

AD BANKER LIFE AND HEALTH PRACTICE EXAM (SAMPLE)

STUDY GUIDE



Prepare with structure. Pass with confidence



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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. 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

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- 1. What is the main focus of a retrospective review?**
 - A. Future medical necessity of services
 - B. Claims for services already received
 - C. Assessment of new insurance policies
 - D. Preventative care measures
- 2. What is the definition of a replacement in life insurance?**
 - A. A transaction involving a new policy that replaces an old one
 - B. A gift policy given to a beneficiary
 - C. A policy issued to cover a lapsed policy
 - D. A transaction involving a beneficiary change
- 3. What rights does an owner have under the Ownership Provision?**
 - A. They can cancel the policy at any time without loss
 - B. They control cash values, loans, and beneficiary designations
 - C. They are allowed to change the insurance company
 - D. They cannot take loans against the policy
- 4. What kind of insurance plan typically provides benefits until the insured reaches age 65?**
 - A. Term life insurance
 - B. Permanent life insurance
 - C. Long-term disability insurance
 - D. Short-term disability insurance
- 5. What is the UCR method used for in insurance payments?**
 - A. Payment based on scheduled fees in the policy
 - B. Payment based on average fees charged by local doctors
 - C. Payment based on company-specific fee schedules
 - D. Payment based on negotiated rates with providers
- 6. What does field underwriting involve?**
 - A. Company training for agents
 - B. Gathering information about an applicant's insurability
 - C. Reviewing policy clauses
 - D. Evaluating market competition

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 typically covered in Vision Care insurance?

- A. Comprehensive eye surgeries
- B. Annual routine eye examinations
- C. Medical expenses from eye diseases
- D. Eye conditions requiring hospitalization

9. What does a substandard risk classification imply for an applicant?

- A. The applicant is likely to receive a lower premium
- B. The applicant is a good risk
- C. The applicant will face higher premiums
- D. The applicant will be automatically denied insurance

10. In life insurance, what is cash value?

- A. Funds that are invested in stocks
- B. Money accumulated in a permanent policy
- C. The total premiums paid by the insured
- D. The payout received upon policy maturity

Answers

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

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Explanations

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1. What is the main focus of a retrospective review?

- A. Future medical necessity of services
- B. Claims for services already received**
- C. Assessment of new insurance policies
- D. Preventative care measures

A retrospective review primarily focuses on examining claims for services that have already been received. This means that it looks back at the medical services provided to patients and evaluates whether these services met the criteria for medical necessity, appropriateness, and compliance with payer policies. This process is important for ensuring that the claims submitted by healthcare providers were justified and that the billing practices are accurate. The review typically assesses the patient's medical records, the treatments provided, and the outcomes to determine if the care aligned with established standards and guidelines. Such evaluations can help identify potential issues with claims submissions, including discrepancies that might need to be addressed for reimbursement purposes. This is crucial for both insurers and healthcare providers in managing costs and ensuring quality care. Looking at the other options, they focus on forward-looking elements or aspects of healthcare that do not pertain directly to evaluating past services provided. For instance, assessing future medical necessity involves predictions about what will be needed going forward rather than analyzing what has already occurred. Evaluation of new insurance policies pertains to the determination of coverage for future services rather than reviewing past claims. Lastly, preventative care measures focus on actions taken to avoid health issues rather than reviewing what has already been done. Thus, the central role of retrospective review is its concentration on previously provided services

2. What is the definition of a replacement in life insurance?

- A. A transaction involving a new policy that replaces an old one**
- B. A gift policy given to a beneficiary
- C. A policy issued to cover a lapsed policy
- D. A transaction involving a beneficiary change

A replacement in life insurance refers to a transaction in which a new policy is issued that effectively replaces an existing policy. This process is significant because it often involves evaluating the need for new coverage, which might arise due to various factors, such as changes in the insured's situation, needs for additional coverage, or potential benefits of a different policy. This definition is essential for ensuring that consumers understand their choices when it comes to life insurance and are aware of the implications of replacing an old policy. The replacement process typically requires agents to follow specific regulations to ensure that policyholders are aware of the benefits and drawbacks of making such a change. Often, this includes disclosing terms, providing information on the old policy, and ensuring that the insured understands both the new and old policies. Other choices may address related concepts but do not accurately represent the term "replacement." The concept of a gift policy, for instance, involves transferring ownership and does not pertain to the replacement of an existing coverage plan. Similarly, a policy issued to cover a lapsed policy does not fit the criteria of a replacement, as it is more about reinstating a previous policy rather than providing a new one in place of an old one. Lastly, a transaction involving a beneficiary change pertains to

3. What rights does an owner have under the Ownership Provision?

- A. They can cancel the policy at any time without loss
- B. They control cash values, loans, and beneficiary designations**
- C. They are allowed to change the insurance company
- D. They cannot take loans against the policy

The Ownership Provision grants specific rights to the policy owner, which include control over essential aspects of the life insurance policy. This means that the owner can manage the cash values accumulated within the policy, take out loans against the policy's value, and designate or change beneficiaries as they see fit. This level of control is fundamental to the function of the policy, as the owner essentially holds the rights to make significant decisions that affect both the policy's financial components and the individuals who will receive benefits under the policy. The other options don't accurately reflect the rights given under the Ownership Provision. For instance, policy cancellation could result in specific financial implications, contrary to the notion of canceling "without loss." The ability to change the insurance company isn't typically included in the ownership rights, as policies are binding with the issuing insurer unless certain conditions are met, such as policy exchanges. Furthermore, the option concerning loans against the policy is incorrect as ownership rights actually allow for loans against the cash value, rather than prohibiting them. Thus, option B rightly encapsulates the essence of the rights granted to the owner under the Ownership Provision.

4. What kind of insurance plan typically provides benefits until the insured reaches age 65?

- A. Term life insurance
- B. Permanent life insurance
- C. Long-term disability insurance**
- D. Short-term disability insurance

Long-term disability insurance is designed to provide income replacement benefits to individuals who are unable to work due to a qualifying disability for an extended period. Typically, these policies can extend benefits until the insured reaches age 65, at which point they may be eligible for retirement benefits and other forms of income. This structure helps ensure that individuals can maintain a level of financial support during the critical years leading up to retirement when they may face challenges related to disability. On the other hand, term life insurance is intended to provide coverage for a specific period (the term) and pays a benefit only if the insured dies during that term. Permanent life insurance offers lifelong coverage and may have a cash value component, but it is not specifically tied to age 65 for benefit payout purposes. Short-term disability insurance, while offering income replacement, typically covers a much shorter duration (usually up to six months) and would not provide benefits until the age of 65. Therefore, long-term disability insurance stands out as the option that specifically aligns with providing benefits until reaching that age.

5. What is the UCR method used for in insurance payments?

- A. Payment based on scheduled fees in the policy
- B. Payment based on average fees charged by local doctors**
- C. Payment based on company-specific fee schedules
- D. Payment based on negotiated rates with providers

The UCR method, which stands for "Usual, Customary, and Reasonable," is utilized in insurance payments to determine the reimbursement amount for medical services. This method bases payments on the average fees that local physicians charge for similar services within a specific geographic area. By relying on local prevailing rates, the UCR method aims to ensure that insurance payments reflect the norm for medical services, which can help control costs and provide fair compensation to healthcare providers. This approach benefits both insurers and insured individuals by helping to align payments with what is commonly accepted in the community, promoting equitable access to services while managing overall healthcare expenses. The average fees considered by the UCR method are derived from a comprehensive analysis of what various providers in the area typically charge, making it a critical tool in ensuring that medical reimbursements are aligned with local economic conditions and standard practices.

6. What does field underwriting involve?

- A. Company training for agents
- B. Gathering information about an applicant's insurability**
- C. Reviewing policy clauses
- D. Evaluating market competition

Field underwriting involves gathering information about an applicant's insurability. This process is crucial in the insurance industry as it allows agents to assess the risk associated with insuring a particular individual. By collecting details such as health history, lifestyle choices, occupation, and other relevant factors, agents can determine whether an applicant qualifies for coverage and under what terms. The information obtained during field underwriting helps the insurance company make informed decisions regarding policy issuance, premium pricing, and overall risk management. The other options, while related to different aspects of insurance practices, do not accurately describe field underwriting. Company training for agents focuses on educating agents about products and sales techniques, reviewing policy clauses pertains to understanding the terms within an insurance policy, and evaluating market competition deals with analyzing the broader market landscape rather than individual applicant assessment.

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 typically covered in Vision Care insurance?

- A. Comprehensive eye surgeries
- B. Annual routine eye examinations**
- C. Medical expenses from eye diseases
- D. Eye conditions requiring hospitalization

Vision Care insurance primarily focuses on preventive care and routine eye health maintenance. This typically includes coverage for annual routine eye examinations, which are essential for assessing vision health, updating prescriptions for glasses or contact lenses, and detecting early signs of eye conditions. These examinations are crucial for maintaining overall eye health and mitigating potential vision problems. While comprehensive eye surgeries and medical expenses from eye diseases may be covered under more extensive health insurance or specialized plans, they are not standard provisions of Vision Care insurance. Similarly, eye conditions requiring hospitalization often fall under health insurance or specific medical plans rather than routine vision care coverage. Vision Care insurance is designed to ensure regular eye check-ups and necessary corrective eyewear, making routine eye examinations a centerpiece of its offerings.

9. What does a substandard risk classification imply for an applicant?

- A. The applicant is likely to receive a lower premium
- B. The applicant is a good risk
- C. The applicant will face higher premiums**
- D. The applicant will be automatically denied insurance

A substandard risk classification indicates that the applicant presents a higher risk for the insurer due to various factors such as health conditions, lifestyle choices, or hazardous occupations. As a result, insurers typically assess that the probability of claims will be greater for individuals classified as substandard. Consequently, to compensate for this increased risk, insurance companies often charge higher premiums for these individuals. This practice ensures that the insurer remains financially viable while providing coverage to those who may otherwise struggle to find affordable options. The classification does not suggest that the applicant is a good risk or will receive a lower premium, nor does it guarantee automatic denial of coverage. Instead, substandard classifications highlight the need for higher premiums to mitigate the insurer's risk.

10. In life insurance, what is cash value?

- A. Funds that are invested in stocks
- B. Money accumulated in a permanent policy**
- C. The total premiums paid by the insured
- D. The payout received upon policy maturity

Cash value in life insurance refers to the money that accumulates in a permanent life insurance policy over time. This amount represents the savings component of the policy, which grows tax-deferred and can be accessed by the policyholder through loans or withdrawals. The cash value is a key feature of whole life, universal life, and variable life insurance policies, providing policyholders with a financial asset that can be utilized during their lifetime. In contrast, the other options do not accurately describe cash value. The first option mentions investments in stocks, which pertains to the investment aspect of certain types of permanent policies but does not define cash value itself. The total premiums paid is relevant but does not equate to cash value, as it doesn't account for the growth element and other factors involved in the cash value accumulation. Lastly, the payout received upon policy maturity refers to the death benefit or cash surrender value, which is distinct from the concept of cash value within the policy itself.

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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://adbankerlifehealth.examzify.com>

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

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