

Maryland Property and Casualty Insurance Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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. Public adjusters are compensated by which party?**
 - A. Insurance companies**
 - B. Public adjusters themselves**
 - C. Insureds**
 - D. Government agencies**

- 2. Which statement about auto medical benefits in Maryland is true?**
 - A. They are optional if waived by the insured**
 - B. They must be provided unless waived by the first named insured**
 - C. They apply only to the named insured**
 - D. They cover only medical expenses up to a policy limit**

- 3. What term describes the waiver of certain examination requirements when another state would waive those requirements for licensure in Maryland?**
 - A. Mutual recognition**
 - B. Reciprocity**
 - C. Interstate licensing**
 - D. Equivalency**

- 4. Surplus lines brokers are required to post a surety bond with which entity?**
 - A. The insured**
 - B. The Commissioner of Insurance**
 - C. The surplus lines insurer**
 - D. The state treasurer**

- 5. Surplus lines brokers are required to post a surety bond in Maryland in an amount of at least how much?**
 - A. \$10,000**
 - B. \$5,000**
 - C. \$25,000**
 - D. \$50,000**

- 6. An insurer in Maryland is going to begin using new rates for the largest corporation in Maryland. Which of the following statements apply to this situation?**
- A. The rate change may require filing with the state**
 - B. Any of the above can be true**
 - C. The rate change could be approved or disapproved**
 - D. The rate change would require legislative approval**
- 7. A binder for property insurance is a temporary coverage document. How long can it remain in force in Maryland?**
- A. 30 days**
 - B. 60 days**
 - C. 45 days**
 - D. 90 days**
- 8. An applicant for an insurance license has failed his written examination. How many days must he wait before we can take another examination?**
- A. 7 days**
 - B. 14 days**
 - C. 21 days**
 - D. 28 days**
- 9. If an insurer decides to nonrenew a policy, the insured must be notified by mail at least how many days in advance?**
- A. 30 days**
 - B. 60 days**
 - C. 15 days**
 - D. 45 days**
- 10. Which entity pays covered claims and helps prevent financial losses to claimants and policyowners when an insurer becomes insolvent?**
- A. The Federal Reserve**
 - B. The State Insurance Department**
 - C. The Insurance Guaranty Corporation**
 - D. The National Association of Insurance Commissioners**

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. Public adjusters are compensated by which party?

- A. Insurance companies**
- B. Public adjusters themselves**
- C. Insureds**
- D. Government agencies**

Public adjusters are hired to advocate for the insured in a property loss claim, and their compensation comes from the person they represent. Because their role is to advance the insured's interests, they are paid by the insured (often a fee based on a percentage of the settlement, agreed to in writing). This arrangement helps prevent bias toward the insurer and keeps the adjuster accountable to the policyholder. The insurer wouldn't pay a public adjuster, since that would create a conflict of interest, and government agencies don't pay private adjusters. The insured themselves (or the insured's authorized representative) normally handles the payment.

2. Which statement about auto medical benefits in Maryland is true?

- A. They are optional if waived by the insured**
- B. They must be provided unless waived by the first named insured**
- C. They apply only to the named insured**
- D. They cover only medical expenses up to a policy limit**

In Maryland, auto medical benefits are designed to cover medical expenses after an accident without waiting for fault to be determined. This coverage must be included in the policy unless the first named insured signs a written waiver to decline it. That means the protection is automatic for the insured and any passengers in the insured vehicle, up to the policy's limits, and only the first named insured has the authority to waive it. The option stating it must be provided unless waived by the first named insured captures this rule precisely. The other statements miss key points: waivers aren't decided by every insured person, the coverage isn't limited only to the named insured, and while it does pay up to limits, the essential idea is the mandatory provision unless a written waiver by the first named insured exists.

3. What term describes the waiver of certain examination requirements when another state would waive those requirements for licensure in Maryland?

- A. Mutual recognition
- B. Reciprocity**
- C. Interstate licensing
- D. Equivalency

Reciprocity is the idea that states agree to waive certain licensing requirements, like exams, for each other's licensees. If another state would waive its exams for someone seeking Maryland licensure, Maryland would typically waive the same exams for that state's applicants as well, making it easier to obtain the license through endorsement or a similar process. This is a practical, mutual shortcut based on each state recognizing the qualifications of the other. Mutual recognition is related but broader and doesn't always imply automatic exam waivers; equivalency focuses on comparing standards rather than waiving exams, and interstate licensing isn't the standard term used for this concept.

4. Surplus lines brokers are required to post a surety bond with which entity?

- A. The insured
- B. The Commissioner of Insurance**
- C. The surplus lines insurer
- D. The state treasurer

Surplus lines brokers must post a surety bond to guarantee they follow the law and treat customers fairly, providing a financial backstop for claims arising from misconduct or failure to perform duties. This bond is filed with the state's insurance regulator, specifically the Commissioner of Insurance, who administers surplus lines regulations. Having the bond with the regulator ensures there is an accessible remedy if a broker misuses premiums, fails to pay taxes or fees, or otherwise violates the rules, safeguarding the public and insureds. The bond is not posted to the insured, nor to the surplus lines insurer, and it isn't held by the state treasurer. The regulator holds the bond to guarantee regulatory compliance and provide a remedy mechanism for those harmed.

5. Surplus lines brokers are required to post a surety bond in Maryland in an amount of at least how much?

- A. \$10,000**
- B. \$5,000**
- C. \$25,000**
- D. \$50,000**

Surplus lines brokers carry a protective bond to guarantee they will follow the laws governing non-admitted insurance placements, remit premiums correctly, and treat clients fairly. In Maryland, the statute requires a minimum bond of ten thousand dollars. This amount acts as a financial safety net for consumers and gives the state a way to address penalties or reimburse losses if the broker fails to meet their duties. The bond is a condition of maintaining licensure, so the broker must keep it in force for as long as they operate. If issues arise such as improper handling of premiums or violations of surplus lines rules, claimants can look to the bond for recovery, up to its limit, and the bond serves as a deterrent against misconduct. Other listed amounts don't meet the Maryland requirement: they are either below the minimum, which would not satisfy the law, or substantially higher than the mandated floor. The important point is that the required minimum is ten thousand dollars.

6. An insurer in Maryland is going to begin using new rates for the largest corporation in Maryland. Which of the following statements apply to this situation?

- A. The rate change may require filing with the state**
- B. Any of the above can be true**
- C. The rate change could be approved or disapproved**
- D. The rate change would require legislative approval**

In Maryland, rate changes for insurance are overseen by the state regulator, and most changes must be filed with the Maryland Insurance Administration before they can be used. The regulator then reviews the filing and can approve it, disapprove it, or require modifications. While legislative approval is not the typical path for standard rate changes, there are rare or specific statutory circumstances where legislation could come into play. Because all of these outcomes are possible depending on the line of business and the applicable laws, saying that any of the above can be true best reflects how rate changes are processed in Maryland.

7. A binder for property insurance is a temporary coverage document. How long can it remain in force in Maryland?

- A. 30 days
- B. 60 days
- C. 45 days**
- D. 90 days

A binder is a temporary form of coverage that takes effect immediately to protect the insured while the formal policy is being written. In Maryland, that temporary coverage can stay in force for up to 45 days. This short window ensures there's no coverage gap right after a binder is issued, giving the insurer time to issue the actual policy and the insured protection the moment it's needed. Once the policy is issued, the binder ends; if it hasn't been issued by the end of the 45 days, the binder expires unless an extension has been agreed in writing beforehand.

8. An applicant for an insurance license has failed his written examination. How many days must he wait before we can take another examination?

- A. 7 days
- B. 14 days**
- C. 21 days
- D. 28 days

When a candidate fails the written insurance exam, the state requires a mandatory waiting period before the next attempt. For Maryland, the retake waiting period is 14 days. This pause gives the candidate time to study and address areas of weakness so the next attempt has a better chance of success. The other intervals—7, 21, or 28 days—are not the mandated retake waiting period in this jurisdiction, so 14 days is the correct requirement.

9. If an insurer decides to nonrenew a policy, the insured must be notified by mail at least how many days in advance?

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

Nonrenewal means the insurer will not continue the policy once the current term ends. In Maryland, the insurer must mail a written notice of nonrenewal to the insured at least 45 days before the policy expires. This lead time gives the insured a chance to shop for alternative coverage and avoid a lapse in protection. The notice should be sent to the insured's last known address and specify that the policy will terminate on the expiration date.

10. Which entity pays covered claims and helps prevent financial losses to claimants and policyowners when an insurer becomes insolvent?

A. The Federal Reserve

B. The State Insurance Department

C. The Insurance Guaranty Corporation

D. The National Association of Insurance Commissioners

When an insurer becomes insolvent, the responsibility for paying covered claims and protecting policyowners from financial loss falls to state-level guaranty mechanisms funded by assessments on solvent insurers. These guaranty associations step in to cover claims up to certain limits and to prevent wide-scale financial harm to claimants, continuing coverage where the company left off. This is the function of the Insurance Guaranty Corporation, which exists to pay covered claims and help limit losses for policyowners and claimants. The Federal Reserve doesn't handle insurer insolvencies, since its role is monetary policy and banking supervision. The State Insurance Department regulates and licenses insurers but doesn't pay claims after insolvency. The National Association of Insurance Commissioners provides guidance and models but does not itself pay claims.

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://mdpropertycasualty.examzify.com>

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

SAMPLE