

North Carolina Laws and Rules Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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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. When must real estate agents provide a written agency disclosure to clients in North Carolina?**
 - A. At the closing of the sale**
 - B. At the first substantial contact with a prospective client**
 - C. After the listing agreement is signed**
 - D. Only upon request by the client**

- 2. How is the Life and Health Insurance Guaranty Association funded?**
 - A. From government grants**
 - B. From member companies**
 - C. From policyholder fees**
 - D. Through state insurance taxes**

- 3. In the context of insurance, what does "soliciting" refer to?**
 - A. Researching market trends**
 - B. Persuading someone to buy insurance**
 - C. Filing claims accurately**
 - D. Collecting premiums**

- 4. If an individual health policy form is found not to comply with North Carolina laws, what action can the insurer take?**
 - A. Continue to issue the form for new applications**
 - B. Revise the form for compliance**
 - C. Not issue the form for any new applications**
 - D. Notify the policyholders to change to a different form**

- 5. How long is the term for a member of the North Carolina House of Representatives?**
 - A. Two years**
 - B. Four years**
 - C. Six years**
 - D. One year**

- 6. What is required regarding essential benefits on health policies purchased through the Federal Marketplace?**
- A. They can have annual limits**
 - B. They must include preventive services only**
 - C. They must have no annual and lifetime limits**
 - D. They are optional based on policy type**
- 7. Who benefits from the North Carolina Homeowners' Association Act?**
- A. Only property sellers**
 - B. Homeowners and association members**
 - C. Real estate agents**
 - D. Local government officials**
- 8. Which of the following best defines "unlawful assembly" in North Carolina?**
- A. Gathering of individuals for a peaceful protest**
 - B. Meeting for a community service event**
 - C. Three or more people gathering to commit a crime or cause a disturbance**
 - D. A social gathering that disrupts public order**
- 9. For the charge of assault to be substantiated, what is necessary?**
- A. Physical evidence only**
 - B. A reasonable fear of physical harm or intent to cause such harm**
 - C. Testimonies of at least two witnesses**
 - D. Medical reports**
- 10. What is a requirement for obtaining a non-resident agent license?**
- A. Being a resident of North Carolina**
 - B. Being licensed as an agent in the producer's state of domicile**
 - C. Having a minimum of five years experience**
 - D. Completing a federal background check**

Answers

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

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Explanations

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1. When must real estate agents provide a written agency disclosure to clients in North Carolina?

- A. At the closing of the sale
- B. At the first substantial contact with a prospective client**
- C. After the listing agreement is signed
- D. Only upon request by the client

In North Carolina, real estate agents are required to provide a written agency disclosure to clients at the first substantial contact with a prospective client. This requirement is in place to ensure that clients are fully informed about the nature of the agency relationship and the agent's role in the transaction. This means that as soon as an agent has meaningful interaction that goes beyond casual conversation—such as discussing the client's needs, preferences, or financial situation—the agent must provide this disclosure. The rationale behind this rule is to promote transparency and help clients make informed decisions about who they are working with in a real estate transaction. It establishes a clear understanding of the obligations and responsibilities of both the agent and the client from the outset of their relationship. Providing the agency disclosure at closing, after a listing agreement is signed, or only upon request does not align with North Carolina's intention to inform clients at the earliest possible stage of the agency relationship. Early disclosure helps prevent misunderstandings and builds trust between the client and the agent, which is fundamental in real estate transactions.

2. How is the Life and Health Insurance Guaranty Association funded?

- A. From government grants
- B. From member companies**
- C. From policyholder fees
- D. Through state insurance taxes

The Life and Health Insurance Guaranty Association is primarily funded through member companies that are part of the association. This funding model reflects the collaborative efforts of insurance providers to ensure that policyholders are protected in the event that a member company becomes insolvent. Member companies contribute to the fund based on their market share and the types of insurance products they offer, helping to create a financial safety net for policyholders who might otherwise lose their benefits. This system promotes stability within the insurance market by providing a guarantee that claims can be met even if a company fails, thereby instilling confidence in consumers. Other options, such as government grants, policyholder fees, or state insurance taxes, do not play a role in funding the Guaranty Association. This structure ensures that the association is driven by industry contributions rather than public funding or additional costs imposed on policyholders.

3. In the context of insurance, what does "soliciting" refer to?

- A. Researching market trends**
- B. Persuading someone to buy insurance**
- C. Filing claims accurately**
- D. Collecting premiums**

In the context of insurance, "soliciting" specifically refers to the act of persuading or encouraging someone to purchase insurance. This involves various activities aimed at attracting potential clients, explaining the benefits of insurance products, and ultimately getting them to make a commitment to buy. This role is often performed by agents or brokers who help clients understand their options and make informed decisions regarding their insurance needs. Understanding this definition is crucial because it highlights the proactive approach that agents take in fostering client relationships and expanding their client base. Everyone involved in insurance, from small agencies to large firms, engages in soliciting as part of their efforts to secure new business and maintain competitiveness in the market. Other options, such as researching market trends, filing claims, or collecting premiums, constitute different aspects of the insurance process but do not encapsulate the essence of what soliciting entails.

4. If an individual health policy form is found not to comply with North Carolina laws, what action can the insurer take?

- A. Continue to issue the form for new applications**
- B. Revise the form for compliance**
- C. Not issue the form for any new applications**
- D. Notify the policyholders to change to a different form**

The appropriate action for an insurer when an individual health policy form is found not to comply with North Carolina laws is to refrain from issuing that form for any new applications. This is essential because insurance policies must adhere strictly to state regulations; failure to do so undermines consumer protection and can expose the insurer to legal liabilities. By choosing to not issue the non-compliant form, the insurer safeguards both itself and its policyholders from potential issues that might arise from using a form that does not meet regulatory standards. This action also demonstrates the insurer's commitment to regulatory compliance and ensures that only approved forms, providing the required protections and benefits, are available to new applicants. In contrast, continuing to issue the form or notifying existing policyholders to switch to a different form could introduce confusion and risk to consumers. Revising the form for compliance is indeed an important step, but such revisions must come before issuing it again; thus, it wouldn't be appropriate to issue it while it remains non-compliant. Consequently, the best course of action is to stop issuing the problematic form entirely until necessary changes are made.

5. How long is the term for a member of the North Carolina House of Representatives?

- A. Two years**
- B. Four years**
- C. Six years**
- D. One year**

In North Carolina, the term for a member of the House of Representatives is indeed two years. This structure is designed to ensure that representatives remain accountable to their constituents, allowing for frequent elections and opportunities for voters to express their approval or disapproval of their representatives' performance. The shorter term encourages legislators to stay engaged with their districts and responsive to the needs and concerns of the voters. This system is consistent with many other state legislatures in the United States, reflecting a common approach to legislative accountability.

6. What is required regarding essential benefits on health policies purchased through the Federal Marketplace?

- A. They can have annual limits**
- B. They must include preventive services only**
- C. They must have no annual and lifetime limits**
- D. They are optional based on policy type**

Health policies purchased through the Federal Marketplace are required to cover essential health benefits without imposing annual or lifetime limits on those benefits. This requirement is a fundamental aspect of the Affordable Care Act (ACA), which aims to ensure that all individuals have access to comprehensive health care services. By eliminating annual and lifetime limits, the ACA helps protect consumers from the financial burden of catastrophic health care costs, ensuring that once individuals are covered, they can receive necessary care without the worry of reaching a cap that could leave them financially vulnerable. This provision reinforces the principle that health care should be accessible and sustainable for all individuals, which is crucial in promoting public health and wellness overall. The other choices reflect incorrect ideas about essential benefits in health policies: having limits would undermine the protection the ACA intends to provide, and preventive services alone would not meet the comprehensive requirements necessary for essential health benefits. Additionally, making essential benefits optional based on policy type would contradict the standardized protections designed to ensure all consumers receive a minimum level of coverage.

7. Who benefits from the North Carolina Homeowners' Association Act?

- A. Only property sellers
- B. Homeowners and association members**
- C. Real estate agents
- D. Local government officials

The North Carolina Homeowners' Association Act primarily benefits homeowners and association members. This legislation is designed to promote transparency, accountability, and fairness within homeowners' associations (HOAs). It offers protections and outlines the rights and responsibilities of both the associations and the homeowners, ensuring that members have a voice in the governance of their community. By providing a clear framework of rules governing the association's operations, the Act enables homeowners to avoid potential abuses of power by the association and allows them access to essential information regarding their rights, dues, and the rules they must follow. This collective focus on the well-being and rights of the homeowners strengthens community management and enhances residential satisfaction. Other entities, such as property sellers, real estate agents, and local government officials, may have interests in the functioning of HOAs but are not direct beneficiaries of the Act's protections and guidelines in the same way that homeowners and association members are. The intent of the law centers on enhancing the experiences and rights of those who live in these communities.

8. Which of the following best defines "unlawful assembly" in North Carolina?

- A. Gathering of individuals for a peaceful protest
- B. Meeting for a community service event
- C. Three or more people gathering to commit a crime or cause a disturbance**
- D. A social gathering that disrupts public order

The definition of "unlawful assembly" in North Carolina is accurately captured by the scenario where three or more people gather with the intent to commit a crime or disrupt public order. In legal terms, this means that for an assembly to be deemed unlawful, there must be a specific intention among the participants to engage in criminal activity or to cause a public disturbance. This provision is designed to prevent situations where gatherings might lead to violence or significant disruption of societal order. The emphasis on the number of individuals—specifically, three or more—highlights the state's focus on groups of individuals potentially collaborating to engage in unlawful activities. Other choices involve gatherings that do not inherently carry the same implications of criminality or public disturbance. For instance, peaceful protests and community service events typically denote lawful activities aimed at expressing views or serving the community, which do not fit the legal definition of unlawful assembly. A social gathering, while it may disrupt public order under certain circumstances, does not specifically indicate the intent to commit a crime or cause significant disturbance, which is a key component of the definition of unlawful assembly.

9. For the charge of assault to be substantiated, what is necessary?

A. Physical evidence only

B. A reasonable fear of physical harm or intent to cause such harm

C. Testimonies of at least two witnesses

D. Medical reports

In North Carolina, the charge of assault requires that there is a reasonable fear of physical harm or an intent to cause such harm. This means that the actions or words of the accused must create a situation where the victim feels a credible threat of violence or actual intent to inflict injury. This standard is essential because it captures the psychological element of assault, acknowledging that fear and intent are pivotal components in assessing whether an assault has occurred, regardless of whether physical harm has actually been inflicted. This understanding aligns with legal principles surrounding assault, recognizing that the mere threat of violence can have significant implications on a person's sense of safety and well-being. The law does not require physical evidence, multiple testimonies, or medical documentation to establish assault; rather, the focus is on the perception and mindset surrounding the act. Thus, a reasonable fear or intent is the cornerstone of substantiating an assault charge.

10. What is a requirement for obtaining a non-resident agent license?

A. Being a resident of North Carolina

B. Being licensed as an agent in the producer's state of domicile

C. Having a minimum of five years experience

D. Completing a federal background check

To obtain a non-resident agent license in North Carolina, one key requirement is that the applicant must be licensed as an agent in their home state, also known as their state of domicile. This condition ensures that the non-resident agent possesses a valid license, which reflects their qualifications and adherence to the insurance regulations of their respective state. It verifies that they are authorized to conduct insurance business in accordance with the laws governing their state, thus providing a level of assurance regarding their professional competence and compliance. Being a resident of North Carolina does not apply to non-resident agents, as this license is explicitly designed for individuals licensed in other states. Similarly, there is no stipulation that mandates a minimum of five years of experience to acquire this license, nor is a federal background check a standard requirement for this specific licensing process. These aspects underline the significance of having a valid license from the state of domicile as a prerequisite for operating as a non-resident agent in North Carolina.

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://nclawsandrules.examzify.com>

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

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