

Louisiana Series 101 - Life 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

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- 1. If both the insured and primary beneficiary die in the same accident and the order cannot be determined, the proceeds may be paid to which option?**
 - A. The named contingent beneficiary of the insured**
 - B. The insured's estate**
 - C. The primary beneficiary's heirs**
 - D. The insurer**

- 2. Which statement is TRUE regarding the duties of insurers?**
 - A. Replacement requirements do not apply to the existing insurer.**
 - B. Replacement requirements apply to the existing insurer only**
 - C. Insurers must waive replacement requirements if the insured requests**
 - D. Replacement requirements apply only to the new insurer**

- 3. Endowment occurs when the policy's cash value equals the face amount and the proceeds are paid to whom?**
 - A. The policyowner**
 - B. The named insured**
 - C. The beneficiary**
 - D. The insurer**

- 4. In the policy described, who are the contingent beneficiaries?**
 - A. The insurer**
 - B. John's wife**
 - C. John's children**
 - D. John's sister**

- 5. If an insured becomes totally and permanently disabled two months before the cut-off date for the waiver of premium rider, what happens?**
 - A. The insured remains eligible for all provisions**
 - B. The waiver is retroactive**
 - C. The policy terminates**
 - D. The premiums increase**

- 6. Which of the following is NOT an example of a prohibited practice?**
- A. Backdating**
 - B. Misrepresentation**
 - C. Rebating**
 - D. Twisting**
- 7. Which statement best describes a Family Rider?**
- A. It Provides Coverage for a Policyowner's Spouse and Children Under One Policy**
 - B. It Increases the Policy's Cash Value**
 - C. It Allows Conversion to Term**
 - D. It Reduces Premiums After a Policy Loan**
- 8. Which arrangement gives a lender a claim on a policy's benefits to secure repayment but does not give control of the policy to the lender?**
- A. Beneficiary designation**
 - B. Assignment on death**
 - C. Waiver**
 - D. Collateral Assignment**
- 9. What best describes the effect on a variable annuity when actual performance equals the assumed rate?**
- A. The benefits decrease**
 - B. The benefits remain the same**
 - C. The benefits increase**
 - D. The policy terminates**
- 10. Which statement describes credit life insurance regarding its relation to the loan?**
- A. It pays the borrower's heirs directly**
 - B. It pays the lender the remaining debt**
 - C. It covers only funeral expenses**
 - D. It provides retirement income**

Answers

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

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Explanations

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1. If both the insured and primary beneficiary die in the same accident and the order cannot be determined, the proceeds may be paid to which option?

A. The named contingent beneficiary of the insured

B. The insured's estate

C. The primary beneficiary's heirs

D. The insurer

When the insured and the primary beneficiary die in the same accident and the order of death can't be determined, the policy typically directs the payout to the contingent beneficiary named in the contract. This keeps the death benefit with the person the insured designated to receive it if the primary cannot survive or cannot be proven to have survived. It prevents the proceeds from automatically going to the insured's estate or to the heirs of the primary, which would happen if there were no contingent beneficiary or if the policy defaulted to probate rules. The insurer simply pays out per the policy terms, not to itself, and the contingent beneficiary receives the funds as intended. If no contingent beneficiary is named, the proceeds may instead go to the insured's estate or follow state law, which is why naming a contingent beneficiary is important.

2. Which statement is TRUE regarding the duties of insurers?

A. Replacement requirements do not apply to the existing insurer.

B. Replacement requirements apply to the existing insurer only

C. Insurers must waive replacement requirements if the insured requests

D. Replacement requirements apply only to the new insurer

When a life policy is being replaced by a new one, there are rules to protect the insured and ensure the replacement is appropriate. The duties tied to replacement are duties of the insurer issuing the new policy. They must provide the required replacement notice, explain the implications of the replacement, and review whether the new policy truly serves the insured's needs. Because these duties arise from the act of issuing a new policy to replace an existing one, they focus on the new insurer's responsibilities in the replacement process. That's why the statement that replacement requirements do not apply to the existing insurer is the true choice here. The other options misstate who bears the replacement duties or suggest waivers that aren't permitted by standard replacement regulations.

3. Endowment occurs when the policy's cash value equals the face amount and the proceeds are paid to whom?

- A. The policyowner**
- B. The named insured**
- C. The beneficiary**
- D. The insurer**

Endowment happens at the point the policy's cash value has grown to equal the face amount, at which time the contract matures and the proceeds are paid to the policyowner—the person who owns and controls the policy. The policyowner has the rights to the cash value and to the policy's benefits, so when endowment occurs the payout goes to them. The named insured is simply the life whose death would trigger the death benefit, and the beneficiary is the person designated to receive benefits if the insured dies (or, in some cases, the endowment if the policy is written to do so). The insurer is the company issuing the policy and making the payment.

4. In the policy described, who are the contingent beneficiaries?

- A. The insurer**
- B. John's wife**
- C. John's children**
- D. John's sister**

Contingent beneficiaries are the secondary recipients of the death benefit, stepping in if the primary beneficiary cannot receive it. In this policy, the primary beneficiary is assumed to be the other person named, so the contingent beneficiaries are who would receive the proceeds if the primary is unavailable. Here, that next-in-line group is John's children, so they would receive the payout if the primary cannot collect. The insurer itself isn't a beneficiary; it's the company administering the policy. John's sister would only receive if she were named as the next contingent after the primary, which isn't the case in this description.

5. If an insured becomes totally and permanently disabled two months before the cut-off date for the waiver of premium rider, what happens?

- A. The insured remains eligible for all provisions**
- B. The waiver is retroactive**
- C. The policy terminates**
- D. The premiums increase**

A waiver of premium rider is meant to keep the policy in force when the insured becomes totally disabled by waiving premium payments during the disability. Once total and permanent disability is established under the rider, premiums are not paid while the insured is disabled, and the policy remains active with all rider and policy provisions intact. In this scenario, the disability occurs before the cutoff date, so the rider qualifies to apply. That means the premium payments are waived as long as the disability continues (subject to the policy's definition and any elimination period), and the policy does not lapse. All provisions of the policy stay in effect, and there's no retroactive payment of waived premiums, no termination, and no increase in premiums due to the disability.

6. Which of the following is NOT an example of a prohibited practice?

- A. Backdating**
- B. Misrepresentation**
- C. Rebating**
- D. Twisting**

Backdating isn't inherently deceptive. It can be a legitimate administrative tool that sets the policy's effective date to an earlier time, often to reflect the insured's age as of that earlier date so the premium aligns with the correct age. The key is that the applicant's truthfulness about age and health remains intact, and the backdating is within allowed limits (which many jurisdictions cap, for example, at a few months). When used within those rules, backdating is not a prohibited practice. The other practices are clearly improper because they involve fraud or manipulation: misrepresentation means giving false information about health or age; rebating involves offering money or other inducements to encourage the purchase; twisting is pushing a replacement policy through improper tactics to benefit the producer or the insurer.

7. Which statement best describes a Family Rider?

- A. It Provides Coverage for a Policyowner's Spouse and Children Under One Policy**
- B. It Increases the Policy's Cash Value**
- C. It Allows Conversion to Term**
- D. It Reduces Premiums After a Policy Loan**

A Family Rider is a rider that adds life insurance coverage for the policyowner's spouse and children under a single policy. This makes it affordable to protect multiple family members because the coverage is packaged into one policy rather than issuing separate policies. The rider typically provides term coverage for family members and does not create or increase the base policy's cash value. It isn't about converting to another type of coverage or about premium reductions after a loan. The primary purpose is to extend protection to a spouse and children within one policy, which is why this option best fits.

8. Which arrangement gives a lender a claim on a policy's benefits to secure repayment but does not give control of the policy to the lender?

- A. Beneficiary designation**
- B. Assignment on death**
- C. Waiver**
- D. Collateral Assignment**

Collateral assignment is a way to use a life policy as security for a loan while keeping ownership with the insured. The lender gains a lien on the policy's cash value and on any death benefit up to the loan amount, so the loan is repaid from those proceeds if needed. The insured remains the policy owner and can still control the policy—change beneficiaries, borrow, or pay premiums—subject to the lender's claim. Once the loan is satisfied, the lien is released; if the insured dies, the death benefit is first applied to the loan up to the collateral amount, and any remaining proceeds go to the insured's beneficiaries. This setup differs from simply naming a beneficiary or transferring ownership on death, which don't provide a lender with a security interest.

9. What best describes the effect on a variable annuity when actual performance equals the assumed rate?

- A. The benefits decrease**
- B. The benefits remain the same**
- C. The benefits increase**
- D. The policy terminates**

The main idea is that the assumed rate is the benchmark used to illustrate expected growth for a variable annuity. When actual performance matches that rate, the account value grows exactly as projected, so the benefits stay at the level shown in the illustration. In other words, there's no surprise gain or loss—the benefits remain the same as expected. If actual performance were higher or lower, benefits could increase or decrease accordingly, but matching the assumed rate means the projected benefits are realized.

10. Which statement describes credit life insurance regarding its relation to the loan?

- A. It pays the borrower's heirs directly**
- B. It pays the lender the remaining debt**
- C. It covers only funeral expenses**
- D. It provides retirement income**

Credit life insurance is designed to protect the lender by ensuring the loan is paid if the borrower dies. The death benefit goes to the lender to satisfy the remaining debt on the loan, not to the borrower's heirs. It's not intended to cover funeral expenses or provide retirement income. In many cases, the coverage amount mirrors the loan balance and may decrease over time as the loan is repaid, aligning the benefit with the remaining debt.

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://louisianaseries101.examzify.com>

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

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