

# Nebraska Life and Health License Practice Exam (Sample)

## Study Guide



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

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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

- 1. What is the primary purpose of Medicare supplement policies?**
  - A. To provide income for disability**
  - B. They help pay for hospital, medical, and surgical costs as well as provide funds for deductibles and coinsurance**
  - C. To cover long-term care expenses**
  - D. To replace life insurance coverage**
- 2. Which of the following statements is not true about the role of producers?**
  - A. Producers must maintain confidentiality with clients.**
  - B. Producers are responsible for soliciting clients without adequate disclosure.**
  - C. Producers must provide accurate information pertaining to policies.**
  - D. Producers should avoid misleading information.**
- 3. What classification does tax law assign to a limited payment life insurance policy that is paid-up in seven years or less?**
  - A. Traditional life policy**
  - B. Whole life policy**
  - C. A modified endowment contract**
  - D. Group life insurance**
- 4. Which of the following doubles or triples the benefits if the insured dies as a direct result of an accident?**
  - A. Cash value rider**
  - B. Accidental death benefit (ADB) rider**
  - C. Guaranteed insurability rider**
  - D. Return of premium rider**
- 5. A worker's eligibility for Social Security disability benefits does NOT depend on which of the following?**
  - A. The worker's health status**
  - B. The worker's age**
  - C. The worker's family status**
  - D. The worker's work history**

- 6. Under the Patient Protection and Affordable Care Act, how should group medical plans treat new enrollees with pre-existing conditions?**
- A. They may impose a temporary waiting period for coverage**
  - B. Pre-existing condition exclusions are prohibited in all group medical plans that begin on or after January 1, 2014**
  - C. They can bar coverage until the enrollee meets certain health milestones**
  - D. They must provide limited coverage for pre-existing conditions**
- 7. Which health insurance policy type is primarily designed to cover a specific period of time for short-term disabilities?**
- A. Long-term disability policy**
  - B. Short-term disability policy**
  - C. Life insurance policy**
  - D. Critical illness policy**
- 8. Which statement is correct regarding Social Security insured status for Brian and Samantha?**
- A. Brian is eligible for more benefits than Samantha**
  - B. Samantha is fully insured, which grants her more benefits than Brian**
  - C. Both are equally insured**
  - D. Neither is eligible for benefits**
- 9. Which of the following does NOT qualify as a life insurance advertisement?**
- A. A commercial aired on television about life insurance**
  - B. A flyer highlighting insurance benefits**
  - C. A memo from an insurer's president to employees**
  - D. A direct mail campaign promoting life insurance policies**
- 10. What may an insurer require when underwriting a group health insurance policy for an employer with five employees?**
- A. Medical history reports**
  - B. Application fees**
  - C. Evidence of insurability**
  - D. Employer credit checks**



## **Answers**

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

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## **Explanations**

**1. What is the primary purpose of Medicare supplement policies?**

**A. To provide income for disability**

**B. They help pay for hospital, medical, and surgical costs as well as provide funds for deductibles and coinsurance**

**C. To cover long-term care expenses**

**D. To replace life insurance coverage**

Medicare supplement policies, often referred to as Medigap plans, are designed specifically to fill the gaps in coverage that Medicare leaves behind. This primarily includes out-of-pocket expenses such as deductibles, copayments, and coinsurance associated with hospital, medical, and surgical costs that are covered by Medicare. Medicare itself provides essential health coverage for individuals aged 65 and older, but it does not cover all healthcare expenses. For instance, Medicare may pay for a portion of a hospital bill, but the beneficiary may still be responsible for a deductible and a percentage of the remaining costs. A Medicare supplement policy helps to alleviate that financial burden by covering these additional costs, ensuring that beneficiaries have more comprehensive health coverage without unexpected out-of-pocket expenses. The other options focus on different types of insurance needs. Options related to disability income, long-term care expenses, and life insurance coverage cater to various insurance products that do not overlap with the primary function of Medicare supplement policies, which is strictly to complement Medicare coverage rather than to serve as a source of income or to cover types of services outside of those provided by Medicare.

**2. Which of the following statements is not true about the role of producers?**

**A. Producers must maintain confidentiality with clients.**

**B. Producers are responsible for soliciting clients without adequate disclosure.**

**C. Producers must provide accurate information pertaining to policies.**

**D. Producers should avoid misleading information.**

The statement in question is centered on the ethical and legal responsibilities that producers, or insurance agents, have in their role. The correct response highlights that producers should not be responsible for soliciting clients without adequate disclosure. Producers are expected to operate with transparency and integrity, ensuring that clients fully understand the products being offered. This includes providing clear, accurate information about the policies and avoiding any misleading statements that could deceive or confuse clients. Maintaining confidentiality is also crucial in fostering trust and protecting client privacy. Therefore, the idea that producers would solicit clients without appropriate disclosure contradicts the foundational principles of ethical conduct in the insurance industry. This understanding reinforces the importance of professional standards expected of producers, underscoring the necessity for fair dealings and transparent practices in their interactions with clients.

**3. What classification does tax law assign to a limited payment life insurance policy that is paid-up in seven years or less?**

- A. Traditional life policy**
- B. Whole life policy**
- C. A modified endowment contract**
- D. Group life insurance**

The classification that tax law assigns to a limited payment life insurance policy that is paid-up in seven years or less is known as a modified endowment contract (MEC). A policy becomes classified as a MEC if it fails to meet the '7-pay test', which is a criterion set by the Internal Revenue Code. This test stipulates that if the total premiums paid in the first seven years exceed the sum of the net level premiums that would have been paid on a 7-pay whole life policy, the policy will be classified as a MEC. Being classified as a MEC has specific tax implications, particularly regarding the taxation of loans and withdrawals. Under MEC status, any withdrawals or loans are subject to taxation on the earnings first, which can result in a taxable event. This can be detrimental for policyholders who may be relying on the intended tax advantages of life insurance. In contrast, a traditional life policy, whole life policy, or group life insurance does not inherently carry the same implications under tax law, making the designation of MEC significant for understanding both monetary and tax considerations in life insurance planning.

**4. Which of the following doubles or triples the benefits if the insured dies as a direct result of an accident?**

- A. Cash value rider**
- B. Accidental death benefit (ADB) rider**
- C. Guaranteed insurability rider**
- D. Return of premium rider**

The Accidental Death Benefit (ADB) rider is designed to provide additional financial protection in the event that the insured's death occurs as a direct result of an accident. This rider often doubles or even triples the face amount of the policy, depending on the terms established at the time the rider is added to the policy. This is significant because it addresses a specific risk that may not be fully covered under a standard life insurance policy. The ADB rider essentially ensures that beneficiaries receive a higher payout, acknowledging the often sudden and unexpected nature of accidental deaths. In contrast, riders like the cash value rider simply allow policyholders to accumulate cash value in a permanent life insurance policy, while the guaranteed insurability rider enables the insured to purchase additional insurance in the future without having to take a medical exam. The return of premium rider offers a refund of premiums paid if the insured outlives the policy term. However, none of these options provide the specific benefit increase in the event of an accidental death, making the ADB the most appropriate choice for the scenario presented.

**5. A worker's eligibility for Social Security disability benefits does NOT depend on which of the following?**

- A. The worker's health status**
- B. The worker's age**
- C. The worker's family status**
- D. The worker's work history**

The correct response indicates that a worker's eligibility for Social Security disability benefits does not depend on their family status. In the Social Security Administration's framework, the primary criteria for determining eligibility for disability benefits center around individual factors such as the worker's health status, age, and work history. Health status is critical as the benefits are designed for those who are unable to work due to severe medical conditions. The age of the worker can also come into play, particularly since there are different eligibility rules depending on the age brackets, especially concerning the work credits required for younger workers versus older individuals. Work history is vital since the benefits are based on prior employment and the number of work credits accrued over a worker's career. In contrast, family status, such as marital or dependent status, does not have a bearing on an individual's eligibility for Social Security disability benefits. The program focuses solely on the individual's capacity to work due to their health challenges, independent of any family dynamics.

**6. Under the Patient Protection and Affordable Care Act, how should group medical plans treat new enrollees with pre-existing conditions?**

- A. They may impose a temporary waiting period for coverage**
- B. Pre-existing condition exclusions are prohibited in all group medical plans that begin on or after January 1, 2014**
- C. They can bar coverage until the enrollee meets certain health milestones**
- D. They must provide limited coverage for pre-existing conditions**

Under the Patient Protection and Affordable Care Act (PPACA), the treatment of new enrollees with pre-existing conditions is clearly defined. Specifically, since January 1, 2014, all group medical plans are prohibited from imposing pre-existing condition exclusions. This means that insurance companies cannot deny coverage or impose waiting periods based on an enrollee's health status prior to obtaining the policy. This provision was established to ensure that individuals with prior health issues are not discriminated against when seeking healthcare coverage. It is a critical component of the ACA aimed at increasing access to healthcare and protecting consumers. In contrast, the other options suggest various restrictions that can be imposed on new enrollees with pre-existing conditions, which directly contradict the fundamental intent of the ACA to eliminate such barriers. This illustrates the significant shift in policy focused on inclusivity and accessibility for all individuals, particularly those with prior health challenges.

**7. Which health insurance policy type is primarily designed to cover a specific period of time for short-term disabilities?**

- A. Long-term disability policy**
- B. Short-term disability policy**
- C. Life insurance policy**
- D. Critical illness policy**

A short-term disability policy is specifically designed to provide coverage for individuals who are temporarily unable to work due to illness, injury, or other medical conditions. This type of policy typically covers a limited duration, often ranging from a few weeks to several months, making it ideal for short-term disabilities. The primary purpose of short-term disability insurance is to offer financial protection and replace a portion of the insured's income during the recovery period, allowing them to focus on healing without the additional stress of lost wages. This contrasts with other types of insurance, such as long-term disability policies, which are intended for prolonged periods of disability, life insurance that pays out upon death, and critical illness policies that cover specific diagnosed medical conditions but do not directly address income replacement for a short duration of disability.

**8. Which statement is correct regarding Social Security insured status for Brian and Samantha?**

- A. Brian is eligible for more benefits than Samantha**
- B. Samantha is fully insured, which grants her more benefits than Brian**
- C. Both are equally insured**
- D. Neither is eligible for benefits**

The statement that Samantha is fully insured, which grants her more benefits than Brian, is correct because being fully insured under the Social Security system typically refers to having accumulated enough work credits to qualify for the maximum retirement benefits. Full insurance status means an individual has worked for a sufficient number of quarters, typically ten years' worth of work, to qualify for their own retirement, disability, or survivor benefits. If Samantha has indeed achieved fully insured status, she has access to a wider range of benefits than someone who is not fully insured. This status is crucial as it directly affects the level of benefits an individual can receive. For instance, if Brian has not accumulated enough work credits or does not meet the criteria for full insurance, Samantha could indeed be in a position to receive greater benefits based on her accumulated work history. Understanding Social Security's insured status is essential for evaluating eligibility and benefit amounts. Additionally, differences in work history or contributions may result in variations in eligibility for benefits, which highlights the importance of each person's work record in determining their Social Security benefits.

**9. Which of the following does NOT qualify as a life insurance advertisement?**

- A. A commercial aired on television about life insurance**
- B. A flyer highlighting insurance benefits**
- C. A memo from an insurer's president to employees**
- D. A direct mail campaign promoting life insurance policies**

A memo from an insurer's president to employees does not qualify as a life insurance advertisement because it is an internal communication that is not directed at prospective policyholders. Advertisements are intended to promote products or services to the general public or to potential customers, aiming to increase awareness and encourage purchases. On the other hand, a commercial aired on television, a flyer highlighting insurance benefits, and a direct mail campaign are all outward-facing materials specifically designed to inform potential customers about life insurance options and entice them to consider purchasing a policy. These forms of communication are crafted with the intent of reaching a wider audience outside the organization, fulfilling the criteria of what constitutes insurance advertising.

**10. What may an insurer require when underwriting a group health insurance policy for an employer with five employees?**

- A. Medical history reports**
- B. Application fees**
- C. Evidence of insurability**
- D. Employer credit checks**

In the context of underwriting a group health insurance policy, an insurer may require evidence of insurability from individual employees, particularly when there is a smaller group, such as one with five employees. This requirement helps the insurer assess the health status and risk level of each individual, especially if the group is relatively small and the overall risk can be significantly impacted by the health of just a few individuals. Insurers often implement this requirement to mitigate the potential of adverse selection, where individuals with higher health risks are more likely to seek insurance coverage. By obtaining evidence of insurability, insurers can make better-informed decisions about premium rates and coverage options for the group. Options like medical history reports may provide information for underwriting purposes but are typically included as part of the evidence of insurability process rather than a standalone requirement. Application fees do not directly relate to the underwriting decision itself, as these are more administrative in nature. Employer credit checks might be relevant for assessing the financial standing of the employer but do not pertain to the individual health risks that underpin group health insurance underwriting decisions.



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

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