

# Maine Life 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**

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- 1. In coinsurance agreements, how much does the insurer typically cover after the deductible has been paid?**
  - A. 100%**
  - B. 50-60%**
  - C. 75-80%**
  - D. 90-95%**
- 2. What is a distinguishing feature of a nonparticipating policy?**
  - A. The policy owners share in the profits**
  - B. The policy owners do not share in the profits**
  - C. It provides higher death benefits**
  - D. It offers lower premiums**
- 3. What factor is essential for an insurance policy to be effective?**
  - A. Completion of a medical examination**
  - B. Payment of premiums and completion of documentation**
  - C. Having multiple beneficiaries listed**
  - D. Choosing a cash surrender option upon signing**
- 4. Which of the following is NOT a type of agent authority?**
  - A. Express**
  - B. Implied**
  - C. Apparent**
  - D. Explicit**
- 5. What is the maximum period for which a temporary insurance producer license can be issued?**
  - A. 90 days**
  - B. 120 days**
  - C. 180 days**
  - D. 365 days**

**6. What key feature distinguishes long-term care insurance from other types of coverage?**

- A. It covers all medical bills indefinitely**
- B. It is only available to seniors**
- C. It provides assistance based on the inability to perform daily activities**
- D. It requires hospitalization for coverage**

**7. What type of risks may proceeds from a viatical settlement be subject to?**

- A. Government claims**
- B. Creditors' claims**
- C. Investment risk**
- D. No risks**

**8. Which option is typically required in a contributory health insurance plan?**

- A. 100% participation by eligible members**
- B. Employer pays all premiums**
- C. Participation by at least 75% of eligible members**
- D. Voluntary enrollment without employer contribution**

**9. What is the maximum period that an insurer may defer payment of cash surrender value?**

- A. 3 months**
- B. 6 months**
- C. 12 months**
- D. 18 months**

**10. What distinguishes an 'Open panel' from a 'Closed panel' in HMOs?**

- A. Open panel includes salaried hospital workers**
- B. Closed panel allows freedom to choose providers outside**
- C. Closed panel restricts practitioners to HMO facilities**
- D. Open panel only operates within one state**

## **Answers**

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

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## **Explanations**

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**1. In coinsurance agreements, how much does the insurer typically cover after the deductible has been paid?**

- A. 100%**
- B. 50-60%**
- C. 75-80%**
- D. 90-95%**

In coinsurance agreements, once the deductible has been met, the insurer typically covers a significant portion of the costs associated with a claim. The correct choice is based on common industry practices where the insurer reimburses a substantial percentage of the remaining eligible expenses after the deductible. When evaluating the range of coverage, many insurance policies, particularly in health insurance and property insurance, often fall within the 75-80% coverage range after the deductible. This means that after the policyholder pays the initial out-of-pocket expense, the insurance provider will take responsibility for addressing 75 to 80 percent of the subsequent costs, while the policyholder remains responsible for the remaining balance. This arrangement helps to share the financial burden between the insurer and the insured, promoting accountability for both parties while ensuring that claimants have significant support from their insurer. Hence, the range of 75-80% reflects a reasonable expectation of coverage under a typical coinsurance arrangement in various insurance contexts.

**2. What is a distinguishing feature of a nonparticipating policy?**

- A. The policy owners share in the profits**
- B. The policy owners do not share in the profits**
- C. It provides higher death benefits**
- D. It offers lower premiums**

A nonparticipating policy is characterized by the fact that policy owners do not share in the insurer's profits. This means that the policyholder does not receive dividends as part of their policy, which is a key distinction from participating policies. In participating policies, policyholders may receive dividends based on the financial performance of the insurance company, effectively allowing them to benefit from its profitability. The absence of this feature in nonparticipating policies can often result in more straightforward premium structures, as the insurer has a clearer financial profile without the need to account for potential dividends. This can allow for lower administrative costs and more stable premium payments, but the trade-off is that policyholders miss out on any additional financial rewards that could come from the insurer's success.

### 3. What factor is essential for an insurance policy to be effective?

- A. Completion of a medical examination**
- B. Payment of premiums and completion of documentation**
- C. Having multiple beneficiaries listed**
- D. Choosing a cash surrender option upon signing**

For an insurance policy to be effective, paying premiums and completing documentation are critical factors. The payment of premiums is necessary because it represents the policyholder's commitment to maintain the coverage, ensuring that the insurer can provide the agreed-upon benefits when a claim arises. Without premium payments, the policy may lapse, leaving the policyholder without coverage. Additionally, completing the necessary documentation is essential as it formalizes the agreement between the insurer and the insured. This typically includes the application process and other required forms, which outline the terms and conditions of the policy. Without these documents being properly filled out and submitted, there is no binding contract in place. The other options, while potentially relevant in certain contexts, do not form the foundational basis for the validity of an insurance policy. Medical examinations may be required for underwriting but are not universally necessary. Listing multiple beneficiaries can be important for estate planning purposes but is not a requirement for policy effectiveness. Choosing a cash surrender option is a feature that relates to policy value and is not compulsory at the outset of a policy.

### 4. Which of the following is NOT a type of agent authority?

- A. Express**
- B. Implied**
- C. Apparent**
- D. Explicit**

The identification of "explicit" as the correct answer is rooted in the definitions of agent authority in the insurance context. Agent authority generally falls into three recognized categories: express, implied, and apparent authority. Express authority is the authority granted directly through written or spoken agreements between the insurer and the agent. This includes clear instructions on what an agent can do on behalf of the insurer, such as binding coverage or collecting premiums. Implied authority refers to the authority that is not explicitly stated but is necessary for the agent to carry out their duties effectively. This includes actions that are customary in the industry or related to the express authority, enabling the agent to fulfill their role without needing direct permission for every single action. Apparent authority is based on the perception of third parties. If an agent appears to possess authority, even if they do not have formal authorization, the insurer may be bound by the actions of the agent to protect third parties who are unaware of the actual limitations of the agent's authority. The term "explicit" does not fit into the commonly recognized categories of authority within the insurance industry. Instead, the correct terminology is "express," which is distinct from "explicit." Therefore, since "explicit" is not recognized as a type of agent authority

**5. What is the maximum period for which a temporary insurance producer license can be issued?**

- A. 90 days**
- B. 120 days**
- C. 180 days**
- D. 365 days**

The maximum period for which a temporary insurance producer license can be issued is 180 days. This duration is important because it allows individuals to engage in the insurance business while they are completing the necessary requirements to obtain a full license. Temporary licenses are designed to ensure that there is a pathway for individuals who have passed their examinations and are awaiting the full approval process, which might include completing background checks or submitting other paperwork. The 180-day period effectively balances the need for new producers to start working immediately while still maintaining regulatory oversight. This timeframe ensures that both consumers and the insurance market are protected without causing unnecessary delays in getting qualified individuals licensed to operate. Understanding this timeframe is crucial for anyone studying for a career in life insurance, as it highlights the regulatory framework in place that governs producer licensing and the transition into the insurance industry.

**6. What key feature distinguishes long-term care insurance from other types of coverage?**

- A. It covers all medical bills indefinitely**
- B. It is only available to seniors**
- C. It provides assistance based on the inability to perform daily activities**
- D. It requires hospitalization for coverage**

Long-term care insurance is distinct from other types of coverage primarily because it focuses on providing assistance when individuals experience difficulties in performing daily activities, such as bathing, dressing, eating, transferring, and toileting. This feature is crucial because it reflects a particular need for care that is not typically addressed by standard health insurance, which primarily covers medical expenses resulting from illness or injury. This type of insurance is designed to support the costs associated with long-term care services—either in-home care or care provided in facilities like nursing homes—when individuals can no longer manage these activities independently. The emphasis on daily activities highlights its purpose, which is to ensure quality of life and necessary support for individuals who may need assistance over an extended period, regardless of their age or hospitalization status. The other options either misrepresent the nature of the coverage or impose limitations that do not apply to long-term care insurance. For instance, it is not limited to seniors, it does not cover all medical bills, nor does it require hospitalization for an individual to receive benefits. These distinctions further clarify why the focus on the inability to perform daily activities is what sets long-term care insurance apart from other insurance products.

**7. What type of risks may proceeds from a viatical settlement be subject to?**

- A. Government claims**
- B. Creditors' claims**
- C. Investment risk**
- D. No risks**

Proceeds from a viatical settlement can indeed be subject to creditors' claims. A viatical settlement involves selling a life insurance policy to a third party for a lump sum cash payment, typically at a discount. This transaction is often pursued by individuals facing terminal illnesses, allowing them to access funds to cover medical expenses or other urgent financial needs. If the seller of the policy has outstanding debts or obligations, creditors may legally pursue claims against the proceeds from the viatical settlement to satisfy those debts. This means that the cash received from the settlement may not remain entirely with the seller if they are subject to legal claims by creditors. Depending on the jurisdiction and specific circumstances, creditors can seek to attach these proceeds to recover amounts owed by the individual, demonstrating the exposure of viatical settlement proceeds to creditors' claims. Understanding this risk is crucial for individuals considering a viatical settlement as a financial option, as it impacts their financial planning and management of any existing debts.

**8. Which option is typically required in a contributory health insurance plan?**

- A. 100% participation by eligible members**
- B. Employer pays all premiums**
- C. Participation by at least 75% of eligible members**
- D. Voluntary enrollment without employer contribution**

In a contributory health insurance plan, a typical requirement is that at least a specified percentage of eligible members must participate in the plan for it to be effectively established and maintained. This ensures that there is a sufficient pool of participants, which helps maintain the financial viability of the insurance program. Having a participation requirement of at least 75% serves the dual purpose of spreading risk across a broader group and ensuring that the insurance can provide benefits without incurring excessive costs. A higher participation rate reduces the likelihood of adverse selection, where only those most likely to use the benefits enroll, which could lead to increased premiums or financial instability for the plan. In contrast, 100% participation would be impractical and is not a common standard, as it is unrealistic to expect every eligible member to enroll. Employer payment of all premiums (where the employer bears the entire cost of the plan) is not characteristic of contributory plans, as these require contributions from both the employer and employees. Voluntary enrollment without employer contributions typically aligns with non-contributory plans or voluntary insurance options, rather than a contributory model. Thus, the requirement for participation of at least 75% reflects the essence of how contributory health insurance plans are structured to balance responsibility between the employer and

**9. What is the maximum period that an insurer may defer payment of cash surrender value?**

- A. 3 months**
- B. 6 months**
- C. 12 months**
- D. 18 months**

The correct answer indicates that an insurer may defer the payment of cash surrender value for a maximum period of 6 months. This provision is important because it allows insurance companies to manage their liquidity and financial stability while still providing policyholders the option to access the cash surrender value of their policy. The 6-month deferral period serves as a balance between offering flexibility to policyholders who may need to withdraw funds while also protecting the insurer from immediate financial strain that could arise from a rush of surrender requests. This regulation ensures stability in the insurance market, as sudden large cash outflows could negatively impact the insurer's ability to meet its obligations. Understanding this timeframe is crucial for anyone involved in the insurance industry, as it reflects the necessary regulations that govern insurers' financial practices while maintaining consumer rights. This knowledge aids policyholders in making informed decisions about their policies, including when to surrender them for cash value.

**10. What distinguishes an 'Open panel' from a 'Closed panel' in HMOs?**

- A. Open panel includes salaried hospital workers**
- B. Closed panel allows freedom to choose providers outside**
- C. Closed panel restricts practitioners to HMO facilities**
- D. Open panel only operates within one state**

An 'Open panel' and a 'Closed panel' in Health Maintenance Organizations (HMOs) have distinct characteristics primarily regarding how they manage provider networks and patient access to healthcare services. In a 'Closed panel' HMO, patients are required to receive care exclusively from a network of providers who are contracted with the HMO. This means that practitioners must be associated with the HMO facilities, and patients cannot seek care from outside these designated providers without facing higher out-of-pocket costs or not being covered at all. This structure encourages care within the network, promoting coordinated and cost-effective health services. On the other hand, an 'Open panel' allows members more flexibility in choosing their healthcare providers. Patients can access services from a wider array of practitioners, including those outside the HMO network, although they may incur additional costs if they choose to do so. The correct answer emphasizes that the 'Closed panel' restricts practitioners to HMO facilities, highlighting one of the key operational features that differentiate it from an 'Open panel' HMO. This distinction is crucial for understanding how these types of HMOs manage their healthcare services and the implications for member care.

# 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](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://mainelifeinsurance.examzify.com>**

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

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