

# Nebraska Life and Health 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,**

**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 from reliable sources accurate, complete, and timely information about this product.**

**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>6</b>
<b>Answers</b> .....	<b>9</b>
<b>Explanations</b> .....	<b>11</b>
<b>Next Steps</b> .....	<b>17</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. 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!**

SAMPLE

## **Questions**

- 1. What does consideration refer to in the context of a legal contract?**
  - A. The relationship between the parties**
  - B. The value exchanged between parties**
  - C. The ethical obligation of the parties**
  - D. The duration of the contract**
- 2. What does the Law of Agency establish?**
  - A. The relationship between an insurer and the government**
  - B. The relationship between the insured and the insurer**
  - C. The relationship between the principal and the agent**
  - D. The responsibilities of consumers in insurance transactions**
- 3. Which of the following is an example of avoidance in risk management?**
  - A. Using co-payments for health care**
  - B. Not riding on airplanes to avoid crashes**
  - C. Establishing a risk retention group**
  - D. Purchasing insurance for all potential losses**
- 4. How does term life insurance differ from whole life insurance?**
  - A. Term life insurance allows for investment growth, while whole life does not**
  - B. Term life insurance provides coverage for a specific period, while whole life provides lifetime coverage**
  - C. Term life insurance has a cash value, while whole life does not**
  - D. Term life insurance is more expensive than whole life insurance**
- 5. Which of the following is true regarding material misrepresentations?**
  - A. They do not affect the validity of an insurance policy**
  - B. They can result in fraudulent claims if intentional**
  - C. They must be documented by the insured**
  - D. They always benefit the insurer**



- 6. What does a "pre-existing condition" refer to in health insurance policies?**
- A. A medical issue that arises after the policy starts**
  - B. A medical issue that existed before the start of the health insurance policy**
  - C. A condition that is always covered by health insurance**
  - D. A medical issue that has no impact on coverage**
- 7. What describes the authority assumed by an agent but not specifically written in the contract?**
- A. Express authority**
  - B. Implied authority**
  - C. Apparent authority**
  - D. Formal authority**
- 8. How is 'loss' defined in the context of an insurance policy?**
- A. A decrease in the value of the insured property**
  - B. An increase in risk exposure**
  - C. A moral failing of the insured**
  - D. A fraudulent insurance claim**
- 9. Intentional withholding of important information that could impact insurance decisions is known as?**
- A. Warranty**
  - B. Concealment**
  - C. Representation**
  - D. Waiver**
- 10. What does it mean when a loss is characterized as definite and measurable?**
- A. The loss can occur at any time without notice**
  - B. The loss can be precisely calculated concerning time and amount**
  - C. The loss must be experienced by everyone in the pool**
  - D. The loss is unpredictable and random**

## **Answers**

SAMPLE

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

**SAMPLE**

## **Explanations**

**1. What does consideration refer to in the context of a legal contract?**

- A. The relationship between the parties**
- B. The value exchanged between parties**
- C. The ethical obligation of the parties**
- D. The duration of the contract**

In the context of a legal contract, consideration refers to the value exchanged between parties involved in the agreement. This exchange can take various forms, such as money, services, or promises to perform certain actions. The concept of consideration is vital because it establishes that both parties are contributing something of value to the contract, which is a fundamental requirement for the contract to be legally enforceable. Without consideration, a contract may lack the necessary legal framework to be honored in a court of law. In a contractual relationship, consideration serves as a form of incentive for both parties to fulfill their obligations. It differentiates a legally binding agreement from a mere promise or casual understanding, ensuring that both parties have a stake in the arrangement. For instance, in a life insurance policy, the policyholder pays premiums (consideration) in exchange for the insurer's commitment to provide a death benefit upon the insured's passing. The other aspects mentioned in the options, such as the relationship between the parties, ethical obligations, and the duration of the contract, do not define consideration. While they may be relevant to the parties' conduct and the contract's overall execution, they do not embody the concept of value exchange that is central to the idea of consideration in legal contracts.

**2. What does the Law of Agency establish?**

- A. The relationship between an insurer and the government**
- B. The relationship between the insured and the insurer**
- C. The relationship between the principal and the agent**
- D. The responsibilities of consumers in insurance transactions**

The Law of Agency establishes the relationship between the principal and the agent. In the context of insurance, this typically means that the insurer (the principal) authorizes the insurance agent to act on its behalf to sell policies, solicit applications, and manage other business dealings related to insurance services. This relationship is fundamental in understanding how agents operate, their authority to act for the insurer, and the obligations that arise from this relationship. In insurance, the agent is empowered to represent the insurer and must act in the best interest of the principal, adhering to the terms of the agency agreement. The agent's actions within the scope of their authority bind the insurer, meaning that any commitments made by the agent that fall within this scope are enforceable against the insurance company. This principle underscores the importance of trust and comprehension in the client-agent-insurer dynamic, as the agent must act with good faith and loyalty towards the principal while managing client expectations and needs effectively.

**3. Which of the following is an example of avoidance in risk management?**

- A. Using co-payments for health care**
- B. Not riding on airplanes to avoid crashes**
- C. Establishing a risk retention group**
- D. Purchasing insurance for all potential losses**

Avoidance in risk management refers to strategies that completely eliminate the risk of loss. In this context, choosing not to ride on airplanes to avoid crashes exemplifies avoidance, as it is a proactive decision to entirely sidestep the risk associated with air travel. This means the individual has made a conscious choice to avoid a situation that could potentially result in injury or loss. Using co-payments for healthcare, establishing a risk retention group, and purchasing insurance for all potential losses are not avoidance strategies. Instead, they represent methods of risk management that deal with the risk in alternative ways, such as sharing costs, pooling resources, or transferring financial risk through insurance. These strategies address risks rather than eliminate them.

**4. How does term life insurance differ from whole life insurance?**

- A. Term life insurance allows for investment growth, while whole life does not**
- B. Term life insurance provides coverage for a specific period, while whole life provides lifetime coverage**
- C. Term life insurance has a cash value, while whole life does not**
- D. Term life insurance is more expensive than whole life insurance**

Term life insurance is primarily designed to provide coverage for a specific period, typically ranging from one to thirty years, depending on the policyholder's needs. This type of insurance pays a benefit only if the insured person dies within that specified term. Once the term expires, the policyholder may have the option to renew or convert the policy, but there is no payout if the insured survives the term. In contrast, whole life insurance is structured to provide coverage for the entire lifetime of the insured, as long as premiums are paid. This permanence means that beneficiaries will receive a death benefit regardless of when the insured passes away, making whole life insurance a tool for lifelong financial planning and protection. The characteristics of these two types of insurance are fundamental to understanding their purposes. Term life insurance typically has lower premiums than whole life because it does not build cash value and is primarily meant for temporary protection, whereas whole life insurance can accumulate cash value over time, adding a savings component to the policy.

**5. Which of the following is true regarding material misrepresentations?**

- A. They do not affect the validity of an insurance policy**
- B. They can result in fraudulent claims if intentional**
- C. They must be documented by the insured**
- D. They always benefit the insurer**

Material misrepresentations are statements made by an applicant for insurance that are false and significant enough to affect the underwriting or the decision to issue a policy. When a misrepresentation is deemed material, it can lead to significant consequences because it can affect the insurer's ability to evaluate the risk associated with providing coverage. The correct assertion about material misrepresentations is that they can result in fraudulent claims if intentional. This means that if an insured knowingly provides false information with the intent to deceive the insurer, this action can be classified as fraud. An example could be an applicant overstating their medical history to obtain a policy under more favorable terms than they would otherwise qualify for. If a claim arises and the insurer discovers the intentional misrepresentation, they may not pay the claim or could even void the policy altogether, reinforcing the serious implications of such actions. In contrast, the other options do not accurately reflect the nature of material misrepresentations. While some can affect the outcome or validity of a policy, they do not universally benefit one party over another; rather, they introduce potential risks that have to be assessed. The requirement for documentation by the insured is also not strictly necessary, as misrepresentations are typically evaluated based on the information provided during the application process itself

**6. What does a "pre-existing condition" refer to in health insurance policies?**

- A. A medical issue that arises after the policy starts**
- B. A medical issue that existed before the start of the health insurance policy**
- C. A condition that is always covered by health insurance**
- D. A medical issue that has no impact on coverage**

A "pre-existing condition" refers to any medical condition or issue that existed prior to the effective date of a health insurance policy. This means that if an individual has a health issue that was diagnosed or treated before they applied for or obtained health insurance coverage, it is classified as a pre-existing condition. Understanding this concept is important because health insurance policies often have specific stipulations regarding the coverage of pre-existing conditions. Insurers may impose waiting periods, exclusions, or even increased premiums based on the presence of such conditions. As a result, individuals with pre-existing conditions should be aware of how these factors may affect their insurance options and coverage. The other choices reflect situations that do not align with the definition of pre-existing conditions: some refer to issues that arise after the policy's start or suggest that a condition would always be covered, which is not typically the case with pre-existing conditions.

**7. What describes the authority assumed by an agent but not specifically written in the contract?**

**A. Express authority**

**B. Implied authority**

**C. Apparent authority**

**D. Formal authority**

The correct answer is implied authority, which refers to the authority that an agent possesses to perform acts on behalf of the principal that are not explicitly outlined in the agent's contract. This type of authority is derived from the nature of the agent's role and is necessary for the agent to fulfill their duties effectively. For example, if a life insurance agent is tasked with selling policies, their implied authority includes the ability to answer questions from potential clients, negotiate terms, and process applications, even if these responsibilities are not explicitly detailed in their contract. Implied authority allows agents to act in ways that are standard and necessary for the completion of their role, ensuring that they can carry out tasks that align with their designated functions. Understanding implied authority is crucial in the insurance context, as it ensures that agents can operate fluidly and respond to client needs without requiring constant explicit directions from the principal. This aspect helps maintain the efficiency of agency relationships and supports effective service delivery within the insurance industry.

**8. How is 'loss' defined in the context of an insurance policy?**

**A. A decrease in the value of the insured property**

**B. An increase in risk exposure**

**C. A moral failing of the insured**

**D. A fraudulent insurance claim**

In the context of an insurance policy, 'loss' is defined as a decrease in the value of the insured property. This definition captures the essence of what insurance is designed to address: the financial impact on an individual or entity resulting from damage, destruction, or theft of property that they have insured. When a loss occurs, it means that the value of the property in question has diminished, which is why the insured party would seek compensation from the insurance provider. Other concepts, such as increased risk exposure or moral failings, do not align with the traditional definition of 'loss' in insurance terms. For example, an increase in risk exposure refers to a higher likelihood of a loss occurring, but it does not reflect an actual reduction in property value. Similarly, a moral failing or a fraudulent claim involves ethical considerations and behavior and does not pertain to the straightforward financial principles that underlie the concept of loss within an insurance context.



**9. Intentional withholding of important information that could impact insurance decisions is known as?**

- A. Warranty**
- B. Concealment**
- C. Representation**
- D. Waiver**

The intentional withholding of important information that could impact insurance decisions is called concealment. In the context of insurance, it involves a policyholder intentionally not disclosing certain facts that could influence an insurer's decision to underwrite a policy or determine the premium rate. This behavior can significantly impact the insurance contract, as insurers rely on full transparency to assess risk accurately. If an insurer discovers concealment, it may have the right to deny claims or rescind the policy, as the lack of information alters the basis on which the policy was issued. In comparison, a warranty refers to a promise made by the insured regarding certain facts that must be true for the policy to be valid. Representation involves providing truthful information to an insurer, while a waiver is the voluntary relinquishment of a known right. Understanding these terms is critical because they correspond to different obligations and consequences within the insurance contract.

**10. What does it mean when a loss is characterized as definite and measurable?**

- A. The loss can occur at any time without notice**
- B. The loss can be precisely calculated concerning time and amount**
- C. The loss must be experienced by everyone in the pool**
- D. The loss is unpredictable and random**

When a loss is characterized as definite and measurable, it means that the specifics of the loss can be precisely quantified in terms of both timing and the amount involved. This characteristic is essential in the context of insurance because it allows insurers to assess risk and set premiums accurately. A definite loss occurs at a specific time or within a predictable timeframe, making it easier for insurance companies to prepare for and manage claims. Additionally, being measurable indicates that the financial impact of the loss, such as the dollar amount required to cover the loss, can be calculated. This precision is crucial for maintaining the financial stability of an insurance company and ensuring that policyholders receive appropriate compensation for their claims. In the world of insurance, having a clear understanding of the timing and extent of potential losses aids in risk management and underwriting processes, allowing for better pricing and planning.

## 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://nelifehealthinsurance.examzify.com>**

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