

NEW JERSEY LAWS AND RULES PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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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. What is a key requirement for all advertisements in the insurance sector?**
 - A. Inclusion of attorney reviews
 - B. Full disclosure of relevant policy details
 - C. Clear identification of the insurance company
 - D. List of all primary agents
- 2. What term refers to an insurance company formed under the laws of a state other than New Jersey?**
 - A. Domestic
 - B. Foreign
 - C. Alien
 - D. National
- 3. Which of the following is the financial penalty for violation of a cease and desist order?**
 - A. \$1,000
 - B. \$2,500
 - C. \$5,000
 - D. \$10,000
- 4. What requirement must a producer's secretary fulfill if soliciting prospects on the telephone?**
 - A. Must have a high school diploma
 - B. Must be licensed as a producer
 - C. Must be registered with the insurance department
 - D. Must complete a training program
- 5. How many continuing education credits are required for the renewal of a producer's license in New Jersey?**
 - A. 15 credits, including 2 in ethics
 - B. 24 credits, including 3 in ethics
 - C. 30 credits, including 5 in ethics
 - D. 20 credits, including 4 in ethics

6. In New Jersey, how long can a small group health plan require continuance of prior credible coverage without a gap?
- A. 30 days
 - B. 60 days
 - C. 90 days
 - D. 120 days
7. Which regulatory body has the authority to oversee issues of misrepresentation in insurance?
- A. State legislature
 - B. Insurance department
 - C. Federal trade commission
 - D. Consumer protection agency
8. Which of the following may be used as continuing education credit?
- A. Attending a local insurance seminar
 - B. Completing a CLU designation course
 - C. Reading an insurance magazine
 - D. Participating in an insurance webinar
9. What must all advertisements for health insurance clearly identify?
- A. The broker
 - B. The client
 - C. The insurer
 - D. The policy limitations
10. Which document must contain a "Statement of Policy Cost and Benefit information"?
- A. Insurance policy
 - B. Policy summary
 - C. Policy declaration
 - D. Claim form

Answers

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

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Explanations

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1. What is a key requirement for all advertisements in the insurance sector?

- A. Inclusion of attorney reviews
- B. Full disclosure of relevant policy details**
- C. Clear identification of the insurance company
- D. List of all primary agents

In the insurance sector, a key requirement for advertisements is the full disclosure of relevant policy details. This means that any advertisement made by or on behalf of an insurance company must provide clear and concise information about the policies being offered. This requirement ensures that potential customers have access to essential information regarding coverage, exclusions, limits, and any other relevant terms that may affect their decision-making. This transparency is crucial because it promotes informed decision-making among consumers and helps maintain trust in the insurance industry. The full disclosure of policy details empowers individuals to compare different insurance products effectively and to choose plans that best meet their needs. Meeting this requirement is not just essential for ethical advertising practices but often mandated by state regulations, aiming to protect consumers from misleading claims or insufficient information. Other options may not encompass the primary requirement for advertisements. For example, while identifying the insurance company is important, it does not revolve around the critical information necessary for understanding the policies. Similarly, including attorney reviews or listing agents does not speak to the core need for disclosing policy specifics, which directly influences consumers' choices and understanding of insurance products.

2. What term refers to an insurance company formed under the laws of a state other than New Jersey?

- A. Domestic
- B. Foreign**
- C. Alien
- D. National

The term that refers to an insurance company formed under the laws of a state other than New Jersey is "foreign." This terminology is used in the insurance industry to designate the jurisdiction in which an insurance company is incorporated. A foreign insurance company specifically means it is based in a different state than where the business operations are taking place, in this case, outside of New Jersey. When referring to "domestic," it describes an insurance company that is incorporated and operates under the laws of New Jersey. The term "alien" is used for insurance companies that are formed under the laws of a country outside of the United States, not just outside of a particular state. "National" isn't a term typically used in the context of state insurance law; it generally refers to federally-chartered entities or national insurance products but does not signify state-based formation. Understanding these definitions is crucial for grasping how insurance regulations differ by jurisdiction and the classifications used to identify the geographic source of companies operating in the insurance market.

3. Which of the following is the financial penalty for violation of a cease and desist order?

- A. \$1,000
- B. \$2,500
- C. \$5,000**
- D. \$10,000

The financial penalty for violating a cease and desist order in New Jersey is established at \$5,000. This amount reflects the seriousness with which regulatory bodies treat non-compliance, as cease and desist orders are typically issued to prevent ongoing illegal or harmful activities. This penalty serves as a deterrent, encouraging individuals and entities to comply with laws and regulations designed to protect the public and maintain order within the regulated profession or activity. In New Jersey, the penalties are structured to ensure that the consequences are substantial enough to prompt compliance and discourage future violations. Understanding the implications of a cease and desist order is crucial for anyone operating within regulated industries, as violations not only result in financial penalties but could also lead to further legal consequences or loss of licenses.

4. What requirement must a producer's secretary fulfill if soliciting prospects on the telephone?

- A. Must have a high school diploma
- B. Must be licensed as a producer**
- C. Must be registered with the insurance department
- D. Must complete a training program

When a producer's secretary is soliciting prospects on the telephone, they must be licensed as a producer. This requirement is in place to ensure that anyone engaging in the solicitation of insurance business is properly trained, knowledgeable about the products being offered, and compliant with the regulations governing the insurance industry. Licensing serves as a means of consumer protection, ensuring that the person soliciting insurance has met specific qualifications and understands the laws applicable to insurance sales and practices. This requirement is crucial because soliciting insurance involves advising prospective clients on coverage options, which can have significant financial implications. A licensed individual can provide appropriate guidance and information accurately while adhering to ethical standards set by the regulatory authority. While options such as having a high school diploma, being registered with the insurance department, or completing a training program may be beneficial, they do not replace the necessity of holding a proper insurance license when directly involved in soliciting insurance. These other criteria might be part of the requirements for a producer but do not specifically fulfill the legal requirement to engage in solicitation activities.

5. How many continuing education credits are required for the renewal of a producer's license in New Jersey?

- A. 15 credits, including 2 in ethics
- B. 24 credits, including 3 in ethics**
- C. 30 credits, including 5 in ethics
- D. 20 credits, including 4 in ethics

In New Jersey, the requirement for the renewal of a producer's license mandates that individuals complete a total of 24 continuing education credits every two years. Out of these 24 credits, 3 must specifically focus on ethics. This structured requirement is designed to ensure that licensed producers stay current with industry practices and ethical standards, which are crucial for maintaining professionalism and delivering quality service to clients. The emphasis on ethics training reaffirms the importance of ethical conduct in the insurance industry, addressing issues such as fraud, misrepresentation, and responsibilities to consumers and colleagues. Overall, these continuing education requirements support both the competence of licensed producers and the protection of consumers in the marketplace.

6. In New Jersey, how long can a small group health plan require continuance of prior credible coverage without a gap?

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

In New Jersey, a small group health plan can require the continuance of prior credible coverage for a maximum of 90 days without a gap. This provision allows individuals who are transitioning between health plans to maintain their health insurance coverage seamlessly, thereby ensuring they are not left without necessary health benefits during the transition period. This regulation is part of efforts to protect consumers from gaps in coverage that could lead to significant financial risk or health consequences. The limit of 90 days is designed to strike a balance between allowing sufficient time for the enrollment process while preventing excessive delays that could leave individuals vulnerable. In the context of healthcare, it is crucial for individuals to have continuous coverage, especially if they require ongoing medical treatment. The 90-day requirement helps facilitate this continuity by ensuring individuals have a reasonable timeframe to transition to a new plan without interruptions in their coverage.

7. Which regulatory body has the authority to oversee issues of misrepresentation in insurance?

- A. State legislature
- B. Insurance department**
- C. Federal trade commission
- D. Consumer protection agency

The insurance department is the regulatory body that has the authority to oversee issues of misrepresentation in insurance. This department is dedicated specifically to the regulation of insurance policies, companies, and agents within the state. Its primary role includes ensuring that insurance companies comply with state laws and regulations, which cover a wide range of practices, including the accurate representation of policies to consumers. Misrepresentation can involve providing false or misleading information regarding the terms, benefits, or risks associated with insurance products. The insurance department investigates complaints, enforces regulatory frameworks, and takes disciplinary actions when misrepresentation occurs. This oversight is crucial to protect consumers from fraud and ensure that they receive accurate information when purchasing insurance. The other options, while they may play significant roles in consumer protection and regulation, do not specifically focus on the intricacies of insurance misrepresentation. The state legislature creates laws but does not enforce them; the Federal Trade Commission addresses broader issues of trade and commerce; and the consumer protection agency may cover various consumer rights issues but lacks the specialized focus on insurance that the insurance department has. Therefore, the insurance department is uniquely positioned to handle these matters effectively.

8. Which of the following may be used as continuing education credit?

- A. Attending a local insurance seminar
- B. Completing a CLU designation course**
- C. Reading an insurance magazine
- D. Participating in an insurance webinar

Completing a CLU (Chartered Life Underwriter) designation course is recognized as a legitimate form of continuing education credit, particularly in the context of insurance professionals seeking to enhance their qualifications and knowledge. This course is structured and accredited, meaning it meets specific criteria set forth by regulatory bodies in New Jersey. It not only improves the individual's understanding of complex life insurance issues but also provides formal recognition that can be documented as continuing education. In contrast, while attending a local insurance seminar, reading an insurance magazine, and participating in an insurance webinar may contribute to one's professional development, they may not all qualify for formal continuing education credits depending on the specific regulations in New Jersey. The recognition of continuing education credits typically requires a structured learning environment with measurable outcomes, which is more characteristic of formal courses like the CLU designation. This distinction is crucial for professionals looking to fulfill licensing requirements and maintain their credentials.

9. What must all advertisements for health insurance clearly identify?

- A. The broker
- B. The client
- C. The insurer**
- D. The policy limitations

All advertisements for health insurance must clearly identify the insurer. This requirement is in place to ensure transparency and accountability in the advertising of health insurance products. By explicitly stating the insurer's name, consumers can easily identify which company is offering the coverage, allowing them to conduct further research on the insurer, such as its reputation, financial stability, and customer service record. This accountability is crucial in helping consumers make informed decisions regarding their health insurance options. The other elements of the advertisements, such as the broker, client, or policy limitations, while important in different contexts, do not fulfill the primary purpose of identifying the entity responsible for the policy being advertised. Advertisements must focus on fostering trust and clarity, which is best achieved by prominently presenting the insurer's name.

10. Which document must contain a "Statement of Policy Cost and Benefit information"?

- A. Insurance policy
- B. Policy summary**
- C. Policy declaration
- D. Claim form

The correct response is that a policy summary must contain a "Statement of Policy Cost and Benefit information." A policy summary serves as a concise overview of the key features and terms of an insurance policy. It is intended to provide consumers with essential details in a clear and easily understandable format, allowing them to make informed decisions regarding their insurance coverage. Including a statement of policy cost and benefit information in the policy summary ensures that the insured is directly informed about the costs associated with the insurance, such as premiums, deductible amounts, and any applicable fees, as well as the benefits provided by the policy. This transparency is vital for consumers to assess whether the policy meets their needs and offers an adequate balance between cost and coverage. In contrast, while an insurance policy itself contains all the terms, conditions, and specifics regarding the coverage, it is typically more detailed and complex and may not highlight costs and benefits as straightforwardly as a summary. The policy declaration provides a snapshot of the coverage but does not usually delve into the detailed cost-benefit breakdown. A claim form, on the other hand, is used to report losses and does not encompass policy-related information like cost and benefits.

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://njlawsandrules.examzify.com>

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

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