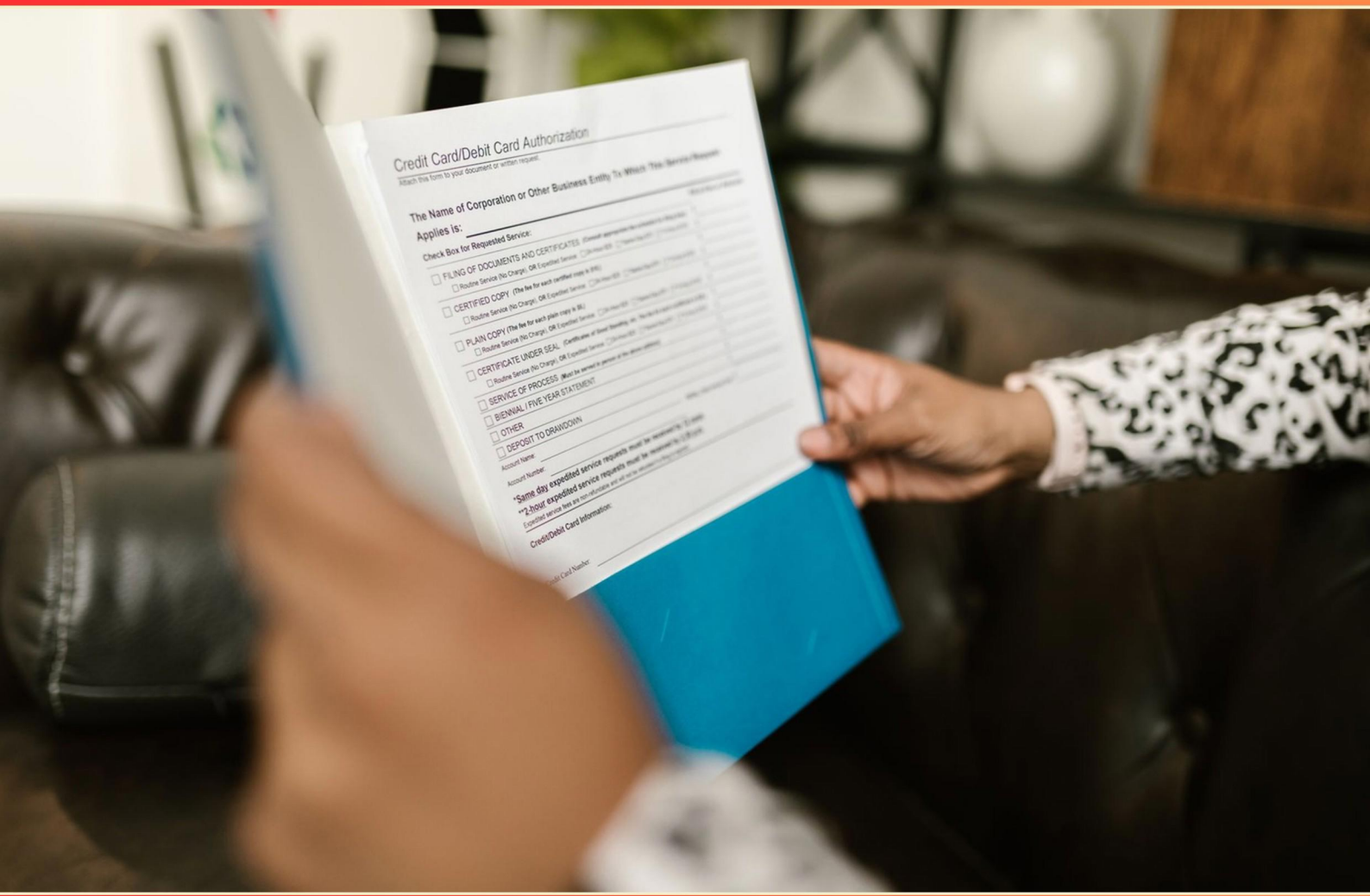
MARYLAND LIFE AND HEALTH INSURANCE LICENSE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR THE FULL VERSION STUDY GUIDE

https://marylandlifeandhealthinsurance.examzify.com

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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.

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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!

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Questions

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1. **The time limit for filing claim disputes is addressed in which provision of an accident and health policy?**

   A. Legal actions

   B. Payment of claims

   C. Renewal requirements

   D. Evidence of insurability

2. **When are group disability benefits considered to be tax-free to the insured?**

   A. When the recipient pays the premiums

   B. When payments are made to healthcare providers

   C. When the employer covers the premiums

   D. When the benefits exceed 80% of the income

3. **Which factor could result in a higher premium for life insurance?**

   A. Your occupation being classified as high-risk

   B. Being a non-smoker

   C. Being retired

   D. Having a good credit score

4. **What type of insurer is owned by its policyowners?**

   A. Stock insurer

   B. Mutual insurer

   C. Reciprocal insurer

   D. Fraternal benefit society

5. **Why is the monthly benefit for an individual disability income policy usually limited?**

   A. To encourage full-time employment

   B. To avoid over insurance

   C. To comply with state regulations

   D. To support long-term care needs

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6. What effect does a grace period have on a policyholder's insurance coverage?

A. Coverage is automatically extended for 30 days

B. Allows for late premium payment without policy lapse

C. Provides coverage only for accidents during the grace period

D. No effect on the policyholder's coverage

7. The actions and deeds of a producer indicate what kind of authority?

A. Express authority

B. Implied authority

C. Apparent authority

D. Corporate authority

8. Keogh plans were designed primarily for whom?

A. Employees of corporations

B. The self-employed

C. Non-profit organizations

D. Independent contractors

9. What is the least expensive option to pay off a 30-year mortgage balance?

A. Whole life insurance

B. Decreasing term life insurance

C. Level term life insurance

D. Mortgage life insurance

10. How many days should written notice of a health insurance claim be given to the insurer after a loss occurs?

A. 10 days

B. 15 days

C. 20 days

D. 30 days

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Answers

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

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Explanations

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1. The time limit for filing claim disputes is addressed in which provision of an accident and health policy?

A. Legal actions

B. Payment of claims

C. Renewal requirements

D. Evidence of insurability

The correct option addresses the timeframe within which an insured must initiate legal action after a claim has been denied or disputed. The "Legal actions" provision specifies the limitations on filing such claims, ensuring that policyholders understand they need to act within a specified timeframe. This provision is crucial because it protects insurance companies from indefinite liability and encourages prompt resolution of claims disputes. The time limit typically varies by state, and this provision ensures that the insured is aware of these restrictions. It reinforces the idea that delay can affect rights under the policy, emphasizing the importance of timely action when disputes arise. Other provisions, like "Payment of claims" or "Renewal requirements," do not specifically cover the timeframe for legal actions or disputes over claims, and "Evidence of insurability" relates to proof required for coverage eligibility, not claim disputes.

2. When are group disability benefits considered to be tax-free to the insured?

A. When the recipient pays the premiums

B. When payments are made to healthcare providers

C. When the employer covers the premiums

D. When the benefits exceed 80% of the income

Group disability benefits are considered tax-free to the insured when the recipient pays the premiums. This situation arises because if the insured pays for the disability insurance premiums with after-tax dollars, any benefits received while disabled are not subject to income tax. Essentially, the tax liability on benefits is based on who is paying the premiums and what the tax status of those premiums is. In contrast, when an employer covers the premiums for a group disability policy, the benefits received by the employee are typically taxable since the payments were made before any taxes were applied. It's important to note that tax implications can vary based on the source of premium payments, and understanding this is essential for both benefit recipients and those purchasing policies. The mention of payments being made directly to healthcare providers or the benefits exceeding a certain percentage of income does not directly affect the tax status of received benefits; those situations are not relevant to the conditions under which disability benefits are taxed. Thus, the key factor in determining whether the benefits received are tax-free lies in whether the premiums were paid by the insured with after-tax income.

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3. Which factor could result in a higher premium for life insurance?

A. Your occupation being classified as high-risk

B. Being a non-smoker

C. Being retired

D. Having a good credit score

The classification of your occupation as high-risk is a key factor that can result in a higher premium for life insurance. Insurance companies assess the risk associated with insuring an individual based on several criteria, including lifestyle, health status, and occupation. High-risk occupations, such as those in construction, law enforcement, or certain medical fields, typically present a greater likelihood of injury or death compared to office jobs. Consequently, to account for this increased risk, insurers will impose higher premiums to ensure they can cover potential claims. In contrast, being a non-smoker typically leads to lower premiums because non-smokers generally have lower health risks and longer life expectancies. Similarly, being retired may not directly impact premiums unless coupled with health-related concerns, and having a good credit score is often associated with responsible financial behavior rather than risk assessment related to life expectancy. Therefore, the classification of an occupation significantly influences life insurance premiums, making it the correct answer in this scenario.

4. What type of insurer is owned by its policyowners?

A. Stock insurer

B. Mutual insurer

C. Reciprocal insurer

D. Fraternal benefit society

A mutual insurer is a type of insurance company that is owned by its policyholders, also known as policyowners. In a mutual insurance structure, the policyholders share in the profits and losses of the company, and they have voting rights in major company decisions, such as electing the board of directors. This ownership structure allows policyholders to have a vested interest in the company's performance, aligning the interests of the insurer with those of its members. In contrast, a stock insurer is owned by shareholders who may or may not be policyholders; their primary focus is to generate profits for the shareholders. A reciprocal insurer is owned by its members who mutually insure each other but operates under a different structure involving inter-insurance contracts. A fraternal benefit society provides insurance benefits to members of a specific social, religious, or ethnic group and may have a similar ownership structure to mutual insurers but typically has a more limited focus. Understanding this ownership structure is essential for insurance professionals, as it impacts how insurance products are developed, marketed, and priced, as well as how dividends are distributed among policyholders.

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5. Why is the monthly benefit for an individual disability income policy usually limited?

A. To encourage full-time employment

B. To avoid over insurance

C. To comply with state regulations

D. To support long-term care needs

The monthly benefit for an individual disability income policy is typically limited to avoid over insurance. This practice helps ensure that the policyholder does not receive more in benefits than they were earning while working. The intent is to provide financial support that replaces a portion of their income in the event of a disability, rather than to incentivize individuals to remain unemployed. By setting a cap on monthly benefits, insurers prevent situations where individuals might receive a higher income from their disability benefits than they would from working, which could disincentivize them from returning to the workforce. The measures taken to limit benefits thus protect both the insurance company from excessive claims and the integrity of the insurance system itself.

6. What effect does a grace period have on a policyholder's insurance coverage?

A. Coverage is automatically extended for 30 days

B. Allows for late premium payment without policy lapse

C. Provides coverage only for accidents during the grace period

D. No effect on the policyholder's coverage

A grace period is an important feature in insurance policies that allows policyholders some flexibility in making premium payments. The correct answer highlights that a grace period enables policyholders to make late premium payments without causing a lapse in their insurance coverage. During the grace period—which is typically 30 days—if the policyholder does not pay the premium by the due date, their coverage remains in effect. This means that even if the payment is delayed, the policyholder is still protected under the policy, allowing time to settle the payment without risking a loss of coverage. The other options suggest limitations or misunderstandings about what a grace period entails. For instance, stating that coverage is automatically extended for a specific duration without mention of premium payment ignores the core aspect of the grace period; it is not merely an extension, but a safeguard against immediate cancellation due to late payment. Similarly, the implication that the grace period provides special coverage for accidents or has no effect at all does not accurately reflect the protective function it serves for the policyholder's ongoing insurance coverage. The key takeaway is that the grace period is a critical mechanism ensuring that policyholders are not penalized too harshly for late payments, thereby maintaining continuous coverage.

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7. The actions and deeds of a producer indicate what kind of authority?

A. Express authority

B. Implied authority

C. Apparent authority

D. Corporate authority

The correct answer, which pertains to the actions and deeds of a producer, is the concept of apparent authority. This type of authority arises when a producer conducts themselves in a way that leads others to believe they possess certain powers or responsibilities, even if those powers or responsibilities are not explicitly granted by the insurer. When clients interact with a producer who acts as a representative of an insurance company, they may form an understanding based on the producer's behavior and statements. This understanding can create a perception that the producer has the authority to make decisions or bind the insurance company to contracts, even if such authority was not formally given. This situation can be critical to understanding how agency works within the insurance industry, as it underscores the importance of how producers must act in alignment with company policies and the actual authority they possess. To recap, apparent authority is based on the perception of third parties and the actions of the producer, rather than on any formal grant of authority by the insurer. This concept protects consumers by holding insurance companies accountable for the acts of their representatives.

8. Keogh plans were designed primarily for whom?

A. Employees of corporations

B. The self-employed

C. Non-profit organizations

D. Independent contractors

Keogh plans, also known as HR10 plans, were specifically designed for self-employed individuals. These retirement plans allow self-employed persons to set aside a portion of their income for retirement while also providing them with tax advantages. Because self-employed individuals do not typically have access to employer-sponsored retirement plans, Keogh plans create a means for them to save for their future in a structured way, similar to how employees of corporations can benefit from their employer's retirement offerings. The self-employed nature of the individuals eligible for Keogh plans is key to understanding their structure and benefits. These plans can provide higher contribution limits than traditional IRAs, making them an attractive option for individuals running their own businesses or freelancing. Consequently, Keogh plans facilitate the retirement savings of those who, due to their self-employed status, might not have other retirement savings avenues available to them.

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9. What is the least expensive option to pay off a 30-year mortgage balance?

A. Whole life insurance

B. Decreasing term life insurance

C. Level term life insurance

D. Mortgage life insurance

Choosing decreasing term life insurance as the least expensive option to pay off a 30-year mortgage balance is a sound decision based on the nature of how this type of insurance works. Decreasing term life insurance provides coverage that diminishes over time, typically aligning with the amortization schedule of a mortgage. As the outstanding balance on the mortgage decreases, so does the death benefit provided by the policy. This kind of insurance is specifically designed to cover a decreasing obligation, which makes it a more cost-effective choice compared to whole life insurance or level term life insurance. Whole life insurance has a cash value component and extends coverage for the insured's entire lifetime, making it considerably more expensive. Level term life insurance offers a constant death benefit over the term of the policy, which does not correlate with the decreasing balance of a mortgage. Mortgage life insurance is designed to pay off a mortgage in the event of the borrower's death, and while it can be tailored to mortgage balances, it often comes at a premium cost similar to level term insurance. Since decreasing term life insurance directly corresponds to the mortgage balance, it is structured to be more economical for this specific purpose, making it the most suitable choice for covering the mortgage over a 30-year term.

10. How many days should written notice of a health insurance claim be given to the insurer after a loss occurs?

A. 10 days

B. 15 days

C. 20 days

D. 30 days

The correct time frame for providing written notice of a health insurance claim after a loss occurs is 20 days. This specification is important as it ensures that the insurer is promptly informed of the claim, allowing them to begin the process of assessment and payment. Timely notification helps in preventing delays in processing the claim and ensures that the insured is compliant with the stipulations of the policy contract. In many insurance policies, failing to provide notice within the required timeframe could result in complications or even a denial of the claim, highlighting the importance of adhering to this requirement. The 20-day period is designed to balance the needs of both the insurance provider and the insured, offering sufficient time for the insured to prepare their claim while ensuring timely communication with the insurer.

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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.

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

https://marylandlifeandhealthinsurance.examzify.com

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

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