

LAWS AND RULES PERTINENT TO INSURANCE PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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

<https://insurancelawsandrules.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 process involves determining the pricing of insurance policies?**
 - A. Claims processing
 - B. Renewal management
 - C. Rate making
 - D. Underwriting

- 2. What is necessary for an insurer to exclude a preexisting condition after the allowable period?**
 - A. A new treatment plan must be created
 - B. The condition must be declared dormant
 - C. All medical records must be purged
 - D. The policy must have specific exclusions stated

- 3. Long-term care policies must pay for "at-home" care at the same amount as which type of care?**
 - A. Adult day care
 - B. Respite care
 - C. Nursing home care
 - D. Therapy

- 4. What is an insurance policy?**
 - A. A summary of claim procedures
 - B. A document stating the insurer's financial strength
 - C. A contract detailing coverage and terms between insurer and insured
 - D. A guide for insurance agents

- 5. An insurance producer has fiduciary responsibilities to all of the following EXCEPT?**
 - A. Insurers
 - B. Insureds
 - C. Applicants
 - D. The Guaranty Association

- 6. A form of medical health insurance covering the treatment and care of gum disease is called:**
- A. Medicaid
 - B. Major Medical
 - C. Franchise health policy
 - D. Dental expense insurance
- 7. An insured must submit proof of loss on a health insurance claim within how many days after the date of loss?**
- A. 30
 - B. 60
 - C. 90
 - D. 120
- 8. In South Carolina, how long after an insurance agent's license is revoked must they wait to reapply?**
- A. 1 year
 - B. 2 years
 - C. 3 years
 - D. 5 years
- 9. What does "modified duty" refer to in relation to workers' compensation?**
- A. Full-time work responsibilities
 - B. Light-duty work assigned during recovery
 - C. Permanent job termination due to injury
 - D. Compensation for lost hours of work
- 10. What does the term "deductible" refer to?**
- A. The percentage of the total loss absorbed by the insurer
 - B. The amount the insured pays before insurance coverage kicks in
 - C. The total limit of coverage provided by the policy
 - D. The cost of filing a claim

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. Which process involves determining the pricing of insurance policies?

- A. Claims processing
- B. Renewal management
- C. Rate making**
- D. Underwriting

The process that involves determining the pricing of insurance policies is known as rate making. This is a critical aspect of the insurance industry, where actuaries and underwriters assess risk factors, historical data, and various market factors to establish a price that is both competitive and profitable for the insurance company. Rate making encompasses evaluating numerous variables such as the probability of claims occurring, the costs associated with those claims, and overall market conditions. The ultimate goal is to set rates that adequately cover potential risks while also reflecting the value offered to policyholders. In contrast, claims processing focuses on the handling of claims once they are filed by policyholders, renewal management deals with re-evaluating existing policies as they come up for renewal, and underwriting is the overall assessment and evaluation of risk to decide whether to approve an application for insurance and under what terms. While underwriting is related to rate making, it does not directly involve the pricing process itself.

2. What is necessary for an insurer to exclude a preexisting condition after the allowable period?

- A. A new treatment plan must be created
- B. The condition must be declared dormant
- C. All medical records must be purged
- D. The policy must have specific exclusions stated**

For an insurer to exclude a preexisting condition after the allowable period, it is essential that the policy has specific exclusions clearly stated. This means that the insurance contract must explicitly outline which preexisting conditions will not be covered. Such clarity allows policyholders to understand the limitations of their coverage regarding preexisting conditions, ensuring that there is no ambiguity about what is included or excluded. This approach allows the insurer to manage risks and maintain the integrity of the insurance pool while being upfront with applicants about the stipulations of the policy. Without these specific exclusions written into the policy, it would be challenging for an insurer to enforce the exclusion of preexisting conditions after the permissible timeframe has elapsed. The other options do not fulfill the requirement set by insurance regulations for excluding conditions. For instance, creating a new treatment plan or declaring the condition dormant does not necessarily impact coverage exclusions on a policy level. Similarly, purging medical records would not provide a legitimate basis for exclusions and could violate privacy regulations. Thus, clarity in the policy's terms regarding specific exclusions is the critical factor.

3. Long-term care policies must pay for "at-home" care at the same amount as which type of care?

- A. Adult day care
- B. Respite care
- C. Nursing home care**
- D. Therapy

Long-term care policies are designed to cover various forms of care for individuals who may need assistance due to chronic illness, disability, or other conditions. One of the essential aspects of these policies is that they typically pay for "at-home" care at the same amount as nursing home care. The reasoning behind this requirement is that both at-home care and nursing home care aim to provide necessary support and assistance to individuals who are unable to fully care for themselves. Nursing home care often involves more intensive medical supervision and institutional resources, while at-home care allows individuals to receive support in a familiar environment. To ensure that individuals have access to necessary care options that suit their preferences and needs, long-term care policies must recognize and financially support both types of care equivalently. This approach helps incentivize individuals to choose home care when possible, which can often be more cost-effective and allow for a better quality of life. In contrast, the other types of care mentioned, such as adult day care, respite care, and therapy, may have different coverage levels and are typically not required to be covered at the same rate as nursing home care under long-term care policies.

4. What is an insurance policy?

- A. A summary of claim procedures
- B. A document stating the insurer's financial strength
- C. A contract detailing coverage and terms between insurer and insured**
- D. A guide for insurance agents

An insurance policy is fundamentally a contract that outlines the terms of coverage between the insurer and the insured. This document specifies the obligations of both parties, including what is covered, the duration of coverage, premium amounts, deductibles, and the process for filing claims. It is a legal agreement that lays out the rights and responsibilities of both the insurer and the insured, thereby serving as a crucial component of the insurance relationship. The other options do not accurately capture the essence of an insurance policy. A summary of claim procedures is helpful in guiding policyholders through the claims process but does not define the coverage itself. A document stating the insurer's financial strength is important for understanding the insurer's stability, but it is not an insurance policy. Lastly, a guide for insurance agents may provide operational procedures or sales techniques, yet it does not encompass the contractual element that characterizes an actual insurance policy.

5. An insurance producer has fiduciary responsibilities to all of the following EXCEPT?

- A. Insurers
- B. Insureds
- C. Applicants

D. The Guaranty Association

The correct response is that the insurance producer does not have fiduciary responsibilities to the Guaranty Association. Fiduciary responsibilities refer to the obligation to act in the best interest of another party, particularly in a relationship of trust and confidence. Insurance producers have fiduciary duties to insurers, insureds, and applicants. They are responsible for handling premiums and other funds from insureds in a manner that ensures those funds are used appropriately. This includes accurately conveying information to applicants and managing relationships with insurers according to the terms of their contracts and ethical standards. The Guaranty Association, however, is a safety net designed to protect policyholders in the event that an insurance company becomes insolvent. While the association plays an important role in the insurance framework, it is not a party with which producers have a direct, fiduciary relationship. Instead, the association's function is more regulatory and protective in nature, rather than involving direct management or handling of funds between the producer and the association. Therefore, the lack of fiduciary responsibilities to the Guaranty Association distinguishes it from the other three entities.

6. A form of medical health insurance covering the treatment and care of gum disease is called:

- A. Medicaid
- B. Major Medical
- C. Franchise health policy

D. Dental expense insurance

Dental expense insurance is specifically designed to cover services related to dental health, including preventive care, treatment, and care for conditions such as gum disease. This type of insurance focuses on oral health, offering benefits for procedures like cleanings, fillings, root canals, and periodontal care, which are essential for maintaining overall dental hygiene. In contrast, Medicaid provides health coverage primarily for low-income individuals but does not specifically target dental care — it covers a broader range of medical services. Major medical insurance typically covers catastrophic health expenses but does not specifically focus on dental treatment. A franchise health policy is aimed more at small groups or businesses and generally covers wider health services without the specific focus on dental care. Thus, dental expense insurance is the only option that directly addresses the treatment and care needed for gum disease.

7. An insured must submit proof of loss on a health insurance claim within how many days after the date of loss?

- A. 30
- B. 60
- C. 90**
- D. 120

In health insurance policies, the requirement for an insured to submit proof of loss is typically set within a specific timeframe to ensure timely processing of claims. The standard period for submitting proof of loss is usually 90 days following the date of loss. This timeframe is designed to allow the insured sufficient time to gather necessary documentation and complete the claims process while also ensuring that the insurance company can promptly evaluate and settle the claim. This 90-day period helps maintain an efficient claims system, balancing the needs of the insured with the operational requirements of the insurance provider. Adhering to this timeframe is crucial for the insured, as failing to submit documentation within the allotted period may result in delays or even denial of the claim.

8. In South Carolina, how long after an insurance agent's license is revoked must they wait to reapply?

- A. 1 year
- B. 2 years
- C. 3 years**
- D. 5 years

In South Carolina, when an insurance agent's license is revoked, they must wait three years before they are eligible to reapply for a new license. This waiting period is designed to ensure that the reasons for the revocation are adequately addressed and that the applicant has demonstrated a commitment to rectifying any past issues. The three-year time frame serves as a form of discipline, allowing the regulatory authority to assess whether individuals seeking to reenter the profession possess the necessary integrity, ethics, and compliance with the laws that govern insurance practices. The option of five years might seem reasonable as a deterrent, but the statute specifically establishes three years as the appropriate interval for reapplication after revocation.

9. What does "modified duty" refer to in relation to workers' compensation?

- A. Full-time work responsibilities
- B. Light-duty work assigned during recovery**
- C. Permanent job termination due to injury
- D. Compensation for lost hours of work

"Modified duty" refers to light-duty work that is assigned to an employee who is recovering from a work-related injury. This arrangement allows the employee to return to work in some capacity while accommodating their limitations and ensuring that they do not exacerbate their injury during recovery. The purpose of modified duty is to support the employee's rehabilitation process by keeping them engaged in the workforce and providing an income, even if it is not at the level of their usual full-time responsibilities. By placing an employee on modified duty, employers can often reduce the duration of the employee's absence from work, which can benefit both the employee's morale and the overall productivity of the workplace. This approach also contributes to a smoother transition back to regular duties once the employee is fully recovered.

10. What does the term "deductible" refer to?

- A. The percentage of the total loss absorbed by the insurer
- B. The amount the insured pays before insurance coverage kicks in**
- C. The total limit of coverage provided by the policy
- D. The cost of filing a claim

The term "deductible" specifically refers to the amount that the insured must pay out of pocket before their insurance coverage becomes effective for a claim. This means that if a policyholder experiences a loss and files a claim, the deductible is the initial portion of the loss that they are responsible for paying. For example, if a policy has a \$1,000 deductible, and the insured incurs a \$5,000 loss, the insurer would only cover \$4,000 after the deductible has been applied. Understanding deductibles is crucial for policyholders because it directly affects the amount they will receive from their insurance in the event of a claim. Higher deductibles often lead to lower premium costs, while lower deductibles result in higher premiums. Therefore, recognizing how deductibles work helps individuals make informed decisions regarding their insurance policies.

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://insurancelawsandrules.examzify.com>

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

SAMPLE