

PRIMERICA LIFE INSURANCE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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

<https://primericalifeinsurance.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. What does "final expenses" refer to?**
 - A. Costs related to home repairs and renovations
 - B. Costs associated with a person's funeral and estate settlement after their death
 - C. Costs of living adjustments for retirement benefits
 - D. Costs incurred during medical emergencies
- 2. Which of the following is a generic consumer publication that explains life insurance in general terms in order to assist the applicant in the decision-making process?**
 - A. Insurance index
 - B. Policy summary
 - C. Illustrations
 - D. Buyer's guide
- 3. What does "self-insured" mean?**
 - A. Having multiple insurance policies for full coverage
 - B. Not holding any insurance and relying on personal savings
 - C. Being insured only against natural disasters
 - D. Owning insurance with a high deductible
- 4. What type of policy should an applicant choose if they want a policy that has a cash value element?**
 - A. Term
 - B. Permanent
 - C. Stock
 - D. Investment
- 5. What is typically true for insureds who have attained preferred status?**
 - A. They keep a higher percentage of interest earned
 - B. Their premiums are lower
 - C. They can borrow higher amounts from their policies
 - D. They can decide when to pay their monthly premiums

- 6. What does "permanent life insurance" provide to the policyholder?**
- A. Limited coverage for a set term only
 - B. Lifelong coverage with a cash value component as long as premiums are paid
 - C. Annual renewable coverage without cash value
 - D. Temporary protection with no cash value
- 7. What is typically a factor that does NOT influence life insurance premiums?**
- A. Health status of the insured
 - B. Geographic location
 - C. Policyholder's credit score
 - D. Coverage amount selected
- 8. All statements concerning dividends are true EXCEPT which one?**
- A. Lower costs generate higher dividends
 - B. They stem from favorable underwriting experience
 - C. Favorable investment results generate higher dividends
 - D. Dividend amounts are guaranteed in the policy
- 9. What is the purpose of the buyer's guide?**
- A. To allow the consumer to compare the costs of different policies
 - B. To provide a history of the insurance company
 - C. To define policy terms
 - D. To establish policy guidelines
- 10. What determines how much benefit would be necessary to replace lost income and increased expense in case of premature death?**
- A. Human life value approach
 - B. Viatical settlements
 - C. Insurance underwriting
 - D. Needs approach

Answers

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

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Explanations

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1. What does "final expenses" refer to?

- A. Costs related to home repairs and renovations
- B. Costs associated with a person's funeral and estate settlement after their death**
- C. Costs of living adjustments for retirement benefits
- D. Costs incurred during medical emergencies

"Final expenses" specifically refers to the costs associated with a person's funeral and the settlement of their estate after their death. This concept encompasses various expenses, including burial or cremation fees, funeral service costs, and any outstanding debts or taxes that need to be settled. Understanding this term is crucial because many individuals overlook the financial burdens their passing may place on loved ones. Many people choose life insurance policies designed to cover these final expenses, ensuring that their family is not left with significant financial stress during an already difficult time. The other choices focus on different financial aspects unrelated to what happens when someone passes away. For instance, home repairs relate to property maintenance and not to post-death obligations, while cost-of-living adjustments pertain to retirement income, and medical emergency costs are related to healthcare services. Each of these reflects a distinct area of personal finance that is separate from the concept of final expenses.

2. Which of the following is a generic consumer publication that explains life insurance in general terms in order to assist the applicant in the decision-making process?

- A. Insurance index
- B. Policy summary
- C. Illustrations
- D. Buyer's guide**

The correct answer is the buyer's guide. A buyer's guide is a publication designed specifically to provide consumers with general information about life insurance products. It highlights various types of insurance policies, terms, conditions, and the factors to consider when selecting coverage. This resource aims to empower applicants with knowledge, helping them to understand their options and make informed decisions about life insurance. In contrast, an insurance index remains a reference tool that helps locate specific details about policies but does not provide in-depth explanations or guidance for decision-making. A policy summary offers a concise overview of a specific insurance policy but lacks the broader context that a buyer's guide provides to help consumers navigate the overall life insurance landscape. Illustrations typically demonstrate potential policy values and performance projections but don't serve the purpose of informing consumers about life insurance in general terms. Therefore, the buyer's guide stands out as the most appropriate resource for assisting applicants in their decision-making process regarding life insurance.

3. What does "self-insured" mean?

- A. Having multiple insurance policies for full coverage
- B. Not holding any insurance and relying on personal savings**
- C. Being insured only against natural disasters
- D. Owning insurance with a high deductible

The term "self-insured" refers to the practice of not purchasing insurance and instead relying on personal savings or assets to cover potential financial losses. This approach means that an individual consciously decides to bear the risk themselves rather than transferring that risk to an insurance company. This concept applies in situations where the individual believes their financial capacity is sufficient to absorb any losses they might incur. For instance, someone may choose to self-insure against minor health expenses or property damage, relying on their savings to cover these costs rather than paying premiums for an insurance policy. In this context, the other choices do not accurately define "self-insured." Having multiple insurance policies would indicate a desire to transfer risk rather than accept it. Being insured only against natural disasters suggests a limited scope of coverage, which doesn't reflect the idea of self-insurance. Lastly, owning insurance with a high deductible still means engaging with an insurance policy, as there is still some transfer of risk happening.

4. What type of policy should an applicant choose if they want a policy that has a cash value element?

- A. Term
- B. Permanent**
- C. Stock
- D. Investment

A permanent policy is the correct choice when an applicant is looking for a life insurance option that includes a cash value element. Permanent life insurance, such as whole life or universal life, not only provides a death benefit to the beneficiaries but also accumulates cash value over time. This cash value grows at a guaranteed rate, and policyholders can access it through loans or withdrawals during their lifetime. In contrast, term policies provide coverage for a specific period without a cash value component; once the term expires, the policy simply ends without any payout or accumulation of value. Stock and investment options do not qualify as life insurance policies and are unrelated to the nature of life insurance since they pertain to different financial instruments. Thus, for individuals seeking both life insurance coverage and the opportunity to build cash value, permanent policies are the appropriate choice.

5. What is typically true for insureds who have attained preferred status?

- A. They keep a higher percentage of interest earned
- B. Their premiums are lower**
- C. They can borrow higher amounts from their policies
- D. They can decide when to pay their monthly premiums

Insureds who achieve preferred status typically enjoy lower premiums. This status is granted based on factors such as excellent health, lifestyle choices, and favorable risk assessment. Insurers use these criteria to determine the likelihood of claims, where preferred individuals present a lower risk to the insurer. As a result, insurers reward these individuals with reduced premium rates, allowing them to save money on their life insurance costs over time. This preferred status reflects a variety of underwriting considerations, leading to more favorable terms for those insured individuals. Since they pose less risk, the premiums charged are proportionate, enhancing affordability for these policyholders.

6. What does "permanent life insurance" provide to the policyholder?

- A. Limited coverage for a set term only
- B. Lifelong coverage with a cash value component as long as premiums are paid**
- C. Annual renewable coverage without cash value
- D. Temporary protection with no cash value

Permanent life insurance provides lifelong coverage to the policyholder as long as the required premiums are paid. This type of insurance also includes a cash value component, which accumulates over time. This cash value can be accessed by the policyholder through loans, withdrawals, or even as a surrender value if the policy is terminated. Unlike term life insurance, which offers coverage only for a specified period and does not build cash value, permanent life insurance ensures that the policy remains in effect for the insured's entire life, providing long-term financial protection. This makes it an essential product for individuals looking for not only life coverage but also an investment or savings element that adds to their financial security over time.

7. What is typically a factor that does NOT influence life insurance premiums?

- A. Health status of the insured
- B. Geographic location
- C. Policyholder's credit score**
- D. Coverage amount selected

The factor that typically does not influence life insurance premiums is the policyholder's credit score. Life insurance premiums are primarily based on risk assessment, which considers factors such as the insured's health status, geographic location, and the coverage amount selected. Health status is critical because it directly impacts the likelihood of mortality; insurers assess pre-existing conditions, current health, and lifestyle choices. Geographic location can influence premiums because different regions may have varying rates of accidents, crime, and health conditions affecting mortality. The coverage amount selected also plays a significant role, as higher coverage generally leads to higher premiums due to increased risk for the insurer. While a credit score can be a factor in certain types of insurance, particularly in underwriting for health insurance or in the context of certain benefits, it is not a standard consideration for life insurance premiums. Life insurers focus more on mortality risk rather than financial metrics like credit scores when determining premiums.

8. All statements concerning dividends are true EXCEPT which one?

- A. Lower costs generate higher dividends
- B. They stem from favorable underwriting experience
- C. Favorable investment results generate higher dividends
- D. Dividend amounts are guaranteed in the policy**

Dividends in the context of life insurance policies are often associated with mutual insurance companies, where they are paid to policyholders based on the company's performance. The correct answer emphasizes the nature of dividends as not being guaranteed, which is an essential aspect of understanding how they work. While lower costs, favorable underwriting experience, and positive investment results all contribute to the potential for higher dividends, the amount of dividends a policyholder receives can fluctuate based on the overall performance of the company. This means that dividends are not guaranteed, as they depend on various factors such as claims experience and investment performance. Therefore, saying that dividend amounts are guaranteed misrepresents the nature of dividends, as they are essentially a return of excess premiums or profits, and can vary from year to year. This distinction is crucial for anyone studying life insurance practices, as it highlights the importance of understanding the risks and uncertainties involved in the financial aspects of life insurance policies.

9. What is the purpose of the buyer's guide?

- A. To allow the consumer to compare the costs of different policies
- B. To provide a history of the insurance company
- C. To define policy terms
- D. To establish policy guidelines

The purpose of the buyer's guide is primarily to enable consumers to make informed decisions by comparing the costs of different insurance policies. It serves as a resource that outlines the essential features, benefits, and costs associated with various types of insurance products. This comparative aspect assists potential buyers in understanding their options and selecting a policy that best suits their financial needs and coverage requirements. By providing clear and concise information regarding costs and coverage, the buyer's guide plays a critical role in promoting transparency and enabling consumers to navigate the sometimes complex landscape of insurance.

10. What determines how much benefit would be necessary to replace lost income and increased expense in case of premature death?

- A. Human life value approach
- B. Viatical settlements
- C. Insurance underwriting
- D. Needs approach

The needs approach is essential in determining the necessary benefit amount to replace lost income and cover increased expenses resulting from premature death. This method takes into account the specific financial needs of the insured's dependents. It assesses ongoing living expenses, debt obligations, children's education costs, and any other financial goals that may require funding after the death of the insured. By focusing on the individual circumstances of the family or dependents, the needs approach ensures that the resulting life insurance coverage is tailored to fully address potential financial gaps. This personalized assessment contrasts sharply with more generic valuation methods, emphasizing the variety of individual needs that could arise from an untimely loss of income. In comparison, while the human life value approach provides a broader economic perspective based on an individual's potential future earnings, it does not directly address the immediate financial needs of dependents in the event of the insured's death. Viatical settlements, on the other hand, pertain to selling a life insurance policy by someone with a terminal illness, and insurance underwriting primarily focuses on assessing risk and approving coverage rather than determining benefit amounts in relation to loss of income and expenses.

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://primericalifeinsurance.examzify.com>

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

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