

WEBCE INSURANCE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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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 concurrent causation and how does it affect coverage when multiple perils cause a loss?**
 - A. If more than one peril causes a loss, coverage depends on the dominant or efficient cause; if the dominant cause is covered, loss may be covered.
 - B. If two perils occur, the insurer always pays both.
 - C. If a loss is caused by a peril that is excluded, there is never any coverage.
 - D. If multiple perils cause a loss, the insurer selects the cheaper remedy.
- 2. Which of the following is a duty of the insured after a loss?**
 - A. Hire a Public Adjuster
 - B. Prolong the Investigation
 - C. Cooperate with the Investigation
 - D. Cancel the Policy Immediately
- 3. Which benefit is likely to be provided by workers' compensation?**
 - A. Burial Allowance
 - B. Disability Benefits
 - C. Health Savings Account
 - D. Vacation Pay
- 4. What are the core expectations described in fair claims practices?**
 - A. Timely acknowledgment, prompt investigation, fair settlement, and clear communications; no misrepresentation or bias.
 - B. Fast payout with no documentation.
 - C. Deny claims quickly.
 - D. Delays and obfuscation.
- 5. How do actual cash value and replacement cost affect claim settlements in property insurance?**
 - A. ACV pays the depreciated value of the damaged property.
 - B. RC pays to replace with new property, subject to policy limits.
 - C. ACV pays depreciated value; RC pays to replace with new property (often subject to policy limits and appraisals).
 - D. RC pays market value at time of loss.

- 6. What is the purpose of a nonrenewal notice?**
- A. To increase the policy premium during renewal
 - B. To inform the insured that the insurer will not renew the policy at the end of the current term.
 - C. To change the insured's beneficiary
 - D. To extend the term of the policy
- 7. As defined by the DRA, an insured participating in a state partnership program may be eligible for an exemption to Medicaid's asset spend-down rule equal to:**
- A. the total premiums paid
 - B. the total lifetime benefits paid through an LTC partnership policy
 - C. the cash surrender value
 - D. the face value of the policy
- 8. Name the major sections of the Personal Auto Policy (PAP) and their general purpose.**
- A. Part A: Property; Part B: Medical Payments; Part C: Uninsured/Underinsured Motorists; Part D: Collision.
 - B. Part A: Liability; Part B: Medical Payments; Part C: Uninsured/Underinsured Motorists; Part D: Damage to your auto.
 - C. Part A: Medical; Part B: Liability; Part C: Personal Injury Coverage; Part D: Roadside.
 - D. Part A: Bodily Injury; Part B: Liability; Part C: Personal Injury Protection; Part D: Collision.
- 9. Which factors do underwriters typically consider when underwriting life insurance?**
- A. Age, Health, Medical History, Family History, Lifestyle, and Risky Hobbies
 - B. Height and Eye Color
 - C. Vehicle Type and Ownership Status
 - D. Employment Status and Income

10. Direct premium refers to which portion of the premium?

- A. The portion of premium used to pay taxes and fees
- B. The portion of premium allocated to the insured for risk
- C. The portion of premium allocated to the insurer for assuming risk before deductions for agents' commissions and other charges
- D. The portion of premium allocated to reinsurers

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Answers

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

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Explanations

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1. What is concurrent causation and how does it affect coverage when multiple perils cause a loss?

A. If more than one peril causes a loss, coverage depends on the dominant or efficient cause; if the dominant cause is covered, loss may be covered.

B. If two perils occur, the insurer always pays both.

C. If a loss is caused by a peril that is excluded, there is never any coverage.

D. If multiple perils cause a loss, the insurer selects the cheaper remedy.

Concurrent causation arises when more than one peril contributes to the same loss. In property insurance, the determination centers on the most significant event that set the chain of events in motion—the proximate or efficient cause. Under this approach, if that dominant cause is a peril the policy covers, the loss can be covered even if another peril also contributed. If the dominant cause is an excluded peril, the loss is not covered, even though a covered peril was involved. For example, if wind damage (a covered peril) initiates a roof failure and water damage results from the same incident, the claim is covered because wind was the proximate cause. If a flood (an excluded peril) is the primary driver of the loss, coverage would likely be denied—even if wind contributed—because the efficient proximate cause was the excluded peril. The other statements aren't accurate because they imply automatic coverage for multiple perils, or blanket denial of coverage when an excluded peril is involved, or a mechanic where the insurer simply picks the cheaper remedy. In reality, the ruling hinges on which cause was the dominant one.

2. Which of the following is a duty of the insured after a loss?

A. Hire a Public Adjuster

B. Prolong the Investigation

C. Cooperate with the Investigation

D. Cancel the Policy Immediately

Cooperating with the insurer's investigation is the insured's duty after a loss. When a claim is filed, the insurer needs to verify facts, assess damages, and determine coverage. The insured helps by providing truthful information, making records and documents available, allowing inspections or appraisals, supplying receipts or estimates, and answering questions honestly. This cooperation keeps the claims process fair and efficient and helps prevent disputes or fraud. Hiring a public adjuster isn't a required duty; it's an optional step some policyholders take to assist with their claim. Deliberately prolonging the investigation or canceling the policy immediately aren't duties and would generally hinder the claims process and isn't appropriate.

3. Which benefit is likely to be provided by workers' compensation?

A. Burial Allowance

B. Disability Benefits

C. Health Savings Account

D. Vacation Pay

Workers' compensation primarily provides income protection for workers who can't work because of a job-related injury or illness. The core benefit is disability benefits, which replace a portion of wages during the time off work. These benefits can be temporary while you recover or permanent if the injury limits your ability to work. In addition to wage replacement, workers' comp typically covers medical expenses tied to the injury and may offer vocational rehabilitation. Burial allowances exist as a death benefit in some programs, but they're not the typical benefit for an injured worker seeking income protection. Health Savings Accounts and vacation pay are not provided by workers' compensation. So, disability benefits are the most likely benefit provided.

4. What are the core expectations described in fair claims practices?

- A. Timely acknowledgment, prompt investigation, fair settlement, and clear communications; no misrepresentation or bias.
- B. Fast payout with no documentation.
- C. Deny claims quickly.
- D. Delays and obfuscation.

Fair claims practices are about handling claims in a way that is prompt, transparent, and fair. The essential expectations are to acknowledge the claim promptly, investigate it promptly and thoroughly, reach a fair settlement based on the policy terms, and keep the insured informed with clear, honest communications throughout the process. Importantly, there should be no misrepresentation or bias in how the claim is evaluated or treated. This combination ensures claimants know where things stand, understand what's required, and receive a settlement that reflects the policy rightfully. The other options miss this balance: paying out quickly without proper documentation undermines accuracy and accountability; denying claims hastily bypasses careful review and policy terms; and delays or obfuscation erode trust and can violate regulations.

5. How do actual cash value and replacement cost affect claim settlements in property insurance?

- A. ACV pays the depreciated value of the damaged property.
- B. RC pays to replace with new property, subject to policy limits.
- C. ACV pays depreciated value; RC pays to replace with new property (often subject to policy limits and appraisals).
- D. RC pays market value at time of loss.

In property insurance, the amount you receive depends on whether your policy pays Actual Cash Value or Replacement Cost. Actual Cash Value means you're getting the value of the item as of the loss, after accounting for depreciation. So depreciation reduces the payout to reflect wear, age, or obsolescence. Replacement Cost coverage, on the other hand, aims to restore you by paying enough to replace the damaged item with a new one of like kind and quality at current prices, rather than the depreciated amount. This is typically limited by the policy's limits and can involve appraisals to determine the current replacement cost. So, the correct idea is that Actual Cash Value pays the depreciated value, while Replacement Cost pays to replace with new property, up to what the policy allows and, at times, as determined through appraisals.

6. What is the purpose of a nonrenewal notice?

- A. To increase the policy premium during renewal
- B. To inform the insured that the insurer will not renew the policy at the end of the current term.
- C. To change the insured's beneficiary
- D. To extend the term of the policy

Nonrenewal notices are used to inform the insured that the insurer will not continue coverage once the current policy term ends. This notice is sent before expiration so the insured has time to shop for a new policy or make other arrangements. It's about ending the policy at the renewal point, not about changing premiums during renewal, altering beneficiaries, or extending the term. So the purpose is simply to communicate that renewal will not occur.

7. As defined by the DRA, an insured participating in a state partnership program may be eligible for an exemption to Medicaid's asset spend-down rule equal to:

- A. the total premiums paid
- B. the total lifetime benefits paid through an LTC partnership policy
- C. the cash surrender value
- D. the face value of the policy**

Under Medicaid's asset spend-down rules, state long-term care partnership programs allow an exemption tied to a life insurance policy. The Deficit Reduction Act lets the policy's face value be disregarded when calculating countable assets for eligibility. This means the amount you can exclude from assets is the policy's face value, not the cash value, premiums paid, or benefits already paid. So, if you have a partnership policy with a face value of \$X, up to that amount can be protected in the spend-down calculation. The other options don't provide this exclusion: premiums paid aren't an asset to be excluded, lifetime benefits paid are expenditures, and cash surrender value is typically counted as an asset rather than exempt. Therefore, the exemption equals the face value of the policy.

8. Name the major sections of the Personal Auto Policy (PAP) and their general purpose.

- A. Part A: Property; Part B: Medical Payments; Part C: Uninsured/Underinsured Motorists; Part D: Collision.
- B. Part A: Liability; Part B: Medical Payments; Part C: Uninsured/Underinsured Motorists; Part D: Damage to your auto.
- C. Part A: Medical; Part B: Liability; Part C: Personal Injury Coverage; Part D: Roadside.
- D. Part A: Bodily Injury; Part B: Liability; Part C: Personal Injury Protection; Part D: Collision.**

The question tests how a Personal Auto Policy is organized by what it protects and against what kind of loss. A PAP groups coverage into sections that distinguish protection for others, protection for you, and protection for your own vehicle. Bodily Injury under the liability framework covers injuries you cause to other people, including their medical costs and related expenses, up to policy limits. The liability portion also generally includes coverage for damage you cause to someone else's property. Personal Injury Protection then steps in to pay medical expenses and sometimes lost wages for you and your passengers, regardless of who was at fault. Finally, Collision provides coverage for damage to your own car when you collide with another vehicle or object, again up to the policy's limits and subject to deductibles. This four-part structure—addressing injuries to others (bodily injury and the broader liability concept), your own medical costs (PIP), and damage to your own vehicle (collision)—best reflects the major sections and their general purposes in a PAP. The other options mix in coverages that aren't part of this core four-section framing (like uninsured motorist or roadside elements) in the same way.

9. Which factors do underwriters typically consider when underwriting life insurance?

- A. Age, Health, Medical History, Family History, Lifestyle, and Risky Hobbies**
- B. Height and Eye Color
- C. Vehicle Type and Ownership Status
- D. Employment Status and Income

Underwriting life insurance focuses on factors that affect how long a person is likely to live. The most important inputs are age, health, medical history, family history, lifestyle, and riskier hobbies. Age matters because the older you are, the higher the baseline risk of death, so premiums generally rise with age. Health and medical history reveal current and past conditions that can shorten life expectancy; recent illnesses, chronic diseases, or past surgeries increase risk and influence the policy's cost. Family history signals potential genetic risks that could affect longevity. Lifestyle covers habits such as smoking, alcohol use, exercise, diet, and overall wellness, all of which impact mortality risk. Risky hobbies—activities with higher chances of serious injury or death, like extreme sports or dangerous occupations—prompt higher premiums or exclusions because they raise the likelihood of a claim. The other options don't directly measure mortality risk in underwriting. Height and eye color don't indicate health outcomes; vehicle type and ownership status aren't standard mortality predictors; and while employment status and income affect whether the policy is affordable for the applicant, they don't directly change the probability of death used to set premiums.

10. Direct premium refers to which portion of the premium?

- A. The portion of premium used to pay taxes and fees
- B. The portion of premium allocated to the insured for risk
- C. The portion of premium allocated to the insurer for assuming risk before deductions for agents' commissions and other charges**
- D. The portion of premium allocated to reinsurers

Direct premium is the portion of the premium that the insurer uses for the risk it is taking on when coverage is written directly with the insured. It represents the price charged for bearing the insured's risk before any selling costs are deducted. In other words, it's the amount allocated to cover risk that belongs to the insurer, prior to subtracting agents' commissions and other acquisitions costs. Taxes and fees are separate charges, and the portion allocated to reinsurers is a different transaction (reinsurance premium ceded). So the option describing the amount allocated to the insurer for assuming risk before deductions for commissions and other charges aligns with this concept.

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://webceinsurance.examzify.com>

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

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