

NEW JERSEY LIFE AND HEALTH STATE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE

<https://newjersey-lifeandhealth.examzify.com>



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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. Loss of income insurance provides:**
 - A. Healthcare benefits
 - B. An individual the means to replace wages
 - C. Life insurance payouts
 - D. Property damage coverage
- 2. Which dividend option allows a policyowner to use the dividend to pay all or part of the next premium due?**
 - A. Accumulation at interest option
 - B. Cash dividend option
 - C. Reduction of premium dividend option
 - D. Paid-up additions option
- 3. Which type of policy combines the flexibility of a universal life policy with investment choices?**
 - A. Whole life policy
 - B. Term life policy
 - C. Variable universal life policy
 - D. Indexed universal life policy
- 4. What happens to an employee's payroll contribution to an HSA without a Section 125 Plan in place?**
 - A. It becomes a tax credit for the employee
 - B. It is considered taxable income to the employee
 - C. It is deducted from the employee's paycheck
 - D. It is deposited into a savings account
- 5. Which of the following types of life insurance policies can include a cash value component?**
 - A. Term insurance
 - B. Whole life insurance
 - C. Health insurance
 - D. Disability insurance

- 6. What common clause in life insurance protects beneficiaries from losing proceeds to creditors?**
- A. Exemption clause
 - B. Spendthrift clause
 - C. Protection clause
 - D. Creditor clause
- 7. Which entity plays a key role in the oversight of life and health insurance guarantees in New Jersey?**
- A. Department of Banking and Insurance
 - B. Federal Trade Commission
 - C. Consumer Financial Protection Bureau
 - D. National Association of Insurance Commissioners
- 8. One of the key roles of the Banking and Insurance Commissioner is to?**
- A. Set premiums for life insurance
 - B. Establish continuing education requirements
 - C. Authorize insurance policies
 - D. Conduct insurance claims investigations
- 9. What is a primary feature of an Accelerated death benefit rider?**
- A. Allows the policyholder to withdraw funds for educational expenses
 - B. Enables early access to death benefit under certain conditions
 - C. Provides additional coverage for accidental death
 - D. Offers a refund of premiums paid if the insured survives
- 10. What does the elimination period under a hospital indemnity plan refer to?**
- A. The frequency of hospital visits
 - B. The maximum benefit period
 - C. The specified number of days an insured must wait before receiving benefits
 - D. The type of services covered

Answers

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

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Explanations

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1. Loss of income insurance provides:

- A. Healthcare benefits
- B. An individual the means to replace wages**
- C. Life insurance payouts
- D. Property damage coverage

Loss of income insurance is specifically designed to provide individuals with financial support in the event they are unable to work due to illness, injury, or other qualifying circumstances. This type of insurance typically replaces a portion of the individual's income, ensuring that they can meet their financial obligations even when they are not able to earn a paycheck. This coverage is particularly important for those who rely heavily on their regular income to cover living expenses, as it helps to mitigate the financial impact of work loss. The purpose of this insurance is to offer a safety net, enabling individuals to focus on recovery without the overwhelming stress of potential financial instability. The other options describe different types of insurance or benefits that do not pertain to the primary function of loss of income coverage. Healthcare benefits would address medical expenses, life insurance provides financial support to beneficiaries after the policyholder's death, and property damage coverage deals with losses related to physical assets rather than income replacement.

2. Which dividend option allows a policyowner to use the dividend to pay all or part of the next premium due?

- A. Accumulation at interest option
- B. Cash dividend option
- C. Reduction of premium dividend option**
- D. Paid-up additions option

The correct answer is the Reduction of premium dividend option. This option allows policyowners to utilize their dividends to directly reduce the amount they need to pay on their next premium, either entirely or partially. By applying their dividends in this way, policyowners can effectively lower their out-of-pocket costs for maintaining their policy. In contrast, the accumulation at interest option would typically involve the dividends being accumulated over time and earning interest rather than being applied to premiums. The cash dividend option involves receiving the dividends in cash, which would not assist in paying premiums directly. Lastly, the paid-up additions option allows dividends to be used to purchase additional coverage, which also does not serve the purpose of directly reducing the current premium payment. Each of these other options functions differently and does not provide the immediate benefit of reducing premium costs as the reduction of premium option does.

3. Which type of policy combines the flexibility of a universal life policy with investment choices?

- A. Whole life policy
- B. Term life policy
- C. Variable universal life policy**
- D. Indexed universal life policy

The variable universal life policy is characterized by its combination of life insurance coverage and investment options. This type of policy offers policyholders the flexibility to adjust their premiums and death benefit amounts, similar to a universal life policy. However, what sets the variable universal life policy apart is the ability for policyholders to invest the cash value in a variety of investment options, such as stocks, bonds, or mutual funds. This means the cash value can potentially grow at a rate that exceeds that of more traditional policies, depending on the performance of the chosen investments. This investment component allows for greater potential for both risk and reward, making it ideal for individuals who are comfortable with managing their investments and want a policy that can adapt to their financial goals. The emphasis on flexibility and investment choice aligns perfectly with the question, highlighting why the variable universal life policy is the correct answer. Other types of policies do not exhibit the same level of investment flexibility. Whole life policies offer fixed premiums and guaranteed cash value growth, while term life policies provide pure life coverage without any cash value accumulation. Indexed universal life policies, although they offer some investment characteristics linked to a stock market index, typically do not provide the extensive array of investment choices that a variable universal life policy does. Thus,

4. What happens to an employee's payroll contribution to an HSA without a Section 125 Plan in place?

- A. It becomes a tax credit for the employee
- B. It is considered taxable income to the employee**
- C. It is deducted from the employee's paycheck
- D. It is deposited into a savings account

When an employee makes payroll contributions to a Health Savings Account (HSA) without a Section 125 Plan in place, those contributions are considered taxable income to the employee. This is significant because a Section 125 Plan, also known as a cafeteria plan, allows for pre-tax contributions, which effectively lowers the employee's taxable income. Without this structured plan, any contributions made towards the HSA from the employee's payroll are not exempt from federal income or payroll taxes. As a result, the employee's total taxable income remains higher, meaning they will not receive the tax advantages typically associated with HSA contributions. This understanding underscores the importance of having the Section 125 Plan in place, as it allows for tax-free contributions which maximize the benefits of the Health Savings Account.

5. Which of the following types of life insurance policies can include a cash value component?

- A. Term insurance
- B. Whole life insurance**
- C. Health insurance
- D. Disability insurance

Whole life insurance is designed with a cash value component that accumulates over time as premiums are paid. This cash value grows on a tax-deferred basis and can be accessed by the policyholder through loans or withdrawals. The policy provides both a death benefit and a savings element, which distinguishes it from other types of insurance policies. Term insurance, on the other hand, provides coverage for a specific period without accumulating any cash value. Health and disability insurance are primarily designed to cover medical expenses and income replacement during periods of disability, respectively, without any cash value feature. Thus, whole life insurance is the only type listed that incorporates a cash value component, making it the correct answer.

6. What common clause in life insurance protects beneficiaries from losing proceeds to creditors?

- A. Exemption clause
- B. Spendthrift clause**
- C. Protection clause
- D. Creditor clause

The spendthrift clause is a common provision found in life insurance policies that serves to protect the benefits payable to the beneficiaries from the claims of creditors. This clause is specifically designed to prevent creditors from seizing the life insurance proceeds that are intended for the beneficiaries. By including a spendthrift clause, the policy ensures that the life insurance payout remains with the designated beneficiaries and is not accessible to creditors who may attempt to claim these funds to satisfy debts of the policyholder or the beneficiaries. In essence, this clause provides a layer of financial security for beneficiaries by safeguarding their inheritance against any financial liabilities or creditor claims that the policyholder may have incurred during their lifetime or posthumously. This feature is particularly beneficial in providing peace of mind that the intended recipients will receive the full benefit of the life insurance policy without outside interference or legal claims.

7. Which entity plays a key role in the oversight of life and health insurance guarantees in New Jersey?

- A. Department of Banking and Insurance**
- B. Federal Trade Commission
- C. Consumer Financial Protection Bureau
- D. National Association of Insurance Commissioners

The Department of Banking and Insurance (DOBI) plays a crucial role in overseeing life and health insurance guarantees in New Jersey. This state department is responsible for regulating the insurance industry within New Jersey, ensuring that insurers operate within the laws and regulations established by the state. Their responsibilities include monitoring the financial health of insurance companies, enforcing consumer protection laws, and implementing programs that safeguard policyholders' interests, particularly when it comes to insurance guarantees. While the Federal Trade Commission, Consumer Financial Protection Bureau, and National Association of Insurance Commissioners have important roles in various financial and consumer protection areas, they do not specifically focus on the oversight of life and health insurance guarantees at the state level in New Jersey. The DOBI is the designated authority that specifically addresses and manages these matters, making it the key entity for this purpose in the state.

8. One of the key roles of the Banking and Insurance Commissioner is to?

- A. Set premiums for life insurance
- B. Establish continuing education requirements**
- C. Authorize insurance policies
- D. Conduct insurance claims investigations

The role of the Banking and Insurance Commissioner includes overseeing the insurance industry within the state. One of their important responsibilities is to establish continuing education requirements for insurance producers and professionals. This ensures that those working in the insurance field maintain their knowledge and skills in an industry that is constantly evolving due to changes in regulations, products, and market conditions. By enforcing continuing education, the Commissioner helps to safeguard consumer interests by ensuring that insurance professionals are informed and capable of providing quality service. While the Commissioner does play a role in various areas of the insurance industry, such as the oversight of insurance policies and handling consumer complaints, establishing continuing education requirements is a critical function that promotes professionalism and enhances the overall competency of those who operate within the industry. This is essential for ensuring that licensed individuals remain up-to-date with current laws, products, and ethical standards in the insurance market.

9. What is a primary feature of an Accelerated death benefit rider?

- A. Allows the policyholder to withdraw funds for educational expenses
- B. Enables early access to death benefit under certain conditions**
- C. Provides additional coverage for accidental death
- D. Offers a refund of premiums paid if the insured survives

A primary feature of an Accelerated death benefit rider is that it enables early access to the death benefit under certain conditions. This rider is designed to provide financial relief to policyholders who are diagnosed with a terminal illness or certain critical conditions. Rather than waiting for the event of death to receive the benefit, the insured can access some portion of the death benefit while still alive, allowing them to use the funds for medical expenses, personal care, or to address other financial needs during a challenging time. This feature empowers policyholders by giving them flexibility and support when facing serious health concerns, thus making it a crucial component for many looking to manage the financial implications of critical illnesses. Other options presented may relate to different aspects of life insurance or riders but do not capture the essential purpose and function of an Accelerated death benefit rider.

10. What does the elimination period under a hospital indemnity plan refer to?

- A. The frequency of hospital visits
- B. The maximum benefit period
- C. The specified number of days an insured must wait before receiving benefits**
- D. The type of services covered

The elimination period under a hospital indemnity plan refers to the specified number of days an insured must wait before receiving benefits. This period acts as a deductible in terms of time and is designed to ensure that the insured has a certain level of out-of-pocket expenditure before the insurance coverage kicks in. During the elimination period, the policyholder typically must bear the cost of hospital services themselves. Understanding the elimination period is crucial for policyholders because it influences when they can expect their benefits to begin and affects their financial planning in the event of hospitalization. The other options do not accurately describe the purpose of the elimination period, focusing instead on aspects like the frequency of hospital visits, the maximum benefit period, or the types of services covered, none of which directly relate to the waiting time before benefits are paid.

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://newjersey-lifeandhealth.examzify.com>

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

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