

# Colorado Life Producer License Practice Test (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**

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- 1. What describes the specific information about a policy?**
  - A. Policy summary**
  - B. Policy endorsement**
  - C. Policy rider**
  - D. Policy declaration**
  
- 2. Which option allows a policy owner to use dividends to pay for their next premium?**
  - A. Paid-up additions**
  - B. Cash payment option**
  - C. Reduction of premium**
  - D. Accumulation of interest**
  
- 3. What does the policy owner have the right to change in a life insurance policy?**
  - A. The insured's status**
  - B. The premium payment frequency**
  - C. The beneficiary**
  - D. The death benefit amount only**
  
- 4. When the buyer's guide and disclosure statement are not provided at or before time of application, what is the free look period?**
  - A. 10 days**
  - B. 15 days**
  - C. 20 days**
  - D. 30 days**
  
- 5. What is the minimum number of hours focused on state law required for a producer license?**
  - A. 2 hours**
  - B. 3 hours**
  - C. 4 hours**
  - D. 5 hours**

**6. On what basis do insurers fail to pay claims?**

- A. Insufficient documentation**
- B. Policy exclusions**
- C. Late payments**
- D. All of the above**

**7. Which government entity oversees the implementation of the Fair Credit Reporting Act?**

- A. Federal Trade Commission**
- B. Office of the Comptroller**
- C. Securities and Exchange Commission**
- D. U.S. Treasury Department**

**8. What percentage of participation is required for noncontributory plans?**

- A. 75%**
- B. 50%**
- C. 100%**
- D. 25%**

**9. How does survivorship life insurance differ from joint life insurance?**

- A. It pays upon the first death only**
- B. It insures multiple lives with lower premiums**
- C. It can be purchased for single individuals**
- D. It provides a cash value component**

**10. What entities are included in the definition of a term employer?**

- A. Private corporations only**
- B. Counties, cities, and school districts**
- C. Individuals and families**
- D. Non-profit organizations only**

## **Answers**

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

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## **Explanations**

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## 1. What describes the specific information about a policy?

- A. Policy summary**
- B. Policy endorsement**
- C. Policy rider**
- D. Policy declaration**

The correct choice, which is a policy summary, provides a concise overview of the key elements and details of an insurance policy. This includes information such as the types of coverage provided, the limits of coverage, any applicable deductibles, and key exclusions. The purpose of a policy summary is to give insured individuals a clear understanding of what their policy entails, making it easier for them to grasp the essential aspects of their insurance coverage. In contrast, a policy endorsement refers to a modification or amendment to an existing insurance policy that changes the terms of coverage, while a policy rider typically adds additional coverage or benefits to a policy. On the other hand, a policy declaration is a section of the policy that states the basic information about the insured, such as names, coverage amounts, and the period of coverage, but does not summarize the full details like the policy summary does. Thus, the policy summary stands out as the most comprehensive description of essential policy specifics.

## 2. Which option allows a policy owner to use dividends to pay for their next premium?

- A. Paid-up additions**
- B. Cash payment option**
- C. Reduction of premium**
- D. Accumulation of interest**

The option that allows a policy owner to use dividends to pay for their next premium is known as the reduction of premium. This method enables policyholders to apply the dividends they receive from their life insurance policy toward the payment of their next premium, effectively reducing the amount of cash they need to pay out-of-pocket. This approach is beneficial for policyholders who prefer to maintain their policy without incurring additional costs. By applying the dividends in this way, they can keep their coverage active while also making efficient use of the benefits provided by their policy. In contrast to this option, other methods may not directly facilitate premium payments. For instance, paid-up additions refer to using dividends to purchase additional insurance without the need for further premium payments, thus increasing the death benefit rather than directly addressing premium costs. The cash payment option allows policyholders to take dividends in cash rather than reinvesting them, which would not cover future premium expenses. Accumulation of interest involves dividends being retained in the policy and accruing interest, which does not provide immediate assistance in paying premiums.

**3. What does the policy owner have the right to change in a life insurance policy?**

- A. The insured's status**
- B. The premium payment frequency**
- C. The beneficiary**
- D. The death benefit amount only**

In a life insurance policy, the policy owner has the right to change the beneficiary. A beneficiary is the individual or entity designated to receive the death benefit upon the passing of the insured. This right is significant because it allows policy owners to adapt their policy to their changing circumstances—such as marriages, births, or changes in financial responsibility—by updating who will receive the death benefit. While it is true that policy owners can often request changes to the premium payment frequency or even the death benefit amount, these changes typically require the insurer's approval and may involve adjustments to the policy terms. Conversely, changing the beneficiary is a straightforward process that the policy owner can manage themselves, reflecting their ongoing control over how the proceeds of the policy will be distributed. Understanding the dynamics of beneficiary changes is crucial, as it ensures that the intended recipients are properly identified, which can have significant financial implications for the family or loved ones of the insured.

**4. When the buyer's guide and disclosure statement are not provided at or before time of application, what is the free look period?**

- A. 10 days**
- B. 15 days**
- C. 20 days**
- D. 30 days**

The correct duration for the free look period in situations where the buyer's guide and disclosure statement are not provided at or before the time of application is 15 days. This free look period allows the policyholder to review the policy after purchase and determine if it meets their needs. If the insured finds the policy unsatisfactory, they can return it within this 15-day window for a full refund of premiums. This regulation emphasizes consumer protection by providing an opportunity for the buyer to reassess their decision without financial penalty.

**5. What is the minimum number of hours focused on state law required for a producer license?**

- A. 2 hours**
- B. 3 hours**
- C. 4 hours**
- D. 5 hours**

The minimum number of hours focused on state law required for a producer license is 3 hours. This requirement is designed to ensure that producers are adequately informed about important regulations, legal standards, and compliance issues specific to their state. Understanding state law is crucial for producers, as it governs their practice and helps them navigate the complexities of insurance policies, consumer protection laws, and other pertinent regulations. This foundational knowledge equips producers to serve their clients effectively and operate within the legal framework of the state.

**6. On what basis do insurers fail to pay claims?**

- A. Insufficient documentation**
- B. Policy exclusions**
- C. Late payments**
- D. All of the above**

Insurers may fail to pay claims for several reasons, which include insufficient documentation, policy exclusions, and late payments. When a claim is submitted, it is crucial for the policyholder to provide all required documentation to support the claim. If the documentation is incomplete or not provided in a timely manner, the insurer may determine that they cannot process the claim and thus deny payment. Policy exclusions are specific circumstances or conditions that are not covered under the insurance policy. Each policy outlines what is included and what is omitted from coverage. If a claim falls under one of these exclusions, the insurer is not obligated to pay out. This is a fundamental aspect of how insurance contracts operate, as exclusions help to define the risk that the insurer is willing to accept. Lastly, late payments can lead to claim denials. Insurance policies often stipulate that coverage is active only when premiums are paid on time. If a policyholder fails to make a premium payment by the due date, coverage can lapse, and any subsequent claims made during the period of non-coverage may be denied. Given these various reasons, it is accurate to state that insurers could fail to pay claims on any of these grounds, thus making the answer that encompasses all of them the most comprehensive and correct choice.

**7. Which government entity oversees the implementation of the Fair Credit Reporting Act?**

- A. Federal Trade Commission**
- B. Office of the Comptroller**
- C. Securities and Exchange Commission**
- D. U.S. Treasury Department**

The Federal Trade Commission (FTC) is the government entity responsible for overseeing the implementation of the Fair Credit Reporting Act (FCRA). The FCRA was enacted to promote accuracy, fairness, and privacy of consumer information contained in the files of consumer reporting agencies. The FTC enforces compliance with the FCRA, ensuring that consumers' rights are protected and that agencies providing credit information adhere to its provisions. This oversight includes monitoring credit reporting practices and investigating any violations of the law. The other entities listed do handle financial matters but do not have specific jurisdiction over the FCRA. The Office of the Comptroller primarily regulates national banks and federal savings associations. The Securities and Exchange Commission focuses on securities markets and protecting investors. The U.S. Treasury Department manages federal finances, but it does not oversee consumer credit reporting practices. Therefore, the FTC's role is paramount in ensuring consumer protection under the FCRA.

**8. What percentage of participation is required for noncontributory plans?**

- A. 75%**
- B. 50%**
- C. 100%**
- D. 25%**

In a noncontributory plan, the employer is responsible for funding the entire plan without requiring contributions from employees. Because of this structure, it is essential that all eligible employees participate to ensure the plan can adequately provide benefits based on the coverage promises. Therefore, a requirement of 100% participation is established to ensure that the plan is effective and benefits are realized for all participating employees. If any eligible employee decides not to participate, it could undermine the objectives of the plan, as the employer is assuming the total financial responsibility.

## 9. How does survivorship life insurance differ from joint life insurance?

- A. It pays upon the first death only
- B. It insures multiple lives with lower premiums**
- C. It can be purchased for single individuals
- D. It provides a cash value component

Survivorship life insurance, often referred to as second-to-die insurance, is designed to pay out the death benefit only upon the death of the second insured individual. This type of policy is typically used in estate planning to provide funds for heirs to cover estate taxes, allowing the benefits to be deferred until both insured individuals have passed away. The choice indicating that survivorship life insurance insures multiple lives with lower premiums accurately reflects how these policies work. Since the death benefit is only paid after both individuals die, the risk to the insurer is lower compared to policies that pay upon the first death, allowing insurers to offer these coverages at a more affordable rate for the insured parties. In contrast, joint life insurance refers specifically to policies that pay out upon the death of the first insured. Therefore, it does not involve the same structure of delayed payout after both individuals have passed. Options related to being purchasable for single individuals or providing a cash value component do not accurately describe the unique characteristics of survivorship life insurance compared to joint life insurance, focusing instead on other life insurance formats.

## 10. What entities are included in the definition of a term employer?

- A. Private corporations only
- B. Counties, cities, and school districts**
- C. Individuals and families
- D. Non-profit organizations only

The definition of a "term employer" encompasses a range of entities, including counties, cities, and school districts, because these organizations typically hire employees and provide them with various benefits and protections under employment laws. Term employers often play a significant role in the workforce by employing a diverse group of individuals across various sectors, including education, public services, and administration. By specifying these entities, the term recognizes the employment relationships existing in the public sector and the obligations that come with it, such as adherence to labor regulations and employee rights. Other entities mentioned in the choices, like private corporations, individuals and families, or non-profit organizations, may also employ people but do not collectively represent the broad definition implied by "term employer" as effectively as the public entities do. Their inclusion signifies the importance of these employers in the context of labor laws and the overall employment landscape.

# 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:**

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

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