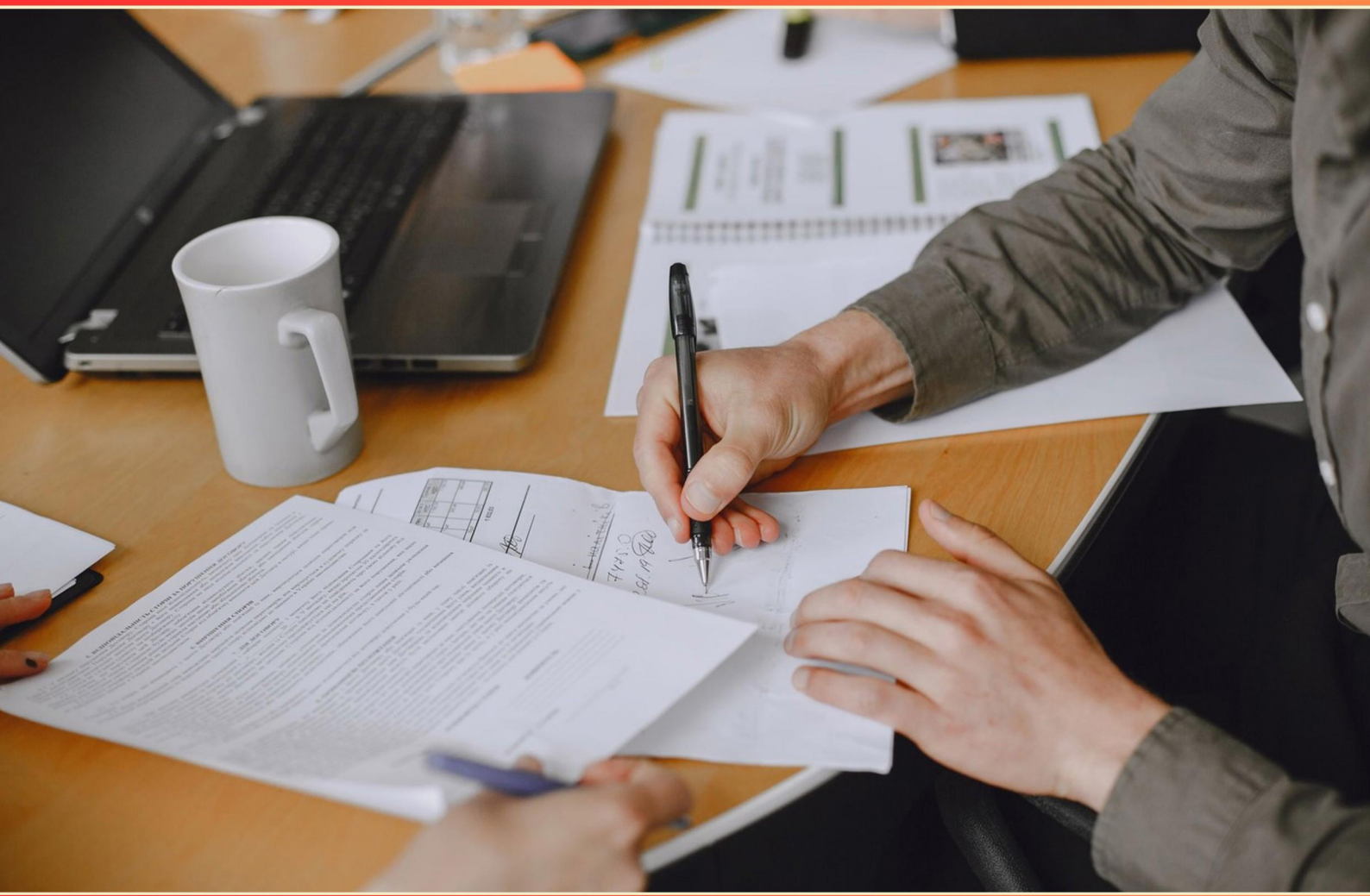
MARYLAND PROPERTY AND CASUALTY INSURANCE PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR THE FULL VERSION STUDY GUIDE

https://mdpropertycasualty.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. Which statement about auto medical benefits in Maryland is true?

A. They are optional if waived by the insured

B. They must be provided unless waived by the first named insured

C. They apply only to the named insured

D. They cover only medical expenses up to a policy limit

2. In Maryland, how often must producer licenses be renewed?

A. Every year

B. Every 2 years

C. Every 3 years

D. Every 4 years

3. What endorsements allow you to add an additional insured or mortgagee as a party to the policy?

A. Name Change Endorsement

B. Cancellation Endorsement

C. Subrogation Endorsement

D. Additional Insured endorsement and Mortgagee Clause

4. Public adjusters represent

A. Insurers

B. Insureds

C. Mortgagees

D. Agents

5. Illegal inducements EXCEPT

A. Inviting prospective clients to grand opening of the company's new office.

B. Providing a gift tied to policy purchase.

C. Advertising at a public event.

D. Paying a referral fee to an agent.

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6. Which statement best describes Section II in a homeowners policy?

A. It covers the dwelling.

B. It covers bodily injury and property damage liability arising from the insured's acts or omissions, including defense costs.

C. It covers the insured's personal property.

D. It covers flood insurance.

7. PIP coverage in Maryland includes protection for injuries to which group?

A. Named insured only

B. Named insured and resident relatives

C. Named insured, resident relatives, and pedestrians struck by the insured vehicle

D. Anyone in the vehicle at the time of injury

8. Which entity pays claims and protects policyowners when an insurer fails?

A. The Federal Reserve

B. The Insurance Guaranty Corporation

C. The State Insurance Department

D. The National Association of Insurance Commissioners

9. When is an appraisal clause used in property loss disputes?

A. When the insured requests a rate increase.

B. During policy renewal.

C. When a policy is underwritten.

D. When the insurer and insured cannot agree on the amount of loss; a neutral appraiser is appointed to assist, and a decision by appraisers may determine the amount.

10. What is the minimum Maryland auto liability coverage for bodily injury per person, per accident, and property damage?

A. 25/50/15

B. 30/60/15

C. 50/100/50

D. 100/300/50

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Answers

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

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Explanations

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1. Which statement about auto medical benefits in Maryland is true?

A. They are optional if waived by the insured

B. They must be provided unless waived by the first named insured

C. They apply only to the named insured

D. They cover only medical expenses up to a policy limit

In Maryland, auto medical benefits are designed to cover medical expenses after an accident without waiting for fault to be determined. This coverage must be included in the policy unless the first named insured signs a written waiver to decline it. That means the protection is automatic for the insured and any passengers in the insured vehicle, up to the policy's limits, and only the first named insured has the authority to waive it. The option stating it must be provided unless waived by the first named insured captures this rule precisely. The other statements miss key points: waivers aren't decided by every insured person, the coverage isn't limited only to the named insured, and while it does pay up to limits, the essential idea is the mandatory provision unless a written waiver by the first named insured exists.

2. In Maryland, how often must producer licenses be renewed?

A. Every year

B. Every 2 years

C. Every 3 years

D. Every 4 years

Licenses are renewed on a two-year cycle. In Maryland, producer licenses must be renewed every two years to stay active. This biennial timing gives licensees a reasonable window to meet any ongoing requirements, such as renewing the license fee and, if applicable, completing continuing education to maintain active status. If renewals happened annually, the process would be more burdensome; if they occurred every three or four years, the license could drift out of date with new laws and practices, reducing consumer protection. So, every two years is the standard, balancing regulatory oversight with practical renewal needs.

3. What endorsements allow you to add an additional insured or mortgagee as a party to the policy?

A. Name Change Endorsement

B. Cancellation Endorsement

C. Subrogation Endorsement

D. Additional Insured endorsement and Mortgagee Clause

Endorsements modify a policy to include or protect others who have an interest in the risk. An Additional Insured endorsement extends the liability coverage to another party beyond the named insured, so they're protected under the policy. A Mortgagee Clause serves a similar purpose for lenders, recognizing the lender's financial interest and giving them rights (such as notice of cancellations or changes) and protection under the policy. The combination of an Additional Insured endorsement and a Mortgagee Clause is the one that explicitly adds both an additional insured and a mortgagee as parties to the policy. The other options deal with different adjustments (changing the insured's name, cancelling the policy, or altering subrogation rights) and do not add third parties to the coverage.

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4. Public adjusters represent

A. Insurers

B. Insureds

C. Mortgagees

D. Agents

Public adjusters represent the insured. They're hired by homeowners or business owners after a loss to manage the claim, document damages, prepare a detailed proof of loss, and negotiate with the insurance company to secure a fair settlement based on the policy terms and actual losses. Their role is to advocate for the insured's interests, not the insurer. This is what sets them apart from other adjusters who work for insurance companies, and from lenders or agents who do not represent the insured in the claim process. Public adjusters operate under licensing and fee rules and generally charge a percentage of the settlement.

5. Illegal inducements EXCEPT

A. Inviting prospective clients to grand opening of the company's new office.

B. Providing a gift tied to policy purchase.

C. Advertising at a public event.

D. Paying a referral fee to an agent.

In insurance, inducements are offers of value intended to influence a consumer to buy or renew a policy. An invitation to a grand-opening event is just a promotional activity that invites people to visit and learn about the company, without promising any benefit tied to purchasing a policy. It doesn't condition business on buying, so it isn't an inducement. Providing a gift tied to policy purchase creates a direct incentive to buy in order to receive the gift, which is a classic illegal inducement. Paying a referral fee to an agent also rewards bringing in business, which is prohibited. Advertising at a public event can cross into inducement if it's framed to drive purchases or offers value tied to selling, so it's treated as the inducement category in this context.

6. Which statement best describes Section II in a homeowners policy?

A. It covers the dwelling.

B. It covers bodily injury and property damage liability arising from the insured's acts or omissions, including defense costs.

C. It covers the insured's personal property.

D. It covers flood insurance.

Section II provides liability protection. It covers bodily injury and property damage liability arising from the insured's acts or omissions and includes defense costs. This describes how the policy protects you against claims by others for injuries or damage you cause, which is the core role of the liability portion. The dwelling and personal property are handled elsewhere in the policy—dwelling coverage is under Section I, and personal property coverage is also under Section I. Flood insurance isn't part of standard homeowners policy Section II; it typically requires a separate flood policy or an endorsement.

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7. PIP coverage in Maryland includes protection for injuries to which group?

A. Named insured only

B. Named insured and resident relatives

C. Named insured, resident relatives, and pedestrians struck by the insured vehicle

D. Anyone in the vehicle at the time of injury

Maryland's Personal Injury Protection (PIP) is no-fault medical coverage that pays certain medical expenses and related losses for people linked to the insured vehicle, regardless of fault. The groups covered are the named insured, people who live in the same household (resident relatives), and pedestrians who are struck by the insured vehicle. This setup ensures that those most likely to be injured in incidents involving the insured vehicle—the policyholder and their household members, as well as pedestrians hit by the vehicle—receive medical cost protection promptly. Other potential injuries, such as non-relatives riding in the car, aren't automatically covered by PIP in Maryland and would depend on other coverages or policy terms.

8. Which entity pays claims and protects policyowners when an insurer fails?

A. The Federal Reserve

B. The Insurance Guaranty Corporation

C. The State Insurance Department

D. The National Association of Insurance Commissioners

When an insurer fails, policyowners are protected by a state-established guaranty mechanism. The Insurance Guaranty Corporation acts as the payer of covered claims and provides protection to policyowners up to statutory limits when an insolvent insurer cannot pay. This system is funded by assessments on solvent member insurers and operates independently of the failed company and state regulators. The guaranty corporation ensures that ongoing claims and certain refunds are covered, within the limits set by state law, helping to maintain policyholder confidence and market stability. The Federal Reserve doesn't insure or pay insurance claims, the State Insurance Department regulates and licenses insurers but doesn't guarantee payment, and the National Association of Insurance Commissioners coordinates regulation rather than handling claims payments.

9. When is an appraisal clause used in property loss disputes?

A. When the insured requests a rate increase.

B. During policy renewal.

C. When a policy is underwritten.

D. When the insurer and insured cannot agree on the amount of loss; a neutral appraiser is appointed to assist, and a decision by appraisers may determine the amount.

An appraisal clause is used when there is a disagreement about how much the loss is worth after a claim. In that process, each side hires a neutral appraiser to review the damages and estimates, and they try to agree on a single amount. If they can't reach agreement, an umpire may be brought in to resolve the difference. The appraisers' determination (and any umpire decision) may set the amount payable for the loss. This option is about valuing the loss, not about adjusting rates, renewing the policy, or underwriting.

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10. What is the minimum Maryland auto liability coverage for bodily injury per person, per accident, and property damage?

A. 25/50/15

B. 30/60/15

C. 50/100/50

D. 100/300/50

Understanding these limits is key. Bodily injury per person is the maximum the insurer will pay for injuries to one person in an accident. Bodily injury per accident is the total the insurer will pay for all injuries in that single crash. Property damage is the maximum the insurer will pay for damage to others' property in that crash. In Maryland, the legally required minimums are 30/60/15: up to $30,000 for injuries to any one person, up to $60,000 total for all injuries in the crash, and up to $15,000 for property damage. So the minimum Maryland auto liability coverage is 30/60/15. For example, if two people are injured in an accident, the injuries could be paid up to $30,000 per person but not more than $60,000 total; damages to other vehicles or property could be paid up to $15,000.

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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://mdpropertycasualty.examzify.com

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

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