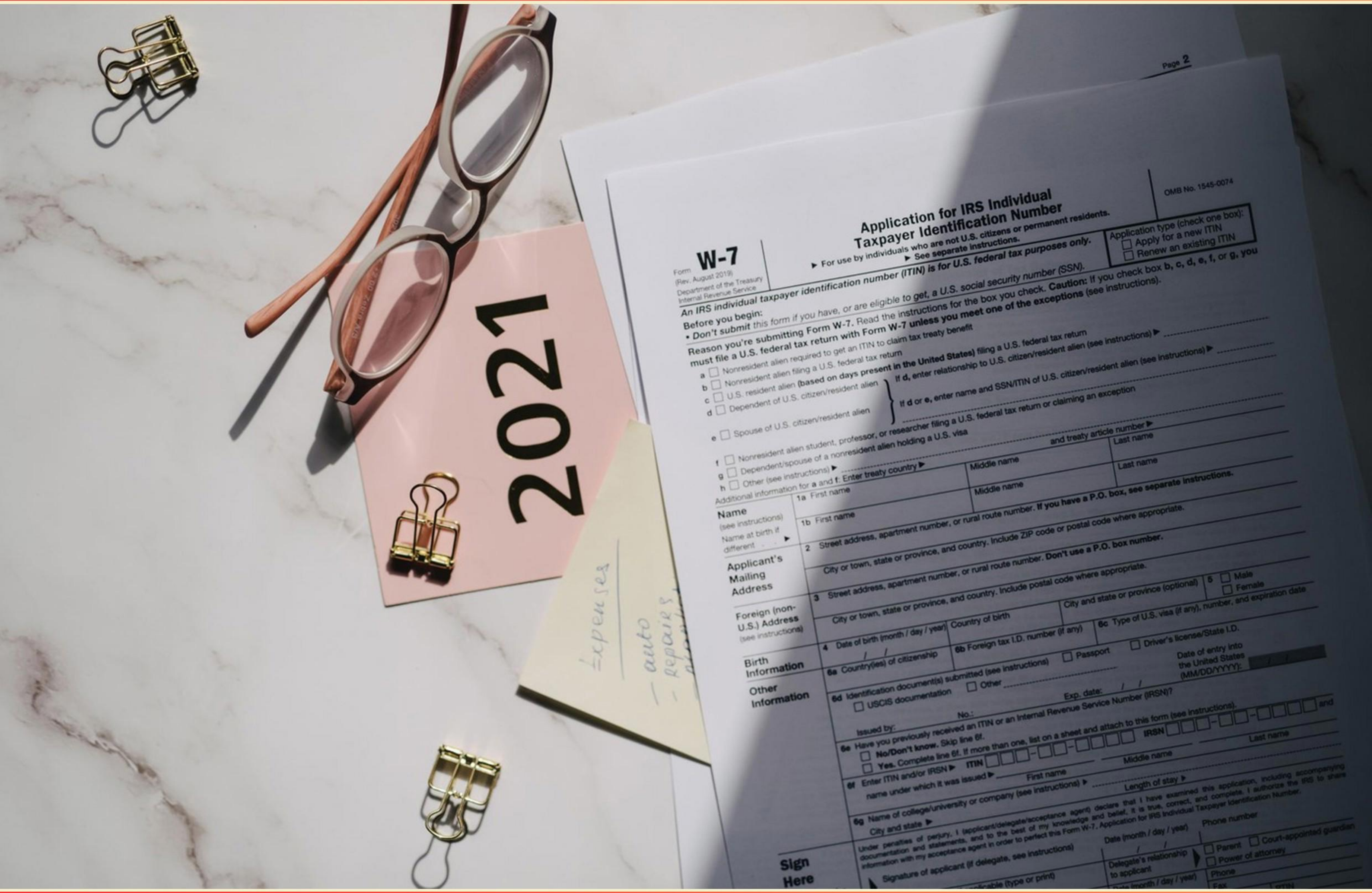
NORTH CAROLINE HEALTH INSURANCE – ACCIDENT AND SICKNESS PRACTICE TEST (SAMPLE)

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

1. How many continuing education hours must licensees complete in a two-year compliance period?

A. 6 hours

B. 12 hours

C. 24 hours

D. 48 hours

2. An Alien Insurer is defined as an insurer that is domiciled in which location?

A. In the same country as the insured

B. In the state where it operates

C. In a foreign country from which it is domiciled

D. In the country where its headquarters are located

3. Which definition describes coinsurance?

A. An amount the insured may be required to pay as his or her share of the cost for services after the deductible has been paid.

B. A fixed amount charged for a service at the time of service.

C. The insured's entire bill.

D. A monthly premium.

4. Risk avoidance means?

A. Transferring risk to insurer

B. Sharing risk

C. Accepting all risk

D. Avoiding activities that could lead to loss

5. What describes a Mutual Insurance Company?

A. It is owned by stockholders

B. It is owned by policyowners

C. It sells stock

D. It is a government-run enterprise

6. Notice of Claim: in individual health policies, what is the notice of claim requirement?

A. It is not required to inform the insurer about a pending claim at the start of a covered loss.

B. It is a requirement to inform the insurer about a pending claim within 15 days of loss.

C. It is a requirement in individual health policies for the policyowner to inform the insurer about a pending claim at the start of a covered loss.

D. It is required only for group policies.

7. Which of the following is a criterion of a viable insurance contract?

A. Policy tax treatment

B. Large number of similar exposures

C. Investment returns

D. Flexible premium frequency

8. How many days does notice of claim allow after a loss to be filed?

A. 20 days

B. 30 days

C. 15 days

D. 60 days

9. Which item is commonly excluded due to prior conditions in disability policies?

A. Preexisting conditions

B. War

C. Mental illness

D. Misuse

10. Carryover provisions are designed to help with late-year claims by carrying over what?

A. Carryover Provisions

B. Stop Loss Feature

C. Corridor Deductible

D. Common Accident/Common Sickness

Answers

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

Explanations

1. **How many continuing education hours must licensees complete in a two-year compliance period?**

   A. 6 hours

   B. 12 hours

   C. 24 hours

   D. 48 hours

Continuing education is the mechanism that keeps licensees up to date between renewals. In North Carolina, the two-year renewal cycle requires licensees to complete twenty-four hours of approved CE. This total is tied to the renewal schedule, so you plan your courses so you've earned enough hours by the time your license is due to be renewed. You earn these hours through approved courses, seminars, webinars, or accepted self-study, and they must be reported to the state regulator. Some courses may count ethics or other mandated topics, but the overall requirement remains twenty-four hours for the period.

2. **An Alien Insurer is defined as an insurer that is domiciled in which location?**

   A. In the same country as the insured

   B. In the state where it operates

   C. In a foreign country from which it is domiciled

   D. In the country where its headquarters are located

Understanding what "alien insurer" means is about where the insurer is legally domiciled. An alien insurer is one that is domiciled in a foreign country—that is, its home country is outside the United States. This distinguishes it from a domestic insurer (domiciled in the insured's state) and a foreign insurer (domiciled in another U.S. state). The key point isn't where its headquarters are, but the country of domicile. So the correct description is that the insurer is domiciled in a foreign country from which it is domiciled.

3. **Which definition describes coinsurance?**

   A. An amount the insured may be required to pay as his or her share of the cost for services after the deductible has been paid.

   B. A fixed amount charged for a service at the time of service.

   C. The insured's entire bill.

   D. A monthly premium.

Coinsurance is the portion of covered expenses you pay after you've met the deductible. It's usually a percentage, such as 20%, with the insurer covering the remaining 80% of eligible charges. This is why this definition fits best: it describes your share of costs after the deductible has been paid. It differs from a fixed copayment, which is a set amount charged at the time of service, and from paying the entire bill or a separate monthly premium, which are not how coinsurance is defined. Coinsurance continues until you reach the out-of-pocket maximum, at which point the insurer typically covers 100% of allowed costs.

4. Risk avoidance means?

A. Transferring risk to insurer

B. Sharing risk

C. Accepting all risk

D. Avoiding activities that could lead to loss

Risk avoidance means choosing not to engage in activities that could lead to a loss, so you eliminate exposure to that risk altogether. This approach stops the hazard before a claim could arise, rather than dealing with it after it could occur. It's different from transferring risk to an insurer (paying a premium to shift the financial burden), risk sharing (spreading potential losses among a group), or retaining all risk (accepting and bearing losses yourself). In practice, this could mean avoiding high risk activities or operations to prevent a claim from being possible. In health insurance terms, it reflects taking steps to minimize the chances of a loss by steering clear of risky situations rather than outsourcing the risk through coverage.

5. What describes a Mutual Insurance Company?

A. It is owned by stockholders

B. It is owned by policyowners

C. It sells stock

D. It is a government-run enterprise

Mutual insurers are owned by the people who hold policies with the company. Because there are no outside stockholders, the policyowners elect the board and influence decisions. Any profits are typically returned to policyowners as dividends or used to reduce future premiums, rather than distributed to shareholders. This set-up contrasts with stock insurance companies, which are owned by stockholders and raise capital by selling shares. A government-run enterprise would be owned by the government, not private policyowners. So the description that fits a mutual insurer is ownership by policyowners.

6. Notice of Claim: in individual health policies, what is the notice of claim requirement?

A. It is not required to inform the insurer about a pending claim at the start of a covered loss.

B. It is a requirement to inform the insurer about a pending claim within 15 days of loss.

C. It is a requirement in individual health policies for the policyowner to inform the insurer about a pending claim at the start of a covered loss.

D. It is required only for group policies.

Notice of claim is about informing the insurer promptly when a loss begins and a claim might be filed. In individual health policies, the policyowner is required to notify the insurer about a pending claim at the start of a covered loss. This early notice allows the insurer to begin claim processing, verify coverage, and coordinate benefits without unnecessary delay. The idea that no notice is required conflicts with how claims are handled, while a fixed 15-day window isn't universal across all individual policies, and saying the rule only applies to group policies isn't accurate since individual policies also require notice.

7. Which of the following is a criterion of a viable insurance contract?

A. Policy tax treatment

B. Large number of similar exposures

C. Investment returns

D. Flexible premium frequency

In insurance, viability hinges on pooling a large number of similar exposures so the insurer can predict losses with reasonable accuracy. With many similar risks spreading across a broad base, the law of large numbers smooths out the individual loss variability, allowing actuarial methods to estimate expected losses, set premiums that cover claims and expenses, and keep the contract financially sustainable. The other factors listed—tax treatment of the policy, investment returns, and the ability to vary premium frequency—are not fundamental criteria for a contract's viability. They may influence product design or profitability, but they don't establish the insurer's ability to predict losses and price risk across a population.

8. How many days does notice of claim allow after a loss to be filed?

A. 20 days

B. 30 days

C. 15 days

D. 60 days

Notice of claim is about when you must tell the insurer that a loss has occurred so they can start the claim process. In North Carolina accident and sickness policies, you're generally required to notify the insurer within 20 days after the loss (or as soon as reasonably possible if delays are due to circumstances beyond your control). This 20 day window lets the insurer begin the investigation, verify details, and move forward with handling benefits in a timely way. The other numbers aren't the standard notice period in these policies, and missing the 20 day window can complicate or even compromise eligibility for benefits unless there's a valid, documented excuse.

9. Which item is commonly excluded due to prior conditions in disability policies?

A. Preexisting conditions

B. War

C. Mental illness

D. Misuse

Disability policies commonly exclude coverage for conditions that existed before the policy began. This is the preexisting condition exclusion, put in place to limit benefits for disabilities tied to conditions that were present or being treated before issue, especially when symptoms or treatment occurred within a defined look-back period. For example, if you had medical treatment for a back problem within several months before your coverage started, a disability policy may not pay benefits for a back-related disability during the early period of the policy. Some plans may waive the exclusion after you've been covered for a certain time without recurrence or new treatment, depending on the policy terms. The other items can appear as exclusions in some plans, but they relate to specific causes rather than conditions that existed prior to coverage; the item commonly excluded due to prior conditions is preexisting conditions.

10. Carryover provisions are designed to help with late-year claims by carrying over what?

A. Carryover Provisions

B. Stop Loss Feature

C. Corridor Deductible

D. Common Accident/Common Sickness

Carryover provisions address what happens to an unfinished deductible when the year ends. If you have late-year medical bills and haven't met your deductible by December, the portion of the deductible that remains unpaid can be carried into the next policy year. This way, those late expenses still count toward meeting the new year's deductible, helping to smooth out gaps in coverage. So the thing carried over is the unpaid deductible amount from the previous year. Other features like stop-loss protection, a corridor deductible, or common accident/common sickness terms refer to different plan protections or definitions and do not describe this carryover mechanism. For example, if you had a $1,000 deductible and $250 of it remains unpaid at year-end, that $250 would carry over to apply toward the next year's deductible.

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://nchealthinsuranceaccidentsickness.examzify.com

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