

AD BANKER LIFE INSURANCE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE

<https://adbankerlifeinsurance.examzify.com>



Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain accurate, complete, and timely information about this product from reliable sources.

SAMPLE

Table of Contents

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

SAMPLE

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

SAMPLE

- 1. What happens to the face amount of an Ordinary Whole Life Policy over the life of the policy?**
 - A. Increases
 - B. Decreases
 - C. Remains the same
 - D. Varies based on cash value
- 2. What is the significance of the death benefit in life insurance?**
 - A. It serves as a savings mechanism
 - B. It provides peace of mind and security for beneficiaries
 - C. It is a tax liability for the policy owner
 - D. It guarantees a return on investment
- 3. Which branch is responsible for writing and passing state insurance laws?**
 - A. Judicial
 - B. Legislative
 - C. Executive
 - D. Administrative
- 4. What is a key limitation of term insurance?**
 - A. It provides cash value benefits
 - B. It must be renewed each year at a higher cost
 - C. It expires after a specific period
 - D. It offers guaranteed death benefits for life
- 5. What does a "living benefit" from a life insurance policy refer to?**
 - A. Interest accrued on cash value.
 - B. An accelerated benefit for terminal illness.
 - C. Funds used for premiums.
 - D. Return of premium upon policy surrender.
- 6. Which factor must be explained to an applicant upon policy delivery?**
 - A. Potential dividends on the policy
 - B. The history of claims for similar policies
 - C. Substandard ratings and changes in premium
 - D. The tax implications of the acquired policy

- 7. Which of the following elements is NOT required for a legal contract?**
- A. Competent parties
 - B. Legal purpose
 - C. Mutual agreement
 - D. Consideration
- 8. When might a policyowner convert their Term Policy to a Permanent Policy?**
- A. At any time during the policy term
 - B. If the insured has no pre-existing conditions
 - C. Within the first 10 years and before a specified age
 - D. Only upon the death of the insured
- 9. All of the following are characteristics of Ordinary Whole Life Insurance, except?**
- A. The policy pays the face amount if the insured lives to age 100.
 - B. The cash value equates to the face amount once the insured reaches age 100.
 - C. The total premiums paid are returned to the policyowner upon death.
 - D. The coverage lasts for the insured's lifetime.
- 10. Which of the following statements differentiates Variable Whole Life and Variable Universal Life?**
- A. They both guarantee a minimum death benefit
 - B. Variable Whole Life allows investment options while Variable Universal Life does not
 - C. Variable Universal Life has no guaranteed minimum death benefit
 - D. Variable Whole Life has more flexible premiums

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. What happens to the face amount of an Ordinary Whole Life Policy over the life of the policy?

- A. Increases
- B. Decreases
- C. Remains the same**
- D. Varies based on cash value

In an Ordinary Whole Life Policy, the face amount remains the same throughout the life of the policy. This consistency is a defining characteristic of whole life insurance, providing policyholders with a guaranteed death benefit that does not change as the insured ages. The policy's face amount, also referred to as the death benefit, is predetermined at the time of the policy's issuance and is a key factor in the financial planning aspect of life insurance. This stability allows beneficiaries to know exactly how much will be paid in the event of the policyholder's death, offering peace of mind and financial security. In contrast, other options suggest alterations to the face amount, which is not applicable in the case of an Ordinary Whole Life Policy. Understanding this principle is crucial for comprehending the long-term benefits and structure of whole life insurance.

2. What is the significance of the death benefit in life insurance?

- A. It serves as a savings mechanism
- B. It provides peace of mind and security for beneficiaries**
- C. It is a tax liability for the policy owner
- D. It guarantees a return on investment

The significance of the death benefit in life insurance lies primarily in its role in providing financial security and peace of mind for the beneficiaries. When the insured individual passes away, the death benefit serves as a financial resource for the loved ones left behind, allowing them to cover various expenses such as funeral costs, outstanding debts, and ongoing living expenses. This alleviates the financial burden during a time of grief, ensuring that the insured's family is taken care of and can maintain their standard of living. The death benefit is a fundamental aspect of life insurance as it embodies the primary purpose of these policies: to offer financial protection to dependents. This ensures that the policyholder's loved ones are not left in a precarious financial situation after their death, fulfilling the promise of the insurance coverage. Additionally, knowing that there is a safety net can provide emotional comfort to the policyholder, contributing to their overall peace of mind regarding the future of their beneficiaries. In contrast, other options may not fully reflect the core function of the death benefit. While it might be seen as a savings mechanism in some policies, particularly permanent life insurance, the primary objective remains financial protection rather than accumulation. Similarly, while death benefits generally pass tax-free to beneficiaries, they are not positioned as

3. Which branch is responsible for writing and passing state insurance laws?

- A. Judicial
- B. Legislative**
- C. Executive
- D. Administrative

The branch responsible for writing and passing state insurance laws is the legislative branch. This branch is tasked with creating laws and policies, including those that regulate the insurance industry within a state. Legislators in this branch, often composed of elected representatives, debate, modify, and enact legislation that governs how insurance companies operate, consumer protections, and licensing requirements, among other aspects related to insurance. The legislative process ensures that insurance regulations reflect the needs and concerns of the public, as lawmakers have a direct connection to their constituents. By drafting and enacting laws, the legislative branch also establishes the framework within which the insurance industry functions, promoting standards that protect both consumers and insurers. Understanding the role of the legislative branch in law-making is crucial, as it primarily influences the regulatory environment of various sectors, including insurance. This knowledge helps in comprehending how policies are developed and implemented within the industry.

4. What is a key limitation of term insurance?

- A. It provides cash value benefits
- B. It must be renewed each year at a higher cost
- C. It expires after a specific period**
- D. It offers guaranteed death benefits for life

Term insurance is designed to provide coverage for a specific period, such as 10, 20, or 30 years, and this feature is a defining characteristic of this type of policy. When the term expires, the coverage ends, and the insured may receive no benefits if they outlive the policy. This limitation is significant because it means that if individuals have a temporary need for life insurance or if they do not convert their policy to a different type before expiration, they may find themselves without coverage when it is needed most. The aspect of having no cash value benefits is another consideration, as term insurance does not accumulate savings like whole life or universal life insurance. This lack of a cash value feature is often perceived as a disadvantage but emphasizes the focus of term insurance on providing pure death benefit protection for a defined period. Given that term insurance must be renewed each year and typically incurs higher costs as the insured ages, this also reflects a limitation tied to affordability and risk management. Nonetheless, the essential limitation lies in the fact that once the term concludes, the policy provides no further benefits unless renewed or converted to a permanent policy. Hence, the selection that describes the definitive limitation of term insurance particularly well is that it expires after a specific period.

5. What does a "living benefit" from a life insurance policy refer to?

- A. Interest accrued on cash value.
- B. An accelerated benefit for terminal illness.**
- C. Funds used for premiums.
- D. Return of premium upon policy surrender.

A "living benefit" from a life insurance policy primarily refers to an accelerated benefit provided for a terminal illness. This feature allows the policyholder to access a portion of the death benefit while still alive if they are diagnosed with a terminal illness. This can be crucial for individuals facing significant medical expenses or wanting to ensure their financial needs and those of their families are met during their final days. This option is recognized as a living benefit because it provides financial support during the policyholder's lifetime, in contrast to traditional benefits that are only accessed upon the policyholder's death. Such benefits can alleviate the burden of paying for healthcare or other expenses that may arise in the final stages of life. In terms of the other options, interest accrued on cash value is related to the growth of the investment component of certain life insurance policies but does not provide immediate benefits during the policyholder's life. Funds used for premiums refer to the payments made to maintain the policy, but they do not represent a benefit. Lastly, a return of premium upon policy surrender is not considered a living benefit because it is contingent upon surrendering the policy and does not offer support while the insured is still living.

6. Which factor must be explained to an applicant upon policy delivery?

- A. Potential dividends on the policy
- B. The history of claims for similar policies
- C. Substandard ratings and changes in premium**
- D. The tax implications of the acquired policy

Upon policy delivery, it is essential to explain substandard ratings and any changes in premium to the applicant. This is crucial because if a policyholder receives a substandard rating, it indicates that the insurance company has assessed the applicant to have a higher risk compared to the standard rates due to health or lifestyle factors. As a result, this can lead to higher premiums or specific exclusions in the policy. Understanding substandard ratings allows the applicant to grasp how their individual circumstances may affect the cost of their insurance coverage. This ensures transparency and helps the applicant make informed decisions about their policy. Additionally, being clear about potential changes in premiums ensures that the policyholder is prepared for any future fluctuations in their financial obligations related to the policy. Providing this information establishes trust and helps avoid any misunderstandings that could arise later regarding pricing and coverage terms.

7. Which of the following elements is NOT required for a legal contract?

- A. Competent parties
- B. Legal purpose
- C. Mutual agreement**
- D. Consideration

A legal contract must include several essential elements to ensure its validity and enforceability. Among these requirements, mutual agreement, also known as a "meeting of the minds," is indeed one of the critical components. This means that both parties must understand and agree to the terms of the contract. Competent parties refer to the necessity that those entering the contract must have the legal capacity to do so, which typically means they are of legal age and have sound mental capacity. Legal purpose signifies that the contract must be for a lawful reason; contracts for illegal activities cannot be enforced. Consideration is the value exchanged between the parties, which is another fundamental element; it could be in the form of money, services, or goods. The assertion that mutual agreement is the element not required for a legal contract is incorrect because it is, in fact, a foundational requirement. Each of the other elements has its place in the legal framework of contracts, while the notion of mutual agreement underpins the existence of a contract in the first place. Therefore, every valid contract must include mutual agreement, along with the other elements.

8. When might a policyowner convert their Term Policy to a Permanent Policy?

- A. At any time during the policy term
- B. If the insured has no pre-existing conditions
- C. Within the first 10 years and before a specified age**
- D. Only upon the death of the insured

Converting a Term Policy to a Permanent Policy is typically allowed under specific conditions outlined in the policy itself. The correct answer highlights a common provision found in many term life insurance contracts: conversion is usually permitted within a designated time frame, often within the first 10 years of the policy and before the insured reaches a certain age. This timeframe is crucial because it allows the policyholder to take advantage of the insurance protection while transitioning to a more permanent type of coverage that does not expire and can accumulate cash value. The stipulation regarding the age is also significant; insurers want to ensure that the insured is still within a risk pool that allows for affordable premiums. The other options do not align with the standard practices for policy conversion. For instance, the idea of conversion at any time during the policy term, while desirable, is not usually feasible as it contrasts with the specific limitations often outlined in the policy. Similarly, stipulating that conversion is dependent upon the absence of pre-existing conditions does not accurately reflect how most policies operate, as the right to convert is typically guaranteed irrespective of health status. Lastly, only allowing conversion upon the death of the insured fundamentally misrepresents the purpose of conversion, which is to allow for continued coverage and benefits while the insured is still

9. All of the following are characteristics of Ordinary Whole Life Insurance, except?

- A. The policy pays the face amount if the insured lives to age 100.
- B. The cash value equates to the face amount once the insured reaches age 100.
- C. The total premiums paid are returned to the policyowner upon death.**
- D. The coverage lasts for the insured's lifetime.

Ordinary Whole Life Insurance is designed to provide coverage for the lifetime of the insured, and upon reaching the age of 100, the policy matures. At that point, the cash value of the policy is equal to the face amount, allowing the policyholder various options including receiving the death benefit or accessing the cash value. The characteristic that is not true about Ordinary Whole Life Insurance is that the total premiums paid are returned to the policyowner upon death. While the policy does build cash value and pays out the face amount upon the death of the insured, it does not return the total premiums paid. Instead, the payout is determined by the face amount specified in the policy, which is the amount the beneficiaries will receive upon the insured's death, rather than a return of all the premium payments made. This distinction is important because it clarifies that the policy functions primarily to provide a death benefit and build cash value rather than to return premiums.

10. Which of the following statements differentiates Variable Whole Life and Variable Universal Life?

- A. They both guarantee a minimum death benefit
- B. Variable Whole Life allows investment options while Variable Universal Life does not
- C. Variable Universal Life has no guaranteed minimum death benefit**
- D. Variable Whole Life has more flexible premiums

The distinction between Variable Whole Life and Variable Universal Life primarily revolves around the death benefits they guarantee and their flexible features. The statement identifying that Variable Universal Life has no guaranteed minimum death benefit is accurate, as it effectively highlights one of the key differences between these two products. Variable Universal Life (VUL) insurance typically does not offer a guaranteed minimum death benefit, meaning that the death benefit can fluctuate depending on the performance of the underlying investments chosen by the policyholder. In contrast, Variable Whole Life generally comes with a defined minimum death benefit, providing a safety net for the insured's beneficiaries regardless of the investment performance. This aspect of VUL aligns with its more flexible design, where policyholders can adjust the premium payments and potentially increase or reduce their coverage amount, but without the assurance of a guaranteed minimum. This allows individuals who prefer a more variable approach to their life insurance and are willing to assume more investment risk in exchange for the ability to manage their premiums and death benefits as their financial situation changes. Understanding these characteristics is essential for determining the appropriate type of life insurance based on individual needs and risk tolerance.

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://adbankerlifeinsurance.examzify.com>

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

SAMPLE