

PEARSON VUE LIFE INSURANCE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE

<https://pearsonvue-lifeinsurance.examzify.com>



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 accurate, complete, and timely information about this product from reliable sources.

SAMPLE

Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	8
Explanations	10
Next Steps	15

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. 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

SAMPLE

- 1. Ordinary life insurance primarily includes what component?**
 - A. Investment growth potential
 - B. A permanent coverage paired with cash value
 - C. Low coverage with high premiums
 - D. A fixed expiration date
- 2. What characterizes level term insurance?**
 - A. The premium fluctuates annually
 - B. The death benefit and premiums remain the same throughout the policy duration
 - C. It requires medical exams annually
 - D. Coverage only lasts for one year
- 3. Which factor does NOT influence how much an individual will receive from Social Security Retirement Benefits?**
 - A. Age
 - B. Primary insurance amount
 - C. Fully insured or currently insured status
 - D. Sex
- 4. In a life insurance application, what is required for it to be considered complete?**
 - A. Signature of a revocable beneficiary
 - B. Signature of the president of the insurer
 - C. Signature of the proposed insured's primary care physician
 - D. Signature of the proposed adult insured
- 5. What is an accelerated death benefit?**
 - A. A provision that pays the full death benefit at policy inception
 - B. A feature that allows early access to some death benefit
 - C. A clause that reduces benefits if not claimed within a year
 - D. A special rider for accidental death benefits

- 6. For which type of life coverage can an employer deduct premium payments as an ordinary business expense?**
- A. Buy and Sell Agreements
 - B. Group insurance
 - C. Key Employee insurance
 - D. Joint Life insurance
- 7. Which of the following policies is an interest-sensitive form of permanent protection?**
- A. Universal Life
 - B. Limited-Pay Life
 - C. Graded Premium Whole Life
 - D. Modified Whole Life
- 8. Why is it vital to update a life insurance policy?**
- A. To reduce the premiums based on market analysis
 - B. To reflect changes in personal circumstances like marriage, divorce, or the birth of a child
 - C. To maintain coverage levels without lapse
 - D. To comply with state regulations regarding insurance
- 9. What does the waiting period in life insurance refer to?**
- A. A time after premiums are paid before a policy starts
 - B. A specified time when coverage is not effective
 - C. A duration for the beneficiary to claim benefits
 - D. A period for annual policy review
- 10. Which type of life insurance is designed for individuals who want both insurance protection and an investment component?**
- A. Term life insurance
 - B. Whole life insurance
 - C. Universal life insurance
 - D. Accidental death insurance

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. Ordinary life insurance primarily includes what component?

- A. Investment growth potential
- B. A permanent coverage paired with cash value**
- C. Low coverage with high premiums
- D. A fixed expiration date

Ordinary life insurance, also known as whole life insurance or permanent life insurance, typically encompasses a permanent coverage feature that is coupled with a cash value component. This characteristic allows the policyholder to maintain insurance coverage for their entire life, as opposed to term life insurance, which provides coverage only for a specified period and does not accumulate cash value. The cash value aspect of ordinary life insurance grows over time and can be accessed by the policyholder through loans or withdrawals, effectively functioning as a savings or investment vehicle. This distinguishing feature of offering lifelong coverage alongside an investment component is what sets ordinary life insurance apart from other types of life insurance products.

2. What characterizes level term insurance?

- A. The premium fluctuates annually
- B. The death benefit and premiums remain the same throughout the policy duration**
- C. It requires medical exams annually
- D. Coverage only lasts for one year

Level term insurance is characterized by the fact that both the death benefit and the premiums remain constant throughout the duration of the policy. This means that the insured party knows exactly what their premium payments will be over the life of the policy and that the beneficiaries will receive a predetermined amount upon the insured's death, as long as the policy is in force. This consistency makes level term policies attractive to individuals looking for stability in their financial planning. The absence of fluctuations in premiums allows for easier budgeting, and the assurance of the death benefit being fixed provides peace of mind for both the insured and their beneficiaries.

3. Which factor does NOT influence how much an individual will receive from Social Security Retirement Benefits?

- A. Age
- B. Primary insurance amount
- C. Fully insured or currently insured status
- D. Sex**

The amount an individual receives from Social Security Retirement Benefits is influenced by several factors, and the correct answer highlights that sex is not among them. Social Security benefits are primarily based on an individual's work history and earnings, which determine the primary insurance amount. The age at which one decides to begin receiving benefits significantly affects the monthly benefit amount. For example, if an individual chooses to take benefits before reaching full retirement age, their monthly payment will be reduced. Additionally, being fully insured or currently insured impacts eligibility; individuals must have a certain number of work credits, which are earned through paying into Social Security, to qualify for full benefits. In essence, while age, primary insurance amount, and insured status are critical components in calculating Social Security benefits, the sex of the individual does not play a role in determining the benefit amount, making it the correct choice.

4. In a life insurance application, what is required for it to be considered complete?

- A. Signature of a revocable beneficiary
- B. Signature of the president of the insurer
- C. Signature of the proposed insured's primary care physician
- D. Signature of the proposed adult insured**

For a life insurance application to be deemed complete, it is essential that the proposed adult insured provides their signature. This signature serves several critical functions: it indicates that the individual has agreed to the terms of the application, confirms that the information provided is accurate to the best of their knowledge, and acknowledges that they are applying for life insurance. The signature of the proposed insured is vital because it signifies consent; without it, the insurer does not have the authorization to underwrite the policy or proceed with the application process. This requirement upholds both the lawful practices of insurance applications and the integrity of the agreement between the insurer and the insured. Requiring signatures from a revocable beneficiary, the president of the insurer, or a primary care physician does not constitute the primary requirement for application completion. These signatures may be pertinent at various stages of the policy life cycle or interactive processes, but the foundational requirement is the consent and signature of the proposed adult insured.

5. What is an accelerated death benefit?

- A. A provision that pays the full death benefit at policy inception
- B. A feature that allows early access to some death benefit**
- C. A clause that reduces benefits if not claimed within a year
- D. A special rider for accidental death benefits

An accelerated death benefit is essentially a feature included in some life insurance policies. It allows the policyholder to access a portion of the death benefit while they are still alive, typically in the event of a terminal illness or severe medical condition. This benefit can assist in covering medical expenses, living costs, or other financial needs that may arise due to the policyholder's condition, thereby providing financial support during a challenging time. This feature is particularly valuable because it offers financial flexibility in critical situations, allowing individuals to use their insurance in a way that best supports their circumstances before passing away. The amount accessed usually reduces the overall death benefit available for beneficiaries upon the policyholder's death. The other options pertain to different aspects of life insurance that do not accurately represent the function of accelerated death benefits. For instance, paying the full death benefit at policy inception doesn't align with the purpose of this benefit, which is activated under specific conditions. Similarly, clauses regarding benefits reduction for claims that are not made within a year do not reflect the nature of an accelerated death benefit but rather touch upon claim filing timelines. Lastly, a rider for accidental death benefits is distinctly separate from the concept of accelerated death benefits and pertains specifically to coverage in the event of death by accident.

6. For which type of life coverage can an employer deduct premium payments as an ordinary business expense?

- A. Buy and Sell Agreements
- B. Group insurance**
- C. Key Employee insurance
- D. Joint Life insurance

Employers can deduct premium payments for group insurance as an ordinary business expense because it is classified as a benefit provided to employees. Group insurance typically covers a large number of individuals under a single policy, often providing life insurance, health insurance, or other similar benefits. Since this type of insurance is part of the employee compensation package, it qualifies for tax deductions. In contrast, other options like buy and sell agreements, key employee insurance, and joint life insurance generally do not allow for such deductions. Buy and sell agreements typically involve individual ownership and are not considered a business expense. Key employee insurance is designed to protect an organization against the loss of a critical employee, which generally does not qualify for the same tax treatment as group insurance. Joint life insurance is typically utilized for specific financial arrangements between individuals, and while it may have different tax implications, it does not fall under the same category as group insurance when it comes to business expense deductions.

7. Which of the following policies is an interest-sensitive form of permanent protection?

- A. Universal Life**
- B. Limited-Pay Life
- C. Graded Premium Whole Life
- D. Modified Whole Life

Universal Life is an interest-sensitive form of permanent protection because it is designed to provide flexibility in premium payments and death benefits, while also allowing the policyholder to accumulate cash value based on credited interest rates. The interest credited to the cash value can vary from month to month, typically tied to a specific financial index, which means that the policyholder has the potential for higher cash value growth depending on market conditions. This interest sensitivity is a key feature, distinguishing Universal Life from other permanent insurance products that generally have fixed premiums and benefits. Other policies mentioned, like Limited-Pay Life, Graded Premium Whole Life, and Modified Whole Life, typically have more rigid structures with fixed premiums and benefits. They do not adjust their cash value based on interest rates in the same manner that Universal Life does, resulting in less flexibility and responsiveness to changes in market conditions. Thus, while they offer permanent coverage, they do not embody the same interest-sensitive characteristics found in a Universal Life policy.

8. Why is it vital to update a life insurance policy?

- A. To reduce the premiums based on market analysis
- B. To reflect changes in personal circumstances like marriage, divorce, or the birth of a child**
- C. To maintain coverage levels without lapse
- D. To comply with state regulations regarding insurance

Updating a life insurance policy is essential to ensure that it aligns with an individual's current life circumstances, which can significantly influence insurance needs. Major life events such as marriage, divorce, the birth of a child, or the death of a dependent can alter the financial responsibilities and coverage requirements of the policyholder. For instance, after having a child, a parent may need to increase their coverage to ensure that their child's future is financially secure. Similarly, if someone experiences a divorce, their insurance needs might change, prompting a review and possible adjustment of their policy. Consequently, keeping the policy updated allows for the necessary adjustments that reflect an individual's evolving life situation and ensures that the coverage remains relevant and adequate for their current needs.

9. What does the waiting period in life insurance refer to?

- A. A time after premiums are paid before a policy starts
- B. A specified time when coverage is not effective**
- C. A duration for the beneficiary to claim benefits
- D. A period for annual policy review

In life insurance, the waiting period refers to a specified time when coverage is not effective. This means that during this time frame, if a covered event occurs (such as the death of the insured), the insurer is not obligated to pay benefits. The waiting period is often included in policies to manage risk, particularly for certain types of coverage like accidental death or critical illness, where the insurer may want to ensure that a significant event does not happen immediately after the policy is issued. The concept is crucial in understanding how life insurance works, as it affects both the policyholder and the beneficiaries in terms of when the benefits are accessible. It's important to know this time frame exists to avoid any misunderstandings about when the policyholder can expect true coverage following the purchase of their life insurance policy.

10. Which type of life insurance is designed for individuals who want both insurance protection and an investment component?

- A. Term life insurance
- B. Whole life insurance
- C. Universal life insurance**
- D. Accidental death insurance

Universal life insurance is specifically designed for individuals who seek both life insurance protection and an investment component. This type of policy allows the policyholder to adjust their premium payments and death benefit amounts, providing flexibility that caters to changing financial needs over time. One of the key features of universal life insurance is its cash value component, which accumulates over time based on interest credited to the policy. This allows the policyholder to use the cash value for loans or withdrawals, adding an investment aspect alongside the death benefit. While whole life insurance also includes a cash value element, it has fixed premiums and guaranteed death benefits, offering less flexibility than universal life. Term life insurance solely provides a death benefit for a specified period without any investment component, while accidental death insurance only pays a benefit if death results from an accident, lacking both investment and permanent insurance features. Thus, universal life insurance stands out as the option that effectively integrates protection and investment.

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://pearsonvue-lifeinsurance.examzify.com>

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

SAMPLE