

Life & 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. Which best describes the responsibilities of an insurance agent?**
 - A. To act solely in the interest of the insurer**
 - B. To act in the best interests of insureds, applicants, and insurers**
 - C. To prioritize commissions over client needs**
 - D. To avoid any conflicts of interest**
- 2. What does permanent partial disability indicate?**
 - A. The insured has a temporary condition affecting work**
 - B. There is an irreversible injury but the insured can still work**
 - C. The insured is unable to perform any job**
 - D. The insured has recovered fully from an injury**
- 3. 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**
- 4. What is the maximum age benefit payments can extend to under a disability policy?**
 - A. 70 years**
 - B. 65 years**
 - C. 60 years**
 - D. 75 years**
- 5. Which element is NOT part of an agreement in a contract?**
 - A. Meeting of the minds**
 - B. Offer**
 - C. Consideration**
 - D. Time frame**

- 6. Which of the following is not a required condition to qualify for LTC benefits?**
- A. Activities of daily living**
 - B. Cognitive impairment**
 - C. Hospital confinement**
 - D. Medical necessity**
- 7. How does a hospital indemnity insurance policy function?**
- A. It covers all hospital-related medical expenses**
 - B. It provides a specific benefit amount while hospitalized**
 - C. It only covers surgeries performed in hospital**
 - D. It pays for outpatient services exclusively**
- 8. In which situation would an insurance producer not be guilty of inducing a customer to purchase insurance?**
- A. Offering a free consultation**
 - B. Providing educational materials about the policy**
 - C. Giving the applicant merchandise worth \$75 for the purchase of insurance**
 - D. Making promotional promises about coverage**
- 9. Which department is tasked with the responsibility of calculating policy reserves and dividends?**
- A. Underwriting Department**
 - B. Actuarial Department**
 - C. Claims Department**
 - D. Human Resources Department**
- 10. What characterizes partial disability?**
- A. The complete inability to work**
 - B. The inability to perform all regular duties**
 - C. A significant decrease in income**
 - D. The ability to work part-time hours**

Answers

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

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Explanations

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1. Which best describes the responsibilities of an insurance agent?

- A. To act solely in the interest of the insurer**
- B. To act in the best interests of insureds, applicants, and insurers**
- C. To prioritize commissions over client needs**
- D. To avoid any conflicts of interest**

The responsibilities of an insurance agent encompass a duty to act in the best interests of insureds, applicants, and insurers. This means that an agent must balance their obligations to their clients while also maintaining a professional relationship with the insurance company they represent. In their role, agents are expected to provide clients with accurate information about various insurance products, help them understand their options, and ensure that they are making informed decisions according to their needs. By understanding the client's situation, agents can tailor their recommendations to best serve the client while still fulfilling their obligation to the insurer. This dual responsibility is central to the ethical practice in the insurance industry, making the balance of interests a key facet of an agent's work. Moreover, while an agent may earn commissions from the policies they sell, this should not overshadow the primary goal of serving the client's best interests. A focus solely on commissions can lead to poor advice and unmet client needs, which can undermine trust and potentially harm the agent's reputation. Similarly, while avoiding conflicts of interest is crucial, it does not encompass the broader responsibility that includes advocating for the client within the framework of serving both the consumer and the insurer. Thus, the comprehensive nature of acting in the best interests of all parties involved accurately reflects the central duty.

2. What does permanent partial disability indicate?

- A. The insured has a temporary condition affecting work**
- B. There is an irreversible injury but the insured can still work**
- C. The insured is unable to perform any job**
- D. The insured has recovered fully from an injury**

Permanent partial disability refers to a situation where an individual has suffered an injury that is irreversible but does not result in a total inability to work. This means that while the injury may limit the individual's capacity to perform certain tasks or functions, they are still capable of engaging in some form of employment. The concept emphasizes the enduring nature of the disability, indicating that it is not merely a temporary condition and that the individual will face ongoing limitations. For instance, someone might have lost the use of a limb or experienced significant impairment that affects their ability to engage in their previous or certain types of work, yet they might still be able to perform other jobs that accommodate their condition. This distinguishing characteristic sets it apart from total disability, where the individual cannot perform any job at all, and from temporary conditions that do not lead to lasting impairment. The definition also rules out complete recovery from an injury, as that would not align with the concept of a permanent partial disability.

3. 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.

4. What is the maximum age benefit payments can extend to under a disability policy?

- A. 70 years
- B. 65 years**
- C. 60 years
- D. 75 years

Under a disability policy, benefits are commonly designed to extend until the policyholder reaches a specific age, often aligning with retirement age. In many cases, the standard age for the maximum duration of benefit payments is 65 years, coinciding with the social security retirement age. This age is significant because it represents a typical transition into retirement and a significant change in one's financial obligations and income sources. Policies may vary, but 65 is a common benchmark, making it a logical answer. Benefits might terminate sooner under certain conditions, such as the specific terms of the policy itself or if the insured person returns to work. Other ages mentioned, such as 60, 70, or 75, tend to deviate from the widely accepted threshold set by many insurance frameworks and regulations concerning disability insurance. Consequently, the choice of 65 aligns with the general practices of benefit termination in these policies, providing a reasonable expectation for policyholders regarding when benefits would cease.

5. Which element is NOT part of an agreement in a contract?

- A. Meeting of the minds**
- B. Offer**
- C. Consideration**
- D. Time frame**

In a contract, the essential elements typically include an offer, acceptance (often referred to as a meeting of the minds), and consideration. These three components together establish a binding agreement between parties. Meeting of the minds refers to the mutual understanding and agreement on the terms of the contract by both parties involved. The offer is a proposal presented by one party to another indicating a willingness to enter into a contractual arrangement on specific terms, while consideration involves something of value that each party agrees to exchange as part of the contract. While a time frame can be important for the execution of a contract and may be included in the terms, it is not a fundamental element required for the formation of a contract itself. Not all contracts have to specify a time frame for performance to be valid; what is critical is the agreement to the terms, the offer, and the consideration exchanged between the parties. Thus, a time frame is not a necessary component that defines the existence of a contract.

6. Which of the following is not a required condition to qualify for LTC benefits?

- A. Activities of daily living**
- B. Cognitive impairment**
- C. Hospital confinement**
- D. Medical necessity**

To qualify for long-term care (LTC) benefits, the conditions that usually need to be met relate to the individual's ability to perform daily functions and their cognitive status. Activities of daily living (ADLs) refer to essential tasks such as bathing, dressing, and eating, which are critical indicators of an individual's need for assistance. Cognitive impairment assesses an individual's mental ability to manage everyday tasks. Medical necessity also plays a crucial role in establishing that the care needed is not only appropriate but essential for the individual's health status. On the other hand, hospital confinement is not a requirement for LTC benefits. While some long-term care scenarios may occur post-hospitalization, an individual can qualify for LTC benefits without needing to have been hospitalized first. Thus, hospital confinement is not a standard condition for obtaining these benefits, making it the correct choice in this context.

7. How does a hospital indemnity insurance policy function?

- A. It covers all hospital-related medical expenses**
- B. It provides a specific benefit amount while hospitalized**
- C. It only covers surgeries performed in hospital**
- D. It pays for outpatient services exclusively**

Hospital indemnity insurance policies are designed to provide a fixed benefit amount to insured individuals for each day they are hospitalized, regardless of the actual medical expenses incurred. This type of policy typically pays a set daily benefit for the duration of the hospital stay, which the insured can use to cover various costs such as lost income, out-of-pocket expenses, or even supplemental costs that arise from being in the hospital. This means that the benefit amount is predetermined and is not contingent on actual medical bills, allowing the insured to receive cash directly that can be used as they see fit. Such a feature makes this insurance particularly valuable, as it helps to relieve some financial burden while the individual is focused on recovery. Other options listed do not accurately depict the function of a hospital indemnity insurance policy. While some may imply comprehensive coverage or specific service coverage, the essence of hospital indemnity is centered on providing cash benefits during hospitalization, rather than covering all related costs or specific services.

8. In which situation would an insurance producer not be guilty of inducing a customer to purchase insurance?

- A. Offering a free consultation**
- B. Providing educational materials about the policy**
- C. Giving the applicant merchandise worth \$75 for the purchase of insurance**
- D. Making promotional promises about coverage**

In the context of insurance sales, an insurance producer engages in inducement when they take actions that may influence a potential customer's decision to purchase a policy. The situation that involves giving the applicant merchandise worth a certain value in connection with the purchase of insurance could be seen as an inducement. However, it is important to note that simply providing a gift does not inherently mean the producer is guilty of inducing a customer in a negative or unethical way, especially if the gift is allowed under relevant laws and regulations regarding marketing and sales practices. Options that involve direct promises, promotional statements about coverage, or offering educational materials serve distinct purposes: educational materials aim to inform the customer without pressure to buy, whereas promotional promises can lead to unrealistic expectations about the insurance product—both could be construed as forms of inducement. In contrast, the act of offering a free consultation falls under the category of providing professional advice without any obligation for the consumer to purchase anything, thereby not constituting inducement either. However, the merchandise offering is less direct in inducement because it doesn't inherently persuade the customer regarding the specifics of the policy or its necessity but is rather a gesture that can accompany the transaction legally. It's crucial to consider the regulatory environment, which can dictate what

9. Which department is tasked with the responsibility of calculating policy reserves and dividends?

- A. Underwriting Department**
- B. Actuarial Department**
- C. Claims Department**
- D. Human Resources Department**

The actuarial department is responsible for calculating policy reserves and dividends because this department specializes in using mathematics, statistics, and financial theories to assess risk in the insurance industry. Actuaries analyze various factors such as mortality rates, policyholder behavior, and investment returns to estimate the amount of money that must be set aside to ensure that future claims can be paid (policy reserves) and to determine how much, if any, dividend can be returned to policyholders based on the insurer's financial performance. In contrast, the underwriting department focuses on evaluating and accepting or rejecting insurance applications based on risk assessment, while the claims department deals with processing and settling claims made by policyholders. The human resources department, on the other hand, manages employee-related functions and does not engage in any financial calculations related to policy reserves or dividends. Thus, the actuarial department plays a crucial role in maintaining the financial stability and obligation of insurance companies through accurate calculations of reserves and dividends.

10. What characterizes partial disability?

- A. The complete inability to work**
- B. The inability to perform all regular duties**
- C. A significant decrease in income**
- D. The ability to work part-time hours**

Partial disability is characterized by the inability to perform all regular duties associated with one's job. This situation often arises when an individual can complete some, but not all, aspects of their work, leading to limitations in their ability to function normally in their professional role. This definition is crucial in the context of insurance claims and coverage, as it determines the level of benefits an individual may qualify for based on their current capabilities compared to their pre-disability condition. While being unable to work entirely reflects a total disability, partial disability indicates that the individual can still participate in some work-related activities but faces challenges that prevent them from fulfilling all their responsibilities. This nuanced understanding is essential for assessing the impact of the disability on the person's ability to earn an income and how it ties into their insurance benefits. The other options, such as complete inability to work, a significant decrease in income, and the ability to work part-time hours, do not fully capture the essence of partial disability as these may apply to varying degrees or situations unrelated strictly to the inability to perform all job duties.

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!