

Vermont Life and Health Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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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 type of insurance is designed to cover the cost of medical care for long-term illnesses?**
 - A. Health insurance**
 - B. Life insurance**
 - C. Long-term care insurance**
 - D. Disability insurance**

- 2. Inpatient Psychiatric Care is covered under Medicare Part A insurance for how many days per lifetime?**
 - A. 60 days**
 - B. 90 days**
 - C. 120 days**
 - D. 190 days**

- 3. When issuing disability income coverage on a substandard risk, what might an insurance company do?**
 - A. Increase the benefit amount**
 - B. Shorten the benefit period**
 - C. Eliminate the waiting period**
 - D. Raise the premium amount**

- 4. What is typically required for a long-term care policy to provide benefits?**
 - A. Routine check-ups**
 - B. Daily living assistance**
 - C. Temporary disability certification**
 - D. Immediate hospitalization**

- 5. What type of insurance is primarily designed to cover large medical expenses?**
 - A. Health maintenance organization (HMO)**
 - B. Major medical insurance**
 - C. Critical illness insurance**
 - D. Catastrophic insurance**

6. An employer pays the accident and health insurance premiums for its employees. The premiums paid by the employer are:

- A. Non-deductible to the business**
- B. Fully taxable to the employees**
- C. Deductible to the business**
- D. Considered personal expenses**

7. Long-term care policies typically cover which type of expenses?

- A. Prescriptions medication**
- B. Nursing homes**
- C. Ambulance services**
- D. Outpatient therapy**

8. An insurer wishing to conduct business must obtain what?

- A. Business license**
- B. Certificate of authority**
- C. Insurance bond**
- D. State permit**

9. An insurance company marketing a new health insurance policy in Vermont finds a provision conflicting with state law. What action must the insurer take?

- A. The provision must be eliminated entirely**
- B. The provision must be amended to confirm the minimum statutory requirements**
- C. The policy must be withdrawn from the market**
- D. The insurer must obtain special permission from the state**

10. What is a Keogh Plan?

- A. A retirement plan for self-employed individuals**
- B. A type of insurance policy**
- C. A government-funded retirement program**
- D. A health insurance plan**

Answers

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

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Explanations

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1. What type of insurance is designed to cover the cost of medical care for long-term illnesses?

- A. Health insurance**
- B. Life insurance**
- C. Long-term care insurance**
- D. Disability insurance**

Long-term care insurance is specifically designed to cover the costs associated with medical care for individuals who experience prolonged illnesses or disabilities that require assistance with daily living activities. This type of insurance plays a crucial role in providing financial support for services such as nursing home care, assisted living facilities, and in-home health care, which may not be fully covered by regular health insurance. Unlike health insurance, which typically focuses on short-term medical expenses, long-term care insurance addresses the unique needs of those requiring extended support due to chronic health conditions. Life insurance, on the other hand, offers financial protection to beneficiaries in the event of the policyholder's death, and disability insurance provides income replacement when an individual is unable to work due to a disabling condition. Hence, the choice of long-term care insurance is pertinent when it comes to addressing costs associated directly with long-term medical care.

2. Inpatient Psychiatric Care is covered under Medicare Part A insurance for how many days per lifetime?

- A. 60 days**
- B. 90 days**
- C. 120 days**
- D. 190 days**

Medicare Part A provides coverage for inpatient psychiatric care, specifically allowing beneficiaries to access this level of care when medically necessary. The correct duration of coverage for inpatient psychiatric care under Medicare Part A is 190 days over a beneficiary's lifetime. This benefit is distinct from the coverage of other hospital stays, which have different criteria and limits. Inpatient psychiatric care encompasses treatment provided in a psychiatric hospital or an inpatient program within a general hospital. The lifetime limit of 190 days is specifically designed to ensure that beneficiaries have a significant length of time available to receive care if needed, while still encouraging outpatient alternatives when appropriate. This limit is especially crucial for individuals who may experience recurring mental health issues requiring hospitalization. Other choices do not reflect the correct lifetime limit; for instance, 60, 90, and 120 days are general limits found in a variety of other Medicare coverage contexts but do not apply to inpatient psychiatric care. Understanding these specific parameters helps ensure that beneficiaries can effectively navigate their Medicare coverage as it applies to mental health services.

3. When issuing disability income coverage on a substandard risk, what might an insurance company do?

- A. Increase the benefit amount**
- B. Shorten the benefit period**
- C. Eliminate the waiting period**
- D. Raise the premium amount**

When an insurance company issues disability income coverage to a substandard risk, they often take measures to mitigate the increased risk associated with that individual. One common approach is to shorten the benefit period. This means that the insurance company limits the length of time for which benefits will be paid if the insured becomes disabled. Substandard risks are individuals who may have health issues, occupational hazards, or behaviors that make them more likely to file a claim on their policy. By shortening the benefit period, the insurer reduces the potential liability, as they are not responsible for paying benefits for as long a duration as they would for someone deemed a standard risk. This helps the company manage its risk exposure while still providing some level of coverage to the insured, balancing protection for the individual with the insurer's need to maintain financial stability. Increasing the benefit amount, eliminating the waiting period, or raising the premium amount could also be potential adjustments in response to a substandard risk; however, shortening the benefit period is a more direct way to address the heightened chance of claims in this scenario.

4. What is typically required for a long-term care policy to provide benefits?

- A. Routine check-ups**
- B. Daily living assistance**
- C. Temporary disability certification**
- D. Immediate hospitalization**

For a long-term care policy to provide benefits, it is typically required that the insured demonstrates a need for assistance with daily living activities. These activities often include essential tasks such as bathing, dressing, eating, toileting, and transferring. The purpose of long-term care insurance is to help cover the costs associated with care needed when an individual is unable to perform these activities independently due to chronic illness, disability, or cognitive impairment. This requirement ensures that the policy is used for its intended purpose, which is to support individuals in maintaining their quality of life when they face limitations in their ability to care for themselves. Other options do not align with the primary focus of long-term care policies. For instance, routine check-ups and temporary disability certifications are more related to general healthcare needs or short-term disabilities, while immediate hospitalization is focused on urgent medical care rather than ongoing assistance with personal care. Therefore, daily living assistance is the key factor that typically qualifies an insured for benefits under a long-term care policy.

5. What type of insurance is primarily designed to cover large medical expenses?

- A. Health maintenance organization (HMO)**
- B. Major medical insurance**
- C. Critical illness insurance**
- D. Catastrophic insurance**

Major medical insurance is specifically designed to cover large medical expenses that arise from significant illness or injury. This type of insurance typically provides a comprehensive range of benefits, including coverage for hospital stays, surgeries, and other high-cost medical services. It often features a higher deductible and co-insurance arrangement, but it offers robust protection against major healthcare costs, making it essential for individuals who want to safeguard themselves against financial burdens arising from unforeseen medical issues. Health maintenance organizations (HMOs) focus more on preventive care and a network of providers rather than exclusively covering large medical expenses. While critical illness insurance provides a payout if a specified serious illness occurs, it does not cover ongoing medical expenses related to treatment. Catastrophic insurance offers limited coverage for worst-case scenarios, usually with high deductibles, but it may not extend to the breadth of expenses covered by major medical insurance. Thus, major medical insurance stands out as the most appropriate type for handling extensive medical costs.

6. An employer pays the accident and health insurance premiums for its employees. The premiums paid by the employer are:

- A. Non-deductible to the business**
- B. Fully taxable to the employees**
- C. Deductible to the business**
- D. Considered personal expenses**

The premiums paid by an employer for accident and health insurance for its employees are considered deductible business expenses. This means that the employer can deduct the cost of these premiums from their taxable income. This deduction helps offset the cost of providing health benefits to employees, which is an important component of employee compensation. When an employer provides health insurance, it is seen as a benefit that can help attract and retain talent. The deduction contributes to the overall financial strategy of a business, allowing it to manage expenses efficiently while providing valuable benefits to its workforce. In contrast, amounts related to personal expenses for employees, such as individual health policies purchased outside of employment context, do not qualify for a business deduction. Similarly, if the premiums were fully taxable to the employees, it would negate the advantage of providing the insurance as a benefit, since it would be considered part of their taxable income. Therefore, the characterization of these premiums aligns with the business deduction framework established in tax regulations, making the correct choice clear.

7. Long-term care policies typically cover which type of expenses?

- A. Prescriptions medication**
- B. Nursing homes**
- C. Ambulance services**
- D. Outpatient therapy**

Long-term care policies are specifically designed to provide coverage for various types of care that individuals may need over an extended period, typically when they are unable to perform daily activities due to chronic illness, disability, or cognitive impairment.

Nursing homes are a key component of long-term care, as they offer institutional care for those who require assistance with daily living activities and medical supervision. While prescription medications, ambulance services, and outpatient therapy may be important components of a person's overall healthcare plan, they are not the primary focus of long-term care policies. These policies primarily address the costs associated with facilities and services aimed at providing personal care and continuing support, which is best exemplified by nursing homes. Therefore, the coverage of nursing home expenses is a defining aspect of what long-term care insurance is intended to provide, making it the correct choice in this context.

8. An insurer wishing to conduct business must obtain what?

- A. Business license**
- B. Certificate of authority**
- C. Insurance bond**
- D. State permit**

To legally conduct business, an insurer must obtain a certificate of authority. This certificate is essential as it serves as official recognition from a state regulatory agency, granting the insurer the permission to operate within that particular jurisdiction. The process of acquiring a certificate of authority involves strict compliance with state insurance laws, which includes meeting capital and surplus requirements, submitting documentation, and often undergoing rigorous financial and operational assessments. This regulation is critical for ensuring that only qualified and financially stable companies can sell insurance products, thereby protecting consumers and maintaining trust in the insurance marketplace. Without this certification, an insurer would be operating illegally, which exposes them to severe penalties and damages their reputation. While a business license, insurance bond, and state permit are often required for various types of business operations, the certificate of authority is specifically the document that allows an insurer to offer insurance coverage legally.

9. An insurance company marketing a new health insurance policy in Vermont finds a provision conflicting with state law. What action must the insurer take?

- A. The provision must be eliminated entirely**
- B. The provision must be amended to confirm the minimum statutory requirements**
- C. The policy must be withdrawn from the market**
- D. The insurer must obtain special permission from the state**

The correct course of action for the insurer is to amend the provision to align with Vermont's minimum statutory requirements. This is important because insurance policies must adhere to state laws, which are designed to protect consumers and ensure that coverage meets certain standards. By amending the provision, the insurer can maintain the policy in compliance with state regulations while potentially retaining its intended benefits. Eliminating the provision entirely may not be necessary or desirable, as it could strip away important coverage features that benefit policyholders. While withdrawing the policy from the market could be an option if compliance isn't achievable, it is generally preferable to revise the policy to meet legal requirements rather than take such drastic action. Seeking special permission from the state can be an option in certain circumstances, but typically, amending the policy to meet minimum statutory requirements is a more straightforward and effective solution. This approach demonstrates the insurer's commitment to compliance and consumer protection within the framework established by state law.

10. What is a Keogh Plan?

- A. A retirement plan for self-employed individuals**
- B. A type of insurance policy**
- C. A government-funded retirement program**
- D. A health insurance plan**

A Keogh Plan is a specific type of retirement plan designed for self-employed individuals and unincorporated businesses. This type of plan allows these individuals to contribute a percentage of their income toward their retirement savings, providing them with a tax-advantaged means of saving for the future. The contributions made to a Keogh Plan can be deductible from taxable income, which can significantly benefit self-employed individuals who may not have access to employer-sponsored retirement options. The aim of Keogh Plans is to encourage self-employed workers to save more for retirement, matching some of the benefits that employees receive through traditional employer-sponsored plans. Because they are particularly tailored for self-employed individuals, other options like insurance policies, government-funded programs, or health insurance plans do not apply, as they serve entirely different purposes in financial planning and health 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://vermontlifeandhealth.examzify.com>

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

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