

North Dakota Health Insurance Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

Copyright © 2025 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 from reliable sources accurate, complete, and timely information about this product.

SAMPLE

Questions

SAMPLE

- 1. What does the alcohol and drug provision specifically mention about narcotics?**
 - A. The insurer is liable if the narcotic is prescription-based**
 - B. Narcotics are always excluded regardless of circumstances**
 - C. Benefits are denied if narcotics are not prescribed**
 - D. Insurers only look at non-prescription drug use**
- 2. What does disability income insurance provide?**
 - A. Coverage for medical bills while hospitalized**
 - B. A stated amount of income when unable to work**
 - C. Full payment for all health services**
 - D. Insurance against accidental injuries only**
- 3. What is one of the main purposes of disability income insurance?**
 - A. To cover home healthcare costs**
 - B. To provide income replacement during illness**
 - C. To finance dental care**
 - D. To pay for vision correction**
- 4. Under the alcohol and drug provision, when is an insurer liable for losses?**
 - A. When the insured is under the influence of alcohol**
 - B. When the insured is intoxicated due to prescribed medications**
 - C. When the loss occurs regardless of substances involved**
 - D. When the insured is using recreational drugs**
- 5. What does "churning" refer to in the health insurance field?**
 - A. The practice of switching plans to access new benefits**
 - B. The process of aging the policyholder's account**
 - C. The examination of claims for fraudulent activity**
 - D. The cancellation of policies due to non-payment**

- 6. What aspect of the prospective insured does long-term care underwriting primarily focus on?**
- A. Financial status**
 - B. Ability to perform Activities of Daily Living (ADLs)**
 - C. Medical history**
 - D. Family health history**
- 7. What does the term "physician care requirement" refer to in the context of disability insurance?**
- A. Physical condition severity**
 - B. Activity limitations or participation restrictions**
 - C. Patient's treatment history**
 - D. Availability of medical specialists**
- 8. What does the military suspense provision provide for insured individuals?**
- A. Permanent termination of the policy**
 - B. Temporary suspension while in military service**
 - C. Immediate benefits upon enlistment**
 - D. Increased benefits while serving**
- 9. What is the maximum benefit from a loss claim according to the benefit of disability provision?**
- A. It can exceed the insured's earnings before the accident**
 - B. It will equal the insured's earnings prior to the accident**
 - C. It is determined solely by the insurance policy limits**
 - D. It may be greater than the insured's past earnings if the policy allows**
- 10. What is the main responsibility of an underwriter in health insurance?**
- A. To process claims for policyholders**
 - B. To assess the risk of insuring a policyholder**
 - C. To determine the healthcare providers within a network**
 - D. To negotiate premiums with consumers**

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. What does the alcohol and drug provision specifically mention about narcotics?

- A. The insurer is liable if the narcotic is prescription-based**
- B. Narcotics are always excluded regardless of circumstances**
- C. Benefits are denied if narcotics are not prescribed**
- D. Insurers only look at non-prescription drug use**

The provision regarding alcohol and drugs specifically mentions that if a narcotic is prescription-based, the insurer holds a liability, implying that coverage is likely to be provided for such medications when they are prescribed by a licensed healthcare provider. This reflects an understanding that prescription narcotics are medically necessary in certain contexts, and the policy recognizes the distinction between usage patterns of prescribed substances versus illicit or non-prescribed use. Under this provision, having a valid prescription serves to validate the medical necessity of the narcotics, thus qualifying them for benefits under the health insurance plan. In doing so, this highlights the responsible use of prescription medications and the obligation of insurers to cover those necessary treatments as long as they align with the policy terms and medical guidelines. The other options do not align with the principles behind this provision. For example, asserting that narcotics are always excluded disregards the medical necessity of prescribed medications. Similarly, denying benefits if narcotics are not prescribed overlooks the context in which prescribed narcotics are used. Finally, the notion that insurers only look at non-prescription drug use fails to recognize the established relationship between medical professionals and the prescribing of necessary medications.

2. What does disability income insurance provide?

- A. Coverage for medical bills while hospitalized**
- B. A stated amount of income when unable to work**
- C. Full payment for all health services**
- D. Insurance against accidental injuries only**

Disability income insurance is specifically designed to provide financial support to individuals who are unable to work due to a disability. This insurance policy compensates policyholders with a stated amount of income, typically a percentage of their pre-disability earnings, to help them meet their living expenses during their recovery period. It is essential for maintaining financial stability when an individual cannot earn their regular income due to illness or injury. The other options do not align with the primary purpose of disability income insurance. Coverage for medical bills while hospitalized relates to health insurance, which is focused on managing healthcare costs. Full payment for all health services suggests a comprehensive health plan, not a disability-focused product. Lastly, insurance against accidental injuries only narrows the scope of disability insurance to specific types of incidents, whereas disability income insurance covers a broader range of circumstances that may cause loss of income.

3. What is one of the main purposes of disability income insurance?

- A. To cover home healthcare costs**
- B. To provide income replacement during illness**
- C. To finance dental care**
- D. To pay for vision correction**

Disability income insurance serves the essential function of providing income replacement during periods when an individual is unable to work due to illness or injury. This type of insurance is crucial because it ensures that individuals can maintain their standard of living and meet their financial obligations when they cannot earn an income from their job. Unlike health insurance, which primarily covers medical expenses, or other forms of insurance that focus on specific healthcare needs like dental or vision care, disability income insurance is specifically designed to address the financial impact of losing the ability to work. By providing regular payments, it helps to alleviate the stress of lost wages and supports individuals and their families during challenging times when unexpected health issues arise. This distinction is important for understanding the role of various types of insurance products, as each serves a different purpose within a comprehensive financial and health care strategy.

4. Under the alcohol and drug provision, when is an insurer liable for losses?

- A. When the insured is under the influence of alcohol**
- B. When the insured is intoxicated due to prescribed medications**
- C. When the loss occurs regardless of substances involved**
- D. When the insured is using recreational drugs**

The correct answer highlights that an insurer may be liable for losses when the insured is intoxicated due to prescribed medications. This reflects a significant aspect of health insurance policies and the legal framework surrounding them. Generally, insurers look to balance risk and coverage, and many policies include specific provisions regarding alcohol and drugs. In the case of prescribed medications, the critical distinction is that these medications are often intended to treat a medical condition and are taken as directed by a healthcare provider. Therefore, if a loss occurs while the insured is under the influence of prescribed medications, the insurer might still be liable for coverage since the use is medically sanctioned, distinguishing it from recreational or illicit drug use where liability could differ. This recognizes the medical necessity and regulated nature of prescribed treatments compared to overindulgence or misuse of alcohol and other substances, which can lead to greater liability exclusions in insurance policies. Understanding this nuance is essential for interpreting insurance agreements and the responsibilities of both insurers and insured individuals concerning substance use.

5. What does "churning" refer to in the health insurance field?

- A. The practice of switching plans to access new benefits**
- B. The process of aging the policyholder's account**
- C. The examination of claims for fraudulent activity**
- D. The cancellation of policies due to non-payment**

In the context of health insurance, "churning" refers to the practice of switching plans to access new benefits. This can occur when policyholders frequently change their insurance policies to take advantage of introductory offers, new plan incentives, or benefits that may be available in a new or different health plan. By doing so, individuals may seek to gain immediate advantages that come with signing up for a new policy, rather than staying with their current provider. Understanding this practice is crucial for both insurance professionals and consumers, as it can influence premium costs, disrupt continuity of care, and complicate the management of health benefits. Insurers may also track churning to assess risks and losses associated with clientele who frequently switch plans, as it can lead to higher administrative costs and impact the overall stability of the insurance market. The other scenarios mentioned relate to different aspects of health insurance management and policy administration but do not capture the essence of "churning."

6. What aspect of the prospective insured does long-term care underwriting primarily focus on?

- A. Financial status**
- B. Ability to perform Activities of Daily Living (ADLs)**
- C. Medical history**
- D. Family health history**

Long-term care underwriting predominantly concentrates on the individual's ability to perform Activities of Daily Living (ADLs). This focus is crucial because the primary purpose of long-term care insurance is to provide coverage for assistance in daily tasks that individuals may struggle with as they age or due to chronic illnesses. These tasks typically include essential activities such as bathing, dressing, eating, toileting, transferring, and continence. In assessing this ability, underwriters can better determine the level of risk a prospective insured poses to the insurer. An individual who can perform most ADLs independently usually represents a lower risk, while someone who needs assistance with these activities may present a higher risk for needing long-term care services, influencing premium rates and policy terms. Other aspects, such as financial status, medical history, and family health history, are also important in the underwriting process but are secondary to the immediate context of one's functional abilities in daily living when it comes to long-term care insurance. Understanding ADL capabilities gives insurers insight into the potential need for care and the timing of when that care may be necessary, directly influencing their underwriting decisions.

7. What does the term "physician care requirement" refer to in the context of disability insurance?

- A. Physical condition severity**
- B. Activity limitations or participation restrictions**
- C. Patient's treatment history**
- D. Availability of medical specialists**

The term "physician care requirement" in the context of disability insurance primarily relates to "activity limitations or participation restrictions." This term denotes the necessity for patients to provide documentation from their physician regarding how their health condition impacts their ability to perform daily activities or participate in societal roles. In disability insurance, insurers want to evaluate how a person's disability affects their functionality in everyday life, which is inherently tied to the physical activities they are able or unable to engage in. Understanding this aspect is crucial because it allows insurers to assess the degree of impairment caused by an individual's health issue. This requirement often includes assessments of how specific medical conditions limit a person's capabilities in working, engaging in social activities, or performing tasks they were able to do prior to their disability. Such assessments are vital in determining eligibility for benefits and the amount of benefits provided. While the other options may seem relevant in different contexts, they do not directly correlate to the "physician care requirement" as it is understood in disability insurance. For instance, physical condition severity might refer to the intensity of a medical issue but does not involve how it affects daily activities directly. Patient treatment history could include past medical interventions but does not inherently measure functional limitations. Availability of medical specialists, while important in a broader

8. What does the military suspense provision provide for insured individuals?

- A. Permanent termination of the policy**
- B. Temporary suspension while in military service**
- C. Immediate benefits upon enlistment**
- D. Increased benefits while serving**

The military suspense provision allows individuals who are called to active military service to temporarily suspend their insurance policy without losing coverage. This means that while they are serving, they do not need to pay premiums, and their policy remains in effect. This provision is particularly important for service members, as it helps to alleviate financial concerns regarding maintaining their insurance while they are deployed or engaged in military duty. When the individual returns from service, the policy automatically resumes, ensuring that they have continuous coverage without having to reapply or undergo a new underwriting process. This provision is designed to protect military personnel and their families from the potential loss of benefits while they are fulfilling their service obligations. It acknowledges the unique circumstances faced by service members and provides them with critical support during their time away from civilian life.

9. What is the maximum benefit from a loss claim according to the benefit of disability provision?

- A. It can exceed the insured's earnings before the accident**
- B. It will equal the insured's earnings prior to the accident**
- C. It is determined solely by the insurance policy limits**
- D. It may be greater than the insured's past earnings if the policy allows**

The benefit of disability provision in an insurance policy is designed to provide financial support to an insured who has experienced a loss due to disability. In this context, the correct assertion is that the maximum benefit from a loss claim will equal the insured's earnings prior to the accident. This principle is foundational in that disability benefits aim to replace lost income, ensuring that the insured can maintain a similar standard of living as they had before the disability occurred. This alignment with the insured's pre-accident earnings serves to ensure that the coverage is adequate enough to meet their financial needs. The provision typically establishes that the benefit amount is linked to the insured's earnings to prevent excessive payouts that might not correlate with the actual financial loss experienced. Therefore, the intention is to cover lost income up to the level that was previously earned, hence providing a stable financial footing during the period of disability. This foundational principle explains the logic behind establishing the benefit at an amount that matches prior earnings, safeguarding the insured against unaffordable living expenses resulting from their inability to work.

10. What is the main responsibility of an underwriter in health insurance?

- A. To process claims for policyholders**
- B. To assess the risk of insuring a policyholder**
- C. To determine the healthcare providers within a network**
- D. To negotiate premiums with consumers**

The main responsibility of an underwriter in health insurance is to assess the risk of insuring a policyholder. This involves evaluating the applicant's health history, lifestyle factors, and other relevant information to determine the likelihood that they will require extensive medical care in the future. By effectively analyzing these risks, underwriters help insurance companies decide whether to approve an application, what premiums to charge, and whether any exclusions or limitations should apply to the coverage. Assessing risk is crucial for maintaining the financial stability of the insurance pool; it allows insurers to balance the amount collected in premiums against the expected payout for claims. This role is integral to the overall functioning of health insurance as it impacts how policies are structured and priced. Other options, while relevant to the health insurance process, do not represent the core function of an underwriter. For example, processing claims is handled by claims adjusters, determining network providers is typically managed by network managers, and negotiating premiums falls within the purview of sales representatives or brokers rather than underwriters.