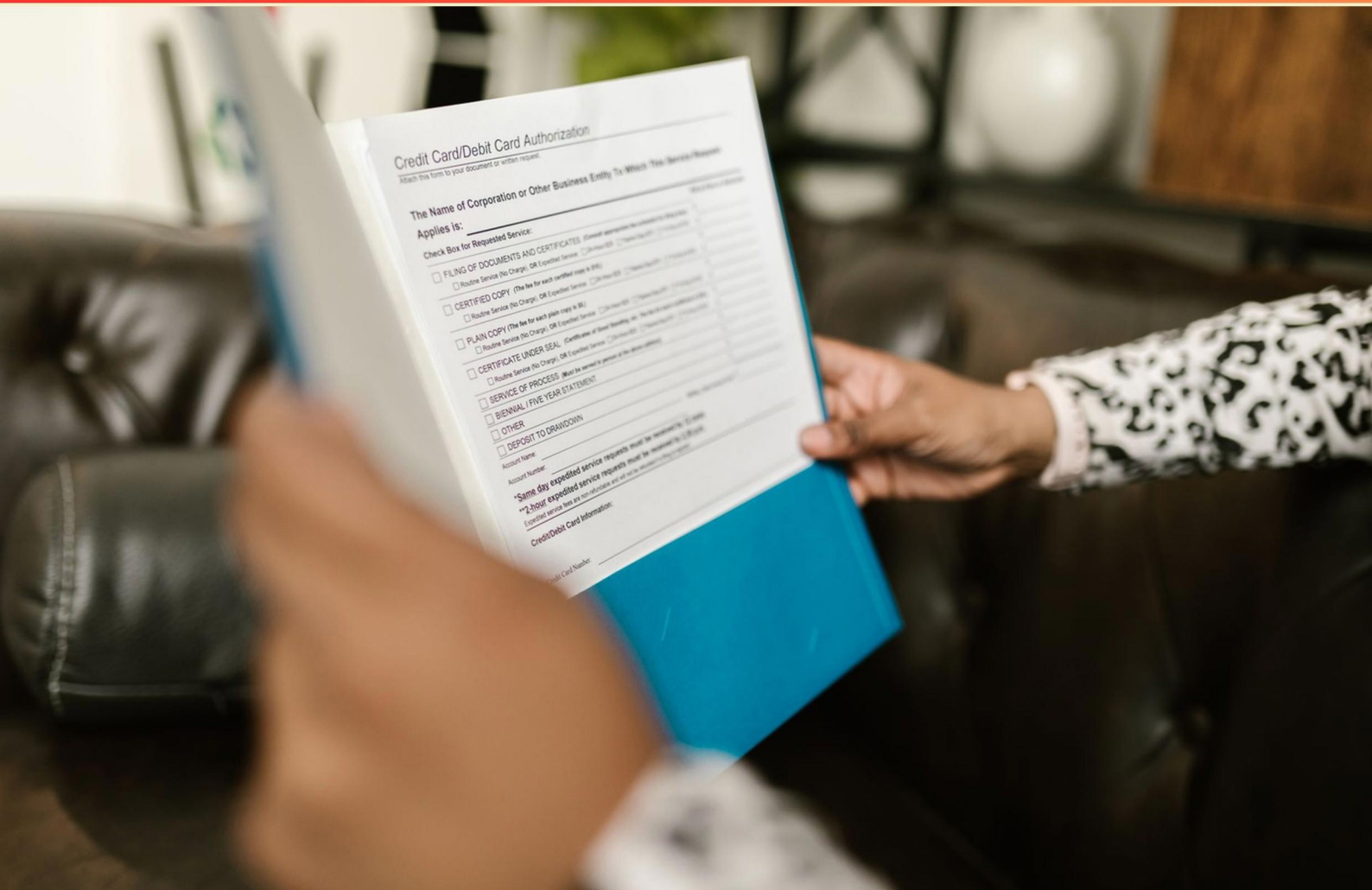


MARYLAND LIFE AND HEALTH INSURANCE LICENSE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE

<https://marylandlifeandhealthinsurance.examzify.com>



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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. All ____ policies must be guaranteed renewable?**
 - A. Long-term care
 - B. Term life
 - C. Whole life
 - D. Universal life
- 2. What document may be used to legitimize policy benefits or terms?**
 - A. Annex
 - B. Application
 - C. Illustration or sales material
 - D. Policy certificate
- 3. Under what condition might a modified whole life policy's premium be lower initially?**
 - A. Because of reduced coverage options
 - B. Due to introductory offers
 - C. To encourage long-term investment
 - D. As part of a cost-benefit analysis
- 4. Keogh plans were designed primarily for whom?**
 - A. Employees of corporations
 - B. The self-employed
 - C. Non-profit organizations
 - D. Independent contractors
- 5. To avoid pre-existing condition exclusions under HIPAA, how many days can Ron have without previous health insurance?**
 - A. 30 days
 - B. 45 days
 - C. 63 days
 - D. 90 days

- 6. After an insurance producer faces administrative action, within how many days must they report to the Commissioner?**
- A. 15 days
 - B. 30 days
 - C. 60 days
 - D. 90 days
- 7. What is the extended term option in a whole life policy?**
- A. A rider that adds additional coverage
 - B. A nonforfeiture provision that uses cash value for term insurance
 - C. A policy modification that increases premiums
 - D. A method to reduce cash value in the policy
- 8. What is the purpose of concurrent review in health insurance?**
- A. To assess the cost of treatments
 - B. To ensure timely payment for services
 - C. To oversee the insured's hospital stay as planned
 - D. To evaluate long-term care needs
- 9. Which disability policy provision addresses concerns of benefits decreasing over time?**
- A. Cost of living benefit
 - B. Renewability clause
 - C. Waiver of premium
 - D. Rehabilitation benefit
- 10. Which of the following best describes nonforfeiture options?**
- A. Options to switch insurance companies
 - B. Options that prevent policy lapse
 - C. Options allowing access to policy loans
 - D. Options for retaining some value if the policy is surrendered

Answers

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

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Explanations

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1. All ____ policies must be guaranteed renewable?

A. Long-term care

B. Term life

C. Whole life

D. Universal life

Guaranteed renewable policies are important in ensuring that the insured has the right to continue their insurance coverage without the risk of being declined due to their health or other factors. Long-term care policies specifically are required by state regulations, including those in Maryland, to be guaranteed renewable. This means that the insurer cannot cancel the policy as long as premiums continue to be paid, providing a level of security for policyholders, particularly as they age and potentially face increased health care needs. In contrast, term life, whole life, and universal life policies do not share the same universal requirement for guaranteed renewal. Term life policies may expire after a certain period, whole life may not offer the same flexibility concerning renewals, and universal life policies can have different structuring regarding renewals and benefits. This distinction is essential as it shapes the obligations of insurers and the rights of policyholders under specific types of insurance. Understanding this helps clarify the regulatory environment surrounding long-term care and the protections offered to individuals purchasing this type of coverage.

2. What document may be used to legitimize policy benefits or terms?

A. Annex

B. Application

C. Illustration or sales material

D. Policy certificate

The correct answer is illustration or sales material, which plays a crucial role in demonstrating the features and benefits of a policy before it is purchased. Illustrations are typically used to provide a visual representation of how the policy may perform over time and include projections based on various assumptions. This document is essential for helping potential policyholders understand what they can expect regarding coverage, benefits, and premiums. Using such materials, insurers are able to clearly communicate the terms of the policy, including potential returns and how the benefits may be realized. This transparency helps ensure that consumers make well-informed decisions when selecting insurance products, aligning their expectations with the insurer's offerings. Overall, illustrations serve as a vital bridge between the insurer's promises and the policyholder's understanding, solidifying the legitimacy of the policy benefits.

3. Under what condition might a modified whole life policy's premium be lower initially?

A. Because of reduced coverage options

B. Due to introductory offers

C. To encourage long-term investment

D. As part of a cost-benefit analysis

A modified whole life policy typically features lower premiums during the initial years of the policy, which can make it more appealing for individuals looking for affordable coverage at the onset. This lower initial premium is designed to encourage policyholders to commit to the policy for the long term. The idea is that as the insured's financial situation stabilizes or improves over time, they will be more able to manage the higher premiums that will apply in later years. This structure allows for gradual financial investment in the policy, facilitating a greater likelihood of retention and continued premium payments as the policy matures. Consequently, individuals can see the value in long-term planning and investment in their life insurance coverage.

4. Keogh plans were designed primarily for whom?

- A. Employees of corporations
- B. The self-employed**
- C. Non-profit organizations
- D. Independent contractors

Keogh plans, also known as HR10 plans, were specifically designed for self-employed individuals. These retirement plans allow self-employed persons to set aside a portion of their income for retirement while also providing them with tax advantages. Because self-employed individuals do not typically have access to employer-sponsored retirement plans, Keogh plans create a means for them to save for their future in a structured way, similar to how employees of corporations can benefit from their employer's retirement offerings. The self-employed nature of the individuals eligible for Keogh plans is key to understanding their structure and benefits. These plans can provide higher contribution limits than traditional IRAs, making them an attractive option for individuals running their own businesses or freelancing. Consequently, Keogh plans facilitate the retirement savings of those who, due to their self-employed status, might not have other retirement savings avenues available to them.

5. To avoid pre-existing condition exclusions under HIPAA, how many days can Ron have without previous health insurance?

- A. 30 days
- B. 45 days
- C. 63 days**
- D. 90 days

To avoid pre-existing condition exclusions under the Health Insurance Portability and Accountability Act (HIPAA), the key is understanding the specified duration of prior health coverage that can be allowed without resulting in a pre-existing condition exclusion for new health insurance coverage. Under HIPAA, if an individual has a gap in health insurance coverage, that gap can last up to 63 consecutive days. If the gap exceeds 63 days, the individual may be subject to pre-existing condition exclusions when enrolling in a new health insurance plan. This provision is designed to protect individuals from being penalized for gaps in coverage that extend beyond this time frame. The focus on a 63-day period is significant as it directly relates to ensuring that individuals are able to maintain continuous coverage to the extent possible, promoting easier transitions between health insurance plans without facing exclusions for previous health issues. In contrast, other time frames such as 30 days, 45 days, and 90 days do not align with the guidelines established under HIPAA for the avoidance of these exclusions, making them insufficient for this specific context.

6. After an insurance producer faces administrative action, within how many days must they report to the Commissioner?

- A. 15 days
- B. 30 days**
- C. 60 days
- D. 90 days

The requirement for an insurance producer to report administrative actions to the Commissioner within a specified timeframe is an essential aspect of maintaining regulatory compliance. In Maryland, producers are mandated to notify the Commissioner of any administrative action taken against them within 30 days. This timeframe allows the Commissioner to be informed of any issues that may affect the producer's ability to conduct business, promote transparency, and uphold the integrity of the insurance market. The 30-day reporting requirement is designed to ensure that the Commissioner can take necessary actions if there are concerns regarding the producer's professional conduct that could impact consumer trust and the industry's reputation. This regulation emphasizes the importance of accountability among insurance producers, reinforcing that they must maintain a standard of conduct that aligns with the ethical practices required in the field. This timeframe also creates a balanced approach, giving producers the opportunity to address any administrative actions while ensuring regulatory bodies remain informed of potential risks to policyholders and the overall insurance system. The correct answer reflects the legal obligation placed on producers in this context.

7. What is the extended term option in a whole life policy?

- A. A rider that adds additional coverage
- B. A nonforfeiture provision that uses cash value for term insurance**
- C. A policy modification that increases premiums
- D. A method to reduce cash value in the policy

The extended term option in a whole life policy serves as a nonforfeiture provision, allowing policyholders to convert their policy's cash value into a term insurance policy for a specified period. When a whole life policy lapses or premiums are no longer paid, instead of forfeiting the cash value, the policyholder can choose to use this accumulated cash value to purchase term insurance. This feature provides valuable protection to the insured, ensuring that some level of life insurance coverage is maintained without having to continue premium payments for the whole life policy. This option effectively maximizes the benefits of the cash value that has been built up in the whole life policy, providing a temporary solution to maintain coverage rather than losing it entirely. Other options do not represent this function; for instance, increasing premiums or modifying the policy would not maintain the coverage provided by the cash value, and adding riders does not align with the conversion of cash value to term insurance.

8. What is the purpose of concurrent review in health insurance?

- A. To assess the cost of treatments
- B. To ensure timely payment for services
- C. To oversee the insured's hospital stay as planned**
- D. To evaluate long-term care needs

The purpose of concurrent review in health insurance is primarily to oversee the insured's hospital stay as planned. This process involves the ongoing evaluation of the necessity and appropriateness of a patient's hospital stay while they are still admitted. It aims to ensure that the treatment is in alignment with the patient's health care plan and that the duration of the stay is justified based on the patient's ongoing medical needs. By utilizing concurrent review, insurers can facilitate effective management of health care resources, ensuring that patients receive the right level of care without unnecessary extensions to their hospitalization. This function is pivotal in managing inpatient care and helps to optimize treatment effectiveness while also containing costs related to extended hospital stays. Overall, concurrent review helps to support patients' health outcomes while simultaneously managing the financial aspects of care.

9. Which disability policy provision addresses concerns of benefits decreasing over time?

- A. Cost of living benefit**
- B. Renewability clause
- C. Waiver of premium
- D. Rehabilitation benefit

The correct choice is the cost of living benefit, as this provision specifically addresses the concern that benefits from a disability policy might decrease in value over time due to inflation. When an individual is unable to work and relies on disability benefits, it's crucial that the purchasing power of those benefits is preserved. The cost of living benefit is designed to adjust the monthly benefits to match increases in the cost of living, ensuring that the disabled policyholder can maintain their standard of living despite economic changes. In contrast, the renewability clause pertains to the policy's terms regarding renewal, ensuring that the policyholder can continue their coverage without the risk of being declined due to health changes. The waiver of premium allows policyholders to suspend premium payments while receiving benefits, and the rehabilitation benefit provides support for services aimed at helping disabled individuals regain the ability to work. While these provisions are also essential, they do not specifically address the issue of benefit amounts decreasing over time like the cost of living benefit does.

10. Which of the following best describes nonforfeiture options?

- A. Options to switch insurance companies
- B. Options that prevent policy lapse
- C. Options allowing access to policy loans
- D. Options for retaining some value if the policy is surrendered**

Nonforfeiture options refer to provisions found in life insurance policies that allow the policyholder to retain some value from the policy if they decide to surrender it or if the policy lapses due to non-payment of premiums. These options ensure that the insurance policyholder does not lose all the benefits of their investment in the policy. When a policyholder has a nonforfeiture option, they can typically choose to receive a reduced paid-up insurance policy, extended term insurance, or a cash surrender value. This concept is particularly important because it provides a safety net for policyholders, especially if they face financial challenges and can no longer maintain the full premium payments. In contrast, the other options do not accurately capture the essence of nonforfeiture options. Switching insurance companies pertains to a completely different aspect of policy management, while preventing policy lapse and accessing policy loans are functionalities that do not inherently relate to the preservation of value upon policy surrender. Therefore, the best description of nonforfeiture options is the one that emphasizes retaining some value if the policy is surrendered.

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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://marylandlifeandhealthinsurance.examzify.com>

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

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