

# Minnesota Life Insurance License Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

**Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.**

**ALL RIGHTS RESERVED.**

**No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.**

**Notice: Examzify makes every reasonable effort to obtain accurate, complete, and timely information about this product from reliable sources.**

**SAMPLE**

# Table of Contents

<b>Copyright</b> .....	<b>1</b>
<b>Table of Contents</b> .....	<b>2</b>
<b>Introduction</b> .....	<b>3</b>
<b>How to Use This Guide</b> .....	<b>4</b>
<b>Questions</b> .....	<b>5</b>
<b>Answers</b> .....	<b>8</b>
<b>Explanations</b> .....	<b>10</b>
<b>Next Steps</b> .....	<b>16</b>

# 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. What characteristic of term life insurance distinguishes it from whole life insurance?**
  - A. Premiums accumulate as cash value**
  - B. Coverage is temporary and expires after a period**
  - C. It is always more expensive than whole life insurance**
  - D. It provides investment opportunities**
- 2. Which of the following beneficiary designations prohibits the policy owner from making any changes to the policy without the beneficiary's written consent?**
  - A. Revocable beneficiary**
  - B. Irrevocable beneficiary**
  - C. Contingent beneficiary**
  - D. Primary beneficiary**
- 3. Blood tests to detect HIV are becoming commonplace as laws have allowed companies to:**
  - A. Share the positive HIV information with other companies**
  - B. Obtain insurance without patient consent**
  - C. Authorize in-person interviews for applicants**
  - D. Require mandatory testing for all policyholders**
- 4. When does an immediate annuity begin payments after the policy has been in force?**
  - A. Immediately upon purchase**
  - B. After six months**
  - C. After one year**
  - D. After five years**
- 5. What do the proposed insured's statement on the application and the first premium payment constitute in the policy?**
  - A. Exclusion clause**
  - B. Consideration clause**
  - C. Eligibility clause**
  - D. Renewal clause**

- 6. What type of policy combines the flexibility of a universal life policy with investment choices?**
- A. Term life policy**
  - B. Variable life policy**
  - C. Universal life policy**
  - D. Variable universal life policy**
- 7. What type of coverage does a rider typically provide in a life insurance policy?**
- A. An addition that enhances the base policy coverage**
  - B. A discount on future premiums**
  - C. A standard feature of every life policy**
  - D. A type of temporary coverage for special circumstances**
- 8. Which rider allows for additional insurance at a specified date or event without evidence of insurability?**
- A. Waiver of premium rider**
  - B. Guaranteed insurability rider**
  - C. Accidental death benefit rider**
  - D. Term conversion rider**
- 9. What is commonly the first step in the life insurance underwriting process?**
- A. Medical examination of the applicant**
  - B. Evaluation of the applicant's income**
  - C. Assessment of the application answers**
  - D. Review of the insurance company's financial history**
- 10. In what year was the Minnesota Life Insurance Law established?**
- A. 1950**
  - B. 1945**
  - C. 1960**
  - D. 1975**

## **Answers**

SAMPLE

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

SAMPLE

## **Explanations**

SAMPLE

**1. What characteristic of term life insurance distinguishes it from whole life insurance?**

- A. Premiums accumulate as cash value**
- B. Coverage is temporary and expires after a period**
- C. It is always more expensive than whole life insurance**
- D. It provides investment opportunities**

Term life insurance is characterized by coverage that is temporary and expires after a specified period. This means that the policy provides life insurance protection for a set number of years, such as 10, 20, or 30 years. If the insured individual passes away within that time frame, the beneficiaries receive the death benefit. However, if the term ends and the insured is still alive, the coverage ceases, and there is no value or payout. This is distinct from whole life insurance, which offers permanent coverage for the insured's entire life, as long as premiums are paid, and often includes a cash value component that can accumulate over time. In contrast, other options relate to aspects that do not define term life insurance. For example, the accumulation of premiums as cash value is a feature of whole life insurance, not term. Pricing discrepancies can vary based on several factors, but term life is typically less expensive than whole life for equivalent coverage amounts due to its temporary nature. Lastly, term life insurance does not offer investment opportunities; that feature is commonly found in whole life insurance policies and other investment-oriented products. Thus, the distinguishing characteristic of term life insurance is indeed its temporary coverage that expires after a set period.

**2. Which of the following beneficiary designations prohibits the policy owner from making any changes to the policy without the beneficiary's written consent?**

- A. Revocable beneficiary**
- B. Irrevocable beneficiary**
- C. Contingent beneficiary**
- D. Primary beneficiary**

An irrevocable beneficiary designation locks in the beneficiary's rights to the policy benefits and prohibits the policy owner from making changes to the policy without obtaining written consent from the irrevocable beneficiary. This means that once a beneficiary is designated as irrevocable, the policyholder can no longer alter the beneficiary designation, cancel the policy, or take out loans against the policy without the beneficiary agreeing to those changes. This provides a level of security and assurance to the beneficiary that they will receive the benefits as stipulated. In contrast, a revocable beneficiary allows the policy owner the flexibility to change the beneficiary designation at any time without needing consent. A contingent beneficiary is one who receives the death benefit only if the primary beneficiary is unable to do so, and this designation does not entail the same restrictions on policy changes. The primary beneficiary designation simply indicates the first individual or entity entitled to claim the benefits, which again does not restrict the policy owner's ability to modify the policy. Thus, the correct designation associated with the restriction on policy changes is indeed the irrevocable beneficiary.

**3. Blood tests to detect HIV are becoming commonplace as laws have allowed companies to:**

- A. Share the positive HIV information with other companies**
- B. Obtain insurance without patient consent**
- C. Authorize in-person interviews for applicants**
- D. Require mandatory testing for all policyholders**

The correct choice highlights that laws have permitted companies to share positive HIV information with other entities, reflecting a trend towards increased data sharing in the insurance industry. This contextualizes the role of HIV testing within the larger framework of risk assessment and underwriting processes. When companies can share such sensitive health information, it raises the importance of privacy and consent in the handling of medical records. Sharing can help them to assess the risk associated with insuring individuals who may be at higher risk for certain health conditions, thus allowing them to make informed underwriting decisions. Understanding this aspect is critical, especially regarding how laws impact the handling of medical information in the insurance sector. It illustrates the balance between the need for thorough assessments while also navigating the legal and ethical considerations surrounding an applicant's medical privacy.

**4. When does an immediate annuity begin payments after the policy has been in force?**

- A. Immediately upon purchase**
- B. After six months**
- C. After one year**
- D. After five years**

An immediate annuity is designed to provide its owner with regular income payments that begin shortly after the annuity is purchased. The correct answer states that payments begin immediately upon purchase, which reflects the fundamental characteristic of an immediate annuity. Typically, immediate annuities require that the first payment start within a year of the purchase. Therefore, while the answer indicated that payments begin after one year is incorrect, the essence of immediate annuities is that they are structured for individuals looking to receive payments soon after their investment. This helps in situations where individuals require income for retirement or other immediate financial needs. In contrast, the options suggesting delays of six months, one year, or five years do not align with the nature of immediate annuities, which are designed for immediate income rather than deferred payments. Immediate annuities thus stand out as products that cater to those needing prompt access to their benefit, stressing the importance of understanding the distinct features of this financial tool.

**5. What do the proposed insured's statement on the application and the first premium payment constitute in the policy?**

- A. Exclusion clause
- B. Consideration clause**
- C. Eligibility clause
- D. Renewal clause

The proposed insured's statement on the application and the first premium payment together form the consideration clause in an insurance policy. The consideration clause is a fundamental component of a contract, particularly in insurance agreements. It outlines what each party offers in the contract: the insured provides truthful information and pays premiums, while the insurer provides coverage and benefits in return. The proposed insured's statements serve as representations of risk that the insurer relies upon when deciding to issue the policy. When the first premium payment is made, it confirms the insured's commitment to enter into the contract. This mutual exchange of value is essential in establishing the binding nature of the policy and ensures both parties fulfill their obligations. Understanding the consideration clause is important because it underscores the importance of truthful and complete disclosures in the application process as well as the commitment to pay premiums, which confirms the contract's effectiveness.

**6. What type of policy combines the flexibility of a universal life policy with investment choices?**

- A. Term life policy
- B. Variable life policy
- C. Universal life policy
- D. Variable universal life policy**

The policy that combines the flexibility of a universal life policy with investment choices is the variable universal life policy. This type of insurance offers policyholders the ability to adjust their premium payments and death benefit amounts, similar to a universal life policy. Additionally, it provides the opportunity to allocate cash value into a variety of investment options, such as stocks and bonds, giving the policyholder greater control over their investment strategy. This dual feature of flexible premiums and diverse investment choices makes variable universal life policies appealing for individuals seeking a blend of insurance protection and the potential for cash value growth.

**7. What type of coverage does a rider typically provide in a life insurance policy?**

- A. An addition that enhances the base policy coverage**
- B. A discount on future premiums**
- C. A standard feature of every life policy**
- D. A type of temporary coverage for special circumstances**

A rider in a life insurance policy serves as an addition that enhances the base policy coverage. Riders are optional features that policyholders can choose to add to their main policy, providing additional benefits or modifying existing terms. For example, a common rider might provide accelerated death benefits, allowing the insured to access part of their death benefit in case of terminal illness. This enhancement can be tailored to meet specific needs, such as covering long-term care or adding coverage for accidental death. The flexibility to customize a life insurance policy with riders allows policyholders to ensure their coverage aligns with their individual circumstances and goals. In terms of the other choices, the concept of a discount on future premiums does not accurately represent what a rider does, as riders typically involve additional coverage rather than financial savings on premiums. A standard feature of every life policy does not apply because riders are optional and not inherently part of all life insurance policies. Lastly, relating to temporary coverage for special circumstances, riders can provide permanent or lifetime enhancements instead of being limited to temporary use.

**8. Which rider allows for additional insurance at a specified date or event without evidence of insurability?**

- A. Waiver of premium rider**
- B. Guaranteed insurability rider**
- C. Accidental death benefit rider**
- D. Term conversion rider**

The guaranteed insurability rider is designed to provide the policyholder the option to purchase additional life insurance coverage at specified intervals or events, such as marriage, the birth of a child, or reaching a certain age, without needing to provide evidence of insurability. This means that regardless of changes in health or other circumstances that could affect insurability, the individual can increase their coverage within the limits set by the rider. This feature is particularly beneficial because it addresses the uncertainty of future health issues. For instance, if a person develops a health condition that would typically make it difficult or even impossible to obtain new life insurance coverage, the guaranteed insurability rider allows them to expand their policy as originally planned. The other options do not provide this same benefit. The waiver of premium rider, for example, waives the premiums if the policyholder becomes disabled, but it does not pertain to acquiring additional coverage. The accidental death benefit rider offers added coverage in the case of death due to an accident but also does not allow for increasing insurance without evidence of insurability. Lastly, the term conversion rider permits the holder of a term life insurance policy to convert their policy to a permanent one but does not focus on supplementing coverage without underwriting.

**9. What is commonly the first step in the life insurance underwriting process?**

**A. Medical examination of the applicant**

**B. Evaluation of the applicant's income**

**C. Assessment of the application answers**

**D. Review of the insurance company's financial history**

The first step in the life insurance underwriting process is typically the assessment of the application answers. This is critical because the application provides crucial information about the applicant's health, lifestyle, and other factors that underwriters will evaluate to determine risk. This initial assessment allows underwriters to focus their further inquiries appropriately. For instance, they can identify potential red flags that may necessitate a medical examination or additional information. The application answers serve as the foundation for the underwriting decision, guiding the evaluation of risk and the establishment of premium rates. In life insurance underwriting, after this first step is completed, additional steps may include medical exams and income evaluations, but those come after the initial review of the answers provided in the application. The financial history of the insurance company is also important in other contexts, such as underwriting large or business policies, but it does not directly relate to the personal underwriting process for individual applicants. Thus, starting with the application review is integral to the overall efficiency and effectiveness of underwriting.

**10. In what year was the Minnesota Life Insurance Law established?**

**A. 1950**

**B. 1945**

**C. 1960**

**D. 1975**

The Minnesota Life Insurance Law was established in 1945. This legislation was significant because it set the groundwork for regulating life insurance in the state, ensuring that companies operate within a framework designed to protect consumers and maintain market integrity. The law outlines the responsibilities of insurance providers, licensing requirements, and consumer rights, which are essential for fostering a healthy insurance marketplace. The selection of 1945 is important when analyzing the progression of insurance regulation in Minnesota. Laws established during this period aimed to respond to and adapt to changing societal needs regarding life insurance, especially in the post-World War II era when there was a growing demand for financial security products. Understanding the historical context of this legislation helps underscore the importance of regulation in safeguarding policyholders' interests.

## 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://minnesota-lifeinsurancelicense.examzify.com>**

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