

# North Carolina Life Agent Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

**This is a sample study guide. To access the full version with hundreds of questions,**

**Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.**

**ALL RIGHTS RESERVED.**

**No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.**

**Notice: Examzify makes every reasonable effort to obtain from reliable sources accurate, complete, and timely information about this product.**

**SAMPLE**

# Table of Contents

<b>Copyright</b> .....	<b>1</b>
<b>Table of Contents</b> .....	<b>2</b>
<b>Introduction</b> .....	<b>3</b>
<b>How to Use This Guide</b> .....	<b>4</b>
<b>Questions</b> .....	<b>6</b>
<b>Answers</b> .....	<b>9</b>
<b>Explanations</b> .....	<b>11</b>
<b>Next Steps</b> .....	<b>17</b>

SAMPLE

# 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. Don't worry about getting everything right, 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, and take breaks to retain information better.**

## 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.**

## 7. Use Other Tools

**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!**

**SAMPLE**

## **Questions**

SAMPLE

- 1. What is the primary difference between universal life and whole life insurance?**
  - A. Universal life has fixed premiums while whole life does not**
  - B. Whole life offers flexible premiums and adjustable death benefits**
  - C. Universal life offers flexible premiums and adjustable death benefits**
  - D. Whole life insurance lasts for a fixed term**
- 2. What should be done if a life insurance policyholder experiences a significant life change?**
  - A. They should ignore it**
  - B. They should inform their insurance agent and review their policy**
  - C. They should downgrade their coverage**
  - D. They should cancel their policy**
- 3. What does a Certificate of Authority permit?**
  - A. Insurance company to transact business**
  - B. Agents to sell products**
  - C. Clients to receive refunds**
  - D. Underwriters to assess risks**
- 4. Which provision is NOT required in a group life policy?**
  - A. Conversion privilege**
  - B. Accidental death benefit**
  - C. Grace period**
  - D. Incontestability clause**
- 5. When can a policyholder typically access the cash value of a whole life policy?**
  - A. Only after a certain number of years**
  - B. At certain life milestones**
  - C. At any time, subject to policy terms**
  - D. Only upon policy cancellation**

**6. Which characteristic defines an immediate annuity?**

- A. Flexible payment options**
- B. Benefit payments start immediately after purchase**
- C. Availability of cash surrender value**
- D. Payments depend on the insured's lifespan**

**7. All of the following are characteristics of an Adjustable Life policy EXCEPT?**

- A. Face amount can be adjusted using policy dividends**
- B. Premiums can be changed**
- C. Cash values can fluctuate**
- D. Policy loans may be available**

**8. What kind of risk does whole life insurance typically cover?**

- A. Only health-related risks**
- B. Longevity and financial risks**
- C. Terminal illness and lifestyle choices**
- D. Only accidental death**

**9. What is typically not covered by term life insurance?**

- A. Death from natural causes during the term**
- B. Accidental death**
- C. Death after the policy term ends**
- D. Suicide within the policy's contestable period**

**10. Which characteristic is CORRECT about Interest Sensitive Whole Life insurance?**

- A. It requires fixed premium payments**
- B. It has no cash value component**
- C. There is a flexible premium payment**
- D. It is strictly a term insurance policy**

## **Answers**

SAMPLE

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

SAMPLE

## **Explanations**

SAMPLE

## 1. What is the primary difference between universal life and whole life insurance?

- A. Universal life has fixed premiums while whole life does not
- B. Whole life offers flexible premiums and adjustable death benefits
- C. Universal life offers flexible premiums and adjustable death benefits**
- D. Whole life insurance lasts for a fixed term

The primary difference between universal life and whole life insurance lies in the flexibility of premiums and the adjustable nature of death benefits. Universal life insurance is designed to provide the policyholder with the ability to alter premium payments and adjust the death benefit within certain limits, which allows for more personalized financial planning according to changing circumstances. This flexibility is a significant advantage for policyholders who may want to adjust their insurance coverage in response to life changes or financial shifts. In contrast, whole life insurance typically has fixed premiums that do not change over the life of the policy and provides a guaranteed death benefit. The structured nature of whole life policies means they offer stability but lack the adaptability that universal life provides. Thus, the key distinction is the adjustable features associated with universal life, making it the correct answer in this context.

## 2. What should be done if a life insurance policyholder experiences a significant life change?

- A. They should ignore it
- B. They should inform their insurance agent and review their policy**
- C. They should downgrade their coverage
- D. They should cancel their policy

When a life insurance policyholder experiences a significant life change, it is essential to inform their insurance agent and review their policy. Significant life changes can include events such as marriage, divorce, the birth of a child, a change in employment, or the acquisition of new assets. Each of these changes can impact the amount and type of coverage needed. Informing the insurance agent allows for a thorough assessment of the existing policy, ensuring that it aligns with the policyholder's current needs and financial goals. The agent can help evaluate whether the current coverage is adequate, if additional coverage is necessary, or if modifications to the policy would be beneficial. This proactive approach can ultimately provide better financial security and peace of mind during transitions in life. Reviewing the policy is crucial because it can highlight areas where adjustments might be needed to ensure that beneficiaries are protected adequately and that the coverage remains relevant amidst evolving circumstances. This process also helps in understanding premium implications and any potential benefits or riders that could be added as a response to the life change.

### 3. What does a Certificate of Authority permit?

- A. Insurance company to transact business**
- B. Agents to sell products**
- C. Clients to receive refunds**
- D. Underwriters to assess risks**

A Certificate of Authority is a vital document for insurance companies, as it grants them the legal permission to conduct business within a particular jurisdiction. This means that an insurance company can operate and provide insurance products and services to consumers in that area, as they have met the necessary regulatory requirements set forth by the state. Without this certificate, an insurance company cannot legally engage in any transactions involving the sale of insurance, which includes underwriting policies, collecting premiums, or handling claims. The regulatory body ensures that the company is financially stable and complies with all local laws and regulations before granting this permission, thereby protecting consumers and maintaining the integrity of the insurance market. The other options pertain to different aspects of the insurance industry but do not directly relate to the primary function of a Certificate of Authority. For instance, agents selling products is a result of their licensing but does not pertain to the company's authority. Clients receiving refunds and underwriters assessing risks are processes within the insurance operations but are not what the Certificate of Authority specifically permits.

### 4. Which provision is NOT required in a group life policy?

- A. Conversion privilege**
- B. Accidental death benefit**
- C. Grace period**
- D. Incontestability clause**

The provision that is not required in a group life policy is the accidental death benefit. Group life insurance policies typically include provisions designed to offer essential protections and rights to the insured. These provisions often include a conversion privilege, which allows insured members to convert their group coverage to an individual policy if they leave the group, and a grace period, which gives policyholders additional time to make premium payments. An incontestability clause is also commonly included to prevent insurers from contesting claims after a certain time period has passed, providing further security to policyholders. An accidental death benefit, while beneficial, is not mandated by law or regulation for group life policies. Insurance companies may choose to include this benefit in their offerings, but it is not a requirement, and therefore, its inclusion can vary significantly among different group life plans. This distinction highlights that not all benefits are universally required, particularly in group policies where the primary focus is often on fundamental life coverage benefits.

**5. When can a policyholder typically access the cash value of a whole life policy?**

- A. Only after a certain number of years**
- B. At certain life milestones**
- C. At any time, subject to policy terms**
- D. Only upon policy cancellation**

A policyholder can typically access the cash value of a whole life policy at any time, subject to the specific terms outlined in their policy. Whole life insurance builds cash value over time, which can be accessed through loans, withdrawals, or by surrendering the policy. The ability to access the cash value is a key feature of whole life insurance, providing policyholders with financial flexibility. While certain policies may have specific provisions regarding the timing or amount of cash value that can be accessed (as seen in some of the other choices), the general principle is that as long as the policy is in force and the policyholder adheres to the terms established by the insurer, access to cash value is available at their discretion. This characteristic distinguishes whole life policies from other types of life insurance, such as term life, which typically does not accumulate cash value.

**6. Which characteristic defines an immediate annuity?**

- A. Flexible payment options**
- B. Benefit payments start immediately after purchase**
- C. Availability of cash surrender value**
- D. Payments depend on the insured's lifespan**

An immediate annuity is specifically characterized by benefit payments that begin immediately after the purchase. Upon investing a lump sum, the annuitant starts receiving regular payments right away, typically within a year from the purchase date. This immediate distribution of funds is a primary reason individuals choose this type of annuity, especially for those seeking to generate immediate income, perhaps during retirement. Other options may describe features applicable to different types of annuities or financial products. For example, flexible payment options are commonly associated with deferred annuities rather than immediate annuities, which require a single, upfront payment. The availability of cash surrender value is also more closely linked to certain life insurance policies and some deferred annuities, where the policyholder can withdraw funds or surrender the contract for a cash amount. Finally, the characteristic of payments depending on the insured's lifespan is more relevant to life annuities, which can take various forms, including immediate or deferred, but the defining action of beginning payments immediately specifically characterizes an immediate annuity.

**7. All of the following are characteristics of an Adjustable Life policy EXCEPT?**

- A. Face amount can be adjusted using policy dividends**
- B. Premiums can be changed**
- C. Cash values can fluctuate**
- D. Policy loans may be available**

An Adjustable Life policy is designed to offer flexibility in several aspects, reflecting the evolving needs of the policyholder. The key characteristics of an Adjustable Life policy include the ability to change premiums, adjust the face amount, and allow cash values to fluctuate based on the performance of the underlying investments. The feature that states the face amount can be adjusted specifically using policy dividends is inaccurate. In an Adjustable Life policy, the face amount can be modified; however, this adjustment is not contingent upon the accumulation of dividends. Instead, policy dividends, if any are paid, can be used differently, such as to pay premiums or to increase the cash value, but they do not directly impact the face amount adjustment. The ability to change premiums allows the policyholder to adapt their financial commitment based on their current financial situation. Similarly, cash values can indeed fluctuate based on the investment performance. Additionally, the option for policy loans provides the policyholder access to funds, which is another sign of the policy's flexibility. Thus, the assertion regarding dividends is the correct distinguishing factor for understanding what does not align with the characteristics of an Adjustable Life policy.

**8. What kind of risk does whole life insurance typically cover?**

- A. Only health-related risks**
- B. Longevity and financial risks**
- C. Terminal illness and lifestyle choices**
- D. Only accidental death**

Whole life insurance is designed to provide coverage throughout an individual's entire life, as long as premiums are paid. The primary focus of whole life insurance is on longevity and financial risks. Longevity risk refers to the possibility of living longer than expected, which could lead to the depletion of financial resources during retirement. Whole life insurance mitigates this risk by ensuring that a death benefit will be paid to the beneficiaries regardless of when the policyholder passes away. Financial risks are also addressed, as the policy builds cash value over time, offering the policyholder a resource that can be utilized in times of need, such as for loans or withdrawals. This aspect aligns with the goals of many individuals to ensure financial security for their loved ones and themselves. Other options, such as health-related risks or coverage related to terminal illness and lifestyle choices, do not encompass the full scope of what whole life insurance provides. While health may be a factor in underwriting, the coverage itself is not limited to health-related or lifestyle risks. Accidental death would typically fall under specific forms of life insurance, such as accidental death and dismemberment policies, which emphasize different aspects of risk coverage. Therefore, whole life insurance is best understood in the context of managing longevity and financial risks.

## 9. What is typically not covered by term life insurance?

- A. Death from natural causes during the term
- B. Accidental death
- C. Death after the policy term ends**
- D. Suicide within the policy's contestable period

Term life insurance is designed to provide coverage for a specific period, or term, and pays a benefit only if the insured dies within that term. The key aspect of term life insurance is that it does not provide coverage once the policy term expires. Therefore, if the insured dies after the policy term has ended, there will be no death benefit paid out. This makes the situation described in the selected answer a clear example of what is not covered by term life insurance. Other scenarios, such as death due to natural causes, accidental death, and suicide within the contestable period, fall under circumstances generally covered by the policy, assuming the event occurs while the policy is active. In the case of suicide, there may be stipulations regarding the contestable period where claims can be examined more closely, but if the death occurs within the terms of the policy, coverage is typically still applicable.

## 10. Which characteristic is CORRECT about Interest Sensitive Whole Life insurance?

- A. It requires fixed premium payments
- B. It has no cash value component
- C. There is a flexible premium payment**
- D. It is strictly a term insurance policy

Interest Sensitive Whole Life insurance is unique in that it allows for a flexible premium payment structure. This flexibility means that policyholders can potentially adjust their premiums based on current financial situations and the performance of the policy. The premiums can vary over time, allowing policyholders the opportunity to pay more during profitable years or less in leaner times, which is a key characteristic of interest-sensitive products. In addition to flexible premium payments, this type of insurance also maintains a cash value component, meaning that the policy accumulates value over time based on the interest rates set by the insurance company. This accumulation is influenced by the company's investment performance. The other choices provided do not correctly describe Interest Sensitive Whole Life insurance. The requirement for fixed premium payments does not apply, as this specific product is designed to cater to varying premium needs. The claim that it has no cash value component is inaccurate, as cash value is a significant feature of this type of insurance. Finally, it is not a term insurance policy; rather, it is a form of permanent life insurance, which provides coverage for the insured's entire lifetime as long as premiums 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](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://northcarolina-lifeagent.examzify.com>**

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

**SAMPLE**