

# California Life and Health Insurance Practice Exam (Sample)

## Study Guide



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

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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

- 1. What is generally the role of an insurance underwriter?**
  - A. To sell insurance products directly to customers**
  - B. To assess risks and determine policy terms and premiums**
  - C. To assist clients in managing their insurance claims**
  - D. To consult with legal teams on policy issues**
- 2. Who does a life settlement broker represent?**
  - A. The insurance company**
  - B. The individual wanting to sell their life policy**
  - C. The buyer of the life insurance**
  - D. The insurance agent**
- 3. Which of the following is NOT an important reason for a life insurance application?**
  - A. The insured must sign the application before the insurer will issue the policy**
  - B. The beneficiary must sign the application before the insurer will issue the policy**
  - C. The applicant's health history must be disclosed**
  - D. Premium rates are calculated based on the information in the application**
- 4. What term describes the provision under a health insurance policy that outlines the kind of benefits provided?**
  - A. Coverage clause**
  - B. Insuring clause**
  - C. Exclusion clause**
  - D. Deductible clause**
- 5. What is the purpose of a beneficiary designation in a life insurance policy?**
  - A. To determine premium costs**
  - B. To specify who receives the death benefit**
  - C. To provide tax advantages**
  - D. To outline policy exclusions**

- 6. What is the primary purpose of life insurance?**
- A. To accumulate cash value**
  - B. To provide financial protection for beneficiaries**
  - C. To minimize tax liability**
  - D. To fund retirement**
- 7. What is insurable interest in the context of life insurance?**
- A. A requirement for purchasing health insurance**
  - B. A financial interest in the life of the insured**
  - C. A condition under which disability insurance is issued**
  - D. A type of coverage provided by term life insurance**
- 8. Which statement about Medicare is accurate?**
- A. It exclusively covers hospitalization.**
  - B. Part A covers outpatient diagnostic tests.**
  - C. Part B provides benefits for outpatient diagnostic tests and X-rays.**
  - D. Medicare does not cover preventive services.**
- 9. Which of the following is a contract that involves one party indemnifying another when a loss arises from an unknown event?**
- A. Surety bond**
  - B. Insurance policy**
  - C. Lease agreement**
  - D. Guarantees**
- 10. In life insurance, what does the term "beneficiary" refer to?**
- A. The person who pays the premiums**
  - B. The person who receives the death benefit**
  - C. The insurance company**
  - D. The insured individual**



## **Answers**

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

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## **Explanations**

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## 1. What is generally the role of an insurance underwriter?

- A. To sell insurance products directly to customers
- B. To assess risks and determine policy terms and premiums**
- C. To assist clients in managing their insurance claims
- D. To consult with legal teams on policy issues

The role of an insurance underwriter is primarily focused on evaluating risks to determine the eligibility of applicants for insurance coverage. This involves assessing various factors related to the individual or entity seeking insurance, including their health, lifestyle, occupation, and any previous claims history. Once the evaluation is complete, the underwriter sets the terms and conditions of the policy and decides the premium that reflects the level of risk that the insurer is willing to take on. This function is crucial in ensuring that the insurance company maintains financial stability while also effectively providing coverage to its clients. Underwriters play an essential part in the insurance process, balancing the needs of the insurer to minimize risk while still offering coverage to those who qualify. Their decisions can significantly influence the overall profitability of the insurance company, making their role a cornerstone of the industry.

## 2. Who does a life settlement broker represent?

- A. The insurance company
- B. The individual wanting to sell their life policy**
- C. The buyer of the life insurance
- D. The insurance agent

A life settlement broker represents the individual who is looking to sell their life insurance policy. This representation is crucial because the broker's primary role is to facilitate the transaction between the seller of the policy and potential buyers while advocating for the seller's best interests. The broker helps the seller understand their options, navigate the complex process of a life settlement, and negotiate terms that are most favorable for the individual. In this context, the broker acts as an intermediary, ensuring that the seller gets a fair value for their policy in the marketplace. This involves assessing the policy's worth, providing insight into potential buyers, and guiding the individual through necessary legal and financial considerations. By representing the seller, the broker aligns their efforts with the individual's goals of maximizing the financial return from their life insurance policy.

3. Which of the following is NOT an important reason for a life insurance application?
- A. The insured must sign the application before the insurer will issue the policy
  - B. The beneficiary must sign the application before the insurer will issue the policy**
  - C. The applicant's health history must be disclosed
  - D. Premium rates are calculated based on the information in the application

In the context of life insurance, the primary goal of the application is to gather relevant information essential for underwriting the policy. Among the significant reasons for completing a life insurance application, the fact that an insured individual must sign the application is critical because it confirms that they are accepting the terms and conditions associated with the policy, thus allowing the insurer to proceed with issuing the policy. However, it's not necessary for a beneficiary to sign the application as a condition for the insurer to issue the policy. The beneficiary's role comes into play only after the policyholder's death when they are to receive the death benefit. Therefore, taking the beneficiary's signature is not a requisite step in the application process, making this point stand out as not a critical reason for submitting a life insurance application. The other aspects of the application process, such as the necessity for health history disclosure and how premium rates are calculated based on the applicant's information, are undeniably important. These elements are pivotal for accurately assessing risk and underwriting decisions.

4. What term describes the provision under a health insurance policy that outlines the kind of benefits provided?
- A. Coverage clause
  - B. Insuring clause**
  - C. Exclusion clause
  - D. Deductible clause

The insuring clause in a health insurance policy is the specific provision that details the benefits that the insurer will provide to the insured. It defines the scope of coverage, specifying which medical services and treatments are included under the policy. This clause is crucial for understanding the extent of the financial protection offered by the insurance plan, as it clearly sets forth what is covered and under what circumstances. In contrast to the insuring clause, a coverage clause might sound relevant but typically is a term that can refer more generally to any statement regarding coverage. The exclusion clause outlines what is not covered by the policy, providing limitations and exceptions that protect the insurer from claims related to certain conditions or situations. The deductible clause pertains to the amount that the insured must pay out-of-pocket before coverage kicks in, which is a financial responsibility rather than a description of benefits. Overall, the insuring clause is fundamental in establishing the agreement between the insurer and the insured regarding the type of benefits provided, making it the correct choice in this context.

**5. What is the purpose of a beneficiary designation in a life insurance policy?**

- A. To determine premium costs**
- B. To specify who receives the death benefit**
- C. To provide tax advantages**
- D. To outline policy exclusions**

The purpose of a beneficiary designation in a life insurance policy is primarily to specify who receives the death benefit upon the insured's demise. This designation is crucial because it directly impacts how the proceeds will be distributed and ensures that the insured's wishes are honored after their death. By designating a beneficiary, the policyholder identifies one or more individuals or entities that will receive the financial payout, allowing for clarity and preventing disputes among potential heirs. The other options do not accurately reflect the role of beneficiary designation. Premium costs are determined by various factors such as age, health, and amount of coverage, not by the beneficiary choice. While life insurance proceeds may have tax advantages, this is not directly related to the beneficiary designation itself. Lastly, policy exclusions pertain to specific conditions under which the policy might not pay out, which is a separate aspect from who receives the benefits. Thus, the correct choice emphasizes the importance of clearly defining who will benefit from the insurance policy after the insured's death.

**6. What is the primary purpose of life insurance?**

- A. To accumulate cash value**
- B. To provide financial protection for beneficiaries**
- C. To minimize tax liability**
- D. To fund retirement**

The primary purpose of life insurance is to provide financial protection for beneficiaries. Life insurance serves as a security measure, ensuring that in the event of the policyholder's death, their designated beneficiaries receive a death benefit. This financial support can help cover various expenses that may arise, such as funeral costs, outstanding debts, and living expenses, allowing beneficiaries to maintain their standard of living without the financial burden that the death of a loved one can bring. While accumulating cash value, minimizing tax liability, and funding retirement can be associated benefits or considerations in certain types of life insurance policies, they do not represent the fundamental reason for purchasing life insurance. The main objective remains the provision of financial security for those left behind, ensuring they are supported during a difficult time.

**7. What is insurable interest in the context of life insurance?**

- A. A requirement for purchasing health insurance**
- B. A financial interest in the life of the insured**
- C. A condition under which disability insurance is issued**
- D. A type of coverage provided by term life insurance**

In the context of life insurance, insurable interest refers to a financial interest in the life of the insured. This principle ensures that the policyholder has a legitimate interest in the continued life of the insured person, which helps to prevent moral hazard and insurance fraud. It is essential because it establishes that a policyholder would suffer a financial loss or disadvantage if the insured were to pass away. For life insurance, this means that the policyholder must stand to lose something of financial value if the insured dies, which validates the need for insurance and aligns the interests of both the insurer and the insured. Without the concept of insurable interest, individuals could take out policies on others without any real connection or risk, which would undermine the integrity of life insurance as a risk management tool. The other options do not accurately capture the essence of insurable interest in life insurance. Health insurance does not require insurable interest in the same way life insurance does; similarly, disability insurance has its own set of requirements not inherently tied to the concept of insurable interest. Lastly, term life insurance is a specific type of coverage and doesn't define the principle of insurable interest itself.

**8. Which statement about Medicare is accurate?**

- A. It exclusively covers hospitalization.**
- B. Part A covers outpatient diagnostic tests.**
- C. Part B provides benefits for outpatient diagnostic tests and X-rays.**
- D. Medicare does not cover preventive services.**

The accurate statement regarding Medicare is that Part B provides benefits for outpatient diagnostic tests and X-rays. Medicare is divided into parts, each serving different functions, and Part B specifically focuses on medically necessary services and preventive care, which includes outpatient diagnostic tests such as laboratory tests, MRI scans, X-rays, and other imaging studies. This means that beneficiaries can receive necessary outpatient care as part of their Medicare coverage under Part B, making it essential for maintaining health and early detection of conditions. In contrast, while Part A focuses on hospital insurance covering inpatient hospital stays, skilled nursing facility care, hospice, and some home health services, it does not cover outpatient services, which clarifies why the first statement is inaccurate. The second statement is incorrect because while Part A primarily covers inpatient services, outpatient diagnostic tests are categorized under Part B. Lastly, the assertion regarding preventive services is false, as Medicare does indeed cover a variety of preventive services, including wellness visits, screenings, and vaccinations under both Parts A and B.

**9. Which of the following is a contract that involves one party indemnifying another when a loss arises from an unknown event?**

- A. Surety bond**
- B. Insurance policy**
- C. Lease agreement**
- D. Guarantees**

The correct answer is an insurance policy, which is designed specifically to provide indemnification to a party in case of a loss resulting from an uncertain or unknown event. In an insurance contract, the insurer agrees to compensate the insured for specific losses or damages, thereby transferring the risk of loss. This function of risk transfer is foundational to the concept of insurance and underscores the unpredictability of the events covered. While surety bonds and guarantees also involve risk management and protection against losses, they primarily serve different purposes—ensuring the performance of a contract or obligation rather than indemnifying for losses from unknown events. A lease agreement creates a legal relationship regarding property usage, but it does not involve indemnification related to uncertainties that could lead to loss. Therefore, an insurance policy is uniquely tailored to the need for covering unforeseen losses, making it the correct answer to this question.

**10. In life insurance, what does the term "beneficiary" refer to?**

- A. The person who pays the premiums**
- B. The person who receives the death benefit**
- C. The insurance company**
- D. The insured individual**

In life insurance, the term "beneficiary" specifically refers to the individual or entity designated to receive the death benefit when the insured individual passes away. This designation is a critical element of life insurance policies, as it ensures that the intended recipients receive financial support during a difficult time. The beneficiary can be a family member, friend, trust, or even a charity, depending on the policyholder's wishes. Other options, while related to the insurance contract, do not fulfill the role of a beneficiary. The person who pays the premiums is often the policyholder but is not necessarily the one who receives the benefits upon the insured's death. The insurance company itself is the entity that provides the policy and pays out the benefits but does not receive those benefits. Lastly, the insured individual is the person whose life is covered by the policy, and while they may have a say in who the beneficiary is, they do not function as the beneficiary themselves. Understanding the role of a beneficiary is crucial for effective life insurance planning and ensuring that financial support is directed to the intended parties.



## 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://californialifehealthinsurance.examzify.com>**

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