

VERMONT LIFE, ACCIDENT & HEALTH (LAH) INSURANCE PRACTICE EXAM (SAMPLE) STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE**

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Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	8
Explanations	10
Next Steps	15

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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 is the difference between a PPO and an HMO?

- A. PPOs offer more flexibility; HMOs require a primary care physician
- B. PPOs are cheaper; HMOs have more providers
- C. PPOs cover out-of-network services; HMOs do not
- D. PPOs are group policies; HMOs are individual policies

2. What does ADandD stand for in insurance?

- A. Accidental Death and Dismemberment
- B. Annual Deductible and Depreciation
- C. Accident Disability and Disfigurement
- D. Assured Death and Disability

3. What is the timeframe insurers must adhere to for paying claims under the Prompt Pay Law?

- A. 15 days
- B. 30 days
- C. 45 days
- D. 60 days

4. What is the primary financial benefit that life insurance provides?

- A. Regular income during retirement
- B. A lump-sum payout to beneficiaries upon death
- C. Funds for medical emergencies
- D. Payout for living expenses while insured

5. In health insurance, what is a "provider"?

- A. A healthcare professional or facility that delivers medical services or treatment
- B. An organization that creates health insurance policies
- C. A government entity that regulates insurance companies
- D. A patient who receives health care services

- 6. How is coinsurance defined in health insurance terms?**
- A. A fixed fee for services
 - B. A flat monthly premium
 - C. A percentage of costs after the deductible is met
 - D. A type of copayment arrangement
- 7. Which of the following describes premiums in health insurance?**
- A. The total amount paid after claims
 - B. The monthly payments made for coverage
 - C. The deductible amount before coverage starts
 - D. The costs associated with medical tests
- 8. What characterizes a beneficiary designation?**
- A. It must always be revocable.
 - B. It can either be revocable or irrevocable.
 - C. It is only applicable to life insurance policies.
 - D. It can only be changed once during the policy's life.
- 9. Which of the following is NOT an essential component of the Affordable Care Act (ACA)?**
- A. Coverage for preventive services without cost sharing
 - B. Minimum standards for health insurance provided to employees
 - C. Prohibition against annual and lifetime limits on essential health benefits
 - D. Elimination of tax credits for low-income individuals
- 10. What characterizes term life insurance?**
- A. Coverage for the insured's entire life with a cash component
 - B. Coverage for a specified period, typically at lower initial premiums
 - C. Coverage that accumulates dividends for the policyholder
 - D. Coverage that only pays in case of accidental death

Answers

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

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Explanations

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1. What is the difference between a PPO and an HMO?

- A. PPOs offer more flexibility; HMOs require a primary care physician**
- B. PPOs are cheaper; HMOs have more providers
- C. PPOs cover out-of-network services; HMOs do not
- D. PPOs are group policies; HMOs are individual policies

The correct choice highlights the primary characteristics that distinguish a Preferred Provider Organization (PPO) from a Health Maintenance Organization (HMO). PPOs are designed to provide more flexibility in choosing healthcare providers. Members of a PPO plan can see specialists and out-of-network providers without requiring a referral, which contrasts sharply with the structure of HMOs. HMOs, on the other hand, typically require members to select a primary care physician (PCP), who serves as a gatekeeper to manage and coordinate all aspects of their healthcare. This means that if a member wishes to see a specialist or receive certain services, they often first need to obtain a referral from their PCP. Such a system restricts choices but can lead to lower costs and a more coordinated care approach. While the other options cover various aspects of PPOs and HMOs, they do not accurately encapsulate the foundational structural differences that the correct choice addresses. Options regarding cost comparisons or provider availability do not capture the critical operational elements of flexibility and referral requirements that are key to understanding the differences between these two types of health insurance plans.

2. What does ADandD stand for in insurance?

- A. Accidental Death and Dismemberment**
- B. Annual Deductible and Depreciation
- C. Accident Disability and Disfigurement
- D. Assured Death and Disability

ADandD stands for Accidental Death and Dismemberment. This type of insurance provides benefits to the policyholder or their beneficiaries in the event of an accident that leads to death or the loss of a limb or other significant body part. The importance of ADandD lies in its specific focus on accidents, distinguishing it from other forms of life insurance that may cover death by natural causes. The policy typically pays a lump sum for accidental death, and also provides varying amounts for dismemberment based on the severity and nature of the injury. By offering this targeted coverage, ADandD serves as an additional layer of financial protection for individuals and families facing the consequences of unexpected and severe accidents. This definition aligns closely with the needs of clients looking for supplemental insurance options that specifically address the risks associated with accidents. Understanding the particulars of such insurance can help individuals make informed decisions about their coverage needs.

3. What is the timeframe insurers must adhere to for paying claims under the Prompt Pay Law?

- A. 15 days
- B. 30 days**
- C. 45 days
- D. 60 days

Under Vermont's Prompt Pay Law, insurers are required to pay claims within 30 days of receiving the claim. This timeframe is established to ensure that policyholders receive timely payments for their claims, contributing to a more efficient processing system and improving customer satisfaction. By adhering to a 30-day requirement, insurers can maintain a standard that supports the financial well-being of their clients, as delayed payments can result in significant hardships for those relying on timely reimbursements. This law provides a framework that balances the need for insurers to thoroughly review and process claims while also ensuring that the interests of policyholders are prioritized.

4. What is the primary financial benefit that life insurance provides?

- A. Regular income during retirement
- B. A lump-sum payout to beneficiaries upon death**
- C. Funds for medical emergencies
- D. Payout for living expenses while insured

Life insurance primarily serves to provide financial security for beneficiaries in the event of the policyholder's death. The key feature of life insurance is the lump-sum payout that is delivered to the beneficiaries upon the death of the insured. This payout can be crucial for the family members or dependents left behind, as it can help cover immediate expenses such as funeral costs, debts, and ongoing living expenses, ensuring that the family's financial needs are met during a difficult time. While other options may represent valid financial products or services—like retirement income or medical emergency funds—these do not encapsulate the fundamental purpose of life insurance. The essence of life insurance is to provide a financial safety net for loved ones, which underscores why a lump-sum payout to beneficiaries upon death is the primary financial benefit it offers.

5. In health insurance, what is a "provider"?

- A. A healthcare professional or facility that delivers medical services or treatment**
- B. An organization that creates health insurance policies
- C. A government entity that regulates insurance companies
- D. A patient who receives health care services

In the context of health insurance, a "provider" refers to a healthcare professional or facility that delivers medical services or treatment. This includes a wide range of individuals and entities such as doctors, nurses, hospitals, clinics, and other healthcare practitioners who are responsible for offering care and services to patients. Providers play a crucial role in the healthcare system as they are the ones who diagnose, treat, and manage various health conditions for patients. Understanding the role of providers is essential for those involved in health insurance as it directly relates to the delivery of covered services. They are typically part of a network that insurers work with to offer care to policyholders, and their interactions with patients often dictate how insurance claims are processed and reimbursed. The other options relate to different aspects of the healthcare and insurance landscape. Some describe aspects of the insurance industry or regulatory body roles, which do not align with the specific definition of a provider in health insurance.

6. How is coinsurance defined in health insurance terms?

- A. A fixed fee for services
- B. A flat monthly premium
- C. A percentage of costs after the deductible is met**
- D. A type of copayment arrangement

Coinurance in health insurance is defined as a percentage of the costs of covered medical services that the insured is responsible for paying, after the deductible has been met. This arrangement typically means that once an individual has paid their deductible, they share the costs with the insurance company at a predetermined percentage. For example, if a plan has an 80/20 coinsurance arrangement, the insurer would pay 80% of the medical expenses, leaving the policyholder to pay the remaining 20%. This concept is particularly important because it affects how much a policyholder will pay out-of-pocket during healthcare usage and helps to alleviate the burden on insurance by ensuring that consumers have a shared responsibility for their healthcare expenses. Understanding coinsurance is crucial for policyholders as it directly impacts their financial obligations when receiving medical care.

7. Which of the following describes premiums in health insurance?

- A. The total amount paid after claims
- B. The monthly payments made for coverage**
- C. The deductible amount before coverage starts
- D. The costs associated with medical tests

Premiums in health insurance refer specifically to the regular payments made by individuals or employers to maintain coverage provided by the insurance policy. These payments can be made on a monthly, quarterly, or annual basis and are essential for keeping the policy active. By paying premiums, insured individuals ensure that they have access to medical services and financial protection against high medical costs when needed. The other options describe different aspects of health insurance but do not define premiums. The total amount paid after claims relates to out-of-pocket costs but is not the premium itself. The deductible is the amount an insured person must pay out of pocket before coverage begins, which is also separate from the concept of premiums. Lastly, the costs associated with medical tests pertain to specific medical expenses rather than the payments made for the insurance coverage itself. Thus, the definition of premiums as the regular payments for coverage aligns accurately with option B.

8. What characterizes a beneficiary designation?

- A. It must always be revocable.
- B. It can either be revocable or irrevocable.**
- C. It is only applicable to life insurance policies.
- D. It can only be changed once during the policy's life.

A beneficiary designation is characterized by the fact that it can be either revocable or irrevocable. This flexibility allows the policyholder to choose how they want to manage their beneficiary designations in relation to their financial planning and personal preferences. When a designation is revocable, the policyholder can change the beneficiary at any time without needing the consent of the initial beneficiary. This is beneficial for situations where the policyholder's circumstances change, such as marriage, divorce, or the birth of a child. On the other hand, an irrevocable designation means that once a beneficiary is named, the policyholder cannot change the beneficiary without consent from that beneficiary. This is often chosen in contexts where the policyholder wants to ensure that a specific individual receives the benefits, often seen in divorce settlements or trusts. This aspect of beneficiary designations applies not only to life insurance policies but can also extend to other types of insurance contracts. Thus, recognizing that designations can vary in their nature by being either revocable or irrevocable is essential for understanding how to manage insurance policies effectively.

9. Which of the following is NOT an essential component of the Affordable Care Act (ACA)?

- A. Coverage for preventive services without cost sharing
- B. Minimum standards for health insurance provided to employees
- C. Prohibition against annual and lifetime limits on essential health benefits
- D. Elimination of tax credits for low-income individuals**

The Affordable Care Act (ACA) was designed to expand access to health insurance and improve health care quality in the United States. Among its essential components, providing coverage for preventive services without cost sharing is critical, as it encourages individuals to seek preventive care and ultimately leads to better health outcomes. Establishing minimum standards for health insurance coverage helps ensure that all plans offer a baseline of essential services, which is fundamental to protecting consumers. Prohibiting annual and lifetime limits on essential health benefits is important in ensuring that individuals do not face financial ruin due to high medical costs, as this ensures lifelong access to necessary care. On the other hand, the elimination of tax credits for low-income individuals is not an essential component of the ACA. In fact, the ACA includes provisions to provide tax credits to low-income individuals and families to make health insurance more affordable, thereby encouraging enrollment in coverage. The absence of tax credits would contradict the goals of the ACA, which aims to increase accessibility to health care for those who might otherwise not afford it. Therefore, this option does not align with the fundamental tenets of the ACA.

10. What characterizes term life insurance?

- A. Coverage for the insured's entire life with a cash component
- B. Coverage for a specified period, typically at lower initial premiums**
- C. Coverage that accumulates dividends for the policyholder
- D. Coverage that only pays in case of accidental death

Term life insurance is characterized by providing coverage for a specified period, which is often in years, such as 10, 20, or 30 years. This type of insurance is designed to offer a death benefit to the beneficiaries if the insured passes away during the term of the policy. One of the main advantages of term life insurance is that it typically comes with lower initial premiums compared to permanent life insurance options. This makes it more accessible for individuals seeking affordable coverage. The premiums are usually fixed for the length of the term, and once the term expires, the coverage ends unless it is renewed or converted to a different type of policy. The other choices describe characteristics of different types of life insurance. For example, covering one's entire life with a cash component refers to permanent life insurance, which builds cash value over time. The suggestion of accumulating dividends pertains to participating policies in whole life insurance, while the idea of only paying in case of accidental death aligns with accidental death and dismemberment insurance rather than traditional term life coverage.

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://vermontlahinsurance.examzify.com>

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

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