LIFE LICENSE QUALIFICATION PROGRAM (LLQP) PRACTICE EXAM (SAMPLE)

STUDY GUIDE

SAMPLE STUDY GUIDE WITH LIMITED 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. 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 provision allows a policyowner to pay premiums more than once a year?**

   A. Insuring

   B. Consideration

   C. Payor

   D. Mode of Premium

2. **What is the primary factor that determines the benefits paid under a disability income policy?**

   A. Education level

   B. Wages

   C. Type of occupation

   D. Age

3. **Who names the beneficiary in a Key Employee Life policy?**

   A. The key employee

   B. The insurance company

   C. The company purchasing the policy

   D. The policyholder's estate

4. **In which situation can an autopsy be performed after a death under an Accidental Death and Dismemberment policy?**

   A. When the cause of death is unknown

   B. When the state prohibits this by law

   C. When consent for the autopsy is not obtained

   D. When foul play was a contributing factor

5. **Which statement about Preferred Provider Organizations (PPO) is INCORRECT?**

   A. PPO's usually have more providers than an HMO

   B. Prices are negotiated in advance for PPO providers

   C. In-network PPO providers offer better coverage

   D. PPO's are NOT a type of managed care system

6. Which of the following is NOT considered rebating?

A. Sharing commissions with an agent licensed in the same line of business

B. Returning premium to a client as an inducement for purchasing a policy

C. Giving something of value to an insured in exchange for their business

D. Offering special dividends

7. Dread Disease policies are specifically designed to cover what?

A. A specific disease or illness

B. All diseases or illnesses

C. Only terminal illnesses

D. Only heart-related diseases

8. What type of system involves a group of doctors and hospitals contracting with an insurer to provide services at a prearranged cost?

A. HMO

B. PPO

C. EPO

D. PLHSO

9. Which unfair trade practice involves making malicious statements about another person's financial condition?

A. Boycotting

B. Defamation

C. Unfair discrimination

D. Misrepresentation

10. What is the term for the agreement in a life insurance contract that specifies a sum of money to be paid upon the insured's death?

A. Entire Contract provision

B. Consideration clause

C. Insuring agreement

D. Assignment agreement

Answers

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

Explanations

1. Which provision allows a policyowner to pay premiums more than once a year?

A. Insuring

B. Consideration

C. Payor

D. Mode of Premium

The provision that allows a policyowner to pay premiums more than once a year is referred to as the "Mode of Premium." This term pertains specifically to the frequency at which premiums are paid, which can include options like monthly, quarterly, semi-annually, or annually. By selecting a specific mode, the policyowner can choose a payment schedule that fits their financial situation and preferences. This provision is crucial because it offers flexibility in managing premium payments. Some individuals may prefer to pay premiums more frequently to better align with their cash flow, while others may choose to make larger, less frequent payments. Understanding this aspect of premium payments is key for policyowners as it impacts their budgeting and financial planning. The other options relate to different aspects of insurance but do not directly address the question of premium payment frequency. For instance, consideration pertains to the value exchanged within an insurance contract, insuring refers to the actual act of providing coverage, and payor generally relates to someone responsible for paying the premium, especially in the context of children's policies.

2. What is the primary factor that determines the benefits paid under a disability income policy?

A. Education level

B. Wages

C. Type of occupation

D. Age

The primary factor that determines the benefits paid under a disability income policy is wages. This is because disability income insurance is designed to replace a portion of a policyholder's lost income due to their inability to work because of a disability. The benefits are typically calculated as a percentage of the individual's earnings prior to the disability, ensuring that the financial impact of losing work is mitigated. In most cases, insurers will look at the applicant's income level and work history, which provides a clear picture of the wages that will be replaced if a disability occurs. Additionally, policies may have caps on the maximum benefit amount that can be paid, further emphasizing the importance of wage levels in determining benefits. While other factors like education level, occupation type, and age can play roles in underwriting and the overall policy structure, they are secondary to the main determinant of benefits, which is the wages prior to the disability event.

3. Who names the beneficiary in a Key Employee Life policy?

A. The key employee

B. The insurance company

C. The company purchasing the policy

D. The policyholder's estate

In a Key Employee Life policy, the company purchasing the policy is the one that names the beneficiary. This type of insurance is designed to provide financial protection for the business in the event of a key employee's untimely death. The company has a vested interest in the key employee because that person plays a significant role in its operations or profitability. By designating itself as the beneficiary, the company ensures that it can claim the death benefit to offset potential financial losses associated with the loss of the key employee, such as lost revenue, recruitment costs, and training expenses for a replacement. This arrangement highlights the primary purpose of the policy, which is to protect the business rather than the personal interests of the employee or their family. The other options do not correctly reflect how beneficiary designations work in this context. While the key employee holds an important position, they typically do not have the authority to name themselves as a beneficiary in this arrangement. The insurance company does not play a role in naming beneficiaries; it merely provides the policy. Lastly, naming the policyholder's estate is not appropriate here, as the intended purpose of the policy is to benefit the business directly, rather than being tied to the individual's estate.

4. In which situation can an autopsy be performed after a death under an Accidental Death and Dismemberment policy?

A. When the cause of death is unknown

B. When the state prohibits this by law

C. When consent for the autopsy is not obtained

D. When foul play was a contributing factor

An autopsy can be performed after a death under an Accidental Death and Dismemberment (AD&D) policy when the cause of death is unknown. This is important because an autopsy serves to clarify the circumstances surrounding the death, especially in cases where the cause may impact the validity of the claim. The AD&D policy typically pays benefits based on specific instances of death or injury caused by an accident; therefore, understanding the precise cause is crucial for determining eligibility for benefits. In situations where the cause of death is ambiguous, an autopsy provides critical evidence that can aid in assessing the claim, ensuring that the insurer can make a fair and informed decision based on the findings. Autopsies are commonly initiated in such cases to ascertain any underlying conditions or external factors that may have contributed to the death. The other scenarios, such as legal prohibitions, lack of consent, or the implication of foul play, generally pertain to restrictions or legal considerations that would prevent an autopsy from being performed, rather than situations where it is permissible and often necessary. Understanding these nuances is vital for managing the complexities surrounding life insurance claims.

5. Which statement about Preferred Provider Organizations (PPO) is INCORRECT?

A. PPO's usually have more providers than an HMO

B. Prices are negotiated in advance for PPO providers

C. In-network PPO providers offer better coverage

D. PPO's are NOT a type of managed care system

Preferred Provider Organizations (PPOs) are indeed a type of managed care system. This arrangement allows for a network of healthcare providers who have agreed to provide services at reduced rates to members. The primary function of a PPO is to offer flexible options for healthcare services while controlling costs, which is a hallmark of managed care systems. PPOs negotiate prices in advance with their network providers, ensuring that members receive more affordable rates when they seek care from in-network providers. This aligns with the goals of managed care to provide cost-effective and coordinated healthcare. In addition, it is accurate that PPOs typically include a greater number of providers compared to Health Maintenance Organizations (HMOs), which often have more stringent provider lists. Given this context, identifying the statement that suggests PPOs are not a type of managed care system is incorrect, as it fundamentally misunderstands the nature and purpose of PPOs within the healthcare landscape.

6. Which of the following is NOT considered rebating?

A. Sharing commissions with an agent licensed in the same line of business

B. Returning premium to a client as an inducement for purchasing a policy

C. Giving something of value to an insured in exchange for their business

D. Offering special dividends

Sharing commissions with an agent licensed in the same line of business is not considered rebating because this practice typically occurs within the confines of professional relationships and the regulatory framework that governs commission structures. In many jurisdictions, sharing commissions among licensed agents is a standard business practice that recognizes collaboration and mutual benefit without constituting a form of inducement to the client for purchasing a policy. In contrast, returning premium to a client as an inducement, giving something of value in exchange for business, and offering special dividends can all create an incentive that may manipulate the decision-making process of the insured. Such actions could be viewed as attempts to entice clients to choose one policy over another through financial benefits, which regulations often seek to avoid in maintaining fair market practices and ensuring the integrity of insurance transactions. Therefore, the focus is on maintaining a clear distinction between ordinary business practices among agents and improper inducements offered directly to clients.

7. Dread Disease policies are specifically designed to cover what?

A. A specific disease or illness

B. All diseases or illnesses

C. Only terminal illnesses

D. Only heart-related diseases

Dread Disease policies, also known as critical illness insurance, are specifically tailored to provide coverage for a predetermined list of serious illnesses, which may include conditions like cancer, heart attack, stroke, and other life-altering diseases. The primary objective of these policies is to offer financial support upon diagnosis of a specific illness covered by the policy, allowing the insured to manage medical expenses, lifestyle changes, or loss of income that may result from their condition. This type of insurance is distinct from policies that cover all diseases or only terminal illnesses. While some policies may provide benefits for a broader range of illnesses or solely focus on terminal conditions, Dread Disease policies concentrate on a specific set of serious diseases, making it crucial for potential policyholders to review which conditions are included in their coverage. Such precision in coverage is what sets Dread Disease policies apart, catering directly to the needs associated with the financial impact of significant health events.

8. What type of system involves a group of doctors and hospitals contracting with an insurer to provide services at a prearranged cost?

A. HMO

B. PPO

C. EPO

D. PLHSO

The type of system described involves a group of doctors and hospitals working together under a contract with an insurer to provide health care services at a prearranged cost. This is characteristic of a Preferred Provider Organization (PPO). In a PPO, the insurer negotiates rates with a network of providers, allowing members to choose from a list of preferred providers while still offering the flexibility to see out-of-network providers, though at a higher cost. This arrangement allows for access to a wider range of healthcare services while keeping costs manageable. In contrast to PPOs, Health Maintenance Organizations (HMOs) typically require members to choose a primary care physician and get referrals for specialized services, while Exclusive Provider Organizations (EPOs) are similar but do not cover any out-of-network care. PLHSOs, which stand for Publicly Licensed Health Service Organizations, are less common and generally do not fit the structure described in this scenario. Thus, the attributes of the PPO best match the arrangement mentioned in the question.

9. Which unfair trade practice involves making malicious statements about another person's financial condition?

A. Boycotting

B. Defamation

C. Unfair discrimination

D. Misrepresentation

Defamation refers specifically to the act of making false or misleading statements about someone that can harm their reputation or financial standing. In the context of unfair trade practices, defamation involves intentionally spreading unfounded rumors or negative information about another individual's financial condition, which can undermine their credibility and business prospects. This practice not only damages the targeted individual's reputation but can also influence potential clients' perceptions, leading to unfair competitive advantages. The other practices mentioned—like boycotting, unfair discrimination, and misrepresentation—address different aspects of unethical behavior in trade but do not specifically involve the malicious dissemination of false information about someone's financial state. Boycotting refers to avoiding business with a particular entity as a form of protest; unfair discrimination involves treating clients differently based on prohibited factors; and misrepresentation involves providing false or misleading information about one's own products or services. Each of these practices differs in focus from the harmful act of defamation, which is centered on damaging another person's financial reputation through false statements.

10. What is the term for the agreement in a life insurance contract that specifies a sum of money to be paid upon the insured's death?

A. Entire Contract provision

B. Consideration clause

C. Insuring agreement

D. Assignment agreement

The term that specifies a sum of money to be paid upon the insured's death is referred to as the insuring agreement. This key component of a life insurance contract outlines the promises made by the insurer to provide a benefit upon the occurrence of the insured event, which in this case is death. It details the coverage provided and the conditions under which the insurer will make the payment. In life insurance, the insuring agreement is fundamental because it establishes the insurer's obligation to pay the death benefit to the beneficiaries, thereby fulfilling the primary purpose of the policy. It highlights the relationship of reliance between the policyholder and the insurer, ensuring that both parties understand the core provisions of the policy. The other terms, while relevant in the context of insurance contracts, do not specifically pertain to the sum of money to be paid upon the insured's death. The entire contract provision refers to the notion that the policy document, along with any endorsements, constitutes the complete agreement between the insurer and the insured. The consideration clause involves the exchange of value, typically the premium payments made by the policyholder, but does not describe the death benefit itself. Lastly, the assignment agreement pertains to the transfer of policy rights from one party to another, which is unrelated to the term

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://lifelicensequalificationprogram-llqp.examzify.com

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