

Life Agent License 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

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- 1. What are "medical exams" in life insurance applications?**
 - A. Visual assessments without blood tests**
 - B. Mandatory physical evaluations to assess health risks**
 - C. The assessment of lifestyle through questionnaires**
 - D. Interviews regarding family medical history**

- 2. How is "term life insurance" typically characterized?**
 - A. Coverage that lasts for the insured's entire life**
 - B. Insurance that only covers accidental death**
 - C. Policies that provide protection for a specified period**
 - D. Insurance that automatically renews every year**

- 3. An agent offers his client free tickets to a sporting event in exchange for the purchase of an insurance policy. What is the agent guilty of?**
 - A. Rebating**
 - B. Fraud**
 - C. Misrepresentation**
 - D. Coercion**

- 4. What is the term for the insured who enters into a viatical settlement?**
 - A. Beneficiary**
 - B. Viator**
 - C. Owner**
 - D. Settler**

- 5. What is "underwriting" in the context of life insurance?**
 - A. A process to distribute the policy benefits among beneficiaries**
 - B. The assessment of risk and determination of policy terms**
 - C. Setting the face value of the insurance policy**
 - D. The method of collecting premiums from policyholders**

- 6. What type of documentation do participants in a group insurance plan typically receive?**
- A. Insurance policy**
 - B. Enrollment form**
 - C. Certificate of insurance**
 - D. Summary report**
- 7. What is meant by assessing risk in life insurance underwriting?**
- A. Evaluating an applicant based on their financial history**
 - B. Considering industry regulations and compliance**
 - C. Reviewing an applicant's health and lifestyle factors**
 - D. Setting the company's marketing strategy**
- 8. What is needed to activate a "whole life insurance" policy?**
- A. A decision by the insurance agent alone**
 - B. Payment of premiums for the entirety of the policyholder's life**
 - C. A specific period of non-claim history**
 - D. Documentation from previous insurance providers**
- 9. Which life insurance component is considered temporary coverage?**
- A. Whole Life Insurance**
 - B. Permanent Life Insurance**
 - C. Term Life Insurance**
 - D. Universal Life Insurance**
- 10. What does "instalment payment" option refer to in life insurance?**
- A. A payment method for premiums**
 - B. Payment of the death benefit in regular installments instead of a lump sum**
 - C. A method by which policy payments can be delayed**
 - D. A strategy for distributing policy dividends**

Answers

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

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Explanations

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1. What are "medical exams" in life insurance applications?

- A. Visual assessments without blood tests
- B. Mandatory physical evaluations to assess health risks**
- C. The assessment of lifestyle through questionnaires
- D. Interviews regarding family medical history

In the context of life insurance applications, medical exams refer to mandatory physical evaluations conducted to assess an applicant's health status and identify any potential health risks. These exams typically include a comprehensive assessment that may involve measurements such as height, weight, blood pressure, and possibly blood and urine tests. Insurers use this information to determine the applicant's risk profile and to establish appropriate premium rates for the insurance policy. Medical exams play a crucial role in the underwriting process, as they help ensure that the insurance company has accurate and complete information regarding an applicant's health. This helps the insurer make informed decisions about coverage and pricing, ultimately ensuring that the risk assessment aligns with the individual's health condition. While other options provided, such as visual assessments, lifestyle questionnaires, and family medical history interviews, are part of the overall underwriting process, they do not encompass the comprehensive nature of what a medical exam involves. A medical exam specifically refers to the direct physical evaluations that yield quantitative health data rather than subjective or less formal assessments.

2. How is "term life insurance" typically characterized?

- A. Coverage that lasts for the insured's entire life
- B. Insurance that only covers accidental death
- C. Policies that provide protection for a specified period**
- D. Insurance that automatically renews every year

Term life insurance is characterized by its provision of coverage for a specified period, typically ranging from one to thirty years. This type of insurance is designed to protect beneficiaries in the event of the insured's death during this predetermined time frame. If the insured passes away within the term, the death benefit is paid to the beneficiaries. However, if the term expires without any claim, the coverage ends, and there is no payout or cash value accrued. This structure differentiates term life insurance from whole life or universal life insurance, which provide coverage for the entire lifetime of the insured and often include a cash value component. Additionally, term life insurance is not limited to accidental deaths; it includes coverage for natural causes as well, further affirming its nature as a straightforward life insurance product focused on a specific duration of time.

3. An agent offers his client free tickets to a sporting event in exchange for the purchase of an insurance policy. What is the agent guilty of?

- A. Rebating**
- B. Fraud**
- C. Misrepresentation**
- D. Coercion**

The correct response highlights that the agent is guilty of rebating. Rebating occurs when an agent offers a client something of value, such as free tickets, as an incentive to purchase an insurance policy. This practice is prohibited in many states because it can create unfair competition among agents and distort the true pricing and value of insurance products. The underlying principle of rebating is that insurance should be sold based on its merits rather than additional incentives which might erroneously influence a client's decision-making. The use of gifts or perks can lead clients to focus more on the benefits provided, rather than the actual terms and coverage of the insurance policy, potentially jeopardizing the client's understanding and satisfaction with the policy. In contrast, other options such as fraud, misrepresentation, and coercion involve different behaviors. Fraud typically involves deceit for personal gain, misrepresentation refers to providing false information that can mislead a client, and coercion involves using force or intimidation to compel someone to act against their will. These options do not accurately describe the agent's behavior in this scenario focused around offering tickets for business.

4. What is the term for the insured who enters into a viatical settlement?

- A. Beneficiary**
- B. Viator**
- C. Owner**
- D. Settler**

The term 'viator' specifically refers to the insured individual who enters into a viatical settlement. In the context of viatical settlements, this person sells their life insurance policy to a third party for a lump-sum payment, typically when they are terminally ill or facing a serious medical condition. This allows the viator to access funds that can be used for medical expenses, debt repayment, or any other financial need. Understanding this term is crucial as it distinguishes the individual directly involved in the transaction and highlights the nature of the agreement where the insured effectively becomes a seller of the policy rather than just a policyholder. Thus, recognizing the role of the viator helps clarify the dynamics of viatical settlements within the broader scope of life insurance transactions.

5. What is "underwriting" in the context of life insurance?

- A. A process to distribute the policy benefits among beneficiaries
- B. The assessment of risk and determination of policy terms**
- C. Setting the face value of the insurance policy
- D. The method of collecting premiums from policyholders

Underwriting in life insurance refers to the assessment of risk and determination of policy terms. This process is crucial as it helps insurance companies evaluate how likely it is that a policyholder will make a claim, based on their health, lifestyle, and other relevant factors. Underwriters analyze various information, including medical histories, family health records, and lifestyle choices, to arrive at a conclusion about the insurability of the applicant. The outcome of this evaluation will influence the premiums charged, the amount of coverage offered, and additional policy terms. For example, if an applicant is deemed to have a higher risk due to certain health issues, the insurer might offer coverage at a higher premium or with certain exclusions. This systematic approach ensures that the insurance company can maintain profitability while providing coverage to individuals. Other choices do not accurately describe underwriting. While distributing policy benefits is a function of the claims process, and setting the face value of the policy and collecting premiums are other aspects of life insurance, they do not encompass the critical risk assessment function that underwriting embodies.

6. What type of documentation do participants in a group insurance plan typically receive?

- A. Insurance policy
- B. Enrollment form
- C. Certificate of insurance**
- D. Summary report

Participants in a group insurance plan typically receive a certificate of insurance. This document serves as evidence of coverage and outlines the benefits provided by the group insurance policy. Unlike an individual policy, which is a legal contract between the insurer and the insured, the certificate acts as a summary that reflects the key terms and conditions of the group policy applicable to the individual member. It often details coverage limits, exclusions, and any pertinent information that members need to understand their rights and responsibilities under the group plan. The importance of the certificate of insurance lies in its accessibility and clarity, ensuring that all participants are informed about their coverage without needing to delve into the complex insurance policy documents. Instead of having to review the entire group policy—which may be lengthy and filled with technical language—the certificate provides a straightforward summary making it easier for participants to comprehend their insurance benefits. The other options, while relevant to the insurance process, do not typically serve the same direct purpose for participants in a group plan. For example, an enrollment form is used to register participants in the plan but does not provide information about coverage. An insurance policy itself would be issued to the employer or group rather than to individual participants. A summary report may provide insights into claims or policy performance but is not a personal document that

7. What is meant by assessing risk in life insurance underwriting?

- A. Evaluating an applicant based on their financial history
- B. Considering industry regulations and compliance
- C. Reviewing an applicant's health and lifestyle factors**
- D. Setting the company's marketing strategy

Assessing risk in life insurance underwriting primarily involves reviewing an applicant's health and lifestyle factors. Underwriters analyze various aspects such as medical history, existing health conditions, lifestyle choices (like smoking or drinking habits), occupation, and family medical history to determine how these factors may influence the likelihood of the applicant filing a claim in the future. This thorough evaluation helps insurance companies to categorize applicants into risk groups, allowing them to set premiums that appropriately reflect the level of risk each applicant presents. Health and lifestyle are critical components because they provide insight into the applicant's longevity and overall health outlook. A person with a healthy lifestyle and no significant health issues would be seen as a lower risk, while someone with multiple health concerns may be viewed as higher risk, potentially leading to higher premiums or coverage limitations. While evaluating an applicant's financial history is important in some aspects of underwriting, it doesn't directly relate to the risk of mortality that life insurance is primarily concerned with. Similarly, industry regulations and compliance and setting marketing strategy do not pertain to the individual risk assessment process conducted during underwriting.

8. What is needed to activate a "whole life insurance" policy?

- A. A decision by the insurance agent alone
- B. Payment of premiums for the entirety of the policyholder's life**
- C. A specific period of non-claim history
- D. Documentation from previous insurance providers

To activate a whole life insurance policy, the payment of premiums for the entirety of the policyholder's life is required. Whole life insurance is designed to provide coverage for the insured's lifetime, as long as the premiums are paid. This means that the policyholder commits to making consistent payments, and in return, they receive a death benefit and a cash value component that grows over time. The nature of whole life insurance emphasizes the necessity of ongoing premium payments, which distinguishes it from term life insurance, where coverage is provided for a specified period without cash value accumulation. The monthly or annual premium payments ensure the policy remains in force, thus guaranteeing the insured benefits throughout their life. Other options do not accurately capture the conditions needed to activate and maintain a whole life policy. A decision by the insurance agent alone lacks the policyholder's engagement in terms of financial commitment. A specific period of non-claim history is not relevant to the activation, as whole life policies can have claims without affecting the policy's validity. Lastly, documentation from previous insurance providers is unnecessary as the activation process pertains to the policyholder's agreement with the current insurer and their ability to meet the premium obligations.

9. Which life insurance component is considered temporary coverage?

- A. Whole Life Insurance**
- B. Permanent Life Insurance**
- C. Term Life Insurance**
- D. Universal Life Insurance**

Term life insurance is classified as temporary coverage because it provides protection for a specified period, typically ranging from one to thirty years, depending on the policy terms. If the insured individual passes away within this time frame, the beneficiaries receive the death benefit. However, if the insured survives beyond the term duration, the coverage ends, and no benefit is paid out. This contrasts with whole life insurance and permanent life insurance, which are designed to provide lifelong coverage as long as premiums are paid. Universal life insurance is another form of permanent coverage, offering both a death benefit and a cash value component that grows over time. Because term life insurance does not build cash value and expires after the specified term, it is considered a temporary solution for individuals seeking to cover specific needs, such as income replacement during the working years or to cover debts.

10. What does "instalment payment" option refer to in life insurance?

- A. A payment method for premiums**
- B. Payment of the death benefit in regular installments instead of a lump sum**
- C. A method by which policy payments can be delayed**
- D. A strategy for distributing policy dividends**

The term "instalment payment" in the context of life insurance primarily refers to the payment of the death benefit in regular installments rather than a lump sum. This method allows beneficiaries to receive smaller, more manageable payments over a specified period, which can provide financial stability and help them budget more effectively over time. Choosing the installment option means that the insured party's beneficiaries will not receive a one-time large sum of money, but instead, they will get a series of payments that can be structured in various ways—monthly, yearly, etc. This can be particularly beneficial for dependents who may need a steady income stream for ongoing living expenses instead of a single large payment that might be mismanaged or depleted rapidly. In contrast, the other options refer to different processes or methods associated with life insurance but do not accurately define "instalment payment." For instance, paying premiums relates to how policyholders maintain their coverage, while delaying policy payments involves different underwriting or policy guidelines. Distributing policy dividends typically pertains to surplus funds paid to policyholders, which is a separate aspect from death benefits.

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://lifeagent.examzify.com>

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

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