

KANSAS INSURANCE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE

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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. When does coverage become effective if an applicant submits a completed application for life insurance but does not pay the first premium?**
 - A. Upon underwriting approval
 - B. After the policy is delivered and the premium is paid
 - C. At the time of application
 - D. After a waiting period of 30 days

- 2. What does a Guaranteed Insurability rider allow the insured to do?**
 - A. Purchase additional coverage at any time
 - B. Obtain a lower premium if healthy
 - C. Purchase additional coverage whenever the insured changes jobs
 - D. Buy a different policy without underwriting

- 3. What is an insurance 'broker'?**
 - A. An individual or firm that sells insurance on behalf of various insurers
 - B. A representative of an insurance company who sells policies directly
 - C. An organization that regulates insurance practices
 - D. A type of insurance policy that covers multiple insurers

- 4. What is the tax status of disability income benefits paid under an employer-paid group disability income?**
 - A. Fully tax-exempt
 - B. Partially taxable
 - C. Fully taxable
 - D. Tax-deductible for the employer

- 5. 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

- 6. 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
- 7. Which type of life insurance provides coverage for a specific period of time?**
- A. Whole life insurance
 - B. Universal life insurance
 - C. Term life insurance
 - D. Variable life insurance
- 8. What do actuaries primarily focus on in the insurance industry?**
- A. Claim adjustments
 - B. Guiding customer service teams
 - C. Evaluating financial risk and uncertainties
 - D. Marketing insurance products
- 9. What primary coverage does auto liability insurance provide?**
- A. Protection for the policyholder's vehicle only
 - B. Coverage for damages caused by the policyholder to others
 - C. Only bodily injury costs after an accident
 - D. Insurance for rental vehicles
- 10. What is the primary purpose of state insurance departments?**
- A. To provide insurance policies to residents
 - B. To regulate insurance companies and protect consumers
 - C. To set insurance premium rates
 - D. To approve insurance rates based on competition

Answers

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

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Explanations

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1. When does coverage become effective if an applicant submits a completed application for life insurance but does not pay the first premium?

- A. Upon underwriting approval
- B. After the policy is delivered and the premium is paid**
- C. At the time of application
- D. After a waiting period of 30 days

When an applicant submits a completed application for life insurance but does not pay the first premium, the coverage typically becomes effective only after the policy is delivered and the premium is paid. This is a standard practice in the insurance industry to ensure that the insurer has received the appropriate payment before the coverage takes effect. It reflects the principle that insurance is a contract based on mutual agreement, with the premium serving as the insurer's consideration. In this scenario, if coverage were to become effective immediately upon application or underwriting approval without the first premium being paid, it could lead to situations where a policy is active without any financial backing, which undermines the risk-sharing nature of insurance. Therefore, the requirement to wait for both the delivery of the policy and the payment of the first premium serves as a safeguard for the insurance company and ensures that the policyholder is committed to the contract.

2. What does a Guaranteed Insurability rider allow the insured to do?

- A. Purchase additional coverage at any time
- B. Obtain a lower premium if healthy
- C. Purchase additional coverage whenever the insured changes jobs**
- D. Buy a different policy without underwriting

The Guaranteed Insurability rider is a provision that allows the insured to purchase additional coverage at specified times without having to undergo additional medical underwriting or provide proof of insurability. This means that no matter the insured's health circumstances at the time they wish to increase their coverage, they are guaranteed the ability to do so according to the terms of the policy. In the context of the options provided, the correct interpretation of this rider would be that it generally provides the opportunity to buy more insurance under certain conditions rather than being directly tied to job changes or other specific events. The primary benefit of the rider is securing additional coverage regardless of health status, ensuring that a policyholder can continue to protect themselves or their loved ones as their needs grow over time. The other options do not accurately reflect the function of the Guaranteed Insurability rider. It does not allow for lower premiums simply based on health or provide the ability to buy a different policy without underwriting, nor does it connect directly to job changes as a trigger for additional coverage. The core function revolves around the promise of additional coverage without the need for medical assessments at the time of enhancement.

3. What is an insurance 'broker'?

- A. An individual or firm that sells insurance on behalf of various insurers**
- B. A representative of an insurance company who sells policies directly
- C. An organization that regulates insurance practices
- D. A type of insurance policy that covers multiple insurers

An insurance broker is defined as an individual or firm that sells insurance on behalf of various insurers. This role is crucial within the insurance industry as brokers act as intermediaries between clients seeking insurance coverage and the insurance companies providing those policies. Brokers are typically knowledgeable about the market and can offer clients different options from multiple insurers, helping them find suitable coverage that meets their specific needs. The importance of brokers lies in their ability to provide personalized service, as they can assess clients' requirements and recommend policies that align with those needs. By representing multiple insurers, brokers can help clients find the best deals and coverage options, allowing for more competitive pricing and a broader range of products. This contrasts with other roles, where representatives might only sell products from a single insurance company.

4. What is the tax status of disability income benefits paid under an employer-paid group disability income?

- A. Fully tax-exempt
- B. Partially taxable
- C. Fully taxable**
- D. Tax-deductible for the employer

The tax status of disability income benefits paid under an employer-paid group disability income plan is typically fully taxable to the employee. This taxation occurs because the premiums for these group disability plans are paid by the employer, which means that the employee does not contribute to the premium costs. As a result, the benefits received from such plans are considered taxable income, similar to regular wages. When an employer pays for a group's disability insurance premiums, they are effectively providing a benefit that is regarded as additional income for the employee when it is received. This makes the disability income benefits fully taxable; the employee is required to report these payments as income on their tax returns. Understanding the tax treatment of disability income is crucial for individuals to make informed financial decisions and for employers to comply with tax regulations. It highlights the difference in tax implications based on who pays the premiums and reinforces the importance of planning for potential benefits accurately.

5. 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.

6. 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.

7. Which type of life insurance provides coverage for a specific period of time?

- A. Whole life insurance
- B. Universal life insurance
- C. Term life insurance**
- D. Variable life insurance

Term life insurance is designed to provide coverage for a specific period of time, typically ranging from one year to 30 years. This type of policy is particularly appealing to individuals who seek life insurance protection only while they are most vulnerable, such as while raising children or paying off a mortgage. What makes term life insurance distinct is its temporary nature; it does not build cash value or provide lifetime coverage. If the insured dies during the term of the policy, the beneficiaries receive a death benefit; however, if the term expires and the insured is still alive, the coverage ends, and no benefit is paid. In contrast, other types of life insurance, like whole life and universal life, offer lifelong coverage and may accumulate cash value. Variable life insurance also provides permanent coverage but allows policyholders to invest the cash value in various investment options, adding a layer of complexity that is not present in term life insurance. Therefore, the primary characteristic of term life insurance is its defined duration of coverage, making it the right answer for this question.

8. What do actuaries primarily focus on in the insurance industry?

- A. Claim adjustments
- B. Guiding customer service teams
- C. Evaluating financial risk and uncertainties**
- D. Marketing insurance products

Actuaries play a crucial role in the insurance industry by evaluating financial risk and uncertainties. Their expertise lies in applying mathematics, statistics, and financial theory to assess the likelihood of future events and magnitude of potential losses. By analyzing data from various sources, actuaries help insurance companies determine appropriate pricing for policies, ensure that reserves are set aside for future claims, and develop financial strategies that support the overall stability and profitability of the insurer. Their work is integral in calculating premiums, defining policy coverage limits, and managing the overall risk profile of the insurance company. This focused approach allows actuaries to provide essential insights that guide decision-making regarding underwriting policies and establishing rates that reflect the risk each policyholder brings. The core of their functionality is to ensure that the financial obligations of the insurance company can be met, which is central to the sustainability of the business.

9. What primary coverage does auto liability insurance provide?

- A. Protection for the policyholder's vehicle only
- B. Coverage for damages caused by the policyholder to others**
- C. Only bodily injury costs after an accident
- D. Insurance for rental vehicles

Auto liability insurance primarily provides coverage for damages the policyholder causes to others in an accident. This includes two key elements: bodily injury liability, which covers medical expenses, lost wages, and other costs incurred by others due to injuries sustained in the accident, and property damage liability, which pays for the repair or replacement of another person's property that is damaged as a result of the policyholder's actions. This type of insurance is essential as it helps protect the policyholder from potentially significant financial loss resulting from legal claims or lawsuits that can arise when they are found to be at fault for an accident. In many states, including Kansas, having a minimum level of auto liability insurance is a legal requirement, underscoring its importance in ensuring that drivers can cover the costs associated with damages they may cause to others on the road. Considering the other options, they do not accurately reflect the primary purpose of auto liability insurance. Coverage for only the policyholder's vehicle pertains to comprehensive or collision coverage, not liability insurance. The option regarding only bodily injury costs narrows the scope of liability coverage, while the insurance for rental vehicles generally falls under separate rental car coverage, not liability insurance specifically.

10. What is the primary purpose of state insurance departments?

- A. To provide insurance policies to residents
- B. To regulate insurance companies and protect consumers**
- C. To set insurance premium rates
- D. To approve insurance rates based on competition

The primary purpose of state insurance departments is to regulate insurance companies and protect consumers. State insurance departments oversee the insurance industry within their respective states to ensure that insurance companies remain financially solvent, adhere to fair trade practices, and comply with state laws. This regulatory role is vital in maintaining the integrity of the insurance market, protecting consumer rights, and promoting public confidence in insurance providers. By enforcing statutes and regulations, state insurance departments help to ensure that consumers are treated fairly and have access to reliable insurance products that meet their needs. While providing insurance policies, setting premium rates, and approving rates based on competition are functions that may involve a combination of state regulation and market forces, the primary function of state insurance departments is to serve as regulatory bodies that oversee and safeguard the insurance market for consumers.

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!

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