

MONTANA STATE LIFE INSURANCE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE

<https://montanastatelifelifeinsurance.examzify.com>



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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 one possible penalty for someone who commits insurance fraud?

- A. A fine up to \$10,000
- B. A fine up to \$25,000
- C. Imprisonment for up to 5 years
- D. Requirement to pay double damages to the insurer

2. When does a disapproved appointment become voided?

- A. On the date the department provides notification to the insurer
- B. After 10 days of disapproval
- C. Immediately upon disapproval
- D. At the end of the policy term

3. What action is prohibited for an insurance consultant?

- A. Recommending insurance based on personal interests
- B. Negotiating contracts
- C. Adjusting claims
- D. Advising on insurance policies

4. What is likely to happen if a Montana insurer discovers that R misstated their age on an annuity contract after R's death?

- A. The policy will be voided
- B. The benefit will be adjusted to correct age
- C. No benefits will be paid
- D. Payments will continue as usual

5. What does the Finder's Fee prohibition entail?

- A. A viatical licensee may pay any compensation to anyone related to the insured
- B. A viatical licensee may not pay compensation to anyone for terminal conditions
- C. A viatical licensee may pay a flat fee to policyholders
- D. A viatical licensee may not pay compensation regardless of conditions

- 6. What is one mandatory provision that all insurance policies in Montana must include?**
- A. Annual audit
 - B. Dividends
 - C. Policy renewal fees
 - D. Policy updates
- 7. How long does a respondent have to request a hearing after receiving a cease and desist order?**
- A. 10 days
 - B. 15 days
 - C. 30 days
 - D. 45 days
- 8. What must an individual do if they want to act as an administrator?**
- A. Attend a training session
 - B. Enter into an agreement with the insurer
 - C. Obtain a license from a regulatory board
 - D. Pass a state examination
- 9. What is the minimum age for a minor to contract for annuities or insurance upon their own life?**
- A. 12 years old
 - B. 14 years old
 - C. 15 years old
 - D. 18 years old
- 10. For how long must an administrator maintain records of transactions with insurers and insured persons?**
- A. 3 years
 - B. 5 years
 - C. 7 years
 - D. 10 years

Answers

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

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Explanations

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1. What is one possible penalty for someone who commits insurance fraud?

- A. A fine up to \$10,000
- B. A fine up to \$25,000**
- C. Imprisonment for up to 5 years
- D. Requirement to pay double damages to the insurer

One significant potential penalty for someone who commits insurance fraud is a fine up to \$25,000. This amount reflects the severity with which the insurance industry and regulatory bodies regard insurance fraud. Fraudulent activities undermine the trust necessary for functioning insurance systems, as they can lead to increased costs for all policyholders and destabilize the market. The fines serve to deter individuals from committing fraud by imposing a substantial financial penalty that can impact their future. Additionally, the fine amount may vary depending on the specifics of the fraud committed, state laws, and whether there are any aggravating factors involved, such as the amount of money defrauded or prior offenses. While other penalties such as imprisonment or civil damages may apply in certain cases, the specified fine amount up to \$25,000 aligns with the legal frameworks designed to penalize fraudulent behavior in the context of insurance.

2. When does a disapproved appointment become voided?

- A. On the date the department provides notification to the insurer**
- B. After 10 days of disapproval
- C. Immediately upon disapproval
- D. At the end of the policy term

The correct answer is that a disapproved appointment becomes voided on the date the department provides notification to the insurer. This means that once the insurance department officially notifies the insurer of the disapproval, the appointment is effectively invalidated from that specific date. It ensures clarity in the regulatory process, allowing insurers to promptly respond to changes in their appointments and maintain compliance with state regulations. In this context, the disapproval notification serves as the official notice from the regulating body, and without such notification, the status of the appointment remains unresolved. This procedural step helps uphold accountability within the insurance industry, ensuring that all parties are informed of the current standing of appointments. The other options misinterpret the timing of when a disapproved appointment becomes voided. For example, stating that it becomes voided after a certain number of days or immediately upon disapproval does not align with the requirement of receiving formal notification from the department, which is essential for accuracy and notification. The end of the policy term does not relate to the appointment status but more broadly to the life of the insurance contract itself.

3. What action is prohibited for an insurance consultant?

- A. Recommending insurance based on personal interests**
- B. Negotiating contracts
- C. Adjusting claims
- D. Advising on insurance policies

An insurance consultant is expected to provide objective, unbiased advice to clients regarding insurance matters. Recommending insurance based on personal interests compromises the integrity of the consultancy relationship and could lead to conflicts of interest. Consultants must prioritize their clients' needs and choices instead of being influenced by personal gain or relationships with specific insurance companies. This ensures clients receive the best recommendations suited to their circumstances rather than suggestions tailored to benefit the consultant themselves. Negotiating contracts, adjusting claims, or advising on insurance policies are typically within the scope of activities that an insurance consultant may engage in, provided they act in the best interest of their clients. Thus, personal interest when making recommendations is something that is categorically prohibited to maintain trust and ethical standards in the industry.

4. What is likely to happen if a Montana insurer discovers that R misstated their age on an annuity contract after R's death?

- A. The policy will be voided
- B. The benefit will be adjusted to correct age**
- C. No benefits will be paid
- D. Payments will continue as usual

When an insurer discovers that a policyholder misstated their age on an annuity contract, it typically results in an adjustment to the benefits based on the correct age. Insurance and annuity contracts are based on the accurate information provided by the policyholder, including age, because this information is crucial in determining premiums and the amount of benefits payable. If R's age was misstated at the time the annuity was issued, the insurer would adjust the benefit payments according to what the benefits would have been had the correct age been used at the time of contract issuance. This means that, rather than voiding the policy or denying benefits outright, the insurer is likely to recalculate the benefits in accordance with the terms of the contract, reflecting the correct age of the annuitant. This ensures that the insurer operates fairly, allowing R's beneficiaries to receive what they would have been entitled to at the correct age, as adjusted, rather than disregarding the contract entirely or failing to pay benefits.

5. What does the Finder's Fee prohibition entail?

- A. A viatical licensee may pay any compensation to anyone related to the insured
- B. A viatical licensee may not pay compensation to anyone for terminal conditions**
- C. A viatical licensee may pay a flat fee to policyholders
- D. A viatical licensee may not pay compensation regardless of conditions

The Finder's Fee prohibition specifically relates to the ethical and legal boundaries surrounding compensation in viatical settlements. It is designed to prevent potential conflicts of interest and exploitation of those who may be vulnerable due to terminal conditions. By stating that a viatical licensee may not pay compensation to anyone for terminal conditions, the prohibition aims to protect individuals from financial incentivization that could lead to unethical practices or manipulation of the insured's situation. This ensures that the focus remains on the well-being of the insured, rather than financial gain for others involved in the settlement process. In contrast, other options might imply circumstances where compensation could be offered, which would not align with the intent behind the prohibition. Such allowances could create the potential for conflict of interest or incentivize actions that are not in the best interest of the individual holding the policy.

6. What is one mandatory provision that all insurance policies in Montana must include?

- A. Annual audit
- B. Dividends**
- C. Policy renewal fees
- D. Policy updates

In Montana, all insurance policies are required to include a provision related to dividends. This means that if a policy allows for the payment of dividends, the insurer must clearly outline the conditions under which these dividends are payable. This provision is essential as it protects the policyholder's interests and ensures transparency regarding any potential financial benefits derived from the policy. Dividends can enhance the value of the insurance policy by providing the policyholder with an additional financial return, which can be taken as cash, used to reduce premiums, or applied toward purchasing additional coverage. The inclusion of a dividend provision is significant as it fosters consumer confidence and understanding of the insurance product from the outset, allowing policyholders to make informed decisions about their insurance options. This requirement aligns with the overarching principles of fairness and transparency in insurance practices.

7. How long does a respondent have to request a hearing after receiving a cease and desist order?

- A. 10 days
- B. 15 days**
- C. 30 days
- D. 45 days

The correct duration for a respondent to request a hearing after receiving a cease and desist order is indeed 15 days. This timeframe is critical because it establishes the period during which the respondent can formally challenge the order. The intent behind this provision is to ensure that individuals or entities have a reasonable opportunity to address the allegations or actions taken against them while allowing regulatory authorities to enforce compliance effectively. The 15-day window strikes a balance between providing sufficient time for respondents to prepare their case and maintaining regulatory efficiency. If a respondent fails to request a hearing within this period, they may lose the right to contest the order, which can lead to significant legal and operational consequences. Understanding this timeline is essential for anyone involved in or studying life insurance regulations, as it underscores the importance of timely action in legal and regulatory matters.

8. What must an individual do if they want to act as an administrator?

- A. Attend a training session
- B. Enter into an agreement with the insurer**
- C. Obtain a license from a regulatory board
- D. Pass a state examination

To act as an administrator in the field of insurance, it is essential to enter into an agreement with the insurer. This agreement outlines the terms and responsibilities involved in managing the insurance policies and processing claims on behalf of the insurer. Such a contract is a fundamental requirement, as it formalizes the relationship between the administrator and the insurer, ensuring compliance with regulations and standards set forth by the insurance industry. While training sessions and examinations may provide necessary knowledge and skills, the crucial step of formalizing the role through an agreement is vital for legal and operational purposes. It helps to clarify the duties of the administrator, establish authority, and ensure that the administrator acts in accordance with state laws and the insurer's policies. Therefore, entering into an agreement is a key requirement for anyone aspiring to fulfill the responsibilities of an insurance administrator.

9. What is the minimum age for a minor to contract for annuities or insurance upon their own life?

- A. 12 years old
- B. 14 years old
- C. 15 years old**
- D. 18 years old

In Montana, the minimum age for a minor to contract for annuities or insurance upon their own life is 15 years old. This provision allows minors at this age to enter into contracts in a way that recognizes their growing capacity to understand and engage in financial agreements. The legal framework acknowledges that by the age of 15, individuals often possess enough maturity to understand the implications of life insurance and annuity contracts. Contracts made by minors below this age might be deemed voidable, meaning they could choose to cancel the agreement at a later time, reflecting the law's intention to protect younger individuals from entering into agreements that they may not fully understand. As a result, the specified age serves as a threshold where the law considers them capable of making informed decisions regarding their financial futures.

10. For how long must an administrator maintain records of transactions with insurers and insured persons?

- A. 3 years
- B. 5 years**
- C. 7 years
- D. 10 years

The correct duration for maintaining records of transactions with insurers and insured persons is five years. This requirement aligns with regulatory standards that are designed to ensure accountability and transparency in the insurance industry. Storing records for this length of time allows for effective tracking of transactions and provides a window for regulators to review practices in case of disputes or audits. Maintaining records for five years strikes a balance between efficiency and the need for retention, making it manageable for administrators while complying with regulatory expectations. This period also serves to protect both the insurer and the insured, safeguarding against potential misunderstandings or discrepancies. While some other timeframes could be proposed based on various contexts, five years is a standard approach within the insurance practice that helps ensure sufficient safeguard and oversight of business activities.

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://montanastatelifelifeinsurance.examzify.com>

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

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