

DELAWARE LIFE INSURANCE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE

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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 one type of whole life insurance listed?**
 - A. Convertible Life Insurance
 - B. Decreasing Life Insurance
 - C. Limited Payment Whole Life
 - D. Variable Term Life
- 2. Which risk is transferred from the insured to the insurer?**
 - A. Systematic Risk
 - B. Financial Risk
 - C. Pure Risk
 - D. Investment Risk
- 3. Which of the following can be a consequence of an unpaid premium after the grace period?**
 - A. The policy may be transferred to a family member
 - B. The insurance coverage may simply continue indefinitely
 - C. The policyholder might receive a refund
 - D. The coverage may lapse or policy remains in force with loans
- 4. What is the primary purpose of HIPAA?**
 - A. To regulate insurance premiums
 - B. To protect the privacy of patient-specific health care information
 - C. To ensure universal health care coverage
 - D. To define the responsibilities of health care providers
- 5. What does the entire contract clause in a life insurance policy include?**
 - A. Only the main policy document
 - B. Only endorsements
 - C. All endorsements, attached papers, and waivers
 - D. Only waiver documents

- 6. What distinguishes non-participating insurance from participating insurance?**
- A. Non-participating insurance pays dividends.
 - B. It is issued by stock insurance companies.
 - C. Policy dividends are guaranteed in non-participating insurance.
 - D. It offers more flexible premium payments.
- 7. Which document signifies that the policyowner can review the policy and return it for a refund?**
- A. Application form
 - B. Conditional receipt
 - C. Delivery receipt
 - D. Binding receipt
- 8. Which of the following defines a grace period?**
- A. A time period for policyholders to pay overdue premiums
 - B. A period after which the policy is automatically canceled
 - C. The duration in which a beneficiary can claim benefits
 - D. A specified term for tax-free benefits
- 9. Which of the following is a characteristic of a foreign insurer?**
- A. An insurer that operates only in its home state
 - B. An insurer that sells surplus lines
 - C. An insurance company incorporated in another state
 - D. An insurer that is publicly traded
- 10. What is the aviation exclusion in life insurance policies?**
- A. It excludes coverage for pilots only
 - B. It excludes coverage for all aircraft passengers
 - C. It excludes coverage if the insured operates an aircraft but not for passengers on commercial flights
 - D. It allows coverage for all aviation activities

Answers

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

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Explanations

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1. What is one type of whole life insurance listed?

- A. Convertible Life Insurance
- B. Decreasing Life Insurance
- C. Limited Payment Whole Life**
- D. Variable Term Life

Limited Payment Whole Life is indeed a specific type of whole life insurance. This type of policy allows the insured to pay premiums for a limited time rather than throughout their entire lifetime. For example, one might choose to pay premiums for 10, 20 years, or until a certain age, such as 65. Once the premium payment period is complete, the policy remains in force for the lifetime of the insured, and the death benefit will be paid to the beneficiaries upon the insured's death. Additionally, this type of policy builds cash value over time, which can be accessed by the policyholder during their lifetime. This feature distinguishes Limited Payment Whole Life from other forms of life insurance. Whole life policies, in general, are designed to provide coverage and cash value accumulation, but limited payment options cater to individuals who may prefer to have a shorter payment period while securing lifelong protection. This flexibility appeals to those who want to have their insurance premiums paid off by a certain age or within a specific timeframe while still benefiting from the guarantees associated with whole life coverage.

2. Which risk is transferred from the insured to the insurer?

- A. Systematic Risk
- B. Financial Risk
- C. Pure Risk**
- D. Investment Risk

The correct answer is pure risk, as it refers specifically to the type of risk that is insurable. Pure risk involves situations that can result in a loss or no loss but do not allow for the possibility of financial gain. Examples include risks related to accidents, natural disasters, or illnesses. When an individual or entity purchases insurance, they are essentially transferring this pure risk to the insurer, who then agrees to pay for covered losses under the terms of the policy. In contrast, systematic risk involves broader market factors that impact all investments and is not something that can be transferred through insurance. Financial risk might arise from various uncertainties that can result in a financial loss, but it encompasses a broader spectrum of potential profit or loss scenarios that typically aren't covered by traditional insurance policies. Investment risk generally refers to the chance of losing money on investments, which is again outside the scope of insurable risks. Hence, pure risk uniquely characterizes the kind of risk that insurance is designed to mitigate, solidifying its role as the correct choice in this context.

3. Which of the following can be a consequence of an unpaid premium after the grace period?

- A. The policy may be transferred to a family member
- B. The insurance coverage may simply continue indefinitely
- C. The policyholder might receive a refund
- D. The coverage may lapse or policy remains in force with loans**

When an insurance policyholder fails to pay their premium within the grace period, the most likely consequence is that the coverage may lapse or the policy may remain in force with loans. The grace period is a set timeframe during which the policyholder can make a payment without losing coverage, but once this period elapses without payment, the insurance company is no longer obliged to honor the coverage. If the policy has an accumulated cash value and loans have been taken against it, the policy may remain in force as long as there is sufficient cash value to cover the cost of the insurance and any outstanding loans. However, if there are insufficient funds to cover these costs, the policy will lapse. In contrast, other options such as transferring the policy to a family member, extending coverage indefinitely, or receiving a refund do not typically occur as a result of unpaid premiums after the grace period. Policies generally do not allow for transfers unless specified under certain conditions, insurance coverage does not continue indefinitely without payment, and refunds for unpaid premiums are uncommon in standard practice.

4. What is the primary purpose of HIPAA?

- A. To regulate insurance premiums
- B. To protect the privacy of patient-specific health care information**
- C. To ensure universal health care coverage
- D. To define the responsibilities of health care providers

The primary purpose of HIPAA, the Health Insurance Portability and Accountability Act, is to protect the privacy of patient-specific health care information. This landmark legislation establishes national standards for the protection of health information, ensuring that individuals' medical records and other personal health information are kept confidential and secure. By implementing strict guidelines on how health care providers, insurers, and other entities handle and share patient information, HIPAA aims to give patients greater control over their health information and safeguard it from unauthorized access. The focus of HIPAA is significantly centered on privacy and security, which is vital for maintaining trust between patients and health care providers. This aspect is critical in a health care system where sensitive information is routinely exchanged, and patients expect that their personal health details will be kept private.

5. What does the entire contract clause in a life insurance policy include?

- A. Only the main policy document
- B. Only endorsements
- C. All endorsements, attached papers, and waivers**
- D. Only waiver documents

The entire contract clause in a life insurance policy stipulates that the policy, along with all endorsements and any attached papers, constitutes the complete and final agreement between the insurer and the insured. This clause ensures that no verbal statements or previous agreements can alter the terms outlined in the documented policy. When the answer indicates that it includes all endorsements, attached papers, and waivers, it highlights the importance of these additional documents. Endorsements may modify the policy, attached papers could include important disclosures or amendments, and waivers might pertain to certain coverage restrictions or conditions. By including all of these elements, the entire contract clause provides both parties with a clear understanding of their rights and responsibilities under the policy. In contrast, focusing solely on the main policy document, endorsements, or waivers individually would not encompass the totality of what the insurance contract entails. Thus, recognizing that the entire contract encompasses all relevant documents reinforces the significance of comprehensive transparency and agreement in insurance policies.

6. What distinguishes non-participating insurance from participating insurance?

- A. Non-participating insurance pays dividends.
- B. It is issued by stock insurance companies.**
- C. Policy dividends are guaranteed in non-participating insurance.
- D. It offers more flexible premium payments.

Non-participating insurance is distinguished by the fact that it does not pay dividends to policyholders. This type of insurance is typically issued by stock insurance companies, which operate for profit and do not share surplus earnings with policyholders. In contrast, participating insurance is offered by mutual insurance companies, which provide dividends to policyholders based on the company's performance. The distinction between participating and non-participating insurance is primarily linked to dividend distribution and the type of company issuing the policy. Non-participating policies are structured to provide a fixed benefit without sharing profits, making them more predictable but lacking the potential for additional returns via dividends. This aspect is what clearly separates it from participating insurance, where policyholders have the opportunity for dividends based on the insurer's financial success. Nonetheless, the key characteristic of non-participating insurance lies in its relationship with stock insurance companies and their structure regarding profit distribution.

7. Which document signifies that the policyowner can review the policy and return it for a refund?

- A. Application form
- B. Conditional receipt
- C. Delivery receipt**
- D. Binding receipt

The document that signifies that the policyowner can review the policy and return it for a refund is the delivery receipt. This receipt is provided when the insurance policy is delivered to the policyowner and typically includes information about the policy's effective date and the right to review the terms. The policyowner usually has a specified period during which they can examine the policy and decide if they wish to keep it or return it for a full refund. This provision helps ensure that the policyowner fully understands the policy's terms and conditions before making a long-term financial commitment. In contrast, the application form is primarily used for submitting information to the insurer and does not provide a review period. The conditional receipt is issued when the application is submitted and indicates that coverage is in effect under certain conditions, but does not grant a refund option upon review of the policy. The binding receipt also provides temporary coverage but does not include a review period for returning the policy. Therefore, the delivery receipt is essential for ensuring the policyowner's right to reconsider their purchase after delivery.

8. Which of the following defines a grace period?

- A. A time period for policyholders to pay overdue premiums**
- B. A period after which the policy is automatically canceled
- C. The duration in which a beneficiary can claim benefits
- D. A specified term for tax-free benefits

A grace period is defined as a specific time frame during which policyholders are allowed to pay overdue premiums without risking the cancellation of their life insurance policy. Typically, this period ranges from 30 to 31 days, depending on the specific policy and the insurance company. During the grace period, the policy remains in force, meaning that the insured can still make a claim if necessary, despite not having paid their premium by the due date. This provision serves to provide some financial flexibility to policyholders, acknowledging that circumstances can arise that may prevent timely premium payment. By allowing a grace period, insurers offer protection to policyholders, ensuring they do not lose coverage immediately when they encounter payment delays. It's important for policyholders to be aware of their policy's grace period, as failure to pay premiums after this duration may result in the policy lapsing and benefits being forfeited.

9. Which of the following is a characteristic of a foreign insurer?

- A. An insurer that operates only in its home state
- B. An insurer that sells surplus lines
- C. An insurance company incorporated in another state**
- D. An insurer that is publicly traded

A foreign insurer is defined as an insurance company that is incorporated in a state other than the one in which it is providing insurance coverage. This means that if an insurance company is established in one state and offers policies in another state, it is considered a foreign insurer in the state where it is selling those policies. The characteristic of being incorporated in another state distinguishes foreign insurers from domestic insurers, which operate only in their home state. This structural difference is crucial for regulatory and compliance purposes because foreign insurers must adhere to the regulations of each state in which they operate, in addition to those of their home state. Understanding this concept is particularly relevant for insurance professionals, as it highlights the importance of recognizing the jurisdictional boundaries that govern insurance practices and the need for compliance with state-specific regulations and requirements.

10. What is the aviation exclusion in life insurance policies?

- A. It excludes coverage for pilots only
- B. It excludes coverage for all aircraft passengers
- C. It excludes coverage if the insured operates an aircraft but not for passengers on commercial flights**
- D. It allows coverage for all aviation activities

The aviation exclusion in life insurance policies specifically states that coverage will be denied if the insured is involved in operating an aircraft. This means that if an individual is a pilot or is flying a non-commercial or amateur plane, any claim made on the policy would not be honored due to this exclusion. However, it typically does not affect passengers who are on commercial flights, as these flights are considered to be a lower-risk activity in the context of aviation-related risks. By allowing for coverage of passengers on commercial flights, the clause recognizes that commercial aviation is subject to more stringent safety regulations and oversight compared to personal flying. Therefore, the terms of the exclusion focus primarily on the actions of the insured with respect to piloting an aircraft, thereby delineating the risks associated with flying from those associated with being a commercial airline passenger.

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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://delifeinsurance.examzify.com>

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

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