

Life & Health Insurance Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

This is a sample study guide. To access the full version with hundreds of questions,

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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. Don't worry about getting everything right, 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, and take breaks to retain information better.

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.

7. Use Other Tools

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!

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Questions

- 1. What distinguishes surplus lines from standard insurance offerings?**
 - A. Standardized policies**
 - B. Availability in all states**
 - C. Higher risk acceptance**
 - D. Lower premiums**
- 2. The insurer's obligation to pay a claim is defined by what type of contract?**
 - A. Unconditional contract**
 - B. Conditional contract**
 - C. Breachable contract**
 - D. Lifetime contract**
- 3. What provisions must be included in an LTC policy?**
 - A. Exclusions for Alzheimer's disease**
 - B. Exclusive coverage for skilled nursing care only**
 - C. Provisions for benefit increases due to inflation**
 - D. Ability to terminate coverage upon age 65**
- 4. Which document must producers provide when selling LTC policies?**
 - A. A free gift voucher for services**
 - B. An outline of coverage and a Shoppers Guide**
 - C. A financial disclosure statement**
 - D. A warranty for non-cancellation**
- 5. What is included in Hospital Expenses?**
 - A. Only daily hospital benefits**
 - B. Coverage for X-Rays and Prescriptions**
 - C. Charges for cosmetic procedures**
 - D. Both daily hospital benefit and miscellaneous expenses**

- 6. Who funds the insurance program provided by government insurers?**
- A. Private investors**
 - B. The populace through taxation**
 - C. Insurance premiums**
 - D. State grants**
- 7. Which situation would not require the insured's consent when a life insurance policy is issued?**
- A. A policy is purchased by a parent for a minor child.**
 - B. A spouse buys a policy for their partner without their knowledge.**
 - C. A business owner buys key person insurance on an employee with their knowledge.**
 - D. A person buys a policy on a friend who is unaware.**
- 8. Which type of policy typically does not allow policyowners to participate in dividends or elect the board of directors?**
- A. Participating Plan**
 - B. Nonparticipating Policy**
 - C. Mutual Policy**
 - D. Variable Policy**
- 9. What kind of services are included in home and community-based services?**
- A. Physical therapy and meal preparation**
 - B. Emergency medical services only**
 - C. Only psychological counseling**
 - D. Full-time residential care services**
- 10. What is a key characteristic of Major Medical Expense insurance?**
- A. It covers routine office visits only**
 - B. It provides comprehensive coverage with high maximum limits**
 - C. There are no deductibles or co-insurance fees**
 - D. It only covers cancer treatments**

Answers

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

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Explanations

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1. What distinguishes surplus lines from standard insurance offerings?

- A. Standardized policies**
- B. Availability in all states**
- C. Higher risk acceptance**
- D. Lower premiums**

Surplus lines insurance is notably characterized by its willingness to accept higher risk exposures that standard insurance companies may avoid. This market is designed to accommodate unique or specialized risks that are not typically covered by standard insurers due to various factors, such as their risk appetite, underwriting guidelines, or regulatory constraints. In essence, surplus lines serve niche markets where standard policies may not provide adequate coverage or where risks are considered too high. By accepting these higher risks, surplus lines insurers can offer coverage for businesses and individuals with unusual or significant risk factors, such as specific types of construction, unique business models, or certain environmental hazards. Standard policies tend to have more rigid underwriting criteria and standardized forms, which could limit coverage options for those needing to insure atypical risks. This reflects the primary distinction between surplus lines and traditional insurance offerings, as surplus lines provide flexibility and greater acceptance of diverse risk profiles.

2. The insurer's obligation to pay a claim is defined by what type of contract?

- A. Unconditional contract**
- B. Conditional contract**
- C. Breachable contract**
- D. Lifetime contract**

The correct answer, a conditional contract, reflects the nature of insurance agreements where the insurer's obligation to pay a claim depends on the fulfillment of certain conditions stipulated in the policy. In the context of life and health insurance, this means that the insurer is legally bound to compensate the policyholder only if specific requirements are met, such as the payment of premiums, submission of a valid claim form, or proof of an insurable event, like illness or death. The conditional nature of insurance contracts is vital, as it protects both the insurer and the insured. The insurer needs to assess risk and ensure that claims are valid and justifiable, while the insured must understand the conditions that must be adhered to for coverage. In contrast, other types of contracts listed—like unconditional contracts (which do not require any conditions to be met for fulfillment), breachable contracts (which suggest a possibility of breach without delineating specific conditions of obligation), and lifetime contracts (which imply a duration but not the nature of obligations)—do not accurately capture the contractual framework of insurance agreements. Thus, recognizing insurance as a conditional contract aligns well with how claims are processed and validates the obligations of both parties involved.

3. What provisions must be included in an LTC policy?

- A. Exclusions for Alzheimer's disease
- B. Exclusive coverage for skilled nursing care only
- C. Provisions for benefit increases due to inflation**
- D. Ability to terminate coverage upon age 65

Long-term care (LTC) policies are designed to provide coverage for a range of long-term services and supports, which can include personal and custodial care in a variety of settings. One critical provision that is often included in LTC policies is the option for benefit increases due to inflation. This is particularly important as the cost of healthcare and long-term care services tends to rise over time. Without such a provision, policyholders might find that their benefits do not keep pace with future costs, which could lead to significant out-of-pocket expenses when they need care. By including provisions for benefit increases tied to inflation, the insurer helps ensure that the policyholder's coverage remains relevant and adequate over the years, safeguarding against the erosion of benefits due to rising costs. Including provisions for inflation adjustment is increasingly recognized as an essential feature of LTC policies, making it a fundamental aspect in designing a financially sound long-term care insurance strategy.

4. Which document must producers provide when selling LTC policies?

- A. A free gift voucher for services
- B. An outline of coverage and a Shoppers Guide**
- C. A financial disclosure statement
- D. A warranty for non-cancellation

When selling Long-Term Care (LTC) policies, producers are required to provide consumers with both an outline of coverage and a Shopper's Guide. This requirement is in place to ensure that potential policyholders have access to clear and essential information regarding the specifics of the coverage being offered. The outline of coverage is critical because it summarizes the benefits, limitations, and conditions of the LTC policy, allowing buyers to understand exactly what they are purchasing. Meanwhile, the Shopper's Guide serves to inform consumers about long-term care insurance in general, helping them compare different products and make informed decisions. This combination of documents aids in promoting transparency and understanding of the complexities associated with LTC policies, ultimately helping consumers choose the policy that best fits their needs. Other options, while they may have some relevance in different contexts, do not fulfill the specific regulatory requirements that protect consumers in the LTC market. Therefore, the provision of the outlined documents is essential and legally mandated when selling LTC policies.

5. What is included in Hospital Expenses?

- A. Only daily hospital benefits
- B. Coverage for X-Rays and Prescriptions
- C. Charges for cosmetic procedures
- D. Both daily hospital benefit and miscellaneous expenses**

Hospital expenses encompass a variety of costs associated with a patient's stay in a hospital. This includes not only the daily room and board charges—often referred to as daily hospital benefits—but also miscellaneous expenses that arise during treatment. Miscellaneous expenses can cover a range of services such as laboratory tests, surgical procedures, X-rays, and medications prescribed during the hospital stay. Including both the daily hospital benefit and miscellaneous expenses ensures comprehensive coverage for all necessary treatments and services patients might receive while hospitalized. This broad approach to what constitutes hospital expenses reflects the reality of medical care, where numerous additional costs contribute to a patient's overall treatment and recovery. In contrast, focusing solely on daily hospital benefits ignores the essential and often significant additional charges associated with treatment. Coverage for X-rays and prescriptions constitutes miscellaneous expenses but should not be viewed in isolation. Cosmetic procedures are typically excluded from standard hospital expense coverage, highlighting the importance of understanding what is generally included in health insurance policies.

6. Who funds the insurance program provided by government insurers?

- A. Private investors
- B. The populace through taxation**
- C. Insurance premiums
- D. State grants

Government insurance programs are primarily funded by the populace through taxation. This means that the funds collected are derived from taxes levied on individuals and businesses, which are then allocated to support various government-funded insurance initiatives, such as Medicare, Medicaid, unemployment insurance, and workers' compensation programs. This funding model ensures that the insurance programs can provide coverage and services to citizens without the necessity of relying solely on premium payments or private investments, which are more typical in private insurance markets. By using tax revenues, government insurers can offer coverage to a broader segment of the population, including those who may not be able to afford insurance premiums. In contrast, options like private investors, insurance premiums, and state grants do not accurately represent the primary funding mechanism for government insurance programs, as they involve different sources and methods of financing not primarily tied to public taxation.

7. Which situation would not require the insured's consent when a life insurance policy is issued?

- A. A policy is purchased by a parent for a minor child.**
- B. A spouse buys a policy for their partner without their knowledge.**
- C. A business owner buys key person insurance on an employee with their knowledge.**
- D. A person buys a policy on a friend who is unaware.**

When a life insurance policy is purchased by a parent for a minor child, the situation does not require the child's consent because minors are not legally capable of entering into contracts. The parent acts as the policyowner, managing the policy and making decisions on behalf of the child until they reach the age of majority. This is a common practice in insurance, where parents secure life insurance for their children to provide financial protection in case of an unfortunate event. In contrast, other scenarios presented require the insured's consent because they involve adults who possess legal rights over whether or not they want to be insured. In those cases, buying a policy without the insured's knowledge or consent violates personal rights and could potentially be seen as unethical or illegal. It's crucial for policyholders to understand the implications of the policies they purchase and the consent of the insured is an essential component of that agreement. Thus, the situation where a policy is purchased by a parent for a minor is distinct because of the legal provisions around minors and consent.

8. Which type of policy typically does not allow policyowners to participate in dividends or elect the board of directors?

- A. Participating Plan**
- B. Nonparticipating Policy**
- C. Mutual Policy**
- D. Variable Policy**

A nonparticipating policy is a type of insurance policy where the policyholders do not have the right to receive dividends, nor can they participate in the decision-making processes such as electing the board of directors. This is in contrast to participating policies, where policyholders are entitled to dividends based on the insurer's performance and can have a say in corporate governance. Nonparticipating policies are generally associated with stock insurance companies, which do not share profits with policyholders in the form of dividends. Instead, the profits are typically distributed to stockholders. This distinction is important for individuals looking for investment in an insurance policy, as participating policies often appeal to those seeking potential financial benefits beyond mere coverage. In summary, a nonparticipating policy clearly delineates the lack of member benefits like dividends and governance participation, making it distinctly different from participating plans, mutual policies, and variable policies, which may offer varying levels of participation or ownership involvement.

9. What kind of services are included in home and community-based services?

- A. Physical therapy and meal preparation**
- B. Emergency medical services only**
- C. Only psychological counseling**
- D. Full-time residential care services**

Home and community-based services encompass a variety of support options designed to assist individuals in receiving care in their own homes or community settings as opposed to institutional or full-time residential care. The inclusion of services such as physical therapy and meal preparation highlights the comprehensive nature of these services. They are aimed at enhancing the quality of life for individuals, particularly those who may be elderly, disabled, or recovering from health issues. Physical therapy is a critical component as it supports rehabilitation, mobility, and overall physical health, allowing individuals to maintain independence as long as possible. Meal preparation is another vital service that ensures nutritional needs are met, thereby promoting health and well-being. These types of services are designed to allow individuals to live independently in their own communities, receiving necessary assistance without the need for more restrictive care settings. The other answer choices reflect limitations in service types: emergency medical services are focused solely on crisis situations, psychological counseling addresses only mental health needs rather than the broader spectrum of physical and daily living support, and full-time residential care implies a significant shift to a more institutional setting, which contradicts the essence of home and community-based services.

10. What is a key characteristic of Major Medical Expense insurance?

- A. It covers routine office visits only**
- B. It provides comprehensive coverage with high maximum limits**
- C. There are no deductibles or co-insurance fees**
- D. It only covers cancer treatments**

Major Medical Expense insurance is designed to provide a broad range of coverage for a variety of health care needs, making it an essential component of health insurance. One of its distinguishing features is that it offers comprehensive coverage, which typically includes hospital stays, surgical expenses, preventive care, and often various other types of healthcare services. Moreover, these plans usually come with high maximum limits on benefits, which means that they can cover substantial medical expenses over the course of treatment or illness. This characteristic ensures that individuals are better protected against high costs stemming from unexpected medical emergencies, chronic conditions, or serious health issues. In contrast, some options like focusing solely on routine visits or being limited to specific treatments do not reflect the broad applicability and financial coverage that Major Medical Expense insurance provides. Additionally, while some plans may include deductibles and co-insurance, the primary essence of Major Medical policies is their extensive coverage and higher benefit ceilings, contributing to better overall protection for policyholders.

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://lifeandhealthinsurance.examzify.com>

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