

# Indiana State 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. How long is the typical free-look period for Long-Term care insurance policies?**
  - A. 20 Days**
  - B. 30 Days**
  - C. 40 Days**
  - D. 50 Days**
- 2. When a policyholder chooses a monthly premium payment mode on their Whole Life insurance policy, what is true about the gross premium?**
  - A. The gross premium is higher on a monthly payment mode as compared to being paid annually**
  - B. The gross premium is lower on a monthly payment mode as compared to being paid annually**
  - C. The cash value from a life policy paid on a monthly basis builds quicker than one paid on an annual basis**
  - D. The face amount of a life policy paid on a monthly basis is higher than one paid on an annual basis**
- 3. Which of the following best describes a 'Certificate Holder' in an insurance context?**
  - A. The policy owner**
  - B. An annuitant receiving payments**
  - C. An insured individual under group coverage**
  - D. A beneficiary receiving payment**
- 4. The primary purpose of an insurance policy is to?**
  - A. Provide investment returns**
  - B. Transfer risk**
  - C. Maximize premium income**
  - D. Eliminate financial loss**
- 5. Who is responsible for determining if Long-Term Care coverage is appropriate to meet an applicant's needs?**
  - A. Commissioner**
  - B. Applicant**
  - C. Producer**
  - D. Insurance Company**

- 6. Which of the following is a requirement to be eligible for a group life policy in Indiana?**
- A. Group must be formed for a purpose other than obtaining insurance**
  - B. Group must designate one of its members to be the named insured**
  - C. Group must have been formed for obtaining insurance**
  - D. Group must include at least five employers**
- 7. An applicant must receive an Outline of Coverage when an applicant is taken for a?**
- A. Endowment**
  - B. Annuity**
  - C. Medicare Supplement Policy**
  - D. Universal Life Policy**
- 8. What might a policyowner's early cash surrender of a Universal Life insurance policy indicate?**
- A. Federal Fair Credit Act Violation**
  - B. Title 18 Fraud Violation**
  - C. Anti-Money Laundering Violation**
  - D. Unfair Trade Practice Violation**
- 9. Which of the following is an example of twisting in insurance?**
- A. A producer maliciously aligns another insurance company's financial status**
  - B. A producer misrepresents a policy to induce a policyowner to surrender an existing policy**
  - C. A producer reduces the commission in order to sell a policy**
  - D. A producer induces a policyowner with something of value to purchase a policy**
- 10. Which of the following is NOT considered an essential element of an insurance contract?**
- A. The offer**
  - B. Acceptance**
  - C. Negotiating**
  - D. Consideration**



## **Answers**

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

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## **Explanations**

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**1. How long is the typical free-look period for Long-Term care insurance policies?**

- A. 20 Days**
- B. 30 Days**
- C. 40 Days**
- D. 50 Days**

The typical free-look period for long-term care insurance policies is commonly set at 30 days. This period allows policyholders to review the terms of their insurance contract thoroughly. If they find that the policy does not meet their needs or expectations, they can return it within this timeframe for a full refund of any premiums paid. This 30-day duration is standardized to provide consumers with adequate time to assess the policy without the pressure of a financial commitment. It is a consumer protection measure designed to ensure that individuals can make informed decisions regarding their insurance coverage, especially considering the significant commitment that long-term care insurance represents. In contrast, shorter or longer periods could potentially expose consumers to a higher risk of regret, as they may not have sufficient time to consider all aspects of the policy. This stability in the free-look period helps maintain trust and confidence in the insurance marketplace.

**2. When a policyholder chooses a monthly premium payment mode on their Whole Life insurance policy, what is true about the gross premium?**

- A. The gross premium is higher on a monthly payment mode as compared to being paid annually**
- B. The gross premium is lower on a monthly payment mode as compared to being paid annually**
- C. The cash value from a life policy paid on a monthly basis builds quicker than one paid on an annual basis**
- D. The face amount of a life policy paid on a monthly basis is higher than one paid on an annual basis**

When a policyholder opts for a monthly premium payment mode on their Whole Life insurance policy, the gross premium is indeed higher compared to paying annually. This is primarily due to the administrative costs and the financing involved in processing monthly payments. Insurers often charge more for monthly payment plans to cover the additional costs associated with billing, collection, and the risks linked to more frequent premium payments. Moreover, with monthly payments, there is typically a time value of money consideration since the insurer is not receiving the full premium upfront. This can lead to an increased risk of lapses in coverage if a payment is missed. As a result, insurers reflect these factors in the premium structure, which results in higher gross premiums for monthly payment modes. The other options do not accurately represent the dynamics of Whole Life insurance premiums. For instance, the cash value accumulation does not necessarily build faster simply because of a monthly payment mode; it's primarily determined by the policy structure and premiums paid in total. Additionally, the face amount of a life policy is determined at the time of issuance and does not change based on the payment frequency. Thus, option A accurately captures the essence of how payment modes impact the gross premium in Whole Life insurance policies.

**3. Which of the following best describes a 'Certificate Holder' in an insurance context?**

- A. The policy owner**
- B. An annuitant receiving payments**
- C. An insured individual under group coverage**
- D. A beneficiary receiving payment**

A 'Certificate Holder' in an insurance context typically refers to an individual who is covered under a group insurance policy but does not own the policy themselves. This individual receives a certificate of coverage from the insurance company, which outlines the benefits, coverage details, and terms specific to their participation in the group plan. In group insurance scenarios, the policy is generally owned by the employer or organization, and the certificate holder is the employee or member who is granted coverage under that policy. This distinction is important because it emphasizes that the certificate holder has access to the benefits provided by the group policy without being the policy owner. The other roles mentioned, such as a policy owner, annuitant, or beneficiary, have different meanings and functionalities within the insurance framework. For instance, the policy owner has all the rights and responsibilities of the policy, an annuitant is someone who receives payments from an annuity, and a beneficiary is designated to receive benefits upon the death of the insured. Each of these roles serves distinct purposes in the realm of insurance, highlighting why the definition of a certificate holder specifically relates to the coverage aspect within a group policy structure.

**4. The primary purpose of an insurance policy is to?**

- A. Provide investment returns**
- B. Transfer risk**
- C. Maximize premium income**
- D. Eliminate financial loss**

The primary purpose of an insurance policy is to transfer risk. Insurance is fundamentally about risk management; it enables individuals and businesses to shift the financial burden of potential losses to an insurance provider in exchange for paying a premium. This transfer of risk helps policyholders avoid the full financial impact of loss when unforeseen events occur, such as accidents, illnesses, or property damage. By pooling premiums from many policyholders, insurance companies can ensure that those who experience loss can receive compensation, thus safeguarding their financial stability. This entire mechanism is built on the concept of risk-sharing, where the insurance company assumes the risk associated with a policyholder's potential loss, allowing them to recover and maintain their financial well-being. While some may think of other functions of insurance, such as providing investment returns or eliminating financial loss, the core purpose remains to manage and transfer risk. Other options may reflect aspects of insurance, but they do not capture the fundamental objective as precisely as the transfer of risk does.

**5. Who is responsible for determining if Long-Term Care coverage is appropriate to meet an applicant's needs?**

- A. Commissioner**
- B. Applicant**
- C. Producer**
- D. Insurance Company**

The producer is responsible for determining if Long-Term Care (LTC) coverage is appropriate to meet an applicant's needs. This role involves assessing the individual's health status, financial situation, and specific requirements for long-term care services. Producers, often referred to as insurance agents or brokers, are trained to understand various insurance products, including LTC policies, and can advise applicants on the best options to suit their unique circumstances. In the context of Long-Term Care, the producer conducts a thorough needs analysis to ensure that the applicant's expectations align with the coverage options available. The producer's expertise helps to facilitate informed decisions, enabling potential clients to select the appropriate level of coverage based on their anticipated future needs. The other parties listed have different responsibilities. The commissioner oversees regulatory compliance within the insurance industry but does not engage in individual assessments of applicants. The applicant may have insights into their own needs, but they typically lack the specialized knowledge required to evaluate insurance products thoroughly. The insurance company provides the coverage and terms of the policies but relies on producers to perform the advisory and needs assessment role for applicants.

**6. Which of the following is a requirement to be eligible for a group life policy in Indiana?**

- A. Group must be formed for a purpose other than obtaining insurance**
- B. Group must designate one of its members to be the named insured**
- C. Group must have been formed for obtaining insurance**
- D. Group must include at least five employers**

To be eligible for a group life policy in Indiana, it is essential that the group is formed for a purpose other than obtaining insurance. This requirement helps to establish that the group has a legitimate reason for its existence beyond just acquiring insurance coverage. Such purposes might include common interests, employment relationships, or benefits for members that extend beyond merely being part of an insurance plan. This criterion serves to prevent the creation of artificial or solely insurance-focused groups, ensuring that the members have a genuine connection or association. It promotes the integrity of the insurance system and helps to mitigate the potential for moral hazard, where individuals might engage in riskier behavior knowing they have insurance solely because they formed a group for that purpose. By contrast, other suggested criteria might create situations where groups are formed superficially or without meaningful connections among members, which is not the intent of group insurance policies. This focus on legitimate connection is a key element of group life insurance eligibility in Indiana.

**7. An applicant must receive an Outline of Coverage when an applicant is taken for a?**

**A. Endowment**

**B. Annuity**

**C. Medicare Supplement Policy**

**D. Universal Life Policy**

The requirement for an applicant to receive an Outline of Coverage is specifically mandated for Medicare Supplement Policies. This is due to the unique nature of these types of insurance, which are designed to help cover costs not covered by Medicare. The Outline of Coverage provides essential information about the benefits, limitations, and exclusions of the policy, ensuring that applicants can make informed decisions about their coverage options. Medicare Supplement Policies also aim to fill gaps in Medicare coverage, which can lead to considerable differences in benefits among different plans. This makes it crucial for applicants to understand what they are purchasing in order to effectively compare plans and select one that meets their needs. Other types of policies, while they may also involve some form of disclosure requirements, do not have the same specific regulation that necessitates providing an Outline of Coverage upon application. This distinction highlights the importance of consumer protection in the Medicare supplement market, which is central to ensuring that older adults and individuals with specific medical needs are sufficiently informed.

**8. What might a policyowner's early cash surrender of a Universal Life insurance policy indicate?**

**A. Federal Fair Credit Act Violation**

**B. Title 18 Fraud Violation**

**C. Anti-Money Laundering Violation**

**D. Unfair Trade Practice Violation**

The early cash surrender of a Universal Life insurance policy can be a signal of various underlying issues, but the most relevant implication is often related to anti-money laundering concerns. Universal Life insurance policies accumulate cash value and provide flexibility, making them attractive for individuals who might want to manipulate finances for illicit purposes. When a policyholder surrenders a policy early, particularly soon after it has been issued or with significant withdrawals that contrast sharply with expected behavior, it can raise red flags for compliance officers. These early surrenders might suggest attempts to launder money or mask the origins of funds, prompting scrutiny in line with anti-money laundering regulations. This context aligns with regulatory standards which require insurance companies to report certain suspicious activities. By understanding this relationship, one can see how early cash surrenders could lead to investigations centered on potential money laundering activities. Other options, while they address important legal concepts, do not specifically relate to the typical motivations or red flags associated with the early surrender of insurance policies.

**9. Which of the following is an example of twisting in insurance?**

- A. A producer maliciously aligns another insurance company's financial status**
- B. A producer misrepresents a policy to induce a policyowner to surrender an existing policy**
- C. A producer reduces the commission in order to sell a policy**
- D. A producer induces a policyowner with something of value to purchase a policy**

Twisting in insurance refers to the unethical practice where a producer misrepresents or distorts the facts about a policy or an insurance company to induce a policyholder to surrender their existing policy and purchase a new one. This practice is harmful as it can lead to the policyholder losing valuable benefits or coverage from their original policy based on false or misleading information. In this scenario, the act of misrepresenting a policy to persuade a policy owner to surrender their current insurance is a clear instance of twisting. It compromises the integrity of the industry and undermines the trust that consumers should have in their insurance providers. The other options presented do not fit the definition of twisting. Maligning a financial status does not directly involve the misrepresentation of a policy for the purpose of inducing a change. Reducing commissions may be a strategy used to sell policies but does not involve the unethical manipulation of information. Inducing a policyowner with something of value to purchase a policy leans more towards inducement than twisting, as it does not necessarily involve misleading information about the policy itself.

**10. Which of the following is NOT considered an essential element of an insurance contract?**

- A. The offer**
- B. Acceptance**
- C. Negotiating**
- D. Consideration**

In the context of an insurance contract, several key elements are necessary for the contract to be considered valid and enforceable. These essential elements include an offer, acceptance of that offer, and consideration. The offer refers to a proposal made by one party (typically the insured) to another party (typically the insurer) to enter into a contractual agreement regarding insurance coverage. Acceptance occurs when the insurer agrees to the terms of the offer, which solidifies the mutual agreement. Consideration involves the value that is exchanged in the contract, which is often the payment of premiums by the insured in exchange for the insurer's promise to provide coverage. Negotiating, while an important part of the overall process of forming any contract, including insurance, is not an essential element of the contract itself. Negotiation may take place before the offer is made and accepted, often involving discussion of terms and conditions, but it is not required for the contract to exist. Therefore, it does not fit into the core elements that must be present for the insurance contract to be enforceable. By understanding these essential elements, it becomes clear why negotiating is not considered a fundamental building block of the insurance contract.



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

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