NORTH CAROLINE HEALTH INSURANCE – ACCIDENT AND SICKNESS PRACTICE TEST (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.

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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. An insurer terminates the appointment with an insurance producer; notify the Commissioner within how many days after the effective date of the termination?

A. 7 days after the termination

B. 15 days after the effective date

C. 30 days after the termination date

D. 30 days after the effective date of the termination

2. What is an Insurance Broker?

A. A licensed insurance producer that is not appointed with an insurance company.

B. An adjuster who handles claims for the insurer.

C. An underwriter who determines policy terms.

D. A person who writes life insurance for a single company.

3. Which statement best describes a Stock Insurance Company?

A. Owned by policyowners

B. Sells stock and is owned by stockholders

C. It is a mutual organization

D. It writes only life insurance

4. Which form of reinsurance is negotiated separately for each insurance contract?

A. Excess of loss reinsurance

B. Automatic treaty reinsurance

C. Quota share reinsurance

D. Facultative reinsurance

5. Regarding the SSDI trigger, which statement is correct?

A. Disability is expected to last 24 months

B. Disability is expected to last 12 months or more

C. Disability is permanent

D. Disability must be due to work injury

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6. Which entity specializes in accepting risk from other insurance companies?

A. Policyholder

B. Lloyd's of London

C. Insurance broker

D. Reinsurer

7. When does the insurer pay claims under Time Payment of Claims by the insurer?

A. After 60 days

B. Immediately upon receipt of proof of loss

C. After investigation

D. At end of policy year

8. Express Authority is defined as:

A. The authority NOT expressed in the contract

B. Authority granted by the insured

C. The authority given to the insurance producer by the insurer by contract

D. Express Authority

9. Which provision provides continuation of benefits if earnings drop after returning to work due to disability?

A. Any Occupation

B. Disability Income Presumptive Disability

C. Residual Disability Rider

D. Accidental Death & Dismemberment Rider

10. Which renewal provision allows termination on the policy anniversary or the premium due date?

A. Optional Renewable

B. Guaranteed Renewable

C. Non-Cancelable

D. Conditionally Renewable

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Answers

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

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Explanations

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1. An insurer terminates the appointment with an insurance producer; notify the Commissioner within how many days after the effective date of the termination?

A. 7 days after the termination

B. 15 days after the effective date

C. 30 days after the termination date

D. 30 days after the effective date of the termination

The key concept is the insurer's duty to notify the Commissioner about a producer appointment termination within a set period after the termination takes effect. The required timeframe is thirty days after the termination's effective date. This ensures the Commissioner's records reflect who is authorized to represent the insurer and prevents any confusion about current appointments. Why this timing fits: the effective date is when the termination actually ends the appointment, not when the notice is sent. Reporting within thirty days provides a clear, standard deadline for administrative updates and keeps regulatory oversight consistent. Shorter windows, like seven or fifteen days, aren't aligned with the rule, and tying the notice to the termination date (which could differ from the effective date) introduces ambiguity.

2. What is an Insurance Broker?

A. A licensed insurance producer that is not appointed with an insurance company.

B. An adjuster who handles claims for the insurer.

C. An underwriter who determines policy terms.

D. A person who writes life insurance for a single company.

An insurance broker represents the insured and can place coverage with multiple insurance companies to find the best terms and price for the client. They're licensed professionals who work on behalf of the person seeking coverage, not for a single carrier. This contrasts with someone who handles claims for an insurer (an adjuster), someone who determines policy terms (an underwriter), or a person who writes life insurance for just one company (a captive or exclusive agent). So, when you hear "insurance broker," think shopping across many carriers to fit the client's needs rather than writing for a single company.

3. Which statement best describes a Stock Insurance Company?

A. Owned by policyowners

B. Sells stock and is owned by stockholders

C. It is a mutual organization

D. It writes only life insurance

The essential idea is the ownership structure. A stock insurance company raises capital by selling ownership shares and is owned by stockholders. Profits belong to those stockholders, not to policyowners, and policies issued by stock companies are typically nonparticipating with limited or no guaranteed dividends to the insured. This is why the description that matches a Stock Insurance Company is that it sells stock and is owned by stockholders. In contrast, being owned by policyowners describes a mutual company, being a mutual organization is the same notion, and writing only life insurance isn't a defining feature of stock companies, since they can offer multiple lines of coverage.

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4. Which form of reinsurance is negotiated separately for each insurance contract?

A. Excess of loss reinsurance

B. Automatic treaty reinsurance

C. Quota share reinsurance

D. Facultative reinsurance

Facultative reinsurance is arranged for each individual risk. Each insurance contract is presented to the reinsurer, who reviews the specific details, decides whether to accept the risk, and negotiates the terms, limits, and premium separately. This per-risk negotiation is what distinguishes it from treaty arrangements, which bind a reinsurer to a whole block or class of business under pre-agreed terms. Excess of loss and quota share are typical treaty forms: excess of loss provides protection above a set attachment point for a defined layer or period, while quota share involves sharing a fixed percentage of premiums and losses for a defined portfolio. Automatic treaty reinsurance means once a treaty is in place, policies within that treaty are automatically reinsured without negotiating each one separately. Because it requires individual assessment and agreement for each risk, facultative reinsurance is the form negotiated separately for each insurance contract.

5. Regarding the SSDI trigger, which statement is correct?

A. Disability is expected to last 24 months

B. Disability is expected to last 12 months or more

C. Disability is permanent

D. Disability must be due to work injury

The key idea here is how long the disability is expected to last. For SSDI, a disability qualifies when medical evidence shows it is expected to last at least 12 months or to result in death. This duration requirement focuses on long-term impact, not on whether the condition is permanent or how it started. The statement that disability is expected to last 12 months or more reflects this rule exactly. It captures the threshold that makes someone eligible for SSDI benefits based on the anticipated duration of their impairment. Why the other ideas don't fit: needing disability to last 24 months sets an unnecessary minimum beyond 12 months; permanence isn't required—many conditions meet the 12-month-or-longer test without being declared permanent; and SSDI eligibility isn't limited to work-related injuries—the disability can stem from any medical condition as long as the duration and other criteria are met.

6. Which entity specializes in accepting risk from other insurance companies?

A. Policyholder

B. Lloyd's of London

C. Insurance broker

D. Reinsurer

Accepting risk from other insurers is the core function of a reinsurer. In the insurance system, primary insurers issue policies and face potential large losses. To protect solvency, expand capacity to write more or bigger policies, and stabilize results, they transfer part of that risk to a reinsurer. The reinsurer then assumes that risk and helps cushion the impact of big claims or catastrophes, often spreading the risk further if needed. This makes the reinsurer the entity specialized in taking on risk from other insurance companies. Policyholders are the people who buy and hold insurance policies, not the bodies that absorb other insurers' risk. A broker acts as an intermediary who helps connect buyers with insurers, not someone who takes on risk. Lloyd's of London is a marketplace where many underwriters operate; it facilitates risk-sharing but isn't by itself defined as the entity that specializes in accepting risk from other insurers—that role is filled by the reinsurer.

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7. When does the insurer pay claims under Time Payment of Claims by the insurer?

A. After 60 days

B. Immediately upon receipt of proof of loss

C. After investigation

D. At end of policy year

Time payment of claims means the insurer must settle promptly once the insured provides proof of loss. The key idea is that once the necessary documentation showing that a loss occurred and the amount due is submitted, payment is due without unnecessary delay. This protects the insured from waiting months or being forced into lengthy investigations before receiving benefits. So, the correct approach is that payment happens immediately after the insurer receives proof of loss. Delaying until an investigation is completed, waiting 60 days, or paying only at the end of the policy year would undermine the purpose of timely settlement. Proof of loss is the claim documentation the insured provides, and once that is received, the insurer is expected to remit payment promptly, subject to any policy terms and proper validation.

8. Express Authority is defined as:

A. The authority NOT expressed in the contract

B. Authority granted by the insured

C. The authority given to the insurance producer by the insurer by contract

D. Express Authority

Express Authority means the explicit permission given to the insurance producer by the insurer, defined in the contract. This is the specific set of acts the insurer authorizes the producer to perform on its behalf, such as soliciting applications, collecting premiums, binding coverage within the contract's limits, issuing policies or endorsements, and making changes that the contract allows. Because it's spelled out in the agency agreement, it directly ties the producer's powers to the insurer's approval. This is why the correct choice describes authority given to the producer by the insurer through the contract. It isn't the authority not expressed in the contract (that would be implied authority), and it isn't authority granted by the insured (the insured does not grant the insurer's authority to the producer). The phrasing that merely restates "Express Authority" isn't a definition, either.

9. Which provision provides continuation of benefits if earnings drop after returning to work due to disability?

A. Any Occupation

B. Disability Income Presumptive Disability

C. Residual Disability Rider

D. Accidental Death & Dismemberment Rider

The concept being tested is how disability policies address income while you're still working but earning less due to the disability. The residual disability rider is designed exactly for that situation: if you return to work but your earnings drop because you're partially disabled, this provision continues to pay a portion of the full disability benefit. The amount is typically proportional to the loss of income (for example, a formula that compares actual earnings to predisability earnings and applies that ratio to the full benefit). This helps replace income you're missing even though you've resumed work, and the benefit often continues for a defined period or until earnings recover. The other provisions don't fit this scenario. Any Occupation focuses on whether you're totally disabled relative to any occupation you're reasonably suited for, rather than continuing benefits after partial earnings. Disability Income Presumptive Disability pays if you meet certain total-disability criteria (often with a quick or immediate payment) rather than addressing reduced earnings after returning to work. An AD&D rider covers accidental death and dismemberment, not ongoing disability income.

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10. Which renewal provision allows termination on the policy anniversary or the premium due date?

A. Optional Renewable

B. Guaranteed Renewable

C. Non-Cancelable

D. Conditionally Renewable

Renewal provisions describe who can end or extend coverage at the end of each term. The option where the insurer has the right to renew or not renew the policy is the one that allows termination on the policy anniversary or the premium due date. That's because the insurer can choose not to renew at those renewal points, effectively ending the policy. In contrast, guaranteed renewal requires the insurer to renew and only allows changes in terms or premiums at renewal without canceling the policy; noncancelable means the policy cannot be canceled or nonrenewed except under specific circumstances like nonpayment or fraud; and conditionally renewable means renewal is allowed only under certain conditions, with the insurer retaining the right to refuse renewal if those conditions aren't met.

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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://nchealthinsuranceaccidentsickness.examzify.com

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

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