

# MAINE LIFE INSURANCE PRACTICE EXAM (SAMPLE)

## STUDY GUIDE



## SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE

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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. What is the incontestability period for a life insurance policy?**
  - A. 1 year
  - B. 2 years
  - C. 3 years
  - D. 4 years
- 2. How is an insurance producer BEST defined?**
  - A. A representative of policyholders
  - B. A person with a contract to represent an insurance company
  - C. A consultant for insurance strategies
  - D. A specialist in risk assessment
- 3. In which type of life insurance does replacement regulation primarily apply?**
  - A. Group life insurance
  - B. Ordinary life insurance
  - C. Variable life insurance
  - D. Whole life insurance
- 4. An individual cannot adjust which aspect regarding their Accident and Health policy?**
  - A. The policy's coverage amount
  - B. The premium payments
  - C. The benefits provided
  - D. The policy's exclusions
- 5. What is a significant requirement of the Time of Payment of Claims provision?**
  - A. Claims must be paid in full within 30 days
  - B. Claims involving disability income payments must be made at least monthly
  - C. Claims can only be paid after a court ruling
  - D. Claims must be resolved within 12 months

**6. Who is generally covered under Medicare?**

- A. Individuals under 40 years of age
- B. Anyone with a chronic disease
- C. People over 65 or those with specific disabilities
- D. Only retired military personnel

**7. Who owns a mutual life insurance company?**

- A. Investors who hold stock shares
- B. Policyowners who elect a governing body
- C. The government
- D. Independent agents who sell policies

**8. What does the term 'pro-rata basis' imply in insurance context?**

- A. Equal distribution of benefits across policies
- B. Calculation of benefits based on coverage amount
- C. Partial payment of benefits based on applicable coverage
- D. Payment of benefits as per the claim submitted

**9. What happens to an incomplete life insurance application submitted to an insurer?**

- A. The application will be processed as usual
- B. The application will be returned to the writing agent
- C. The application will be automatically approved
- D. The application will be held for further review

**10. 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

## **Answers**

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

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## **Explanations**

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## 1. What is the incontestability period for a life insurance policy?

- A. 1 year
- B. 2 years**
- C. 3 years
- D. 4 years

The incontestability period for a life insurance policy is typically a time frame established by law during which an insurer cannot contest or deny a claim based on misstatements or omissions made by the policyholder in the application. In most states, this period is set at two years. After the two-year mark, the insurer loses the right to dispute the validity of the policy based on the information provided at the time of application, provided the premiums are being paid and the policy is in force. This protects the beneficiaries and encourages insurers to conduct thorough underwriting before issuing the policy. Establishing a two-year period strikes a balance between allowing insurers sufficient time to investigate legitimate concerns and providing policyholders with the assurance that their life insurance policy remains valid after this period, promoting trust in the insurance system.

## 2. How is an insurance producer BEST defined?

- A. A representative of policyholders
- B. A person with a contract to represent an insurance company**
- C. A consultant for insurance strategies
- D. A specialist in risk assessment

The best definition of an insurance producer is a person with a contract to represent an insurance company. In this role, the insurance producer acts as an intermediary between the insurer and the customer, helping to sell insurance policies and services. This contractual relationship enables the producer to offer various insurance products on behalf of the insurance company and ensures that they are authorized to solicit, negotiate, or sell those products. This definition emphasizes the producer's formal position within the insurance industry and highlights their role in facilitating transactions between the insurer and clients. While they may also provide advice and assist clients in understanding insurance options, the primary identity of an insurance producer is rooted in their representation of the insurance company rather than focusing solely on the needs of policyholders or specific consulting roles.

## 3. In which type of life insurance does replacement regulation primarily apply?

- A. Group life insurance
- B. Ordinary life insurance**
- C. Variable life insurance
- D. Whole life insurance

Replacement regulation primarily applies to ordinary life insurance because this type of insurance is often sold on an individual basis and involves a direct interaction between an agent and the policyholder. Replacement regulations are designed to ensure that consumers are fully informed about the implications of replacing an existing life insurance policy with a new one. The rules mandate that insurance agents provide specific disclosures to clients, detailing the benefits and disadvantages of switching policies, in order to protect policyholders from potential financial harm due to lapsing old policies or misunderstanding new product features. In the context of ordinary life insurance, these regulations help ensure that consumers do not face unintended consequences, such as loss of coverage or additional costs, which can occur during the transition from one policy to another. Since ordinary life insurance is typically more individualized, it presents a higher risk of market confusion, making replacement regulations particularly relevant to this category. Other types of life insurance, like group life, variable life, and whole life, may have different regulatory implications due to their structure and sales processes, which is why replacement regulation is not as significant in those areas.

**4. An individual cannot adjust which aspect regarding their Accident and Health policy?**

- A. The policy's coverage amount
- B. The premium payments**
- C. The benefits provided
- D. The policy's exclusions

*In an Accident and Health policy, premium payments are largely determined by the insurance company based on various factors, including the insured's age, health status, and risk profile. Once the policy is purchased, the policyholder typically cannot unilaterally adjust the premium payments. Premium amounts are fixed for the term of the policy but can be affected by various factors over time, such as claims experience, changes to the insured's health, or adjustments in underwriting guidelines set by the insurer. On the other hand, the coverage amount, benefits provided, and policy exclusions can often be modified at the time of policy renewal or through suggested endorsements. Therefore, it is generally not within the policyholder's rights to change the premium payments without the insurer's consent or without initiating a new policy that has different terms.*

**5. What is a significant requirement of the Time of Payment of Claims provision?**

- A. Claims must be paid in full within 30 days
- B. Claims involving disability income payments must be made at least monthly**
- C. Claims can only be paid after a court ruling
- D. Claims must be resolved within 12 months

*The Time of Payment of Claims provision is an important aspect of life insurance policies that ensures timely payment to claimants. Specifically, this provision establishes that claims involving disability income payments must be processed and made at least on a monthly basis. This is particularly significant for policyholders who rely on these funds for regular living expenses during a period of disability. Ensuring that payments are made monthly helps provide a reliable source of income to support the policyholder's financial needs during their recovery or incapacity. By mandating monthly payments for disability claims, the provision helps to ensure that individuals do not experience financial hardship while waiting for their claims to be settled. This requirement reflects a commitment to prompt and fair treatment of policyholders, promoting their welfare during challenging times. In contrast, while timely payment is crucial for all types of claims, other options do not accurately reflect the specific requirements laid out in standard life insurance policies regarding the time of payment for claims. Thus, focusing on the monthly payment aspect for disability claims highlights the essential need for consistent financial support during a policyholder's time of need.*

## 6. Who is generally covered under Medicare?

- A. Individuals under 40 years of age
- B. Anyone with a chronic disease
- C. People over 65 or those with specific disabilities**
- D. Only retired military personnel

Medicare is a federal health insurance program primarily designed to serve individuals who are 65 years of age and older. It also extends coverage to younger individuals who have specific disabilities, including those who qualify for Social Security Disability Insurance (SSDI) and those with end-stage renal disease (ESRD) or amyotrophic lateral sclerosis (ALS). The program encompasses various parts that cover hospital care, medical services, and prescription drugs. By ensuring coverage for this demographic, Medicare facilitates access to essential healthcare services for older adults and individuals with debilitating conditions, allowing them to manage their health needs effectively. The other options do not accurately reflect the primary criteria for Medicare eligibility. For instance, individuals under 40 years of age wouldn't typically qualify unless they meet the specific disability requirements. While anyone with a chronic disease might benefit from Medicare, it is not a blanket eligibility criterion. Additionally, Medicare is not exclusive to retired military personnel; they have separate healthcare benefits available through programs like TRICARE.

## 7. Who owns a mutual life insurance company?

- A. Investors who hold stock shares
- B. Policyowners who elect a governing body**
- C. The government
- D. Independent agents who sell policies

A mutual life insurance company is owned by its policyholders, which means that those who hold life insurance policies in the company collectively have ownership rights. These policyowners are able to elect a governing body, often referred to as a board of directors, which makes key decisions for the company. This structure fosters a sense of community among policyholders because they share in the company's profits, typically through dividends or reduced premiums. In contrast, in stock life insurance companies, ownership is held by shareholders who possess stock shares, which is not the case in mutual insurance companies. The government does not own mutual life insurance companies, nor do independent agents who sell policies; they act as intermediaries and do not hold ownership rights in the company. Thus, the correct choice reflects the unique ownership structure of mutual life insurance companies, highlighting the democratic aspect where policyholders have a voice and stake in the organization's future.

## 8. What does the term 'pro-rata basis' imply in insurance context?

- A. Equal distribution of benefits across policies
- B. Calculation of benefits based on coverage amount
- C. Partial payment of benefits based on applicable coverage**
- D. Payment of benefits as per the claim submitted

*In the context of insurance, 'pro-rata basis' refers to the concept of calculating partial payments based on the proportion of applicable coverage. This means that if there is a claim, the insurer will assess the amount of coverage that applies to the situation and then calculate the benefits based on that coverage, often in relation to how much of the total coverage is being utilized. For instance, if a policy has a total coverage amount of \$100,000 and a claim is made for a loss of \$50,000, the payout may consider the pro-rata method if there are multiple policies involved or if the amount claimed exceeds the initial coverage in some way. Thus, the insurer may only pay out a portion of the benefit based on how much of the policy limit has been used or how many policies share the risk associated with the claim. This concept is crucial in scenarios where multiple coverages or policies apply, ensuring that the distribution of benefits is equitable according to what each policyholder is entitled to receive, balanced against the collective risk shared among all policies involved.*

## 9. What happens to an incomplete life insurance application submitted to an insurer?

- A. The application will be processed as usual
- B. The application will be returned to the writing agent**
- C. The application will be automatically approved
- D. The application will be held for further review

*When an incomplete life insurance application is submitted to an insurer, it is common practice for the insurer to return the application to the writing agent. This ensures that the necessary information is obtained to adequately assess the risk and make an informed underwriting decision. The insurer relies on complete and accurate information to evaluate the applicant's eligibility for coverage. Returning the application allows the agent to follow up with the applicant to gather the missing information, which ultimately helps in streamlining the process and ensuring that all necessary details are included for a proper evaluation. Incomplete applications cannot be processed as they stand, as additional information would be essential to move forward with the application process, and relying on an incomplete application could lead to misunderstandings or inappropriate underwriting decisions.*

**10. 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*

## 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:

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

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