

# AD Banker Life and Health Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

**This is a sample study guide. To access the full version with hundreds of 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. Don't worry about getting everything right, 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, and take breaks to retain information better.**

## **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.**

## **7. Use Other Tools**

**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**

- 1. What defines a Scheduled Injury in the context of insurance benefits?**
  - A. Benefits that are paid for any injury sustained.**
  - B. A set schedule of benefits for specific permanent partial injuries.**
  - C. Payments made for injuries that take longer than expected to heal.**
  - D. Compensation that varies depending on the type of medical treatment received.**
- 2. What defines an individual as a preferred risk in insurance?**
  - A. They have multiple chronic conditions**
  - B. They qualify for lower premiums due to ideal health**
  - C. They are minors seeking insurance**
  - D. They have a riskier lifestyle**
- 3. What type of services does Outpatient Hospital Treatment provide?**
  - A. Inpatient care for surgeries**
  - B. Routine check-ups and wellness visits**
  - C. Emergency diagnosis or treatment services**
  - D. Long-term rehabilitation services**
- 4. What is one characteristic of deferred annuities?**
  - A. They pay benefits immediately upon purchase**
  - B. They are typically used to defer taxes on contract earnings**
  - C. They require annual contributions from the annuitant**
  - D. They cannot be surrendered within the first year**
- 5. Which of the following best describes a Limited Policy?**
  - A. A policy that covers all types of risks**
  - B. A policy that pays under specific conditions**
  - C. A policy that remains active until canceled**
  - D. A policy that has no conditions for payouts**



- 6. Which of the following best describes a Noncontributory Group insurance plan?**
- A. Employers and employees share premium costs**
  - B. Employees have the option to opt out of coverage**
  - C. All eligible employees must participate with full employer-paid premiums**
  - D. Coverage varies based on employee choices**
- 7. What characterizes a Variable Life policy?**
- A. A fixed premium whole life insurance**
  - B. Non-variable death benefit and cash value**
  - C. Fluctuating death benefit based on investments**
  - D. No cash value component**
- 8. How must premium rate adjustments be communicated to the insured?**
- A. Through telephone notification**
  - B. In writing at least 30 days prior to the change**
  - C. During the policy renewal process**
  - D. Via email within a week of the adjustment**
- 9. What is the purpose of the cash value in a variable universal life insurance policy?**
- A. To provide fixed funds for emergency withdrawals**
  - B. To reflect the investment performance of the insurer**
  - C. To guarantee a cash payout upon cancellation**
  - D. To be used solely for premium payments**
- 10. What is the timeframe for submitting Proof of Loss after a claim occurs?**
- A. Within 60 days of loss but not to exceed six months.**
  - B. Within 90 days of loss but not to exceed one year.**
  - C. Within one year of occurrence with no specific deadline.**
  - D. As soon as practicable, with no fixed timeline.**

## **Answers**

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

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## **Explanations**

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**1. What defines a Scheduled Injury in the context of insurance benefits?**

- A. Benefits that are paid for any injury sustained.**
- B. A set schedule of benefits for specific permanent partial injuries.**
- C. Payments made for injuries that take longer than expected to heal.**
- D. Compensation that varies depending on the type of medical treatment received.**

A Scheduled Injury in the context of insurance benefits refers to a predetermined list of specific permanent partial injuries along with the corresponding benefits that will be paid for each injury. This means that the insurance policy outlines a schedule detailing the compensation amount for various types of injuries, allowing both the insurer and the insured to have a clear understanding of the benefits available for particular conditions. This system is different from policies that may cover any injury sustained, which would not offer the level of specificity that a scheduled approach does. Furthermore, it does not pertain to payments for longer healing times, nor does it fluctuate based on the medical treatments received. The focus on specific injuries and their associated benefits helps to standardize compensation, thereby maintaining consistency in how claims are handled within the framework of the insurance policy.

**2. What defines an individual as a preferred risk in insurance?**

- A. They have multiple chronic conditions**
- B. They qualify for lower premiums due to ideal health**
- C. They are minors seeking insurance**
- D. They have a riskier lifestyle**

An individual is defined as a preferred risk in insurance primarily due to their ideal health status. This designation means that they are typically in excellent health, have a lower likelihood of requiring extensive healthcare services, and present a lower risk to the insurer. As a result, preferred risks are often eligible for lower premiums compared to standard or substandard risks. Insurers evaluate various factors, including medical history, lifestyle choices, and family health history, to determine whether an individual qualifies for this category. The characteristics that would exclude someone from being considered a preferred risk include having multiple chronic conditions, which signifies a higher risk of health issues, or maintaining a riskier lifestyle that could lead to increased health problems. Additionally, individuals who are minors seeking insurance may have different underwriting criteria and are typically not categorized in the same way as adults regarding risk assessment.

### **3. What type of services does Outpatient Hospital Treatment provide?**

- A. Inpatient care for surgeries**
- B. Routine check-ups and wellness visits**
- C. Emergency diagnosis or treatment services**
- D. Long-term rehabilitation services**

Outpatient Hospital Treatment primarily focuses on providing medical services that do not require an overnight stay in a hospital. This means that patients receive diagnosis or treatment that is often urgent and may include emergency care. The services can cover a range of procedures, including diagnostics, treatments, and minor surgical procedures, which allow patients to leave the facility on the same day. Emergency diagnosis or treatment services are critical as they address immediate health issues that need prompt attention. Such services might include treatment for injuries, conditions requiring rapid assessment, or stabilization before further care. In contrast, inpatient care for surgeries typically involves a hospital stay, which is not consistent with the outpatient nature of the services in question. Routine check-ups and wellness visits focus on preventive healthcare rather than urgent care, while long-term rehabilitation services generally require ongoing treatment over an extended period, often necessitating a structured program that might involve inpatient services or outpatient therapy. This understanding reinforces why outpatient hospital treatment is closely associated with emergency diagnosis or treatment services tailored for efficiency and immediate response to health needs.

### **4. What is one characteristic of deferred annuities?**

- A. They pay benefits immediately upon purchase**
- B. They are typically used to defer taxes on contract earnings**
- C. They require annual contributions from the annuitant**
- D. They cannot be surrendered within the first year**

Deferred annuities are designed primarily to accumulate wealth over time before any payouts begin. A key characteristic of these products is that they defer taxes on the earnings generated within the account until withdrawals are made or until a distribution occurs. This can be a significant advantage for investors looking to grow their savings and reduce their immediate tax liability, as the investment can grow without being taxed until it is accessed. In contrast, the other options highlight attributes that do not apply to deferred annuities. For instance, immediate annuities commence payments right after the investment is made, which does not align with the purpose of a deferred annuity. Additionally, deferred annuities do not universally require annual contributions; some may allow lump-sum payments, and the payment structure can vary widely among different contracts. Lastly, while some annuities may have restrictions on surrender in the initial period, deferred annuities can often be surrendered within the first year, although penalties might apply. Thus, the defining feature related to tax is a strong reason why the deferral of taxes on contract earnings is accurate for this type of annuity.

**5. Which of the following best describes a Limited Policy?**

- A. A policy that covers all types of risks**
- B. A policy that pays under specific conditions**
- C. A policy that remains active until canceled**
- D. A policy that has no conditions for payouts**

A Limited Policy is defined by its specific coverage parameters, making the choice that states it pays under specific conditions the most accurate. These policies are typically designed to provide benefits only for certain types of risks or events, rather than offering comprehensive coverage for a wide array of potential claims. This means that the policyholder must meet predetermined criteria or conditions outlined in the policy to receive benefits. For example, a limited health insurance policy may only cover specific illnesses or injuries, rather than providing blanket coverage for all medical expenses. This structure can make these policies more affordable while also limiting the insurer's exposure to risk. In contrast to the correct answer, options that suggest comprehensive coverage, perpetual activity until cancellation, or no conditions for payouts do not accurately reflect the core characteristics of a Limited Policy. Understanding the limitations and specifications intrinsic to these types of policies is essential for evaluating their suitability based on individual needs.

**6. Which of the following best describes a Noncontributory Group insurance plan?**

- A. Employers and employees share premium costs**
- B. Employees have the option to opt out of coverage**
- C. All eligible employees must participate with full employer-paid premiums**
- D. Coverage varies based on employee choices**

A Noncontributory Group insurance plan is characterized by the employer covering the entire cost of the premiums for the insurance. This means that all eligible employees must participate in the plan, as there are no employee contributions required. The arrangement ensures broader participation and helps to provide a safety net for all employees, enhancing group solidarity and making administration easier for the employer. In such plans, since the employer fully funds the premium, all eligible employees are automatically enrolled, promoting higher enrollment rates and ensuring that the cost of coverage is spread across the pool of insured individuals. This contrasts with contributory plans, where both the employer and employees share the premium costs. The option stating that employees have the option to opt out does not apply to noncontributory plans since participation is mandatory for all eligible employees. Additionally, variations in coverage based on employee choices and sharing premium costs are features of different types of group plans rather than defining aspects of a noncontributory plan.

## 7. What characterizes a Variable Life policy?

- A. A fixed premium whole life insurance
- B. Non-variable death benefit and cash value
- C. Fluctuating death benefit based on investments**
- D. No cash value component

A Variable Life policy is distinguished by its fluctuating death benefit, which is directly tied to the performance of the investments chosen by the policyholder. This feature allows policyholders to allocate their premiums among various investment options, such as stocks and bonds, which can cause the cash value and, consequently, the death benefit to vary over time depending on the success of those investments. This characteristic of investment variability is central to how Variable Life policies operate, as it contrasts sharply with traditional life insurance policies that offer guaranteed sums. The potential for both increased cash value and death benefits provides investors with a way to potentially grow their policy value, reflecting the associated risks and rewards of the financial markets. The fixed nature of premiums, common in whole life contracts, does not apply here, nor does the absence of a cash value component, which is inherent in variable insurance products. The ability to have a death benefit that can increase or decrease based on investment returns is what ultimately defines the nature of Variable Life insurance.

## 8. How must premium rate adjustments be communicated to the insured?

- A. Through telephone notification
- B. In writing at least 30 days prior to the change**
- C. During the policy renewal process
- D. Via email within a week of the adjustment

Communicating premium rate adjustments to the insured in writing at least 30 days prior to the change is essential to ensure that policyholders are adequately informed and have enough time to understand how the adjustment impacts their coverage and finances. This written notification requirement is often mandated by insurance regulations, which aim to promote transparency and fairness in the insurance industry. Providing written notice gives insured individuals a tangible reference that they can review and refer back to, as well as the opportunity to seek clarification or ask questions about the changes. This process helps foster a clear understanding between the insurer and the insured, which is crucial for maintaining trust and satisfaction with the insurance product. Other communication methods, such as telephone notifications or emails, may not provide the same level of assurance and documented proof that written notices do. Additionally, relying on the policy renewal process may not meet the necessary time frame or provide sufficient warning to the policyholder about imminent changes to their premium rates.



**9. What is the purpose of the cash value in a variable universal life insurance policy?**

- A. To provide fixed funds for emergency withdrawals**
- B. To reflect the investment performance of the insurer**
- C. To guarantee a cash payout upon cancellation**
- D. To be used solely for premium payments**

The cash value in a variable universal life insurance policy serves as an investment component that reflects the performance of the underlying investment options selected by the policyholder. Unlike traditional whole life policies that have a guaranteed cash value, the cash value in variable universal life insurance can fluctuate based on the investment choices made, such as stocks, bonds, or mutual funds. This characteristic allows policyholders to potentially increase their cash value based on market performance, offering a dual benefit of life insurance coverage and investment growth. The policyholder has the flexibility to manage how their cash value grows, aligning with their financial goals and risk tolerance. This is fundamentally different from fixed-value options which do not offer the same investment growth potential, ultimately highlighting why this aspect aligns with the choice that emphasizes investment performance.

**10. What is the timeframe for submitting Proof of Loss after a claim occurs?**

- A. Within 60 days of loss but not to exceed six months.**
- B. Within 90 days of loss but not to exceed one year.**
- C. Within one year of occurrence with no specific deadline.**
- D. As soon as practicable, with no fixed timeline.**

The correct response highlights that the timeframe for submitting Proof of Loss after a claim occurs is generally set within 90 days of the loss, while allowing for a maximum extension of one year under certain circumstances. This standard timeframe is intended to ensure that claims are processed in a timely manner, which is conducive to both the insurer's operations and the claimant's needs. Insurance policies often stipulate a specific period in which proof must be submitted to maintain effective communication and action regarding claims. The 90-day window represents a reasonable expectation for policyholders to gather the necessary documentation and submit it, while the allowance for up to one year recognizes that in some cases, extenuating circumstances may delay the submission. Through setting these requirements, the insurance industry aims to balance the need for expediency in processing claims with the understanding that claimants may face various challenges that could impact their ability to submit documents promptly.

# 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](mailto:hello@examzify.com).**

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

**<https://adbankerlifehealth.examzify.com>**

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