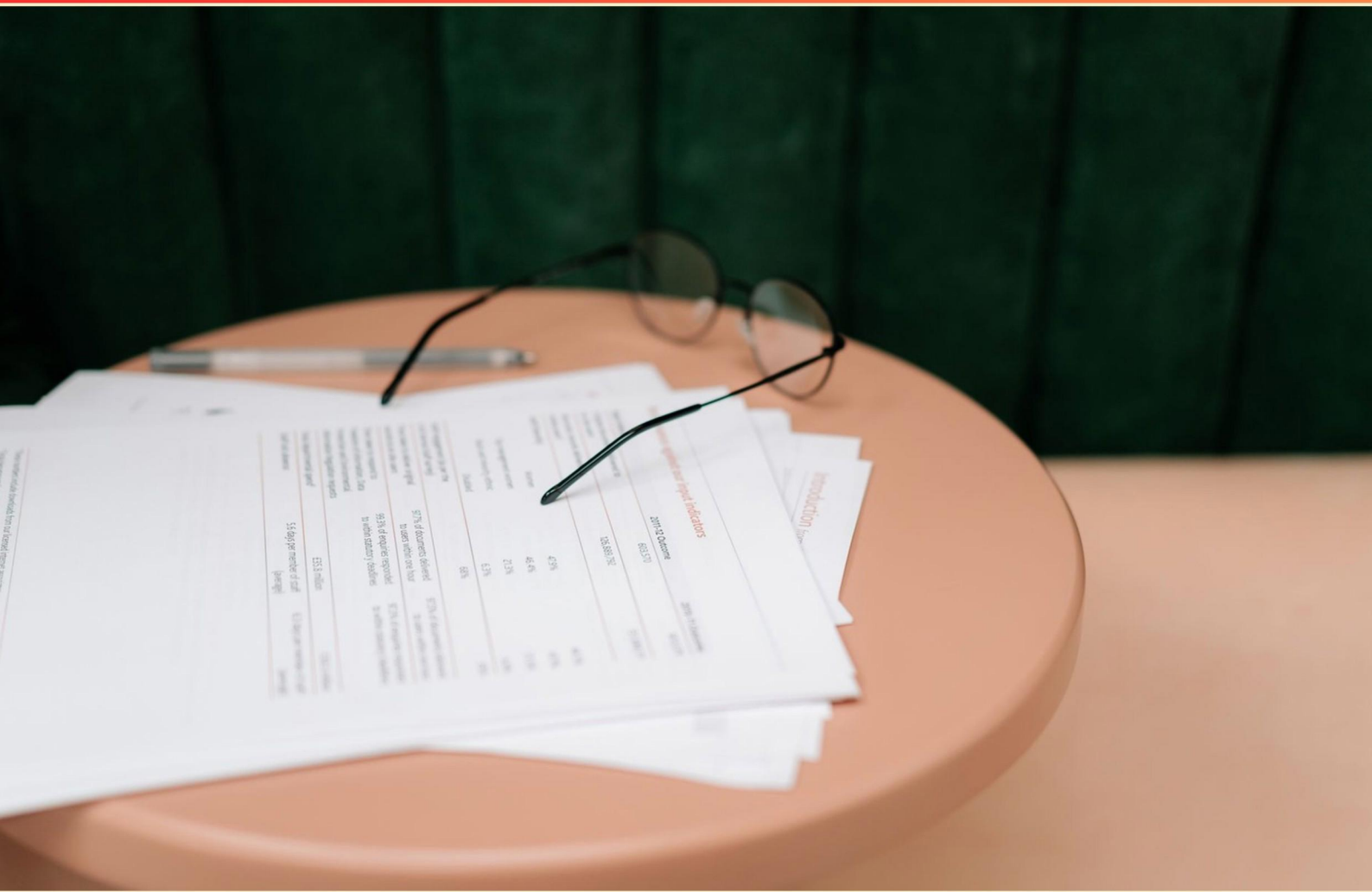


# SOLA INSURANCE PRACTICE TEST (SAMPLE)

## STUDY GUIDE



## SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR  
THE FULL VERSION STUDY GUIDE

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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 does umbrella insurance provide beyond standard policy coverage?**
  - A. Primary coverage for natural disasters
  - B. Additional liability coverage above primary policies' limits
  - C. Comprehensive health benefits
  - D. Coverage for long-term disability
- 2. What does an "assistance endorsement" typically include?**
  - A. Comprehensive coverage for lost items
  - B. Emergency assistance services and related coverage
  - C. Liability coverage for various accidents
  - D. Additional life insurance benefits
- 3. Are agents allowed to make adjustments to a policy mid-term?**
  - A. No, adjustments are not allowed
  - B. Yes, but only if on monthly payment terms
  - C. Yes, if purchased on annual payment terms
  - D. Yes, but only for cosmetic changes
- 4. In the context of claims, what does "actual loss" refer to?**
  - A. Theoretical losses predicted by actuaries
  - B. Indirect costs associated with an insurance claim
  - C. The direct financial loss due to an insured event
  - D. A loss that is unclaimed
- 5. How does "float" benefit insurance companies?**
  - A. It reduces administrative costs
  - B. It allows them to invest the premiums before payout
  - C. It improves customer satisfaction
  - D. It allows for better risk assessment
- 6. How does Sola assess property premiums?**
  - A. Based on the policyholder's credit score.
  - B. Based solely on the property's risk.
  - C. Based on the age of the property.
  - D. Based on market value of the property.

**7. What constitutes insurance fraud?**

- A. Legitimate claims filed by policyholders
- B. Acts intended to deceive insurers for undeserved benefits
- C. Misunderstandings in the claims process
- D. Procedures to revise policy terms

**8. What initial costs must be paid when a client purchases a policy on a monthly payment plan?**

- A. Only the first month's premium.
- B. First month, last month, and policy fees.
- C. Only the policy fees.
- D. Last month and policy fees only.

**9. What is the primary purpose of liability insurance?**

- A. To cover theft of property
- B. To protect against claims resulting from injuries or damage
- C. To ensure timely payment of premiums
- D. To cover medical expenses for the insured

**10. How is "coinsurance" different from a copayment?**

- A. Coinsurance is a flat fee; copayment is a percentage
- B. Coinsurance applies after a deductible; copayment does not
- C. Coinsurance covers all services; copayment covers none
- D. Coinsurance requires no out-of-pocket costs

## **Answers**

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

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## **Explanations**

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## 1. What does umbrella insurance provide beyond standard policy coverage?

- A. Primary coverage for natural disasters
- B. Additional liability coverage above primary policies' limits**
- C. Comprehensive health benefits
- D. Coverage for long-term disability

*Umbrella insurance offers additional liability coverage that extends beyond the limits of primary insurance policies such as homeowners, auto, or boat insurance. This type of insurance is designed to protect the policyholder from major claims and lawsuits, providing a financial safety net when the primary insurance limits have been exhausted. For example, if a policyholder is involved in an accident that results in significant damages or injuries and the costs exceed their auto insurance coverage, umbrella insurance would cover the additional expenses up to the umbrella policy limit. This product does not provide primary coverage for natural disasters, comprehensive health benefits, or coverage for long-term disability, which are typically addressed by other specific types of insurance policies. Thus, its primary value lies in enhancing overall liability protection.*

## 2. What does an "assistance endorsement" typically include?

- A. Comprehensive coverage for lost items
- B. Emergency assistance services and related coverage**
- C. Liability coverage for various accidents
- D. Additional life insurance benefits

*An assistance endorsement typically includes emergency assistance services and related coverage. This type of endorsement enhances an insurance policy by providing a range of support services that may be utilized during emergencies. These services can include roadside assistance, travel assistance, and other urgent support mechanisms designed to help policyholders when they face unexpected situations. For instance, if a policyholder experiences a car breakdown or requires help while traveling away from home, the assistance endorsement would cover the costs and services needed to address these emergencies. The inclusion of such services is particularly beneficial, as it provides peace of mind and a safety net for individuals, ensuring that they have access to essential help when needed. Other choices do not correctly represent what an assistance endorsement typically covers. Comprehensive coverage for lost items, liability coverage for various accidents, and additional life insurance benefits do not accurately describe the range of emergency services covered by this specific endorsement.*

## 3. Are agents allowed to make adjustments to a policy mid-term?

- A. No, adjustments are not allowed
- B. Yes, but only if on monthly payment terms
- C. Yes, if purchased on annual payment terms**
- D. Yes, but only for cosmetic changes

*Agents are allowed to make adjustments to a policy mid-term under specific circumstances, and one of those circumstances pertains to how the policy is structured for payment. When a policy is purchased on annual payment terms, adjustments can typically be made during the policy term. This flexibility is in place because annual policies might undergo changes due to alterations in coverage needs, changes in risk, or even improvements in property that necessitate an update. In contrast, policies written on monthly payment terms might have different conditions or restrictions that could potentially limit mid-term adjustments. Adjustments for cosmetic changes, while they may seem harmless, are often not the main focus of policy adjustments and do not broadly apply to all agents' authority in modifying coverage. Thus, the option indicating that adjustments are permissible when the policy is on annual payment terms accurately reflects the operational flexibility for agents to ensure that policy details remain current and relevant to the insured's situation.*

#### 4. In the context of claims, what does "actual loss" refer to?

- A. Theoretical losses predicted by actuaries
- B. Indirect costs associated with an insurance claim
- C. The direct financial loss due to an insured event**
- D. A loss that is unclaimed

*"Actual loss" refers to the direct financial loss incurred as a result of an insured event. This term is essential in the insurance field because it quantifies the specific amount of damage or loss that has occurred due to a particular incident—such as a natural disaster, theft, or accident. When a policyholder files a claim, the insurance company assesses the actual loss to determine the appropriate compensation. This concept emphasizes the tangible, measurable aspects of a claim rather than theoretical estimates or indirect costs. It is crucial for both policyholders, who need to understand the extent of their losses for filing claims, and insurers, who must evaluate claims accurately to ensure fair and just payouts. Understanding actual loss helps in processing claims efficiently and assists in upholding the principles of indemnity, ensuring that the insured is restored to their financial position prior to the loss.*

#### 5. How does "float" benefit insurance companies?

- A. It reduces administrative costs
- B. It allows them to invest the premiums before payout**
- C. It improves customer satisfaction
- D. It allows for better risk assessment

*"Float" refers to the time difference between when an insurance company receives premium payments and when it pays out claims. This period of time allows the insurer to invest those premiums before the claims are paid. The benefit of this practice lies in the ability of insurance companies to generate additional income through investments during the period the premiums are held. By weathering this float, insurers can invest in various assets, such as stocks or bonds, which can potentially yield returns that exceed the cost of claims payouts. This extra income from investments can ultimately contribute to the financial strength and profitability of the insurance company, allowing them to cover future claims more effectively and improve overall financial performance. The other options, while they may seem beneficial in their own rights, do not capture the essence of how "float" specifically aids insurance companies financially. Reducing administrative costs, improving customer satisfaction, or enhancing risk assessment are valuable goals for any business, but they do not directly relate to the concept of float and its investment potential.*

## 6. How does Sola assess property premiums?

- A. Based on the policyholder's credit score.
- B. Based solely on the property's risk.**
- C. Based on the age of the property.
- D. Based on market value of the property.

*Sola assesses property premiums based primarily on the property's risk, which encompasses various factors that contribute to the likelihood and potential severity of claims. This risk assessment typically includes considerations such as the property's location, age, construction type, and safety features, among other aspects. By focusing on the inherent risks associated with the property itself, Sola can more accurately calculate premiums that reflect the potential cost of insuring that property. This approach ensures that premiums are aligned with the specific risks involved, allowing for a fair pricing structure that protects both the insurer and the insured. The other options may play a role in determining premiums but do not constitute the primary basis for assessment. While credit scores can influence a policyholder's overall insurance costs and the age of the property might impact its risk profile, the central factor remains the comprehensive evaluation of the property's specific risks. Similarly, market value could be a consideration but does not directly correlate with the risk of loss from insurable events.*

## 7. What constitutes insurance fraud?

- A. Legitimate claims filed by policyholders
- B. Acts intended to deceive insurers for undeserved benefits**
- C. Misunderstandings in the claims process
- D. Procedures to revise policy terms

*Insurance fraud is defined as acts intended to deceive insurers for undeserved benefits. This involves any intentional misrepresentation or omission of information that is crucial to the underwriting or claims process. Fraud can manifest in various ways, such as submitting false claims, exaggerating losses, or providing inaccurate information about the insured property or person. The key factor here is the intent to deceive, which differentiates fraud from legitimate claims or simple misunderstandings. Each of those options represents situations unrelated to the willful intent to commit dishonest practices for financial gain. Therefore, understanding the nature of insurance fraud is critical for both insurers and policyholders to maintain the integrity of the insurance system and ensure that claims processes are fair and just for everyone involved.*

## 8. What initial costs must be paid when a client purchases a policy on a monthly payment plan?

- A. Only the first month's premium.
- B. First month, last month, and policy fees.**
- C. Only the policy fees.
- D. Last month and policy fees only.

*When a client purchases a policy on a monthly payment plan, the initial costs typically include the first month's premium, the last month's premium, and any applicable policy fees. The first month's premium is necessary to activate the coverage right away. The last month's premium acts as a kind of security deposit, ensuring that the insurer has some upfront payment to cover part of the future monthly premiums. Policy fees are often associated with administrative costs and processing the policy, and these are generally required at the time of purchase to establish and maintain the policy effectively. In this way, the correct answer encompasses all the necessary upfront costs required to start the policy smoothly and maintain its active status from the very beginning.*

## 9. What is the primary purpose of liability insurance?

- A. To cover theft of property
- B. To protect against claims resulting from injuries or damage**
- C. To ensure timely payment of premiums
- D. To cover medical expenses for the insured

*Liability insurance is designed specifically to protect individuals and businesses from the financial consequences of claims that arise due to injuries or damages they may cause to others. This includes legal defense costs and any settlements or judgments that may result from lawsuits. For instance, if someone is accidentally injured on your property, liability insurance would help cover the associated costs and legal fees, thereby providing financial protection. The alternatives focus on other aspects of insurance. For example, covering theft of property pertains to property insurance rather than liability. Timely payment of premiums is a requirement for maintaining coverage but does not reflect the purpose of liability insurance itself. Lastly, while covering medical expenses for the insured relates to health or personal injury insurance, it does not address the protective function of liability insurance regarding third-party claims. Thus, the primary focus of liability insurance remains on safeguarding against claims related to injuries or damages caused by the insured.*

## 10. How is "coinsurance" different from a copayment?

- A. Coinsurance is a flat fee; copayment is a percentage
- B. Coinsurance applies after a deductible; copayment does not**
- C. Coinsurance covers all services; copayment covers none
- D. Coinsurance requires no out-of-pocket costs

*Coinsurance is a payment structure in health insurance where the insured pays a certain percentage of the costs of a covered healthcare service after they have satisfied their deductible. Essentially, after the deductible is met, the insurer and the insured share the expenses based on the agreed percentage, which is where the term "coinsurance" comes into play. For instance, if a plan has a 20% coinsurance, the insured pays 20% of the covered costs, while the insurance company pays the remaining 80%. On the other hand, a copayment (often referred to as a "copay") is a fixed amount that the insured pays for a specific service at the time of receiving care, regardless of whether the deductible has been met. For example, an insured might have a copayment of \$25 for a doctor's visit and would pay that amount even if they have not fulfilled their deductible. Thus, since coinsurance applies to expenses after a deductible has been met while a copayment does not factor in the deductible, the correct differentiation between these two concepts is clearly outlined in the response.*

## 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://solainsurance.examzify.com>

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

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