

KANSAS INSURANCE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE

<https://kansasinsurance.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. 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
- 2. What does 'insurable interest' refer to in a life insurance context?**
 - A. The policyholder's financial stake in the insured
 - B. The age of the insured
 - C. The income generated by the policy
 - D. The beneficiary's expectations of the insured
- 3. What is excess insurance?**
 - A. Coverage for additional properties
 - B. Insurance for high-value items
 - C. Coverage that activates after primary insurance limits are reached
 - D. Insurance that applies only to business losses
- 4. What does a Commercial General Liability policy cover?**
 - A. Claims related to property damage only
 - B. Liability claims against a business
 - C. Personal property of the insured
 - D. Employee injuries on the job
- 5. What type of contract is most likely recommended for business owners to ensure continuation if one becomes permanently disabled?**
 - A. Long-term disability insurance
 - B. Disability Buy-Out
 - C. Key Person Insurance
 - D. Business Owner's Policy

- 6. What is the main implication of having a Ten-Day Free Look provision in an insurance policy?**
- A. Policyholders can return the policy within ten days for a refund
 - B. Insurers can cancel coverage within ten days
 - C. Provides a grace period for premium payments
 - D. Allows automatic coverage for ten days
- 7. What action will an insurer take if an insured intentionally understates her age on her application for a life policy?**
- A. Cancel the policy
 - B. Pay a reduced death benefit
 - C. Provide a full benefit payout
 - D. Adjust the premiums retroactively
- 8. 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
- 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. How can an accident impact a no-fault insurance claim?**
- A. The claim amount is doubled
 - B. It does not affect the claim amount
 - C. Fault must be established to process the claim
 - D. The insurer evaluates the degree of fault

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. 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.

2. What does 'insurable interest' refer to in a life insurance context?

- A. The policyholder's financial stake in the insured**
- B. The age of the insured
- C. The income generated by the policy
- D. The beneficiary's expectations of the insured

In the context of life insurance, 'insurable interest' refers specifically to the policyholder's financial stake in the insured individual. This principle is fundamental to insurance contracts, as it ensures that the policyholder has a legitimate reason to insure the life of another person, which typically arises from relationships such as family ties, business partnerships, or creditor-debtor arrangements. Insurable interest is crucial because it helps prevent insurance policies from being used for speculative purposes or for profit from someone else's death, which could lead to moral hazards. In this scenario, the age of the insured, the income generated by the policy, and the beneficiary's expectations do not define insurable interest. While the age of the insured may be relevant to underwriting and determining premiums, it does not establish the necessary financial relationship that insurable interest mandates. Similarly, the income generated by the policy concerns the cash value or benefits of the policy rather than the underlying relationship needed for insurable interest. Finally, a beneficiary's expectations do not establish an insurable interest; they simply reflect the anticipation of receiving a benefit upon the insured's passing, but without the requisite financial relationship. Thus, understanding insurable interest as the policyholder's financial stake is key to comprehending its role in life insurance.

3. What is excess insurance?

- A. Coverage for additional properties
- B. Insurance for high-value items
- C. Coverage that activates after primary insurance limits are reached**
- D. Insurance that applies only to business losses

Excess insurance refers to a type of coverage that is activated when the limits of primary insurance are exhausted. It provides additional protection beyond the limits set by the primary policy. For example, if a primary insurance policy has a limit of \$1 million and a covered loss occurs that costs \$1.5 million to settle, the excess insurance would kick in to cover the additional \$500,000 once the primary policy's coverage limit has been reached. This option is vital for individuals or businesses that need higher levels of coverage than what standard policies provide, offering peace of mind against significant losses. Other options do not appropriately define the unique function of excess insurance: while coverage for additional properties or high-value items may refer to specific types of insurance, they do not encompass the concept of excess insurance. The mention of insurance that applies only to business losses is also too narrow and does not capture the broader application of excess insurance in personal or commercial contexts.

4. What does a Commercial General Liability policy cover?

- A. Claims related to property damage only
- B. Liability claims against a business**
- C. Personal property of the insured
- D. Employee injuries on the job

A Commercial General Liability (CGL) policy is specifically designed to protect businesses from various liability claims that may arise in the course of their operations. This type of insurance provides coverage for claims involving bodily injury, property damage, personal injury, and advertising injury that occur on the business premises or as a result of the business operations. The CGL policy is essential for businesses as it helps cover legal costs and potential settlements or judgments that may arise from lawsuits filed against the business for incidents that fall under the policy's coverage terms. This is crucial for safeguarding the financial stability of the business and ensuring it can continue operating effectively despite facing liability claims. In contrast, property damage alone would not encompass the full range of liabilities that a business might encounter, as claims can involve bodily injury and personal injury. Coverage for personal property of the insured also falls outside the scope of a CGL policy, as it typically pertains to property insurance. Employee injuries on the job are generally covered by workers' compensation insurance, not by a CGL policy, which focuses specifically on liability claims. Therefore, recognizing the comprehensive nature of the coverage under a Commercial General Liability policy clarifies why liability claims against a business represent the correct understanding of what such a policy covers.

5. What type of contract is most likely recommended for business owners to ensure continuation if one becomes permanently disabled?

- A. Long-term disability insurance
- B. Disability Buy-Out**
- C. Key Person Insurance
- D. Business Owner's Policy

A Disability Buy-Out contract is specifically designed for business owners to manage the financial implications that may arise if one partner or owner becomes permanently disabled. This type of insurance allows the remaining partners to buy out the disabled owner's share of the business. The policy provides the necessary funds to facilitate this transaction, ensuring that the business continues to operate smoothly without the ongoing involvement of the disabled partner. This arrangement is crucial because it not only protects the financial interests of the business but also helps to maintain operational continuity. With a well-structured Disability Buy-Out, partners are assured that they can secure necessary control without complications that could arise from having a non-participating disabled partner involved in the decision-making process or the profits of the business. Other options, while relevant to the broader topic of disability and business continuity, do not directly address this specific issue in the same decisive manner. Long-term disability insurance provides income support to individuals but does not facilitate the transition of ownership within a business. Key Person Insurance offers protection against the loss of a vital employee or partner but does not specifically manage the ownership transfer if a business owner becomes disabled. A Business Owner's Policy combines various coverages but lacks the focused mechanism that a Disability Buy-Out provides for this particular scenario.

6. What is the main implication of having a Ten-Day Free Look provision in an insurance policy?

- A. Policyholders can return the policy within ten days for a refund**
- B. Insurers can cancel coverage within ten days
- C. Provides a grace period for premium payments
- D. Allows automatic coverage for ten days

The main implication of having a Ten-Day Free Look provision in an insurance policy is that policyholders can return the policy within ten days for a refund. This feature is designed to give consumers an opportunity to review the policy terms, conditions, and coverage details thoroughly after purchase. During this trial period, if they find that the policy does not meet their needs or expectations, they can cancel it and receive a full refund of any premiums paid. This provision is beneficial as it provides an assurance to the policyholder and encourages them to evaluate whether the insurance product serves their intended purposes. It enhances customer satisfaction by allowing them to make sure they are comfortable with their decision without financial loss if they choose to change their mind promptly. The other options presented do not align with the intent of the Ten-Day Free Look provision, as they either misrepresent its function or cover aspects unrelated to the customer's review and satisfaction period.

7. What action will an insurer take if an insured intentionally understates her age on her application for a life policy?

- A. Cancel the policy
- B. Pay a reduced death benefit**
- C. Provide a full benefit payout
- D. Adjust the premiums retroactively

If an insured intentionally understates her age on her application for a life insurance policy, the insurer typically chooses to pay a reduced death benefit. This action is generally based on the principle of equitable adjustment, where the insurance company calculates what the premiums would have been if the correct age had been provided. In life insurance, the premium rates are closely tied to the age of the insured; older individuals generally pay higher premiums due to the increased risk of mortality. Therefore, if the insured misrepresents her age, the insurer will adjust the death benefit accordingly, reflecting the amount of premium that would have been charged had the correct age been disclosed. This means that, upon death, the insurer would only pay out a benefit that aligns with the premiums that were actually paid based on the misstated age. This approach provides a fair resolution for both parties; the insured continues to hold a policy, albeit with a benefit that reflects the initial misrepresentation, while the insurer mitigates its risk exposure by limiting payout based on the accurate assessment of the insured's age.

8. 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.

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. How can an accident impact a no-fault insurance claim?

- A. The claim amount is doubled
- B. It does not affect the claim amount**
- C. Fault must be established to process the claim
- D. The insurer evaluates the degree of fault

In a no-fault insurance system, the emphasis is placed on compensation for injuries without the need to establish fault. This means that regardless of who caused the accident, individuals can file claims with their own insurance companies for medical expenses, lost wages, and other related costs. The purpose of no-fault insurance is to streamline the claims process and provide quicker compensation to policyholders. Because fault does not need to be proven in these cases, the accident itself does not affect the claim amount. Policyholders are able to receive benefits without the complexity of determining who was responsible for the accident, allowing for a more efficient resolution of claims. In other systems, the need to establish fault could significantly delay the claim process or influence the compensation amount; however, this is not the case in no-fault insurance scenarios.

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://kansasinsurance.examzify.com>

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

SAMPLE