

# Renewal Insurance 1 Practice Test (Sample)

## Study Guide



**Everything you need from our exam experts!**

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# Table of Contents

**Copyright** ..... 1

**Table of Contents** ..... 2

**Introduction** ..... 3

**How to Use This Guide** ..... 4

**Questions** ..... 5

**Answers** ..... 9

**Explanations** ..... 11

**Next Steps** ..... 17

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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. Which elements constitute negligence for liability purposes?**
  - A. Duty of care, breach of that duty, causation, and damages**
  - B. Duty of care, breach of that duty, causation, and remediations**
  - C. Duty of care, liability, causation, and damages**
  - D. Duty of care, breach, causation, and damages**
  
- 2. What is the agent's primary duty regarding customer data privacy?**
  - A. The agent has a duty to keep customer data and personal information secure and should implement security systems and procedures to safeguard it.**
  - B. Data sharing among insurers should be avoided entirely.**
  - C. Insurers are allowed to share data with bureaus without notifying insureds.**
  - D. Privacy concerns can be ignored for large claims.**
  
- 3. Under the medical payments to others coverage, which item is not covered?**
  - A. Hospital bills**
  - B. Ambulance fees**
  - C. Medical expenses**
  - D. Lost wages**
  
- 4. In a December claim scenario, are you justified in delaying payment to the next calendar year?**
  - A. You should always delay to benefit yourself.**
  - B. You should not delay; pay immediately.**
  - C. If the claim occurs on December 29, you should delay until next year to reduce tax.**
  - D. If normal business practice would delay reporting until the next month, it is acceptable to delay; but you must not manipulate timing for personal gain.**

- 5. Rule R3.3 prohibits which actions?**
- A. Violating law or committing a felony**
  - B. Speaking loudly**
  - C. Working overtime**
  - D. Ignoring ethics**
- 6. Which scenario away from the insured premises would be covered under medical payments coverage?**
- A. The jogger's medical expenses**
  - B. The adult son walking August's dog when it bites a jogger**
  - C. The adult son injuring himself**
  - D. The dog bites a jogger on August's premises**
- 7. Under the New Jersey Ethics Code, which statement best describes gifts to state officials?**
- A. Officials should not accept gifts that could influence discharge of duties.**
  - B. Officials should always accept gifts.**
  - C. Gifts are permissible if modest.**
  - D. Gifts must be approved by the governor.**
- 8. Under the New Jersey Ethics Code, which action must a state official take before engaging in activities regulated by a state agency?**
- A. Ask permission from the governor**
  - B. Disclose to the public**
  - C. Promptly file notice with the Executive Commission on Ethical Standards**
  - D. Ignore the regulations**
- 9. What is insuring agreement and what purpose does it serve?**
- A. The insuring agreement is the contract's core promise by the insurer to indemnify for covered losses, subject to terms and conditions.**
  - B. It states the insured must pay premium.**
  - C. It lists the insured's personal information.**
  - D. It describes how to file a claim after a loss.**

**10. Which item is not a requirement to form an insurance contract?**

- A. Offer and acceptance**
- B. Consideration**
- C. Competent parties**
- D. Insurable interest**

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## Answers

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

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## **Explanations**

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**1. Which elements constitute negligence for liability purposes?**

- A. Duty of care, breach of that duty, causation, and damages**
- B. Duty of care, breach of that duty, causation, and remediations**
- C. Duty of care, liability, causation, and damages**
- D. Duty of care, breach, causation, and damages**

The main idea being tested is the four elements you must prove to establish negligence in a liability claim. To succeed, there must be a duty of care, a breach of that duty, a causal link between the breach and the injury, and actual damages. Duty of care means the person had a legal obligation to act with reasonable care toward the other party under the circumstances. Breach happens when that duty isn't met—when conduct falls short of the standard of a reasonable person. Causation ties the breach to the injury, showing that the harm would not have occurred but for the breach (and, in many cases, that the harm was a foreseeable result). Damages are the actual injury or loss suffered that can be compensated. So the best choice lists all four essential components: duty of care, breach of that duty, causation, and damages. Options that replace or omit one of these elements—for example, using a term like remediations instead of damages or treating liability as a separate element—do not align with how negligence is defined.

**2. What is the agent's primary duty regarding customer data privacy?**

- A. The agent has a duty to keep customer data and personal information secure and should implement security systems and procedures to safeguard it.**
- B. Data sharing among insurers should be avoided entirely.**
- C. Insurers are allowed to share data with bureaus without notifying insureds.**
- D. Privacy concerns can be ignored for large claims.**

Protecting customer data privacy means the agent must keep personal information secure and implement security systems and procedures to safeguard it. This duty comes from the trust clients place in the agent and legal expectations that sensitive data be protected, so practical steps like access controls, encryption, secure storage, ongoing security training, and a clear privacy policy with a plan for responding to breaches are essential. Sharing data with other insurers or bureaus isn't a free-for-all; it must follow privacy rules and contracts, with proper authorization and notice where required. Privacy cannot be ignored, even for large claims, because maintaining confidentiality and following lawful handling of information is fundamental to responsible service.

**3. Under the medical payments to others coverage, which item is not covered?**

- A. Hospital bills**
- B. Ambulance fees**
- C. Medical expenses**
- D. Lost wages**

Medical payments to others is designed to reimburse reasonable medical expenses resulting from an auto accident for people other than the insured, up to the policy limit. This includes hospital bills, ambulance fees, and other medical costs directly tied to the injury. It does not provide wage replacement, so lost wages aren't covered by this portion of the policy. Wage loss would be handled by other coverages such as PIP or disability benefits, not by medical payments to others.

**4. In a December claim scenario, are you justified in delaying payment to the next calendar year?**

- A. You should always delay to benefit yourself.**
- B. You should not delay; pay immediately.**
- C. If the claim occurs on December 29, you should delay until next year to reduce tax.**
- D. If normal business practice would delay reporting until the next month, it is acceptable to delay; but you must not manipulate timing for personal gain.**

Timing of payments and reporting should follow established business practices, not personal gain. In a December claim, delaying payment into the next calendar year is only appropriate if the normal process already delays reporting to the next month as part of the standard close cycle. This keeps actions consistent with documented procedures and internal controls. Delaying simply to gain a tax or financial advantage would be improper, so the acceptable approach is to align with the usual practice and avoid any manipulation of timing for personal benefit.

**5. Rule R3.3 prohibits which actions?**

- A. Violating law or committing a felony**
- B. Speaking loudly**
- C. Working overtime**
- D. Ignoring ethics**

Rule R3.3 targets behavior that breaches the law. Engaging in illegal activities or committing a felony is prohibited because professionals must uphold the law and maintain public trust; such acts expose clients and the firm to criminal liability and damage the profession's reputation. The other options describe conduct that, while potentially inappropriate or regulated differently, does not automatically constitute illegal conduct. Speaking loudly can be unprofessional but isn't necessarily illegal, working overtime depends on terms and policy, and ignoring ethics points to a broader ethical lapse that would be addressed by different standards. So, actions that violate the law or involve a felony are what Rule R3.3 specifically prohibits.

**6. Which scenario away from the insured premises would be covered under medical payments coverage?**

- A. The jogger's medical expenses**
- B. The adult son walking August's dog when it bites a jogger**
- C. The adult son injuring himself**
- D. The dog bites a jogger on August's premises**

Medical payments coverage pays medical expenses for third parties injured by the insured's actions or property, regardless of fault, and can apply even when the incident happens away from the insured location. Here, August's adult son is walking August's dog, and the dog bites a jogger. The jogger's medical expenses would be covered even though the injury occurred off the insured premises because the incident stems from the insured's animal and involves a third party. The other options don't fit: a jogger's medical expenses would be on-premises to be covered; the adult son injuring himself involves the insured or a resident, which MedPay generally doesn't cover; and a dog bite on the premises is an on-site event, not away from the property.

**7. Under the New Jersey Ethics Code, which statement best describes gifts to state officials?**

- A. Officials should not accept gifts that could influence discharge of duties.**
- B. Officials should always accept gifts.**
- C. Gifts are permissible if modest.**
- D. Gifts must be approved by the governor.**

The fundamental idea is to prevent anything that could bias a state official or appear to bias their actions. The ethics rule is about keeping decisions impartial and maintaining public trust, so gifts that could influence how someone discharges their duties—or that create even the appearance of a payoff—should not be accepted. That's why the statement about not accepting gifts that could influence discharge of duties is the best description. It directly targets the risk the ethics code is trying to prevent: corruption or the perception of favors. Even small gifts can create a sense of obligation or the expectation of special treatment, which undermines impartial decision-making. The other options don't fit because they imply blanket acceptance of gifts (which ethics rules do not permit) or rely on a modesty threshold that could still foster bias or appearances of favoritism, and they suggest requiring governor approval for gifts, which isn't how these ethics rules typically operate. The core point remains: avoid gifts that could influence or appear to influence official duties.

**8. Under the New Jersey Ethics Code, which action must a state official take before engaging in activities regulated by a state agency?**

**A. Ask permission from the governor**

**B. Disclose to the public**

**C. Promptly file notice with the Executive Commission on Ethical Standards**

**D. Ignore the regulations**

In New Jersey, ethics rules require a state official to disclose potential conflicts before taking part in activities regulated by a state agency. The formal step is to promptly file notice with the Executive Commission on Ethical Standards. This filing gives the Commission a chance to review the planned activities for any conflict of interest, ensures transparency, and helps maintain public trust by preventing self-dealing or biased actions. Asking the governor for permission isn't the required process, and simply disclosing to the public isn't the specific action the ethics code mandates. Ignoring the regulations is not permissible.

**9. What is insuring agreement and what purpose does it serve?**

**A. The insuring agreement is the contract's core promise by the insurer to indemnify for covered losses, subject to terms and conditions.**

**B. It states the insured must pay premium.**

**C. It lists the insured's personal information.**

**D. It describes how to file a claim after a loss.**

The insuring agreement is the promise the insurer makes to pay for losses that the policy covers, in exchange for the premium and as long as the terms, conditions, and exclusions of the policy are met. It sets the scope of protection—what perils or losses are covered, what property or people are protected, and the amounts the insurer will pay (limits) or the deductible that applies. This section creates the legal duty for the insurer to indemnify the insured when a covered loss occurs and explains when coverage applies (for example, during the policy period and for events that aren't excluded). In short, it defines exactly what protection the contract is providing and under what circumstances the insurer will provide payment. Other parts of a policy handle related but separate things. The requirement to pay premium belongs in the premium section, not in the insuring agreement. The insured's personal information appears in the declarations. The procedure for filing a claim is described in the claims or notice section.

**10. Which item is not a requirement to form an insurance contract?**

- A. Offer and acceptance**
- B. Consideration**
- C. Competent parties**
- D. Insurable interest**

Understanding contract formation in insurance starts with the basic elements that create an agreement: there must be a clear offer that is accepted, something of value exchanged (consideration), and parties who have the legal capacity to form a contract. These are the building blocks used to form the contract itself. Insurable interest plays a different role: it ensures there is a legitimate stake in the subject of the insurance and helps prevent wagering on someone's life or property. While this requirement is crucial for coverage to be meaningful and enforceable, it is not one of the core elements needed to form the contract. So, the contract can be formed with the core elements in place, but coverage hinges on insurable interest being present to validate the risk being insured.

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## 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](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://renewalinsurance1.examzify.com>**

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

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