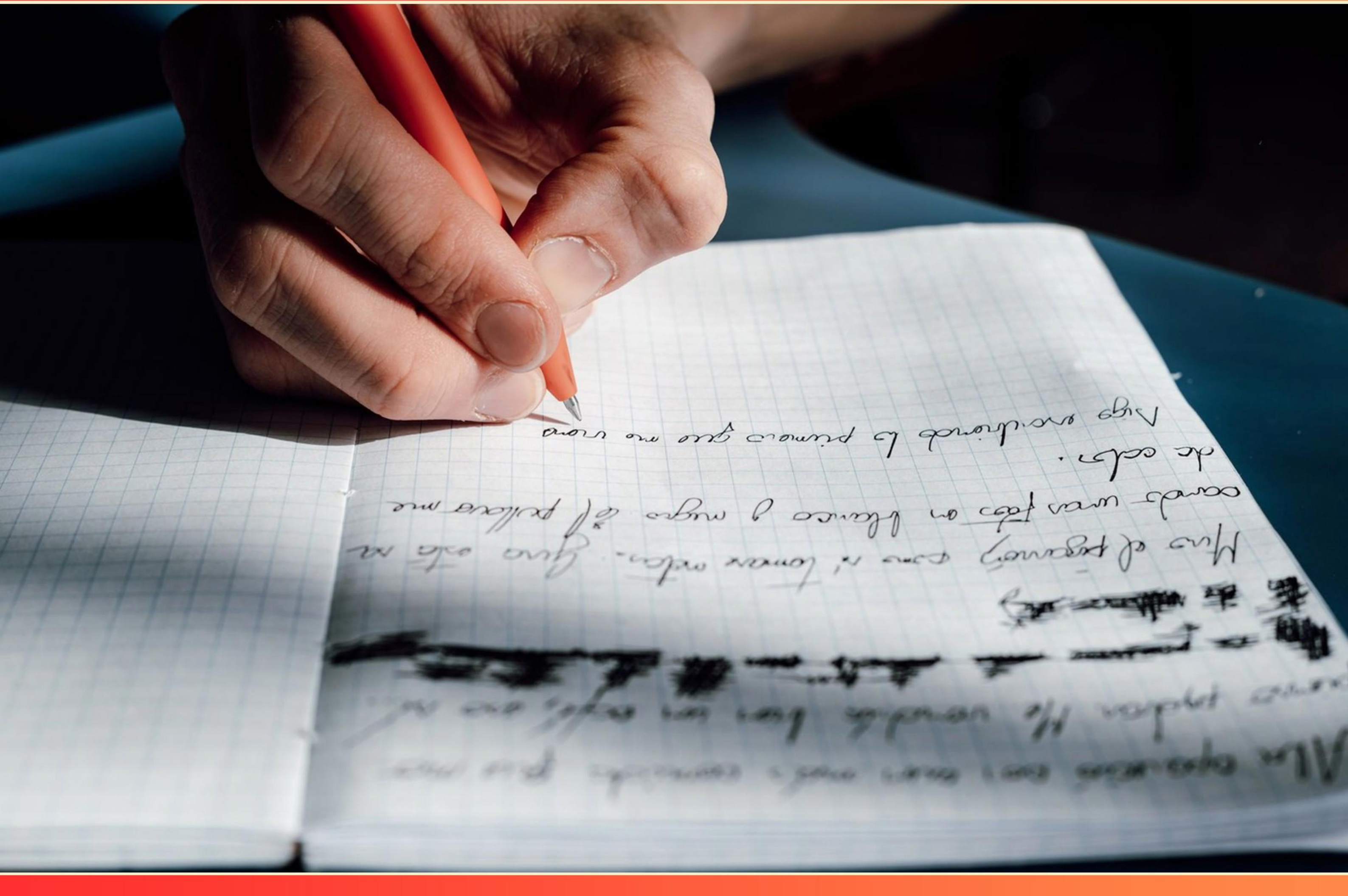
PRIMERICA PRE-LICENSING COURSE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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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

1. Which payout is not taxable?

A. Accumulation at Interest

B. Cash Payment

C. Cash Surrender Value

D. Reduction of Premium

2. The ability to meet financial obligations is known as what?

A. Cash value

B. Estate

C. Illustrations

D. Solvency

3. Term life insurance is best described as

A. Temporary life insurance provided for a specific period of time

B. Permanent life insurance

C. Key person insurance

D. Executive bonus

4. Which provision allows the insurer to convert a permanent policy to term insurance for the same face amount for a shorter period?

A. Accumulation at Interest

B. Guaranteed Insurability

C. Living Needs Rider

D. Extended Term

5. Which option would be considered if you want a lifetime payout that stops upon death of the annuitant and does not provide for a survivor?

A. Multiple life annuity

B. Pure life annuity

C. Joint life annuity

D. Joint and survivor arrangement

6. Which term is used to denote a regulatory action to stop violations, such as an order to cease certain activities?

A. Certificate of Authority

B. Solvency

C. Cease and Desist Order

D. Investigative Consumer Report

7. Which policy pays the death benefit on the second death when two or more lives are insured?

A. Joint Life

B. Juvenile Life Insurance

C. Group Life Insurance

D. Survivorship Life

8. Which rider allows an early payout of the policy due to terminal illness or other conditions specified for payout?

A. Cash Payment

B. Accelerated Benefit

C. Guaranteed Insurability

D. Options

9. What describes a condition that can reasonably be expected to result in death within 24 months?

A. Chronically ill

B. Terminally ill

C. Viatical settlement purchaser

D. Asset protection

10. Which license is intended to allow the continuation of a producer's business for a surviving spouse or next of kin after the producer's death?

A. temporary license

B. transfer

C. rollover

D. nonresident producer

Answers

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

Explanations

1. Which payout is not taxable?

A. Accumulation at Interest

B. Cash Payment

C. Cash Surrender Value

D. Reduction of Premium

Payouts from a life insurance policy are taxed differently depending on how the money is paid out. The one that is not taxed is the death benefit paid to the beneficiary in cash. This cash death benefit is generally excluded from income for tax purposes, so the recipient doesn't owe income tax on it. The other payout forms involve tax implications. Money accumulated inside the policy grows tax-deferred, meaning you don't pay taxes on the growth until you withdraw or surrender. If you cash out the policy's value, or surrender it, any gains beyond what you paid in (the cost basis) are typically taxed as ordinary income. Using dividends to reduce future premiums isn't a taxable "payout" income event; it's a way to modify how much you pay, though the policy's gains remain subject to tax when eventually realized.

2. The ability to meet financial obligations is known as what?

A. Cash value

B. Estate

C. Illustrations

D. Solvency

Solvency is the ability to meet financial obligations. It means having enough assets or income to cover debts and bills as they come due, reflecting overall financial strength rather than just immediate cash on hand. This is about long-term capacity to pay what you owe. Cash value refers to the money accumulated inside a life insurance policy and isn't a measure of overall debt-payment ability. An estate is what you own at death, including both assets and liabilities, not your ongoing ability to pay. Illustrations are projected policy figures and do not gauge financial health. So solvency best captures the concept of meeting obligations.

3. Term life insurance is best described as

A. Temporary life insurance provided for a specific period of time

B. Permanent life insurance

C. Key person insurance

D. Executive bonus

Term life insurance is protection for a definite period. It provides a death benefit if the insured dies during the term, but it doesn't build cash value. That makes it a temporary form of life insurance, often chosen to cover needs that will disappear after a certain time, like a mortgage or dependent children. This differs from permanent life insurance, which includes a cash value and stays in force for the insured's lifetime. It's also not the kind of policy used for business purposes like insuring a key employee or for executive bonus arrangements. If the term ends, coverage stops unless you renew (usually at a higher premium) or convert to a permanent policy. So, term life is best described as temporary life insurance provided for a specific period of time.

4. Which provision allows the insurer to convert a permanent policy to term insurance for the same face amount for a shorter period?

A. Accumulation at Interest

B. Guaranteed Insurability

C. Living Needs Rider

D. Extended Term

Extended Term is a non-forfeiture option that lets you turn a permanent policy into term insurance while keeping the same death benefit. It uses the policy's cash surrender value to purchase a level-term policy for the same face amount, but only for as long as that cash value can support the required premiums. So you retain the same protection amount, but for a shorter period, and no further premiums are needed once the cash value is exhausted. If the insured dies during that term, the payoff matches the original face amount; if the term ends first, the coverage ends. This is exactly how the provision described in the question works. The other options relate to cash value accumulation, future insurability, or living benefits, not to converting permanent coverage into term for the same face amount.

5. Which option would be considered if you want a lifetime payout that stops upon death of the annuitant and does not provide for a survivor?

A. Multiple life annuity

B. Pure life annuity

C. Joint life annuity

D. Joint and survivor arrangement

A pure life annuity fits a lifetime payout that stops at the annuitant's death with no survivor benefit. In this arrangement, you receive payments for as long as you live, and once you die, payments end—there's no continuation to a survivor or to heirs. That's exactly the feature described: lifetime income that stops when the annuitant dies and provides no survivor. By contrast, a joint life or joint and survivor setup is designed around two lives and typically includes continued payments to a survivor after one dies. A multiple life annuity covers more than one life and is structured so payments last until the last of the covered lives dies, which also does not match the requirement of ending at the first death.

6. Which term is used to denote a regulatory action to stop violations, such as an order to cease certain activities?

A. Certificate of Authority

B. Solvency

C. Cease and Desist Order

D. Investigative Consumer Report

Regulatory actions to stop violations involve a formal command from a regulator to halt improper conduct. A cease and desist order is exactly that—a formal directive telling a person or firm to stop a specific activity that violates laws or regulations. It's issued to prevent ongoing harm while an investigation proceeds or penalties are determined, and it can carry consequences if not complied with. This differs from a certificate of authority, which is a license to operate; solvency, which concerns financial health; and an investigative consumer report, which is a background check used in underwriting or employment contexts.

7. Which policy pays the death benefit on the second death when two or more lives are insured?

A. Joint Life

B. Juvenile Life Insurance

C. Group Life Insurance

D. Survivorship Life

In life insurance, a policy that pays the death benefit after the second death is survivorship life, often called a second-to-die policy. This type covers two or more lives under one contract and doesn't pay out until the last insured dies. It's commonly used in estate planning to provide liquidity for estate taxes or to help with wealth transfer to heirs, since the death of both individuals typically triggers the tax or transfer event. Premiums are calculated based on the ages and health of all lives insured, and because the payout occurs later (after both have died), the policy can be priced differently and sometimes lower than getting separate policies for each person, depending on the situation. In contrast, a joint life policy pays out at the first death, which is why it's used when the need is for a quick settlement of affairs after one person passes. Juvenile life covers a child and pays on that child's death, and group life is tied to an employer or association and pays out for the insured's death within the group plan.

8. Which rider allows an early payout of the policy due to terminal illness or other conditions specified for payout?

A. Cash Payment

B. Accelerated Benefit

C. Guaranteed Insurability

D. Options

An accelerated benefit rider is a living benefit that lets you access part of the death benefit while the insured is still alive if diagnosed with a terminal illness or another qualifying condition defined in the policy. This provides funds to cover medical costs or living expenses during a serious illness. Because you're drawing from the death benefit early, the remaining amount payable to beneficiaries later is reduced by the amount advanced (and any related terms). This rider is specifically designed to provide liquidity and support during advanced illness, making it the correct choice for early payout due to terminal or other specified conditions. The other riders serve different purposes and don't provide an early payout based on illness.

9. What describes a condition that can reasonably be expected to result in death within 24 months?

A. Chronically ill

B. Terminally ill

C. Viatical settlement purchaser

D. Asset protection

Terminally ill describes a condition where death is reasonably expected within 24 months. In insurance and related planning contexts, this prognosis thresholds triggers benefits like accelerated death benefits or viatical settlements, which are specifically tied to a limited life expectancy. Chronically ill refers to long-lasting conditions that may not shorten life within two years, so it doesn't fit the 24-month prognosis. A viatical settlement purchaser is the buyer of a life policy, not a medical condition, and asset protection is a financial strategy, not a medical prognosis.

10. Which license is intended to allow the continuation of a producer's business for a surviving spouse or next of kin after the producer's death?

A. temporary license

B. transfer

C. rollover

D. nonresident producer

Temporary licensing after a producer's death lets the surviving spouse or next of kin continue the business for a set period. This arrangement provides continuity for clients and time to arrange a longer-term transfer or new licensing. It's not about permanently transferring a license, rolling it over, or changing residency status, which are unrelated to handling the producer's death. The temporary license is specifically designed to bridge the gap during the transition, ensuring policies remain serviced and obligations satisfied until a permanent arrangement is in place.

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://primericaprelicensing.examzify.com

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