

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. What is the maximum age for qualifying for a catastrophic plan?**
 - A. 26
 - B. 30
 - C. 45
 - D. 62

- 2. What kind of changes could affect insurance premium rates?**
 - A. Changes in the insurance company's policies
 - B. Changes in the policyholder's marital status
 - C. Changes in health or risk classification
 - D. Changes in government regulations

- 3. In the context of life insurance, which document is essential for the consumer to compare policy prices?**
 - A. Policy illustrations
 - B. Disclosure Statement
 - C. Buyer's Guide
 - D. Notice Regarding Replacement

- 4. What typically occurs if a policyholder misses a premium payment?**
 - A. The policy is immediately canceled
 - B. The policy enters a grace period before potential lapse
 - C. The premiums double for the next payment cycle
 - D. The policyholder is required to pay a penalty fee

- 5. What personal information is typically required on a life insurance application?**
 - A. Social Security number only
 - B. Employment history only
 - C. Medical history and lifestyle choices
 - D. Beneficiary information only

- 6. A viatical settlement is arranged between a viatical company and a/an?**
- A. A Beneficiary
 - B. B Lender
 - C. C Terminally ill insured
 - D. D Insurance producer
- 7. Under the Affordable Care Act, what percentage of preventive care must be covered without cost sharing?**
- A. 25%
 - B. 50%
 - C. 80%
 - D. 100%
- 8. What is the minimum premium payment period required after the birth of a newborn?**
- A. Within 10 days
 - B. Within 30 days
 - C. Within 60 days
 - D. Within a specified grace period
- 9. What type of insurance policy protects a business from financial loss due to the death of an essential employee?**
- A. Group life insurance
 - B. Term life insurance
 - C. Key person insurance
 - D. Whole life insurance
- 10. An organization that operates on a lodge system and provides a formal life insurance plan to its members is classified as a?**
- A. Reciprocal association
 - B. Fraternal insurer
 - C. Mutual company
 - D. Stock company

Answers

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

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Explanations

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1. What is the maximum age for qualifying for a catastrophic plan?

- A. 26
- B. 30**
- C. 45
- D. 62

Catastrophic health plans are designed to provide coverage primarily for worst-case scenarios and are often selected by younger individuals who want to have a safety net while keeping premium costs low. In the context of the Affordable Care Act (ACA), these plans are generally available to people under the age of 30, but there is also an exception that allows individuals who are exempt from other plan types to enroll in catastrophic coverage. The maximum qualifying age for catastrophic plans is set at 30, which aligns with the intention of the ACA to encourage young adults to maintain health insurance and not experience a gap in coverage. Therefore, option B is correct, as it accurately represents the upper age limit for individuals seeking to qualify for catastrophic health plans, ensuring access to essential health benefits while keeping costs manageable.

2. What kind of changes could affect insurance premium rates?

- A. Changes in the insurance company's policies
- B. Changes in the policyholder's marital status
- C. Changes in health or risk classification**
- D. Changes in government regulations

Changes in health or risk classification are significant factors that can affect insurance premium rates because they directly impact the insurer's evaluation of the likelihood of a claim being made. When an individual's health deteriorates or when they are classified as a higher risk due to lifestyle choices or pre-existing conditions, the insurance company may perceive a higher potential for payouts. This often leads to increased premiums as the insurer adjusts pricing to cover the increased risk. Insurers base their premium calculations on various risk factors, and health status is a critical element. For instance, a policyholder diagnosed with a serious medical condition may be reassessed and placed in a higher risk category, which results in a higher insurance premium to account for the expected increase in claims related to that condition. The overall assessment of risk plays a vital role in how insurance companies price their policies, making health and risk classification a key consideration. Other factors, such as changes in the policyholder's marital status or the insurance company's policies, could also influence premiums but are generally less directly tied to the risks associated with a claim. Changes in government regulations can affect how companies operate or what they can charge but do not directly correlate with an individual's insurance risk profile. Thus, health or risk classification is a primary driver of premium adjustments

3. In the context of life insurance, which document is essential for the consumer to compare policy prices?

- A. Policy illustrations
- B. Disclosure Statement
- C. Buyer's Guide**
- D. Notice Regarding Replacement

The Buyer's Guide is an essential document for consumers when comparing life insurance policy prices. This guide is specifically designed to provide clear and objective information about different types of life insurance policies, the benefits, and the costs associated with them. It allows consumers to understand various factors affecting their insurance options, thereby making informed choices when selecting a policy. By presenting a standardized format and common terminology, the Buyer's Guide enables consumers to evaluate and compare multiple insurance policies effectively. This is crucial as life insurance can be complex, and having a resource that simplifies the decision-making process is invaluable for the consumer. While other documents, such as policy illustrations and disclosure statements, provide important details regarding specific policies and their features, they may not offer the broader comparative context that the Buyer's Guide does. The Notice Regarding Replacement, while critical in situations where one policy is being replaced by another, doesn't serve the purpose of comparing across various policy options in the market.

4. What typically occurs if a policyholder misses a premium payment?

- A. The policy is immediately canceled
- B. The policy enters a grace period before potential lapse**
- C. The premiums double for the next payment cycle
- D. The policyholder is required to pay a penalty fee

When a policyholder misses a premium payment, the typical procedure is that the policy enters a grace period before it may lapse. A grace period is a specified duration during which the policyholder can still make the payment without losing coverage. This period generally lasts for 30 days, but it can vary depending on the specific policy terms and the insurer's guidelines. During this time, the coverage remains in effect, allowing the policyholder to pay the overdue premium without the immediate consequence of policy cancellation. This provision is designed to provide policyholders a buffer in case of unexpected circumstances that prevent timely payment, giving them the opportunity to retain their insurance coverage even if they inadvertently miss a payment. It is important for policyholders to be aware of their specific policy terms regarding grace periods to avoid potential loss of coverage.

5. What personal information is typically required on a life insurance application?

- A. Social Security number only
- B. Employment history only
- C. Medical history and lifestyle choices**
- D. Beneficiary information only

In a life insurance application, providing medical history and lifestyle choices is essential because these factors directly influence the underwriting process and the assessment of risk by the insurance company. The applicant's medical history includes information about past illnesses, surgeries, and ongoing health conditions, which can affect life expectancy. Additionally, lifestyle choices such as smoking, drinking habits, physical activity, and other behaviors are critical in evaluating the potential for claims in the future. Insurance companies use this information to determine the appropriate premium rates and whether to issue a policy. By gathering comprehensive details about an applicant's health and lifestyle, insurers can make informed decisions to balance risk effectively. While other types of information such as Social Security numbers, employment history, and beneficiary details are part of the application process, they do not carry the same weight in risk assessment as medical history and lifestyle choices do.

6. A viatical settlement is arranged between a viatical company and a/an?

- A. A Beneficiary
- B. B Lender
- C. C Terminally ill insured**
- D. D Insurance producer

A viatical settlement involves a financial agreement between a viatical company and a terminally ill insured individual. In this arrangement, the insured sells their life insurance policy to the viatical company at a discounted rate, providing the insured with immediate cash. This process is particularly beneficial for those who are facing high medical bills or other financial burdens associated with their illness. The viatical company then assumes responsibility for the policy, pays the premiums, and ultimately becomes the beneficiary when the insured passes away. This unique transaction highlights the need for regulatory frameworks to protect the interests of terminally ill individuals while also allowing viatical companies to operate in the marketplace. The role of the terminally ill insured is central to this process, as their participation is critical for the settlement to occur, differentiating this option from others in the list, which do not directly engage in the viatical settlement itself.

7. 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.

8. What is the minimum premium payment period required after the birth of a newborn?

- A. Within 10 days
- B. Within 30 days**
- C. Within 60 days
- D. Within a specified grace period

The minimum premium payment period required after the birth of a newborn is within 30 days. This provision ensures that coverage for the newborn is activated promptly without a gap in insurance. Most policies stipulate that parents must notify the insurance company of the new addition and pay any additional premium necessary to include the newborn in the existing life insurance coverage. The 30-day window is a common standard across many states, designed to provide parents with sufficient time to process the information and make any necessary financial arrangements without risking a lapse in coverage for their child. Timely notification and payment are crucial for ensuring that the newborn is protected under the parents' life insurance policy, as coverage typically begins immediately upon birth. Options suggesting shorter or longer periods may not align with the typical practices observed in life insurance policies regarding the coverage of new dependents or significant life events. The specified grace period in some options may refer to the allowance for overdue premium payments under different circumstances, rather than specifically addressing the timeframe for covering newborns.

9. What type of insurance policy protects a business from financial loss due to the death of an essential employee?

- A. Group life insurance
- B. Term life insurance
- C. Key person insurance**
- D. Whole life insurance

Key person insurance is specifically designed to protect a business from financial losses that may occur due to the death of an essential employee, often referred to as a key person or key employee. This type of insurance provides the business with a death benefit that can help cover costs associated with the loss of the employee, such as recruiting and training a replacement, losing client relationships, or potential dips in revenue. The policy is owned by the business, and the business is also the beneficiary. This means that if the key employee passes away, the business will receive the payout, which can be essential for maintaining operations during a challenging time. It serves to stabilize the business and provide the necessary funds to navigate the transition without severe financial strain. In contrast, group life insurance typically covers a group of employees under a single contract, and while it provides benefits to designated beneficiaries, it may not specifically address the business's unique role or needs during the death of a key person. Term life insurance is designed to provide coverage for a temporary period, generally without accumulating cash value, and may not be suitable for the unique needs of a business regarding key personnel. Whole life insurance provides lifelong coverage with a cash value component but does not specifically address the protection of a business from the loss of a

10. An organization that operates on a lodge system and provides a formal life insurance plan to its members is classified as a?

- A. Reciprocal association
- B. Fraternal insurer**
- C. Mutual company
- D. Stock company

A fraternal insurer is characterized by its operation on a lodge system and is primarily designed to provide insurance and other benefits to its members who share a common bond, such as religion, nationality, or some form of affiliation. These organizations typically offer formal life insurance plans as part of their benefits to members. Fraternal insurance is distinct in that it is not just a form of life insurance but also embodies social and community aspects, often offering additional services like social activities or support services. The members usually must meet certain criteria to join and benefit from the insurance offerings, aligning with the organization's mission of mutual aid and support. In contrast, reciprocal associations consist of individuals or groups who agree to mutual insurance arrangements without the structure of a formal fraternal organization. Mutual companies are owned by policyholders and issue insurance policies, but they don't operate specifically on a lodge system. Stock companies are owned by shareholders and are primarily focused on profit generation, lacking the community-centric model of fraternal insurers. These distinctions clarify why the classification of a fraternal insurer best fits an organization that operates on a lodge system and provides life insurance for its members.

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:

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

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