

# Maryland Laws and Rules Practice Exam (Sample)

## Study Guide



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**SAMPLE**

## **Questions**

- 1. Which of the following factors is NOT considered when determining child custody in Maryland?**
  - A. Parental income**
  - B. Child's educational needs**
  - C. Emotional ties between the child and each parent**
  - D. Each parent's mental and physical health**
- 2. What is required for a small employer to replace their existing health benefit plan with a SHOP Exchange Navigator?**
  - A. Approval from the state**
  - B. Eligibility for a federal tax credit**
  - C. A minimum workforce of 10 employees**
  - D. Completion of an online training session**
- 3. What is the contestable period for a life insurance policy in Maryland?**
  - A. 1 year**
  - B. 2 years**
  - C. 3 years**
  - D. 4 years**
- 4. What is the main purpose of the Maryland Consumer Protection Act?**
  - A. To encourage new businesses to enter the market**
  - B. To protect consumers from unfair or deceptive business practices**
  - C. To regulate the advertisement of products**
  - D. To ensure fair wages for employees**
- 5. When must a buyer's guide and policy summary be delivered?**
  - A. Prior to policy renewal**
  - B. With the initial application**
  - C. With or prior to policy delivery**
  - D. After the claim is made**

- 6. How many days notice must the commissioner give prior to a hearing?**
- A. 15 days**
  - B. 30 days**
  - C. 45 days**
  - D. 60 days**
- 7. What is a key requirement for a producer to perform their duties?**
- A. Must always take continuing education**
  - B. Must maintain active licenses in all states**
  - C. Must operate under an appointed insurer**
  - D. Must have a personal insurance policy**
- 8. What does licensing ensure for Viatical Settlement Brokers?**
- A. They can operate without any regulations**
  - B. They meet the legal requirements to conduct transactions**
  - C. They can work even if they are not in compliance**
  - D. They can represent multiple insurance companies without limits**
- 9. How long is the term for a Maryland insurance commissioner?**
- A. 2 years**
  - B. 4 years**
  - C. 6 years**
  - D. 8 years**
- 10. Violations of US Code Title 18 section 1033 may result in which of the following consequences?**
- A. Community service**
  - B. Fine and/or imprisonment**
  - C. License revocation**
  - D. Probation**

## **Answers**

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

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## **Explanations**

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**1. Which of the following factors is NOT considered when determining child custody in Maryland?**

**A. Parental income**

**B. Child's educational needs**

**C. Emotional ties between the child and each parent**

**D. Each parent's mental and physical health**

In Maryland, the determination of child custody is focused on the best interests of the child, which includes a variety of factors that directly relate to the child's well-being and upbringing. While parental income may have some indirect implications on custody arrangements, it is not a primary factor that courts consider when determining custody. The other factors listed—such as the child's educational needs, emotional ties between the child and each parent, and each parent's mental and physical health—are directly related to the child's best interests. The child's educational needs address how each parent's custody arrangement can support the child's learning and development. Emotional ties refer to the relationships that foster security, love, and stability for the child, which are crucial in custody decisions. Lastly, understanding each parent's mental and physical health helps assess their ability to care for the child effectively. Therefore, while financial considerations can play a role in child support or overall family stability, they do not directly influence custody decisions as much as the other factors do.

**2. What is required for a small employer to replace their existing health benefit plan with a SHOP Exchange Navigator?**

**A. Approval from the state**

**B. Eligibility for a federal tax credit**

**C. A minimum workforce of 10 employees**

**D. Completion of an online training session**

To replace their existing health benefit plan with a SHOP Exchange Navigator, a small employer must be eligible for a federal tax credit. This tax credit is designed to assist small businesses in affording health insurance coverage for their employees. The SHOP Exchange (Small Business Health Options Program) encourages small businesses to provide health insurance by offering these financial incentives. Eligibility for a federal tax credit plays a crucial role as it demonstrates that the employer meets specific criteria established by the Affordable Care Act (ACA). These financial incentives are particularly vital for small employers who may struggle with the costs of health insurance coverage. Therefore, being eligible ensures that the employer can take advantage of the benefits offered through the SHOP Exchange, thus facilitating a smooth transition to a new health benefit plan. Other options may present requirements, but they do not capture the primary motivation and necessity behind transitioning to a SHOP Exchange Navigator. Approval from the state, a minimum workforce, or completing an online training session may not be directly tied to the specific benefits and requirements of utilizing the SHOP Exchange and may vary based on other factors outside of the essential need for tax credit eligibility.

**3. What is the contestable period for a life insurance policy in Maryland?**

- A. 1 year
- B. 2 years**
- C. 3 years
- D. 4 years

The contestable period for a life insurance policy in Maryland is set at two years. This is a significant timeframe during which the insurer has the right to investigate and contest the validity of the policy if there are any discrepancies or misrepresentations in the application. After this two-year period, the policy typically becomes incontestable, meaning that the insurer cannot contest the validity of the policy based on misstatements or omissions made by the policyholder, except in cases of fraud. This provision is designed to provide policyholders with protection and stability, ensuring that they cannot be unjustly denied benefits long after the policy has been issued. Understanding this period is crucial for both insurers and policyholders, as it clarifies the expectations regarding the validity of the coverage and the obligations to disclose accurate information when securing life insurance.

**4. What is the main purpose of the Maryland Consumer Protection Act?**

- A. To encourage new businesses to enter the market
- B. To protect consumers from unfair or deceptive business practices**
- C. To regulate the advertisement of products
- D. To ensure fair wages for employees

The Maryland Consumer Protection Act is primarily designed to safeguard consumers against unfair or deceptive business practices. This legislation aims to ensure that consumers are treated fairly and are provided with truthful information about products and services. The Act encompasses a wide range of consumer rights and establishes a framework for addressing fraudulent practices that can harm consumers, such as misleading advertising, false claims, and unfair trade practices. By focusing on consumer protection, the Act empowers individuals to seek remedies if they are subjected to unethical business behaviors, thereby promoting a fair marketplace and fostering consumer confidence. This is crucial for maintaining a balanced relationship between businesses and consumers, ensuring that individuals can make informed decisions without being misled or taken advantage of. Other choices, while relevant to various aspects of business law and consumer interactions, do not embody the core objective of the Maryland Consumer Protection Act. For instance, encouraging new businesses relates to economic development, regulating advertisements pertains to marketing practices, and ensuring fair wages is focused on labor rights, none of which encapsulate the primary intent of the Act.

**5. When must a buyer's guide and policy summary be delivered?**

- A. Prior to policy renewal**
- B. With the initial application**
- C. With or prior to policy delivery**
- D. After the claim is made**

The requirement for a buyer's guide and policy summary to be delivered with or prior to the delivery of the policy is based on regulations designed to ensure that consumers have all necessary information before committing to a policy. This timing allows the buyer to review the essential features, benefits, and terms of the insurance policy, thereby facilitating an informed decision about whether to proceed with the purchase. Providing these documents at this stage ensures transparency in the underwriting process and helps to build trust between the insurer and the insured. The buyer's guide typically outlines the basic types of coverage available and explains key terms, while the policy summary gives a brief overview of what the specific policy includes. Other timings, such as before policy renewal, with the initial application, or after a claim is made, do not comply with the intent to educate and inform the potential policyholder adequately prior to binding coverage. Therefore, delivering these materials at the correct time is vital for consumer protection and compliance with Maryland laws regarding insurance practices.

**6. How many days notice must the commissioner give prior to a hearing?**

- A. 15 days**
- B. 30 days**
- C. 45 days**
- D. 60 days**

In Maryland, the law mandates that the commissioner must provide at least 30 days' notice before a hearing. This is important to ensure that all parties involved have adequate time to prepare for the proceedings, which supports the principles of fairness and due process. The 30-day notice period allows affected individuals and entities to gather evidence, formulate arguments, and present their case effectively during the hearing. This duration is consistent with legal standards aimed at promoting transparency and providing individuals an opportunity to advocate for their interests prior to any decisions being made.

**7. What is a key requirement for a producer to perform their duties?**

- A. Must always take continuing education**
- B. Must maintain active licenses in all states**
- C. Must operate under an appointed insurer**
- D. Must have a personal insurance policy**

For a producer to effectively perform their duties within the insurance industry, operating under an appointed insurer is a crucial requirement. This means that the producer must be authorized or appointed by an insurance company to sell its products and represent its interests. This relationship ensures that the producer adheres to the company's guidelines and regulatory requirements, providing a level of accountability and professionalism in conducting insurance business. Additionally, being appointed by an insurer typically involves the producer being licensed and trained according to state regulations, which aligns with maintaining standards in customer service and ensuring compliance with industry laws. This requirement directly ties to the producer's ability to offer specific products, solicit applications, and bind coverage on behalf of the insurer, establishing a formal connection that legitimizes their role in the insurance marketplace. While continuing education and maintaining active licenses in multiple states are important for a producer's overall compliance and professionalism, the fundamental requirement is the appointment by an insurer, as this relationship forms the basis of the producer's legal ability to operate and sell insurance. Having a personal insurance policy is not a requirement for performing duties as a producer, therefore not central to their responsibilities in the industry.

**8. What does licensing ensure for Viatical Settlement Brokers?**

- A. They can operate without any regulations**
- B. They meet the legal requirements to conduct transactions**
- C. They can work even if they are not in compliance**
- D. They can represent multiple insurance companies without limits**

Licensing for Viatical Settlement Brokers ensures that these professionals meet the legal requirements necessary to conduct transactions in the field of viatical settlements. This licensing process is designed to protect consumers by ensuring that brokers adhere to regulations that govern their conduct, maintain certain standards of practice, and operate within a framework established by regulatory authorities. By requiring licenses, the state can ensure that brokers are qualified and knowledgeable about the complexities of viatical settlements, which involve the selling of life insurance policies for a lump sum before the insured's death. The protection extends to consumers who must trust that the brokers they are working with have met specific educational and ethical standards. It helps to foster a more transparent and secure marketplace for these types of financial transactions. Therefore, meeting legal requirements through licensing is crucial for safeguarding the interests of all parties involved in viatical settlements.

**9. How long is the term for a Maryland insurance commissioner?**

- A. 2 years
- B. 4 years**
- C. 6 years
- D. 8 years

The term for a Maryland insurance commissioner is indeed four years. This duration is significant as it aligns with the typical term lengths for other state executive officials, providing stability and continuity within the office. The insurance commissioner plays a vital role in overseeing the insurance industry in Maryland, including regulating insurance rates, ensuring consumer protection, and enforcing compliance with state insurance laws. Having a four-year term allows for regular assessment of the commissioner's performance and the shifting needs of the state's insurance market while ensuring that the office remains responsive to changes in public policy and consumer needs. Additionally, the ability for reappointment or reelection after a four-year term can encourage experienced individuals to maintain their positions in the office. In this context, the other term options outlined do not correspond to the established guidelines for the position of insurance commissioner in Maryland.

**10. Violations of US Code Title 18 section 1033 may result in which of the following consequences?**

- A. Community service
- B. Fine and/or imprisonment**
- C. License revocation
- D. Probation

The correct choice reflects the legal penalties associated with violations of US Code Title 18, Section 1033, which deals with crimes related to the insurance industry, including fraudulent activities. This section stipulates that individuals who commit fraudulent acts in relation to insurance can be subjected to significant fines and/or imprisonment. The provision aims to deter fraudulent conduct that undermines the integrity of the insurance system. The option of community service, while it may be a penalty for other types of lesser offenses, is not typically imposed for serious federal crimes like those outlined in this section. Similarly, license revocation, which can occur in other regulatory contexts, is not a specified penalty under this particular statute. Probation can be a possibility in some cases but is not guaranteed or specified as a consequence for violations of Section 1033. Thus, the emphasis on fines and/or imprisonment directly aligns with the serious nature of the offenses described in this section of the law, making this choice the most appropriate and accurate consequence for violations.