

Minnesota Life Insurance License 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

- 1. When does coverage begin when a life insurance application and the initial premium are submitted together?**
 - A. The date of the medical examination**
 - B. The individual's birth date**
 - C. The application date or the date of the medical examination, whichever is faster**
 - D. The date of policy issuance**
- 2. A life insurance policy will become incontestable no later than how long after its effective date?**
 - A. 1 year**
 - B. 2 years**
 - C. 5 years**
 - D. 10 years**
- 3. Which of the following statements about life insurance underwriting is correct?**
 - A. Underwriting is performed only after the policy has been issued**
 - B. Underwriting evaluates the risk of policyholders**
 - C. Underwriting is only concerned with health history**
 - D. Underwriting decisions cannot be appealed**
- 4. A temporary producer license can be issued in any of the following EXCEPT?**
 - A. Any circumstance the commissioner deems to be in the public interest**
 - B. While the producer is also a licensed agent in another state**
 - C. When an individual is waiting for the results of a background check**
 - D. Under emergency circumstances for short-term coverage**
- 5. What are the two main types of life insurance?**
 - A. Whole life insurance and universal life insurance**
 - B. Term life insurance and whole life insurance**
 - C. Accidental death insurance and critical illness insurance**
 - D. Variable life insurance and term life insurance**

- 6. Which of the following is an example of an unfair claim settlement practice?**
- A. Providing clear policy information**
 - B. Failure to provide a reasonable basis for the denial claim upon request**
 - C. Offering a settlement quickly**
 - D. Making payments within 30 days**
- 7. What factors influence life insurance premium rates?**
- A. Age, health, lifestyle, and type of policy**
 - B. Income level, credit score, and address**
 - C. Gender, marital status, and occupation**
 - D. Family history, location, and hobbies**
- 8. What is the primary function of an insuring clause in a life insurance policy?**
- A. To outline the payment structure**
 - B. To define the policyholder's rights**
 - C. To specify payment of the death benefit**
 - D. To detail exclusions from coverage**
- 9. In what type of policy does the owner pay the same premium throughout the term of the contract?**
- A. Level Premium policy**
 - B. Variable Premium policy**
 - C. Universal Life policy**
 - D. Term Life policy**
- 10. What is required from a producer before soliciting a potential client?**
- A. Disclosure of commission rates**
 - B. Verification of the client's financial status**
 - C. Client's signature on the contract**
 - D. Identification of the producer and nature of contact**

Answers

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

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Explanations

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1. When does coverage begin when a life insurance application and the initial premium are submitted together?

- A. The date of the medical examination**
- B. The individual's birth date**
- C. The application date or the date of the medical examination, whichever is faster**
- D. The date of policy issuance**

When a life insurance application and the initial premium are submitted together, coverage typically begins on either the application date or the date of the medical examination, depending on which occurs sooner. This approach ensures that the individual is covered as soon as possible without unnecessary delays. Insurance companies often have this policy to provide certainty and protection to the applicant, as they are actively engaging in the process to secure coverage. The medical examination can provide valuable health information that the insurer uses to assess risk, but if the application is submitted first and the premium is paid, it establishes an intent to insure the individual right away. Coverage beginning on the application date or the date of the medical examination aligns with standard practices in underwriting, balancing the insurer's need for information and risk assessment with the applicant's need for timely coverage. In situations where only the application or premium is submitted, or in the absence of these protocols, insurance policies differ, potentially leading to a delay in coverage activation.

2. A life insurance policy will become incontestable no later than how long after its effective date?

- A. 1 year**
- B. 2 years**
- C. 5 years**
- D. 10 years**

A life insurance policy typically becomes incontestable two years after its effective date due to the provisions set by state law in many jurisdictions, including Minnesota. This means that after this period, the insurer cannot deny a claim based on misstatements in the application, except in cases of fraud. The purpose of this provision is to provide policyholders with peace of mind, ensuring that after two years, they are protected from having their claims challenged based on their initial disclosures when the policy was issued. This two-year period allows insurance companies adequate time to investigate the validity of applications and detect any fraudulent behavior. After this timeframe, policyholders can feel more secure knowing that their claims will be honored as long as they have fulfilled their contractual obligations. Thus, understanding this two-year incontestability period is crucial for both insurance professionals and policyholders.

3. Which of the following statements about life insurance underwriting is correct?

- A. Underwriting is performed only after the policy has been issued**
- B. Underwriting evaluates the risk of policyholders**
- C. Underwriting is only concerned with health history**
- D. Underwriting decisions cannot be appealed**

Underwriting serves a crucial function in life insurance by evaluating the risk associated with insuring a particular individual. This process involves a thorough assessment of various factors, including the applicant's health history, lifestyle choices, family medical history, and sometimes even occupation. By analyzing these aspects, underwriters determine the likelihood of a policyholder making a claim and establish the appropriate premium rates for the insurance coverage. The role of underwriting is foundational in ensuring that the insurance company can remain financially viable by accurately assessing risk. When underwriting evaluates a potential policyholder, it is not limited to merely health history, as other personal factors play significant roles as well. By evaluating the overall risk, underwriters help maintain the balance necessary for the insurance pool and the company's profitability. Understanding the scope of underwriting is essential. It encompasses a broader evaluation beyond health alone and is performed prior to issuing a policy, thereby ensuring that the company's policies are only extended to those whom they can afford to insure based on the assessed risk. Thus, option B accurately reflects the critical aspect of underwriting in life insurance.

4. A temporary producer license can be issued in any of the following EXCEPT?

- A. Any circumstance the commissioner deems to be in the public interest**
- B. While the producer is also a licensed agent in another state**
- C. When an individual is waiting for the results of a background check**
- D. Under emergency circumstances for short-term coverage**

A temporary producer license serves specific purposes, typically allowing an individual to operate as an insurance producer under certain conditions. The correct answer indicates that it is not issued solely based on the commissioner's discretion regarding what he or she considers to be in the public interest. This means that while the commissioner indeed has the authority to issue temporary licenses based on specific criteria, there are established guidelines and situations that dictate when a temporary license can be granted. The existence of structured circumstances ensures that the temporary license is reserved for more defined and pressing situations, rather than being left to a broad interpretation of public interest. In contrast, other scenarios where a temporary license could be correctly issued include situations where an individual already holds a license in another state or is waiting for the outcome of a background check, as these provide a clear rationale for granting a temporary license. Furthermore, emergency circumstances that require short-term coverage are designed to address immediate needs in the insurance market, justifying the temporary licensing process.

5. What are the two main types of life insurance?

- A. Whole life insurance and universal life insurance**
- B. Term life insurance and whole life insurance**
- C. Accidental death insurance and critical illness insurance**
- D. Variable life insurance and term life insurance**

The two main types of life insurance are term life insurance and whole life insurance because they represent the two primary categories that encompass how policies function and the benefits they provide. Term life insurance is straightforward, providing coverage for a specified period (the "term") and paying a death benefit only if the insured passes away during that period. It tends to be more affordable than permanent coverage, making it accessible for individuals seeking temporary financial protection for a particular need, like raising children or paying off a mortgage. Whole life insurance, on the other hand, is a form of permanent life insurance that offers coverage for the lifetime of the insured as long as premiums are paid. It includes a savings component, or cash value, which grows over time and can be borrowed against or withdrawn. This dual benefit of lifelong coverage alongside a cash value accumulation distinguishes whole life insurance and contributes to its appeal for those seeking long-term financial planning. While other choices listed include types of insurance products, they fall under broader specialties or variations within the main categories of life insurance. For example, universal life and variable life insurance are types of permanent insurance options, but they are not considered main categories. Accidental death insurance and critical illness insurance are not life insurance policies in the traditional sense, as they

6. Which of the following is an example of an unfair claim settlement practice?

- A. Providing clear policy information**
- B. Failure to provide a reasonable basis for the denial claim upon request**
- C. Offering a settlement quickly**
- D. Making payments within 30 days**

An example of an unfair claim settlement practice is the failure to provide a reasonable basis for the denial of a claim upon request. When an insurance company denies a claim, they are obligated to provide clear and justifiable reasons for that denial. If a policyholder requests an explanation and the insurer fails to provide a reasonable basis, it can be seen as an abuse of their authority and a violation of good faith obligations. This lack of transparency can leave policyholders confused and without recourse, undermining the claim settlement process. In contrast, the other options represent actions that are typically aligned with fair practices. Providing clear policy information is essential for transparency and helps policyholders understand their coverage. Offering a settlement quickly is generally viewed as a positive aspect as it promotes efficiency in the claims process. Additionally, making payments within a specific timeframe, such as 30 days, demonstrates the insurer's commitment to resolving claims promptly, which is also an acceptable practice.

7. What factors influence life insurance premium rates?

- A. Age, health, lifestyle, and type of policy**
- B. Income level, credit score, and address**
- C. Gender, marital status, and occupation**
- D. Family history, location, and hobbies**

Understanding the factors that influence life insurance premium rates is essential for anyone studying for the Minnesota Life Insurance License. The correct choice encompasses several critical elements. Age is a primary factor because younger individuals typically have lower mortality risks, which generally results in lower premiums. As a person ages, the likelihood of health issues and mortality increases, leading to higher premiums. Health status is another significant factor; individuals with existing health conditions or a history of serious illnesses may face higher premiums due to the increased risk that insurers must account for. Lifestyle choices, such as smoking or participation in high-risk activities, also play a crucial role in determining premiums, as these behaviors can heighten health risks. Lastly, the type of policy selected affects the premium cost. Different policies, like term or whole life insurance, come with various structures of risk and benefits, influencing how much policyholders will pay. While other options mention relevant factors like marital status or lifestyle choices, they do not encompass the range of variables that directly impact the underwriting process and premiums as comprehensively as the correct choice does. Understanding these core factors is vital for both clients seeking life insurance and professionals administering such policies.

8. What is the primary function of an insuring clause in a life insurance policy?

- A. To outline the payment structure**
- B. To define the policyholder's rights**
- C. To specify payment of the death benefit**
- D. To detail exclusions from coverage**

The primary function of an insuring clause in a life insurance policy is to specify the payment of the death benefit. This clause is a fundamental part of the policy as it establishes the insurer's obligation to pay a specified amount upon the death of the insured, provided the policy is in force at that time. It clearly states the terms under which the death benefit will be paid, which is essential for both the policyholder and the beneficiaries. The clarity and definition provided by the insuring clause ensure that there is no ambiguity regarding what will occur upon the death of the insured, which is primarily what life insurance exists to address. Understanding this clause is crucial for policyholders as it directly relates to the financial security and benefits they intend to provide to their beneficiaries.

9. In what type of policy does the owner pay the same premium throughout the term of the contract?

- A. Level Premium policy**
- B. Variable Premium policy**
- C. Universal Life policy**
- D. Term Life policy**

A Level Premium policy is designed so that the policyholder pays the same premium for the duration of the contract. This structure offers predictability and convenience for budgeting, as the premium does not change over time, regardless of the insured individual's age or health status. Typically, these policies are structured such that the premiums paid during the early years of the policy are higher than what is needed to cover the cost of insurance, allowing the insurer to cover the increased cost of insurance as the insured ages. In contrast, Variable Premium policies can fluctuate based on the performance of the underlying investments, which means the premiums can vary, making cost prediction less certain. Universal Life policies also offer flexible premiums that can change over time based on the policyholder's financial decisions and the policy's cash value, rather than maintaining a consistent premium. While Term Life policies typically have fixed premiums for the term, their nature and structure are different, generally not spanning beyond a set period without renewal. The key characteristic of a Level Premium policy lies in its commitment to a consistent premium throughout the life of the contract, setting it apart from these other policy types.

10. What is required from a producer before soliciting a potential client?

- A. Disclosure of commission rates**
- B. Verification of the client's financial status**
- C. Client's signature on the contract**
- D. Identification of the producer and nature of contact**

Before soliciting a potential client, it is essential for a producer to identify themselves and provide details about the nature of their contact. This includes informing the potential client about who they are, the purpose of the communication, and the services they are offering. This step is crucial as it establishes trust and transparency, enabling clients to make informed decisions and providing them with a clear understanding of the producer's role. Establishing this rapport is foundational in the insurance industry where personal relationships and trust are significant factors in a client's decision-making process. When producers clarify their identity and intentions, it aligns with ethical practices and helps in maintaining compliance with regulatory standards in the insurance field.

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://minnesota-lifeinsurancelicense.examzify.com>

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