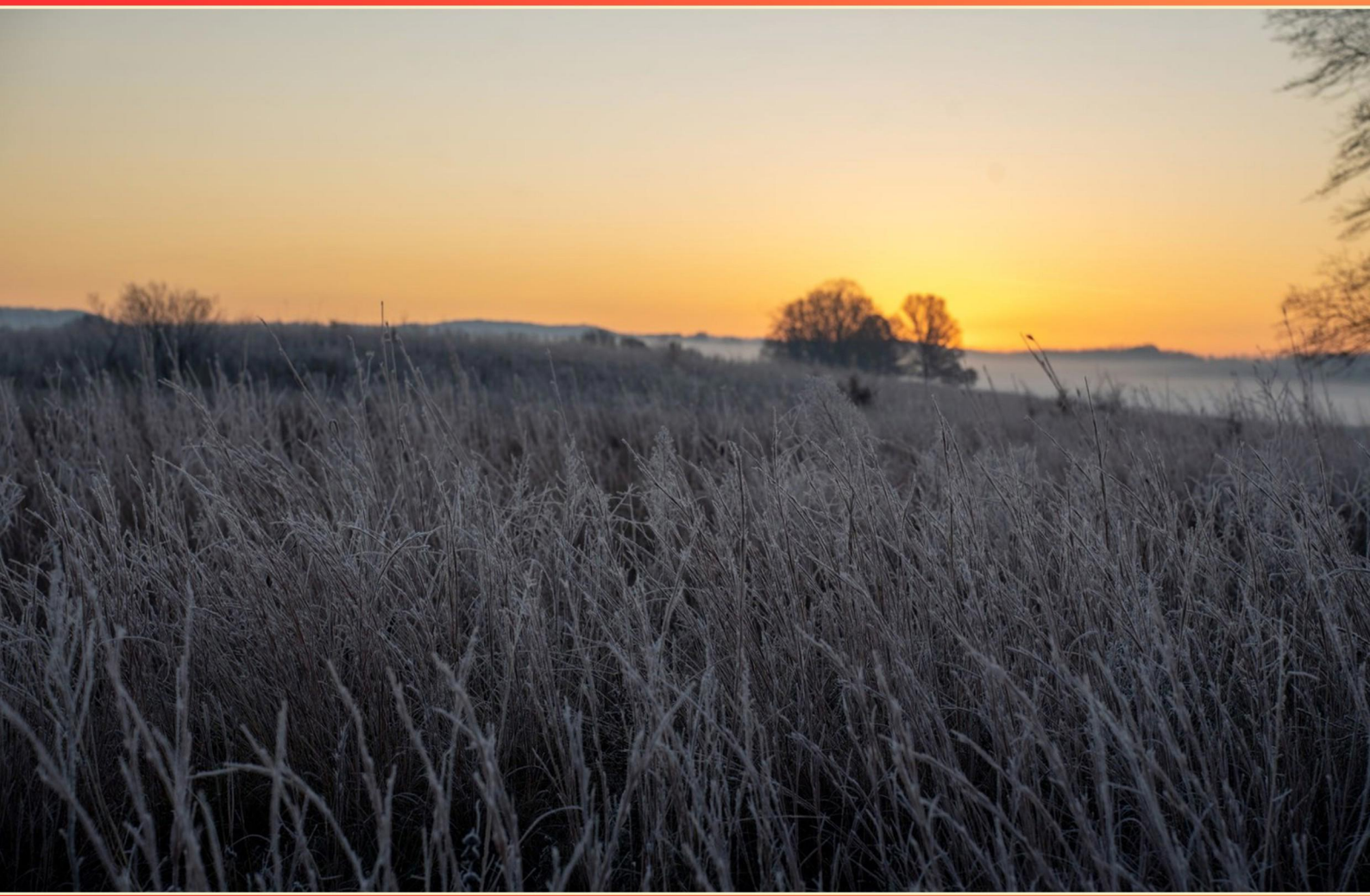
NEBRASKA LIFE AND HEALTH LICENSE PRACTICE EXAM (SAMPLE)

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. What occurs when an insurer's health insurance policy provisions contradict state law?

A. The provisions are changed automatically to comply with the law

B. The provisions remain as stated without changes

C. The policy becomes void

D. The insurer can enforce its original provisions

2. What do actuaries use to predict the likelihood of an individual dying at any certain age in the premium rate-making process?

A. Statistical analysis

B. Mortality tables

C. Historical data

D. Risk assessments

3. What occurs when a universal life insurance policy's cash value cannot cover monthly deductions?

A. The policy is automatically renewed.

B. The policy is canceled.

C. The policy lapses.

D. The premiums are lowered.

4. What does a disability income policy cover in the case of a nondisabling injury?

A. Pays for lost wages

B. Pays for medical expenses

C. Pays a lump sum benefit

D. Provides a temporary disability benefit

5. 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

6. What restriction must an insurer adhere to when using information from the Medical Information Bureau (MIB)?

A. They can decline an application based on MIB information

B. They cannot rate or decline an application based solely on MIB data

C. They must disclose MIB information to the applicant

D. They can only use MIB information for health insurance policies

7. 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

8. Which statement about profit-sharing plans is correct?

A. They have no contribution limits.

B. Contribution limits are the same as defined benefit plans.

C. Contribution limits for profit-sharing plans are the same as all defined contribution plans.

D. Profit-sharing plans are mandatory for all employees.

9. Which of the following is NOT a benefit of group health insurance plans?

A. Lower costs for the employer

B. Tax benefits for the employer

C. Guaranteed issue without medical underwriting

D. Individualized premium rates

10. All the following statements regarding split-dollar life insurance plans are correct EXCEPT:

A. The employer pays the entire premium and the employee receives the policy benefits.

B. Both parties share the premium costs.

C. Death benefits are usually shared between the employer and employee.

D. Employee may choose the beneficiary of the policy benefits.

Answers

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

Explanations

1. What occurs when an insurer's health insurance policy provisions contradict state law?

A. The provisions are changed automatically to comply with the law

B. The provisions remain as stated without changes

C. The policy becomes void

D. The insurer can enforce its original provisions

When an insurer's health insurance policy provisions contradict state law, these provisions are automatically changed to comply with the law. This is due to the principle of legality, which dictates that any policy provisions must adhere to the regulations set forth by the state. Insurers are required to ensure their policies align with state mandates, as state law serves to protect consumers and maintain fairness in insurance practices. If a provision is found to be in conflict with state law, rather than the policy being voided or the insurer ignoring the law, it is automatically adjusted. This ensures that policyholders benefit from the protections guaranteed by state regulations, ultimately promoting legal compliance and consumer trust within the insurance industry.

2. What do actuaries use to predict the likelihood of an individual dying at any certain age in the premium rate-making process?

A. Statistical analysis

B. Mortality tables

C. Historical data

D. Risk assessments

Actuaries utilize mortality tables to predict the likelihood of an individual dying at any specific age during the premium rate-making process. Mortality tables are comprehensive statistical charts that encapsulate historical data about death rates within a specific population, segmented by various factors such as age, gender, health status, and lifestyle habits. These tables provide essential information regarding the expected lifespan of individuals in different demographics, enabling actuaries to estimate risk levels accurately. By analyzing the data within these tables, actuaries can determine the appropriate premium rates to charge for life insurance policies, balancing the insurer's need to cover future claims against the need to remain competitive in the market. While statistical analysis, historical data, and risk assessments are important components of the process, it is the mortality tables that serve as the foundational tool to quantify the specific relationship between age and mortality risk in a precise and structured manner. Thus, mortality tables are integral in ensuring that the calculations lead to fair and precise premium pricing for life insurance products.

3. What occurs when a universal life insurance policy's cash value cannot cover monthly deductions?

A. The policy is automatically renewed.

B. The policy is canceled.

C. The policy lapses.

D. The premiums are lowered.

When a universal life insurance policy's cash value cannot cover the monthly deductions, the policy lapses. In universal life insurance, the cash value serves as a reservoir from which policy costs, such as the cost of insurance and administrative fees, are deducted each month. If the cash value becomes insufficient to cover these monthly costs, and the policyholder does not make additional premium payments, the policy will enter a lapse period. A lapse means that the policy is no longer in force, and the coverage will terminate if no action is taken to reinforce the policy. This is different from cancellation, which is a more definitive termination of the policy, and also distinct from automatic renewal or lowering premiums, which do not typically apply in this scenario if the cash value is insufficient. Understanding the mechanics of how universal life policies operate is essential; the interplay between cash value and monthly deductions directly influences the policy's active status.

4. What does a disability income policy cover in the case of a nondisabling injury?

A. Pays for lost wages

B. Pays for medical expenses

C. Pays a lump sum benefit

D. Provides a temporary disability benefit

A disability income policy is specifically designed to provide financial protection to individuals who are unable to work due to disabling injuries or illnesses. In situations where an injury does not lead to a disabling condition, the policy typically does not activate, as its primary function is to cover lost wages during periods of disability. While medical expenses are indeed a concern when dealing with injuries, a disability income policy primarily focuses on income replacement rather than direct reimbursement for medical costs. Medical expenses would typically be covered under a health insurance plan, not a disability income policy. The correct answer focuses on the broader nature of what disability insurance is intended to cover. However, for a nondisabling injury, if the condition does not lead to an inability to work, the typical coverage of the disability income policy would not be triggered, clarifying its scope in relation to actual disabilities that prevent earning income. Therefore, the answer recognizes that a disability income policy is tailored to situations where income replacement is necessary due to a disabling condition, rather than addressing medical expenses or providing benefits for nondisabling situations.

5. 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.

6. What restriction must an insurer adhere to when using information from the Medical Information Bureau (MIB)?

A. They can decline an application based on MIB information

B. They cannot rate or decline an application based solely on MIB data

C. They must disclose MIB information to the applicant

D. They can only use MIB information for health insurance policies

Insurers must adhere to the restriction that they cannot rate or decline an application solely based on information obtained from the Medical Information Bureau (MIB). The MIB functions as a repository of medical information that helps insurers assess risk and make informed underwriting decisions. However, the intent behind this regulation is to protect consumers from potential misuses of their health information. In practice, this means that while insurers can consider MIB data in conjunction with other information, they cannot use it as the only basis for deciding to deny coverage or increase premiums. This stipulation is vital in ensuring that applicants have a fair chance to obtain insurance coverage without being unfairly penalized for past medical issues that may have been misrepresented or misunderstood. The other options do not accurately reflect the regulations associated with MIB data usage. For example, while insurers must disclose MIB information to applicants, this does not pertain to the decision-making process on its own. Furthermore, the use of MIB data is not restricted solely to health insurance policies, and insurers may indeed use the information across various types of insurance products.

7. 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.

8. Which statement about profit-sharing plans is correct?

A. They have no contribution limits.

B. Contribution limits are the same as defined benefit plans.

C. Contribution limits for profit-sharing plans are the same as all defined contribution plans.

D. Profit-sharing plans are mandatory for all employees.

Profit-sharing plans are a type of defined contribution plan designed to give employees a share in the company's profits. The correct statement relates to contribution limits, which are set in accordance with regulations for defined contribution plans. Under current IRS guidelines, these contribution limits are capped annually and apply uniformly to all defined contribution plans, which includes profit-sharing plans. This means that companies can contribute to employee profit-sharing plans as long as they adhere to the set contribution limits, which allow for a combination of employer contributions and employee deferrals, but not exceeding the specified annual maximum. This framework is designed to ensure that contributions made to retirement plans are equitable and sustainable for both employers and employees. The other options provide incorrect information about the nature and requirements of profit-sharing plans, such as implying they have no contribution limits, equating them to defined benefit plans in terms of limits, or suggesting that they are mandatory for all employees. Each of these inaccuracies reveals a misunderstanding of how profit-sharing plans are structured and regulated under U.S. retirement plan laws.

9. Which of the following is NOT a benefit of group health insurance plans?

A. Lower costs for the employer

B. Tax benefits for the employer

C. Guaranteed issue without medical underwriting

D. Individualized premium rates

Group health insurance plans are designed to provide coverage to a larger group, typically employees of a company, and they come with several benefits that are advantageous to both employers and employees. One of the key characteristics of these plans is their pricing structure. The individualized premium rates, which refer to the ability to charge different premiums based on an individual's health status or claims history, do not apply in group plans. Instead, group health insurance typically utilizes a community rating system, where the premiums are based on the overall health and demographics of the group, not on the individual members' health status. This results in standardized premium rates for the group as a whole, which is distinct from how individual health plans operate. On the other hand, the other benefits associated with group health insurance plans include lower costs for employers because they can negotiate better rates due to the larger pool of insured individuals. There are often tax benefits associated with providing health insurance, as employer contributions can be tax-deductible. Furthermore, group health insurance plans often guarantee issue coverage, meaning that all employees are covered without the requirement for medical underwriting, ensuring that even those with pre-existing conditions are eligible for benefits. Therefore, the lack of individualized premium rates is what distinguishes group health insurance from other forms of insurance

10. All the following statements regarding split-dollar life insurance plans are correct EXCEPT:

A. The employer pays the entire premium and the employee receives the policy benefits.

B. Both parties share the premium costs.

C. Death benefits are usually shared between the employer and employee.

D. Employee may choose the beneficiary of the policy benefits.

In a split-dollar life insurance arrangement, the fundamental characteristic is that both the employer and employee share the costs and benefits associated with the policy. In this structure, it is typically the case that the employer provides assistance with premium payments, while the employee may also contribute or have a vested interest in the policy. The statement that the employer pays the entire premium and the employee receives the policy benefits does not accurately reflect how split-dollar arrangements function. If the employer were to pay the entire premium alone, it would negate the split-dollar concept, which is fundamentally about sharing the financial responsibility and benefits. In addition to this, the other correct statements clarify the nature of split-dollar plans: both parties often share in the premium costs, death benefits are co-shared typically between the employer and the employee, and the employee retains the right to choose the beneficiary, thereby providing them with a level of control and personal stake in the policy. Understanding these principles highlights the collaborative intent behind split-dollar arrangements, which is to provide both parties with protections and benefits that are mutually advantageous.

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!