

# AD Banker Life and Health Practice Exam (Sample)

## Study Guide



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

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# Table of Contents

<b>Copyright</b> .....	<b>1</b>
<b>Table of Contents</b> .....	<b>2</b>
<b>Introduction</b> .....	<b>3</b>
<b>How to Use This Guide</b> .....	<b>4</b>
<b>Questions</b> .....	<b>5</b>
<b>Answers</b> .....	<b>8</b>
<b>Explanations</b> .....	<b>10</b>
<b>Next Steps</b> .....	<b>16</b>

# 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**

- 1. What does a misrepresentation in the application typically lead to?**
  - A. Adjustment of premiums**
  - B. Voidance of the contract**
  - C. Extension of benefits**
  - D. Approval of the policy**
- 2. What does a life settlement transaction require from the insured?**
  - A. The insured must be terminally ill**
  - B. The insured must consent to the sale**
  - C. The insured must be the policy beneficiary**
  - D. The insured must be of a minimum age**
- 3. In a decreasing term policy, what happens to the death benefit over time?**
  - A. The death benefit remains constant**
  - B. The death benefit decreases while premiums remain level**
  - C. The premiums increase while the death benefit decreases**
  - D. The death benefit increases over time**
- 4. What is included in an Inspection Report during the underwriting process?**
  - A. Obligatory financial statements**
  - B. General report of the applicant's finances, character, and morals**
  - C. Summary of insurance claims**
  - D. Medical history of the applicant**
- 5. What is the benefit of coinsurance in a Comprehensive Major Medical Policy?**
  - A. It allows for complete coverage without out-of-pocket costs**
  - B. It shares the cost of covered services between insurer and insured**
  - C. It eliminates the need for deductibles**
  - D. It only applies to hospital stays**

- 6. What is the definition of a probationary period in insurance?**
- A. A specified period before new coverage begins**
  - B. A method for determining premium costs**
  - C. A technique for assessing pre-existing conditions**
  - D. An evaluation period for employee retention**
- 7. What is required in a Notice of Claim?**
- A. Verbal notification within 30 days**
  - B. Written notice within 20 days of loss**
  - C. Documentation of financial losses**
  - D. Claims filed at the end of the year**
- 8. What is a primary component of a High Deductible Health Plan (HDHP)?**
- A. Preventive care with no deductible**
  - B. High premium costs that are not deductible**
  - C. A minimum dollar amount deductible**
  - D. Universal coverage until the deductible is met**
- 9. What determines the payout in an annuity policy?**
- A. The total amount of premiums paid**
  - B. The age and gender of the annuitant**
  - C. The state of residency of the policyholder**
  - D. The health condition of the annuitant**
- 10. Which Medicare part covers outpatient mental health services provided by authorized healthcare professionals?**
- A. Medicare Part A**
  - B. Medicare Part B**
  - C. Medicare Part C**
  - D. Medicare Part D**



## **Answers**

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

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## **Explanations**

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**1. What does a misrepresentation in the application typically lead to?**

- A. Adjustment of premiums**
- B. Voidance of the contract**
- C. Extension of benefits**
- D. Approval of the policy**

A misrepresentation in the application refers to providing false or misleading information when applying for an insurance policy. Such inaccuracies can lead to significant consequences, most notably the potential for voidance of the contract. When an insurer discovers that an applicant misrepresented important facts that could influence the underwriting process—such as health history, occupation, or lifestyle habits—the insurer has the right to void the policy. This means the contract is treated as if it never existed, releasing both parties from their obligations under that policy. The rationale behind this is that insurers rely on the information provided during the application process to assess risk and to determine the terms of coverage. If that information is not truthful, the foundation of the risk assessment becomes compromised, warranting the voidance of the contract to maintain fairness in the insurance underwriting process. In contrast, while certain options such as adjustments in premiums or extensions of benefits might seem plausible in other contexts, they do not apply directly to the consequences of misrepresentation. Approvals of policies, likewise, assume accurate information has been provided; thus, they do not lead from misrepresentation. Understanding this consequence is crucial for applicants to ensure they provide complete and accurate information, fostering trust and clarity in the insurance relationship.

**2. What does a life settlement transaction require from the insured?**

- A. The insured must be terminally ill**
- B. The insured must consent to the sale**
- C. The insured must be the policy beneficiary**
- D. The insured must be of a minimum age**

In a life settlement transaction, the crucial requirement is that the insured must provide consent to the sale of their life insurance policy. This consent is essential because it ensures that the individual is fully aware of the process and agrees to transfer their policy to a third party in exchange for a cash payment. Consent protects the rights of the insured and validates the transaction, reinforcing the principle that individuals should have control over their own financial and insurance matters. While there may be additional factors involved in life settlement transactions, such as age or health status, the key legal and ethical aspect hinges on the insured's consent. This requirement ensures transparency and aligns with the insured's interests in deciding how to manage their insurance policy.

3. In a decreasing term policy, what happens to the death benefit over time?
- A. The death benefit remains constant
  - B. The death benefit decreases while premiums remain level**
  - C. The premiums increase while the death benefit decreases
  - D. The death benefit increases over time

In a decreasing term policy, the key feature is that the death benefit decreases over the life of the policy. This means that as time progresses, the amount that would be paid out upon the insured's death is reduced. Typically, this type of policy is designed to cover specific obligations that diminish over time, such as the balance of a mortgage or other loans. While the death benefit decreases, the premiums remain level throughout the term of the policy. This structure makes decreasing term policies appealing for individuals looking to ensure that they have adequate coverage for debts that will decrease over time without the burden of rising costs in premiums. In contrast, other policy types, such as those that provide level or increasing death benefits, do not share this characteristic and can lead to different financial planning considerations.

4. What is included in an Inspection Report during the underwriting process?
- A. Obligatory financial statements
  - B. General report of the applicant's finances, character, and morals**
  - C. Summary of insurance claims
  - D. Medical history of the applicant

The inclusion of a general report of the applicant's finances, character, and morals in an Inspection Report during the underwriting process serves several key functions. This report is designed to provide underwriters with a comprehensive overview of the individual applying for insurance. It goes beyond just financial metrics; it assesses the applicant's lifestyle, reliability, and overall integrity. By evaluating factors like the applicant's reputation within the community and their financial behavior, insurers can make more informed decisions about the risk associated with providing coverage. Such qualitative insights help in determining not only the eligibility for insurance but also the appropriate premium rates. This holistic approach of examining the character and morals, along with financial aspects, is critical for managing risk effectively. Other elements like financial statements, insurance claim summaries, or medical histories, while important in their own right, do not provide this broader context about the applicant's overall standing and reliability, which is what the Inspection Report aims to capture.

**5. What is the benefit of coinsurance in a Comprehensive Major Medical Policy?**

- A. It allows for complete coverage without out-of-pocket costs**
- B. It shares the cost of covered services between insurer and insured**
- C. It eliminates the need for deductibles**
- D. It only applies to hospital stays**

Coinsurance is a provision in a Comprehensive Major Medical Policy that plays a significant role in cost-sharing for covered medical services. When a policy includes coinsurance, it means that after the deductible has been met, the insurer and the insured will share the costs of covered services in a specified ratio. For example, the insurer may pay 80% of the costs, while the insured is responsible for the remaining 20%. This arrangement benefits policyholders by keeping insurance premiums lower, as it encourages patients to be more mindful of their healthcare utilization. Since the insured is responsible for a portion of the costs, it can also reduce unnecessary medical services, making the healthcare system more sustainable. The concept of coinsurance contrasts sharply with the idea of complete coverage with no out-of-pocket costs, which would lead to higher premiums and potentially overutilization of healthcare resources. Similarly, while deductibles must be satisfied before the coinsurance applies, they do not eliminate each other; instead, they work together within the policy framework. Lastly, coinsurance typically applies to a wide range of services, not limited to hospital stays, ensuring that policyholders share costs across various types of medical care.

**6. What is the definition of a probationary period in insurance?**

- A. A specified period before new coverage begins**
- B. A method for determining premium costs**
- C. A technique for assessing pre-existing conditions**
- D. An evaluation period for employee retention**

The definition of a probationary period in insurance refers to a specific time frame that must pass before new coverage becomes effective. During this time, an insured individual may not be eligible to claim benefits or receive coverage for certain conditions or situations. This period is often implemented to manage the risk associated with new policyholders, ensuring that they do not immediately utilize the insurance for pre-existing conditions or treatments right after enrolling. In contrast, other options do not accurately define a probationary period. For instance, determining premium costs relates more to risk assessment and underwriting factors than to any waiting or probationary conditions. Similarly, assessing pre-existing conditions involves reviewing an individual's health history before issuing a policy, rather than a waiting period for newly purchased coverage. Lastly, an evaluation period for employee retention focuses on assessing employee performance within a specified time frame and is unrelated to insurance policy terms. Understanding the probationary period is crucial for evaluating how it affects coverage commencement and potential claims in insurance policies.

## 7. What is required in a Notice of Claim?

- A. Verbal notification within 30 days
- B. Written notice within 20 days of loss**
- C. Documentation of financial losses
- D. Claims filed at the end of the year

A Notice of Claim is a crucial step in the insurance claims process, as it formally alerts the insurance company to a claim that is being made. The requirement for written notice within a specific time frame, typically 20 days of loss, ensures that the insurer is made aware of the claim promptly. This timely notification allows the insurance company to begin the claims investigation and assistance process without unnecessary delays. Providing a clear, written notice helps document the claim and ensures all necessary information is communicated effectively. This procedure is designed to facilitate quick processing of claims and to ensure that the insurer can gather relevant evidence and information while it is still fresh. In contrast, other options such as requiring a verbal notification or filing claims at the end of the year do not align with standard claims procedures, as they would either lack necessary documentation or delay the claims process significantly. Documentation of financial losses, while important, is not the primary requirement for the initial Notice of Claim but rather part of the broader claims process that may occur following the notice.

## 8. What is a primary component of a High Deductible Health Plan (HDHP)?

- A. Preventive care with no deductible
- B. High premium costs that are not deductible
- C. A minimum dollar amount deductible**
- D. Universal coverage until the deductible is met

A High Deductible Health Plan (HDHP) is characterized primarily by its higher deductibles compared to traditional health insurance plans. This means that the insured must pay a specified minimum dollar amount out-of-pocket before the health insurance begins to cover expenses. This structure often results in lower monthly premiums, encouraging individuals to pay a greater portion of their healthcare costs before insurance kicks in. Under HDHPs, the intention is to make consumers more conscious of their healthcare spending, as they are responsible for covering the initial costs up to that deductible threshold. Once this deductible is met, the plan typically starts to pay for covered services, which helps to contribute to overall lower health insurance premiums. In contrast, preventive care is usually covered without a deductible in many health plans, including HDHPs, but this feature alone does not define an HDHP. Also, high premium costs contradict the hallmark of HDHPs, which usually offer lower premiums in exchange for higher deductibles. Universal coverage until the deductible is met does not accurately describe the structure of an HDHP; rather, the insured must meet the deductible before most benefits are payable. Thus, the defining characteristic is indeed the presence of a minimum dollar amount deductible as it establishes the foundation for the overall structure and

**9. What determines the payout in an annuity policy?**

- A. The total amount of premiums paid**
- B. The age and gender of the annuitant**
- C. The state of residency of the policyholder**
- D. The health condition of the annuitant**

The payout in an annuity policy is primarily influenced by the age and gender of the annuitant. Insurance companies utilize mortality tables to determine the expected lifespan of individuals based on their age and gender. Since annuities are designed to provide income over the lifetime of the annuitant, the younger the annuitant, the longer the insurance company anticipates making payments. Similarly, gender can play a role, as statistical trends indicate differences in life expectancy between males and females, affecting how the payouts are structured. By considering these factors, insurers calculate the periodic payouts to ensure that they can fulfill their obligations while managing financial risk effectively. Other factors, while they may affect other types of policies or aspects of financial planning, don't primarily determine the payout amount of annuities.

**10. Which Medicare part covers outpatient mental health services provided by authorized healthcare professionals?**

- A. Medicare Part A**
- B. Medicare Part B**
- C. Medicare Part C**
- D. Medicare Part D**

The answer is Medicare Part B, which specifically covers outpatient mental health services provided by authorized healthcare professionals. This part of Medicare is designed to help individuals receive preventive and treatment services that are necessary for their mental and emotional well-being. Part B generally includes therapy sessions, counseling, and certain psychological tests that are performed by licensed psychologists, social workers, and other recognized mental health providers. By covering these essential services, Medicare Part B plays a crucial role in ensuring that beneficiaries have access to the mental health care they need without the burden of excessive out-of-pocket costs. Medicare Part A, on the other hand, primarily covers inpatient hospital stays, nursing home care, and some home health care services, but it does not extend similar coverage for outpatient mental health care. Medicare Part C refers to Medicare Advantage plans, which combine the benefits of Parts A and B and may include additional features, but the core coverage specifics for outpatient mental health services are found in Part B. Lastly, Medicare Part D focuses on providing prescription drug coverage, thus not addressing outpatient mental health services directly.



## 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!**