NEBRASKA LIFE AND HEALTH LICENSE PRACTICE EXAM (SAMPLE)

STUDY GUIDE

SAMPLE STUDY GUIDE WITH LIMITED 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. 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. **How often must the Director of Insurance examine the business transactions, accounts, and records of insurers?**

   A. Every year

   B. Every two years

   C. At least once every three years

   D. At least once every five years

2. **When Tom, an agent for ABC Insurance, receives an approved policy, what must he NOT do?**

   A. Mail the policy to the applicant by certified mail.

   B. Set up a time for the policyowner to meet and review it.

   C. Deliver the policy personally without a review.

   D. File the policy with the insurance department.

3. **What document did Amanda receive when she applied for a long-term care policy that disclosed the policy's benefits and provisions?**

   A. Policy statement

   B. Outline of coverage

   C. Summary of benefits

   D. Policyholder agreement

4. **How does the "pool of money" approach work in a long-term care insurance policy?**

   A. Benefits are fixed amounts paid annually

   B. Benefits are defined as a total sum that can be drawn as needed

   C. Benefits are based solely on the insured's medical needs

   D. Benefits are limited to a certain number of days per year

5. **If Jack takes a new job that is less hazardous after getting health coverage, what might the insurer do?**

   A. Cancel the policy

   B. Increase the premium

   C. Reduce the premium

   D. Limit coverage options

6. A group disability income plan with a maximum benefit period of less than two years is classified as what type of plan?

A. Short-term disability plan

B. Long-term disability plan

C. Accidental death benefit plan

D. Comprehensive disability plan

7. When can the owner of a deferred annuity choose a settlement option?

A. Only at annuitization

B. Any time prior to annuitization

C. After the first premium payment

D. At the end of the deferral period

8. What is the primary focus of the Nebraska Life and Health Insurance Guaranty Association?

A. To provide low-cost insurance options

B. To protect policyholders in case an insurer becomes insolvent

C. To regulate insurance premiums

D. To ensure competitive rates among insurers

9. When Agent Todd earns 20 percent of his total commissions from life and health insurance written for his relatives and friends, what has he engaged in?

A. Self-employment

B. Charitable contributions

C. Controlled business

D. Referral business

10. After receiving proceeds from her viatical settlement agreement, what option does Mattie have within the cancellation period?

A. She must complete the transaction as it is contractually binding

B. Mattie may modify her contract but cannot cancel it

C. Mattie may cancel the contract because the cancellation period has not expired

D. She can only receive a partial refund of her policy value

Answers

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

Explanations

1. How often must the Director of Insurance examine the business transactions, accounts, and records of insurers?

A. Every year

B. Every two years

C. At least once every three years

D. At least once every five years

The Director of Insurance is required to examine the business transactions, accounts, and records of insurers at least once every five years. This timeline allows the regulatory body to ensure that insurers are operating within legal and financial guidelines, safeguarding the interests of policyholders. Regular examinations help maintain the integrity of the insurance market and protect consumers, ensuring that insurers remain financially viable and compliant with state regulations. While more frequent examinations could provide additional oversight, the five-year requirement balances the need for regulatory scrutiny with the operational realities of insurers. Conducting these examinations helps to identify potential financial issues or areas of noncompliance, which can then be addressed proactively. This timeframe also allows insurers to operate without the constant pressures of annual or biannual reviews, which could impact their day-to-day functions and financial planning.

2. When Tom, an agent for ABC Insurance, receives an approved policy, what must he NOT do?

A. Mail the policy to the applicant by certified mail.

B. Set up a time for the policyowner to meet and review it.

C. Deliver the policy personally without a review.

D. File the policy with the insurance department.

When Tom, as an agent for ABC Insurance, receives an approved policy, he must ensure that the policy is delivered appropriately to the policyowner. Delivering the policy personally without a review is not appropriate because it bypasses an essential step in the agent's responsibilities, which is to review the policy with the policyowner. This review is important for several reasons: it allows the agent to clarify key features of the policy, answer any questions the policyowner may have, and ensure the policyowner understands the coverage and terms. This face-to-face interaction helps build trust and reinforces the agent's role as an advisor, ensuring that the policy aligns with the policyowner's needs and expectations. In contrast, the other options present valid and appropriate methods for policy delivery that involve communication and support for the policyowner, which is critical in the insurance process.

3. What document did Amanda receive when she applied for a long-term care policy that disclosed the policy's benefits and provisions?

A. Policy statement

B. Outline of coverage

C. Summary of benefits

D. Policyholder agreement

When Amanda applied for a long-term care policy, the document she received that disclosed the policy's benefits and provisions is the Outline of Coverage. This document is specifically designed to provide a summary of the essential features of the policy. It includes important information such as eligibility requirements, benefits, exclusions, and limitations, allowing applicants to understand what the policy offers before making a decision. The Outline of Coverage is a regulatory requirement to ensure that consumers are well-informed about the details of their long-term care insurance options. By receiving this document, Amanda can make an informed choice regarding her coverage. Other documents such as a Policy statement or Summary of benefits may summarize certain information, but they do not fulfill the specific purpose of the Outline of Coverage in terms of regulatory compliance and detailed description of benefits and provisions required by law. The Policyholder agreement typically includes terms and conditions related to the policyholder's responsibilities, but it is not primarily focused on providing a summary of benefits.

4. How does the "pool of money" approach work in a long-term care insurance policy?

A. Benefits are fixed amounts paid annually

B. Benefits are defined as a total sum that can be drawn as needed

C. Benefits are based solely on the insured's medical needs

D. Benefits are limited to a certain number of days per year

The "pool of money" approach in a long-term care insurance policy allows policyholders access to a defined total sum of benefits that they can withdraw as needed over the course of their care. This method provides flexibility for insured individuals, enabling them to utilize the benefits in a manner that best suits their specific circumstances and care requirements. Unlike fixed annual amounts or benefits tied only to medical needs, the pool of money does not limit the payout to a predetermined number of days. Instead, it permits the recipient to determine how and when to utilize their benefits, ensuring that they can effectively manage their care expenses based on personal need and preference. This approach is particularly advantageous for individuals who may have varying levels of care needs over time, allowing them to draw from the total pool as their situation evolves. By structuring the benefits as a total sum available for withdrawal, the policy offers more customizable care options, which can be crucial for those navigating the complexities of long-term care.

5. If Jack takes a new job that is less hazardous after getting health coverage, what might the insurer do?

A. Cancel the policy

B. Increase the premium

C. Reduce the premium

D. Limit coverage options

When Jack takes a new job that is less hazardous after obtaining health coverage, the insurer may choose to reduce the premium because the risk associated with insuring him has decreased. Health insurance premiums are often assessed based on factors including occupation, and a job that is less hazardous typically corresponds with a lower likelihood of health-related claims or medical expenses. With Jack moving to a less dangerous position, the insurer recognizes a decrease in risk, which can justify a reduction in premium costs. Insurers regularly review their policies and consider changes in an insured individual's risk profile, which can lead to adjustments in premium rates based on the new circumstances. The other options would not align with typical insurance practices in this situation. Canceling the policy or limiting coverage options generally occurs in response to more significant issues, such as non-payment or fraudulent behavior, rather than changes in employment risk. Increasing the premium would be unlikely since a less hazardous job reduces the insurer's risk exposure, rather than increasing it.

6. A group disability income plan with a maximum benefit period of less than two years is classified as what type of plan?

A. Short-term disability plan

B. Long-term disability plan

C. Accidental death benefit plan

D. Comprehensive disability plan

A group disability income plan with a maximum benefit period of less than two years is classified as a short-term disability plan. This classification is based on the duration of benefits provided; typically, short-term disability plans are designed to replace a portion of an employee's income for a limited period following a disability, which can range from a few weeks up to two years. These plans help to cover temporary disabilities that can result from illness, injury, or surgery, ensuring that individuals receive some level of financial support while they are unable to work during their recovery. In contrast, long-term disability plans usually provide benefits for a longer duration, often exceeding two years, and are intended for more enduring disabilities. Accidental death benefit plans specifically provide a payout in the event of death resulting from an accident, rather than income replacement during disability. Comprehensive disability plans cover a wide range of services and benefits but are not specifically categorized solely based on the maximum benefit period. Therefore, the defining characteristic of a short-term disability plan is its time-limited nature, aligning with the question's criteria.

7. When can the owner of a deferred annuity choose a settlement option?

A. Only at annuitization

B. Any time prior to annuitization

C. After the first premium payment

D. At the end of the deferral period

The owner of a deferred annuity can choose a settlement option at any time prior to annuitization. This flexibility allows the owner to make decisions regarding how they want to receive their payouts as they approach the annuitization phase. Typically, during the accumulation phase of a deferred annuity, the owner can select different settlement options based on their needs and financial goals. This choice takes place before the contract is converted into an income stream, which occurs at annuitization. Being able to make this decision beforehand allows the owner to consider various factors such as their financial situation, projected future income needs, and the various types of settlement options available. The other choices do not accurately represent the timeline for selecting a settlement option. For example, the option of choosing only at annuitization restricts the flexibility that deferred annuities provide, while claiming that it can only happen after the first premium payment oversimplifies the process. Additionally, suggesting that the option is only available at the end of the deferral period limits the owner's ability to make informed decisions based on changing circumstances prior to annuitization.

8. What is the primary focus of the Nebraska Life and Health Insurance Guaranty Association?

A. To provide low-cost insurance options

B. To protect policyholders in case an insurer becomes insolvent

C. To regulate insurance premiums

D. To ensure competitive rates among insurers

The primary focus of the Nebraska Life and Health Insurance Guaranty Association is to protect policyholders in the event that an insurer becomes insolvent. This association exists to provide a safety net for consumers, ensuring that individuals who have purchased life and health insurance policies are safeguarded against the loss of benefits if their insurance company is unable to fulfill its obligations due to financial troubles. Such protection is particularly important because it helps to maintain public confidence in the insurance industry, ensuring that individuals feel secure in their financial planning and health coverage. The association typically covers claims for covered policies up to certain limits, which can help policyholders transition to new coverage or manage their financial losses. The other options, while related to different aspects of the insurance industry, do not capture the primary role of the association. Offering low-cost insurance options and regulating premiums pertain to market competition and pricing dynamics, while ensuring competitive rates among insurers relates to the oversight of market conditions rather than direct consumer protection. The guaranty association's main function is to provide financial security and peace of mind to those who have entrusted their health and financial well-being to an insurance provider.

9. When Agent Todd earns 20 percent of his total commissions from life and health insurance written for his relatives and friends, what has he engaged in?

A. Self-employment

B. Charitable contributions

C. Controlled business

D. Referral business

Agent Todd has engaged in controlled business, which refers to situations where an agent or insurance producer earns a significant portion of their commissions from policies sold to their own relatives or friends. This is an important concept in the insurance industry because it can raise concerns regarding conflicts of interest and regulatory compliance. In controlled business scenarios, there is a potential risk that an agent may prioritize personal relationships over the best interests of the clients. Because most regulatory bodies, including those in Nebraska, closely monitor controlled business practices, they often place restrictions on the percentage of commissions that can be derived from such transactions. By delineating these relationships, regulators aim to ensure that agents maintain professional standards and avoid exploiting personal connections for financial gain. While other choices, like self-employment, charitable contributions, and referral business, may involve valid practices in insurance sales, they do not specifically address the issue of earning commissions from policies sold to individuals within one's personal network. Consequently, these alternatives do not accurately capture the nature of Agent Todd's earning scenario, making controlled business the most appropriate answer.

10. After receiving proceeds from her viatical settlement agreement, what option does Mattie have within the cancellation period?

A. She must complete the transaction as it is contractually binding

B. Mattie may modify her contract but cannot cancel it

C. Mattie may cancel the contract because the cancellation period has not expired

D. She can only receive a partial refund of her policy value

Mattie has the option to cancel the contract within the cancellation period because this aligns with the consumer protection principles inherent in viatical settlements. The cancellation period is typically designed to provide the seller (in this case, Mattie) with the opportunity to reconsider their decision after the transaction has taken place. This is particularly important in viatical settlements, where individuals are often placed in vulnerable situations due to medical conditions and financial needs. By allowing cancellation without penalty during this period, the contract acknowledges that circumstances can change, and individuals should not be bound to irreversible agreements without the chance to review their options. This right to cancel serves as a safeguard, ensuring that the seller has the space to make a well-considered decision. The other options do not fully capture this protective aspect of viatical settlement agreements. A contract being binding without the ability to cancel would overlook the importance of consumer rights, while suggesting modifications without cancellation undermines the clear intent of providing a cooling-off period. The notion of only receiving a partial refund does not align with typical cancellation policies, which should allow for a full cancellation as long as it is within the specified timeframe.

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://nelifeanddeathlicense.examzify.com

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