LOUISIANA SERIES 101 – LIFE INSURANCE 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. **How many continuing education credit hours must a producer complete every renewal period?**

   A. 12

   B. 36

   C. 48

   D. 24

2. **All of the following are characteristics of a 401K plan, EXCEPT:**

   A. Pre-tax contributions

   B. Tax-deferred growth

   C. Employer matching contributions

   D. Post retirement distributions are tax free

3. **Straight Whole Life is classified as which type of policy?**

   A. Term

   B. Ordinary

   C. Endowment

   D. Universal

4. **How are policy loans taxed?**

   A. Policy loans are always taxed when taken.

   B. Policy loans are taxed only if the insured dies.

   C. Policy loans are generally not taxed as income until the policy lapses or is surrendered, except if the policy is a MEC where loan withdrawals are taxed.

   D. Policy loans are taxed at withdrawal but not at lapse.

5. **Which of the following describes an absolute assignment?**

   A. Transfers ownership rights in the policy.

   B. Transfers rights in the policy only as collateral.

   C. Transfers the beneficiary designation.

   D. Does not transfer any rights.

6. Under Louisiana rules, what must an agent do before using an assumed name?

A. Notify the Commissioner prior to use

B. Register the name with the state treasurer

C. Obtain consent from the insured

D. No action required

7. The options that allow benefits to be paid other than lump sum are called what?

A. Annuity Options

B. Settlement Options

C. Cash Surrender

D. Premium Options

8. Which clause is the life insurance policy's promise to pay the death benefit upon death, provided the policy remains in force?

A. Incontestability Clause

B. Grace Period Clause

C. Insuring Clause

D. Beneficiary Clause

9. Name three common riders.

A. Waiver of premium, accelerated death benefit, and accidental death rider.

B. Waiver of premium, term rider, disability rider.

C. Extended term rider, accidental death rider, accelerated death benefit.

D. Waiver of premium, extended term rider, and accidental death rider.

10. In a STOLI/IOLI transaction, which action is not required of the investor?

A. Submit the premium for the policy at issue

B. Fill out the application for Life Insurance on behalf of the Insured

C. Provide evidence of insurability for the insured

D. Disclose the existence of the arrangement to the insurer

Answers

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

Explanations

1. **How many continuing education credit hours must a producer complete every renewal period?**

   A. 12

   B. 36

   C. 48

   D. 24

Continuing education keeps a producer current and allows the license to remain active. In Louisiana, the requirement is 24 continuing education credit hours for each renewal period, which is a two-year cycle. That means you need to complete about 12 hours per year, and you must meet the total of 24 hours by the renewal deadline. If the hours aren't completed, the license can lapse or be suspended until the requirements are fulfilled. So 24 hours every renewal period is the standard requirement.

2. **All of the following are characteristics of a 401K plan, EXCEPT:**

   A. Pre-tax contributions

   B. Tax-deferred growth

   C. Employer matching contributions

   D. Post retirement distributions are tax free

401(k) plans are designed to encourage saving by allowing pre-tax contributions, which reduces your current taxable income. The investments grow tax-deferred, so you don't pay taxes on the earnings until you withdraw. Employers often provide matching contributions, which helps grow the plan faster. The part that isn't true for a standard 401(k) is that post-retirement distributions are tax-free. In a traditional 401(k), withdrawals are taxed as ordinary income when you take them out. Tax-free distributions would only apply to a Roth option, not to the traditional 401(k).

3. **Straight Whole Life is classified as which type of policy?**

   A. Term

   B. Ordinary

   C. Endowment

   D. Universal

Straight Whole Life is a form of Whole Life policy that uses continuous, level premiums paid for the insured's entire life. This setup keeps the policy in force for life and builds cash value over time, which is why it's classified as Ordinary life. It's different from term insurance, which covers a set period and typically has no cash value; from endowment policies, which mature and pay out at a specified age if still in force; and from universal life, which features flexible premiums and a cash value that can vary with interest credits. So the best fit for Straight Whole Life is Ordinary life.

4. How are policy loans taxed?

A. Policy loans are always taxed when taken.

B. Policy loans are taxed only if the insured dies.

C. Policy loans are generally not taxed as income until the policy lapses or is surrendered, except if the policy is a MEC where loan withdrawals are taxed.

D. Policy loans are taxed at withdrawal but not at lapse.

Policy loans are not normally taxed as income while the policy remains in force. A loan against the cash value is simply borrowing your own money from the insurer, so no taxable event occurs at the time you take the loan. The policy can keep growing tax-deferred, and you owe the loan plus interest to the insurer. Tax consequences arise if the policy lapses or is surrendered with an outstanding loan. In that case, the loan is treated as a distribution to the extent the policy's gains (earnings) exceed the cost basis. Those gains are taxed as ordinary income to the insured. If the policy is a Modified Endowment Contract (MEC), access to cash value through loans or withdrawals is taxed as a distribution of earnings, meaning any amount withdrawn or loaned is taxed to the extent of the policy's earnings, regardless of the basis.

5. Which of the following describes an absolute assignment?

A. Transfers ownership rights in the policy.

B. Transfers rights in the policy only as collateral.

C. Transfers the beneficiary designation.

D. Does not transfer any rights.

Absolute assignment means you transfer ownership rights in the policy to someone else. The person who receives the assignment becomes the new owner and gains full control over the policy—this includes things like paying premiums, borrowing against the cash value, surrendering the policy, and naming or changing the beneficiary if the owner chooses. The original owner no longer has any ownership powers. This is different from collateral assignment, which only uses the policy as security for a loan and does not transfer ownership. It's also not about changing who gets the benefits under the policy, which is a change of the beneficiary designation. And it isn't simply transferring nothing at all.

6. Under Louisiana rules, what must an agent do before using an assumed name?

A. Notify the Commissioner prior to use

B. Register the name with the state treasurer

C. Obtain consent from the insured

D. No action required

In Louisiana, when an agent plans to use an assumed name (a doing-business-as name), the agent must inform the regulatory authority before using it. This requirement helps ensure transparency and accountability, so consumers can know the true identity behind the name on policies and avoid potential fraud or misrepresentation. The Commissioner can verify the name and connect it to the agent's license, protecting the public. Registering with the state treasurer or obtaining consent from the insured aren't the required steps, and some action is indeed required—the notice to the Commissioner—before the name can be used.

7. The options that allow benefits to be paid other than lump sum are called what?

A. Annuity Options

B. Settlement Options

C. Cash Surrender

D. Premium Options

Settlement options refer to the ways life insurance proceeds can be paid out other than a single lump sum. When a death benefit is paid, beneficiaries can choose options that provide installments or lifetime income instead of one immediate payment. These options include things like life income (payments for the beneficiary's lifetime), fixed-period payouts (payments for a set number of years), fixed-amount payouts (a set dollar amount each period), or an interest-only option, among others. The choice can affect how long money lasts and how much is ultimately received, because interest and guarantees come into play. Annuity options pertain to payout choices for annuities, not to how life insurance proceeds are settled. Cash surrender is the option to surrender a policy for its cash value, which is a different non-lump-sum path. Premium options aren't a standard term in this context.

8. Which clause is the life insurance policy's promise to pay the death benefit upon death, provided the policy remains in force?

A. Incontestability Clause

B. Grace Period Clause

C. Insuring Clause

D. Beneficiary Clause

The key idea here is the insuring clause—the part of a life insurance policy that commits the insurer to pay the death benefit to the designated beneficiary when the insured dies, as long as the policy is in force (premiums are paid and no lapse has occurred). This is the contract's promise that creates the payout obligation, making the death benefit the core payoff of the policy. Other clauses do different jobs: the contestability clause governs how long the insurer can challenge the truth of statements in the application; the grace period clause provides a short extra window to pay overdue premiums before the policy lapses; and the beneficiary clause names who will receive the death benefit but does not itself state the insurer's promise to pay.

9. Name three common riders.

A. Waiver of premium, accelerated death benefit, and accidental death rider.

B. Waiver of premium, term rider, disability rider.

C. Extended term rider, accidental death rider, accelerated death benefit.

D. Waiver of premium, extended term rider, and accidental death rider.

Riders are optional add-ons that expand or tailor a life insurance policy. Among the most common ones you'll see are waiver of premium, accelerated death benefit, and accidental death rider. Waiver of premium kicks in if the insured becomes totally disabled, so the policy remains in force without the need to pay premiums. Accelerated death benefit lets a portion of the death benefit be accessed early if the insured has a qualifying illness, helping with medical or living expenses while still alive. Accidental death rider provides an extra payout if death results from an accident, on top of the base death benefit. Together, these three represent widely offered, practical protections that insurers commonly provide, which is why they're the best choice. Other options may include riders like a term rider or disability rider, but they're not as universally recognized as the most common trio described here.

10. In a STOLI/IOLI transaction, which action is not required of the investor?

A. Submit the premium for the policy at issue

B. Fill out the application for Life Insurance on behalf of the Insured

C. Provide evidence of insurability for the insured

D. Disclose the existence of the arrangement to the insurer

In a STOLI/IOLI setup, the investor's role is to finance and own the policy, while the insured is the person whose life is covered. The life-insurance application is typically completed by the policyowner or applicant and requires the insured's information, signatures, and consent, along with medical evidence provided for underwriting. Because of that, the investor is not the one who fills out the application on behalf of the insured; doing so would bypass the insured's role and the underwriting process. The investor is still expected to submit the premium and to disclose the existence of the arrangement to the insurer, and the insurer will obtain or require evidence of insurability for underwriting. Therefore, the action not required of the investor is filling out the application for life insurance on behalf of the insured.

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!