for an entire class of insureds. This means that while the insurer is committed to renewing the policy as long as premiums are paid, they can adjust the premium rates based on the overall experience of the insured group. This is an important aspect of these policies as it allows insurers to manage their risk and financial viability by making adjustments over time in response to claims experience, loss ratios, or other factors impacting their book of business. The other options pertain to actions that would fundamentally alter the terms of the policy or violate the principles of guaranteed renewal. Changing benefits or cancelling the policy without notice would eliminate the promised continuity of coverage, which is a core characteristic of guaranteed renewable policies. Limiting coverage to specific situations would likewise contradict the nature of the policy, as it could restrict the scope of protection initially provided to the insured.

**8. For which type of life coverage can an employer deduct premium payments as an ordinary business expense?**

- A. Whole Life**
- B. Universal Life**
- C. Group Life**
- D. Term Life**

An employer can deduct premium payments for group life insurance as an ordinary business expense because group life insurance is provided to a group of employees under a single policy. This type of coverage is often seen as part of employee benefits, and employers can deduct these costs from their taxable income. The deduction is permissible because the premiums are paid for the benefit of the employees as a form of compensation. In contrast, premium payments for individual policies, such as whole life, universal life, and term life coverage, are typically not deductible for employers since those policies are considered personal and geared toward individual rather than collective benefits. Thus, group life stands out as the appropriate type for which employer premium payments can be deducted.

## 9. What does "actual cash value" refer to in insurance terms?

- A. The cost of replacing an item with a brand new one
- B. The value of property after depreciation is deducted**
- C. The market value of property before any loss
- D. The amount paid to the insured within the first year of policy

In insurance terminology, "actual cash value" specifically refers to the value of property after depreciation has been deducted. This means that when determining the actual cash value of an item, insurers assess the current worth of that property considering its age, condition, and original cost. By taking depreciation into account, this valuation reflects what the item could be sold for on the open market at the time of the loss, rather than its original purchase price or replacement cost. This concept is important in property insurance claims because it helps to establish a fair payout for damaged or lost items, ensuring that policyholders are compensated based on the item's reduced value rather than its new or original price. Understanding actual cash value is crucial for insured individuals when filing claims, as it influences the compensation amount they can realistically expect to receive. Other choices may suggest different forms of value. For example, the replacement cost is about replacing an item with a new one without deducting for depreciation, while market value typically relates to what a property could sell for in the market at any given time. The option regarding the amount paid to the insured within the first year of a policy does not accurately represent what actual cash value is in the context of insurance.

## 10. What is an example of self-insured retention?

- A. Purchasing a deductible on an auto insurance policy
- B. Deciding to pay for minor repairs out-of-pocket**
- C. Choosing to insure only high-value assets
- D. Claiming the full value of an asset on insurance

Self-insured retention refers to the amount of risk that an insured party decides to retain rather than transfer to the insurance company. In this case, opting to pay for minor repairs out-of-pocket exemplifies self-insured retention because the individual is choosing to handle certain costs directly, essentially acting as their own insurer for those specific expenses. This approach allows individuals or businesses to save on premiums since they assume the risk for smaller claims. Rather than filing a claim for a minor issue, which could lead to increased premiums or complexities in the claims process, they absorb the cost themselves, demonstrating a willingness to retain some level of risk. The other options describe actions that do not align with the concept of self-insured retention. Purchasing a deductible on an auto insurance policy is a common practice where the insurer pays for losses above a certain threshold, not an example of retaining risk. Insuring only high-value assets does not involve retaining risk but rather selectively choosing what to insure. Claiming the full value of an asset on insurance indicates a desire to transfer risk completely to the insurance provider, contrasting with the idea of self-insuring any portion of risk.

# 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](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://kansasinsurance.examzify.com>**

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

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