

NEVADA LIFE INSURANCE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



**SAMPLE STUDY GUIDE
WITH LIMITED QUESTIONS**

**VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE**

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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. Which of the following are the two main types of life insurance?**
 - A. Universal and variable life insurance
 - B. Term and whole life insurance
 - C. Life and health insurance
 - D. Short-term and long-term life insurance

- 2. Under the Affordable Care Act, what percentage of preventive care must be covered without cost sharing?**
 - A. 25%
 - B. 50%
 - C. 80%
 - D. 100%

- 3. What is a key benefit provided by the ACA regarding adult children?**
 - A. Free dental coverage until age 30.
 - B. Coverage until age 26 regardless of dependency status.
 - C. Mandatory coverage of pre-existing conditions.
 - D. Choice of plan types without restriction.

- 4. Which of the following correctly defines accidental death benefits?**
 - A. Benefits that cover all deaths
 - B. Additional payouts for deaths resulting from accidental causes
 - C. Benefits that only apply to natural causes of death
 - D. Payments that can only be claimed after a waiting period

- 5. Which factor does NOT typically influence the determination of life insurance premiums?**
 - A. The applicant's health history
 - B. The applicant's age
 - C. The applicant's income level
 - D. The applicant's lifestyle choices

- 6. What is meant by "insurers' reserve" in life insurance?**
- A. The total premiums collected from policyholders
 - B. The amount set aside to pay future claims
 - C. The investment income generated from premiums
 - D. The administrative costs of managing policies
- 7. Which type of insurer operates primarily for the benefit of its members?**
- A. Mutual
 - B. Fraternal
 - C. Service
 - D. Reciprocal
- 8. What can be a benefit of the cash value component in whole life insurance?**
- A. It covers only funeral expenses
 - B. It can be borrowed against or withdrawn by the policyholder
 - C. It automatically lowers the premium costs
 - D. It provides higher returns than stock investments
- 9. Which type of insurer is required to be nonprofit and sell insurance only to its members?**
- A. Reciprocal
 - B. Fraternal
 - C. Service
 - D. Mutual
- 10. Long term care insurance policies can**
- A. Limit coverage for the treatment of Alzheimer's disease.
 - B. Be cancelled due to the deterioration of the insured's mental health.
 - C. Limit coverage for the treatment of alcoholism.
 - D. Be cancelled due to the age of the insured.

Answers

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

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Explanations

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1. Which of the following are the two main types of life insurance?

- A. Universal and variable life insurance
- B. Term and whole life insurance**
- C. Life and health insurance
- D. Short-term and long-term life insurance

Term and whole life insurance represent the two primary categories of life insurance products. Term life insurance provides coverage for a specific period, often referred to as the term, which can be 10, 20, or 30 years. During this period, if the insured passes away, the beneficiary receives a death benefit. However, if the term expires and the insured is still alive, there is no payout or cash value. Whole life insurance, on the other hand, is a type of permanent life insurance that offers coverage for the insured's entire lifetime, provided premiums are paid. It also builds cash value over time, which can be borrowed against or withdrawn during the policyholder's lifetime. This dual structure of term vs. whole life allows consumers to choose options based on their financial needs and long-term goals, making these the foundational types in life insurance terminology. The other choices represent different classifications or subsets within the broader life insurance framework or mix life insurance with health coverage, which is distinct from life insurance alone. Understanding the main types helps in making informed decisions regarding life insurance products.

2. Under the Affordable Care Act, what percentage of preventive care must be covered without cost sharing?

- A. 25%
- B. 50%
- C. 80%
- D. 100%**

The Affordable Care Act (ACA) mandates that certain preventive services be covered by health insurance plans without any cost sharing, which means patients do not pay a copayment, coinsurance, or deductible for these services. This 100% coverage ensures that individuals can access necessary preventive care without financial barriers, promoting early detection and treatment of health issues. This includes a range of services such as vaccinations, screenings, and annual wellness visits, which are essential for maintaining public health and preventing more serious health conditions down the line. The ACA aims to enhance healthcare access and encourage preventive measures, which significantly benefits both individual health and overall healthcare costs by reducing the need for more extensive and expensive medical treatments later on.

3. What is a key benefit provided by the ACA regarding adult children?

- A. Free dental coverage until age 30.
- B. Coverage until age 26 regardless of dependency status.**
- C. Mandatory coverage of pre-existing conditions.
- D. Choice of plan types without restriction.

The key benefit provided by the Affordable Care Act (ACA) regarding adult children is that they can remain on their parents' health insurance plan until the age of 26, regardless of their dependency status. This means that even if the adult child is married, no longer lives with their parents, or is financially independent, they are still eligible for coverage under their parent's health plan. This provision was designed to ensure that young adults have access to affordable health care as they transition into the workforce and self-sufficiency, which can often be challenging, especially during times of economic uncertainty or when pursuing higher education. Understanding this provision is crucial, as it reflects the ACA's broader goal of expanding access to health insurance and reducing the number of uninsured individuals in the country. The other options, while potentially beneficial, do not accurately represent the specific provisions made by the ACA regarding adult children's health insurance coverage.

4. Which of the following correctly defines accidental death benefits?

- A. Benefits that cover all deaths
- B. Additional payouts for deaths resulting from accidental causes**
- C. Benefits that only apply to natural causes of death
- D. Payments that can only be claimed after a waiting period

Accidental death benefits specifically refer to additional payouts that are provided when a policyholder dies as a result of an accident. This type of coverage is often included as a rider in life insurance policies, offering beneficiaries extra financial support beyond the standard death benefit in cases where the death is accidental. When a death is determined to be the result of an accident—such as a car crash, a fall, or other unintentional means—accidental death benefits kick in, providing financial assistance that reflects the higher risks associated with unexpected events. This is particularly important because accidental deaths often occur without warning, leaving families in sudden need of financial help. Understanding accidental death benefits is crucial for policyholders, as it emphasizes that these benefits do not apply to deaths from natural causes or illnesses, which are typically covered by standard life insurance policies without the additional payout. Moreover, accidental death benefits do not evolve around waiting periods; they focus purely on the nature of the cause of death—whether accidental or not. This differentiation is essential when evaluating life insurance coverage.

5. Which factor does NOT typically influence the determination of life insurance premiums?

- A. The applicant's health history
- B. The applicant's age
- C. The applicant's income level**
- D. The applicant's lifestyle choices

The determination of life insurance premiums is influenced by various factors that help insurers assess the risk associated with insuring an individual. These factors typically include health history, age, and lifestyle choices. The applicant's health history provides insight into potential future health issues, while age is a significant indicator of mortality risk—the older an individual, the higher the likelihood of death, which impacts premiums. Lifestyle choices, such as smoking or engaging in high-risk activities, also directly affect mortality risk and consequently, premiums. In contrast, the applicant's income level does not directly impact the assessment of risk related to mortality. While income may influence the amount of coverage a person might choose to purchase or their ability to pay premiums, it is not a factor that life insurers consider when evaluating the risk of insuring that individual. Thus, it does not influence how premiums are calculated. Understanding these distinctions is vital for anyone studying life insurance and the underwriting process.

6. What is meant by "insurers' reserve" in life insurance?

- A. The total premiums collected from policyholders
- B. The amount set aside to pay future claims**
- C. The investment income generated from premiums
- D. The administrative costs of managing policies

The term "insurers' reserve" in life insurance refers to the amount set aside to pay future claims. This reserve is crucial for the financial stability of an insurance company, as it ensures that there are sufficient funds available to meet policyholder claims as they arise. Insurers are required to maintain these reserves in compliance with regulatory standards, which helps protect policyholders and maintain confidence in the insurance system. A portion of the premiums collected from policyholders is allocated to this reserve, which is calculated based on various factors, including the expected mortality rates and the terms of the policies issued. This approach not only helps in fulfilling contractual obligations but also contributes to the overall financial health of the insurer. In contrast, the total premiums collected represent the income generated by the insurer but do not reflect the specific amount reserved for claims. Similarly, while investment income is indeed generated from the premiums, it is not synonymous with the reserve, which is strictly the portion earmarked for future policyholder benefits. Lastly, administrative costs relate to the operational expenses of the insurance company rather than the funds specifically allocated for future claims.

7. Which type of insurer operates primarily for the benefit of its members?

- A. Mutual
- B. Fraternal**
- C. Service
- D. Reciprocal

The type of insurer that operates primarily for the benefit of its members is a fraternal insurer. Fraternal organizations are typically formed for mutual aid and social purposes, and they provide insurance benefits to their members. These members often share a common bond, such as belonging to the same religion, trade, or social group. Fraternal insurers are distinct from other types of insurance providers because they not only offer insurance coverage but also emphasize community and support among members, promoting social welfare activities and events designed to enhance the bonds within the group. As a result, any profits generated by the fraternal insurer may be used to improve benefits for its members or fund community endeavors that strengthen the relationship among them, rather than being distributed to shareholders as with stock companies. This focus on member benefit and community service is what sets fraternal insurers apart, emphasizing the concept of mutuality and shared interest over profit generation.

8. What can be a benefit of the cash value component in whole life insurance?

- A. It covers only funeral expenses
- B. It can be borrowed against or withdrawn by the policyholder**
- C. It automatically lowers the premium costs
- D. It provides higher returns than stock investments

The cash value component in whole life insurance is a significant feature because it allows the policyholder to build savings over time. This aspect of the policy accumulates value in addition to providing a death benefit. As the cash value grows, the policyholder has the option to borrow against it or make withdrawals. This flexibility can be particularly useful in financial planning, as it allows individuals to access funds when needed without requiring a traditional loan or incurring penalties, provided they repay any borrowed amount to maintain the policy's integrity. While some policies may have provisions that affect premium costs or returns, the cash value feature is not primarily designed to cover costs or outperform stock investments, nor is it limited to covering funeral expenses. Instead, it serves as a financial asset that can be utilized in various ways, providing the policyholder with valuable options during their lifetime.

9. Which type of insurer is required to be nonprofit and sell insurance only to its members?

- A. Reciprocal
- B. Fraternal**
- C. Service
- D. Mutual

The correct answer is fraternal insurers. Fraternal organizations are specifically designed to provide insurance benefits to their members, who typically share a common bond or affiliation, such as religious or ethnic ties. These insurers operate on a nonprofit basis, meaning any surplus generated is usually returned to members or invested back into the organization's programs rather than distributed as profits. Fraternal insurers not only provide insurance but also often engage in social, charitable, and community activities, reinforcing the bonds among their members. Their structure is distinct in that they limit their insurance offerings to their members, thereby ensuring that the benefits of the insurance plan and any community activities are focused on the specific group they serve. In contrast, other types of insurers like mutual companies provide insurance to a broader public and can generate profits for policyholders, while reciprocal companies are made up of members who agree to insure one another and may operate for profit or nonprofit purposes. Service corporations focus on providing specific services rather than traditional insurance coverage.

10. Long term care insurance policies can

- A. Limit coverage for the treatment of Alzheimer's disease.
- B. Be cancelled due to the deterioration of the insured's mental health.
- C. Limit coverage for the treatment of alcoholism.**
- D. Be cancelled due to the age of the insured.

Long-term care insurance policies are designed to provide support for individuals who need assistance due to chronic illnesses, disabilities, or cognitive impairments such as Alzheimer's disease. However, many policies often include specific exclusions or limitations regarding certain conditions, one of which can be alcoholism. The rationale behind limiting coverage for the treatment of alcoholism stems from the fact that many insurance companies view substance abuse conditions differently than other chronic health conditions, often treating them as voluntary behaviors. As a result, insurers may choose to restrict or exclude treatment for alcoholism to manage risk and control costs effectively. This illustrates an important aspect of long-term care insurance: while they are designed to cover a broad range of needs, nuances exist regarding what is covered, which is pertinent for policyholders to understand.

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://nvlifeinsurance.examzify.com>

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

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