

QFA Life Assurance Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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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	16

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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. When the Consumer Protection Code's execution-only provisions apply, what is required from the adviser?**
 - A. A Not charge a fee or take a commission in relation to the transaction**
 - B. B Carry out a prior suitability check of the policy**
 - C. C Warn the client in writing about the lack of information**
 - D. D Review the policy's ongoing suitability regularly**

- 2. What happens to the ownership of a property jointly owned by Tom and Jerry if Tom dies?**
 - A. Jerry now owns it completely**
 - B. Tom's 50% share goes to his estate**
 - C. Tom's 50% share goes to his spouse or civil partner**
 - D. Jerry must buy out Tom's 50% share from his estate**

- 3. What is a potential benefit of having a cash value component in a life insurance policy?**
 - A. It allows for increased premiums over time**
 - B. It accumulates value that can be borrowed against**
 - C. It guarantees a fixed interest rate**
 - D. It eliminates the need for beneficiaries**

- 4. Which ethical consideration is important when selling life insurance?**
 - A. Ensuring maximum profit for the insurer**
 - B. Properly advising clients and disclosing policy details**
 - C. Offering policies that exclusively benefit the sales agent**
 - D. Minimizing client interactions**

- 5. Most of the money invested in a partially guaranteed structured retail product is primarily used to:**
 - A. Provide the bonus payable at maturity**
 - B. Pay the charges and taxes associated with the investment**
 - C. Pay commission to the introducing intermediary**
 - D. Provide the capital guarantee at maturity**

- 6. How do life insurance policies typically address accidental death?**
- A. They do not cover accidental death at all**
 - B. They often include additional payout provisions for accidental death**
 - C. They reduce premiums for accidental death cases**
 - D. They require a waiting period before covering accidental death**
- 7. In context to unit-linked policies, what does 'charge' typically refer to?**
- A. Management fees and expenses**
 - B. The total premium amount**
 - C. Policyholder contributions made**
 - D. The initial setup cost for the policy**
- 8. What is the primary role of the Life Insurance Council in the industry?**
- A. To underwrite insurance policies**
 - B. To promote industry interests and enhance public trust**
 - C. To calculate insurance premiums**
 - D. To process individual claims**
- 9. What is the key piece of information needed to compare quotations from two life companies providing the same coverage?**
- A. Sean's age**
 - B. How much existing life assurance cover Sean already has**
 - C. The investment return assumption made by each life company**
 - D. Sean's current income**
- 10. How does a suicide clause affect life insurance policies?**
- A. It guarantees full payment regardless of circumstances**
 - B. It states no death benefit is paid if the insured dies by suicide within a specific period**
 - C. It increases the premiums significantly**
 - D. It provides additional benefits only to suicide victims**

Answers

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

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Explanations

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1. **When the Consumer Protection Code's execution-only provisions apply, what is required from the adviser?**
 - A. **A Not charge a fee or take a commission in relation to the transaction**
 - B. **B Carry out a prior suitability check of the policy**
 - C. C Warn the client in writing about the lack of information**
 - D. **D Review the policy's ongoing suitability regularly**

The correct response pertains to the adviser's responsibility under the execution-only provisions of the Consumer Protection Code. When these provisions apply, one of the key requirements is for the adviser to warn the client in writing about the absence of a comprehensive suitability assessment. This notice serves to inform the client that their decision is being made without the adviser conducting a thorough evaluation of the product's fit for their specific circumstances and needs. This requirement is crucial because it ensures transparency. Clients are made aware that they are proceeding without the typical safeguards that would arise from a full adviser-client interaction. With this understanding, clients can make more informed decisions, acknowledging that they are taking on additional risk by not having a suitability check performed. In the context provided, the other choices include actions that do not align with the standard expectations of execution-only transactions. While assessing ongoing suitability or charging fees may be relevant in different advisory contexts, the primary obligation in execution-only scenarios specifically emphasizes the necessity of explicit communication regarding the limitations of the adviser's role.

2. **What happens to the ownership of a property jointly owned by Tom and Jerry if Tom dies?**
 - A. **Jerry now owns it completely**
 - B. Tom's 50% share goes to his estate**
 - C. **Tom's 50% share goes to his spouse or civil partner**
 - D. **Jerry must buy out Tom's 50% share from his estate**

When Tom and Jerry own a property jointly but not as joint tenants, they likely own it as tenants in common. In this arrangement, each party has a distinct share of the property, which is not automatically transferred to the surviving owner upon death. In the event of Tom's death, his 50% share does not automatically transfer to Jerry. Instead, it becomes part of Tom's estate and will be distributed according to his will or, if he died intestate (without a will), according to the laws of inheritance. Therefore, the correct understanding is that Tom's 50% share passes to his estate, placing it in the hands of the executor or administrator for distribution. This illustrates the importance of understanding the nature of property ownership and the implications of different forms of joint ownership in estate planning.

3. What is a potential benefit of having a cash value component in a life insurance policy?

- A. It allows for increased premiums over time**
- B. It accumulates value that can be borrowed against**
- C. It guarantees a fixed interest rate**
- D. It eliminates the need for beneficiaries**

Having a cash value component in a life insurance policy provides several advantages, one of which is that it accumulates value that can be borrowed against. This feature allows policyholders to access funds in the form of a loan, using the cash value as collateral. The ability to borrow against the cash value can offer financial flexibility, enabling individuals to meet unexpected expenses or take advantage of investment opportunities without having to withdraw from the policy or surrender it entirely. This growth is typically tax-deferred, meaning that policyholders do not have to pay income tax on the gains as long as the money remains within the policy. If the loan is not repaid, the outstanding amount is simply deducted from the death benefit when the insured passes away. This ensures that even if the cash is borrowed, beneficiaries still receive the predetermined death benefit, albeit potentially reduced by the loan repayment. Other options do not provide the same benefit. For instance, increased premiums over time typically do not enhance the value of the policy but rather the cost of maintaining it. A guarantee of a fixed interest rate can apply to certain policies but is not a universal characteristic of cash value components. Lastly, the presence of a cash value does not eliminate the need for beneficiaries, as the death benefit is directly tied to

4. Which ethical consideration is important when selling life insurance?

- A. Ensuring maximum profit for the insurer**
- B. Properly advising clients and disclosing policy details**
- C. Offering policies that exclusively benefit the sales agent**
- D. Minimizing client interactions**

Properly advising clients and disclosing policy details is crucial in the life insurance industry as it upholds the ethical standard of transparency and integrity. When agents provide comprehensive information about policy features, benefits, and any potential risks, they empower clients to make informed decisions tailored to their individual needs. This practice not only builds trust between the agent and the client but also aligns with regulatory compliance, ensuring that clients understand what they are purchasing. Ethical selling focuses on the responsibility of the agent to prioritize the client's best interests rather than solely aiming for profits or personal gain. This is vital for fostering long-term relationships, as clients are more likely to return to agents who demonstrate honesty and commitment to their well-being. Through thoughtful advice and full disclosure, life insurance professionals can support their clients in achieving financial security and peace of mind, which is the ultimate goal of their service.

- 5. Most of the money invested in a partially guaranteed structured retail product is primarily used to:**
- A. Provide the bonus payable at maturity**
 - B. Pay the charges and taxes associated with the investment**
 - C. Pay commission to the introducing intermediary**
 - D. Provide the capital guarantee at maturity**

The primary purpose of most of the money invested in a partially guaranteed structured retail product is to provide the capital guarantee at maturity. This aspect is crucial because such products often attract investors who seek a balance between potential investment returns and a level of safety for their initial capital. By ensuring that a portion of the capital is guaranteed, these products become attractive to risk-averse investors looking to preserve their investment while still being exposed to potential market gains. In partially guaranteed structured products, the capital guarantee is typically designed to protect the investor's principal amount up to a certain limit or at maturity. This guarantees that, regardless of market fluctuations, the investor will at least recover their initial investment if they hold the product until its maturity. While other components like bonuses, charges, and commissions are relevant in the overall structure of the product, they do not take precedence over the capital guarantee feature, which aligns directly with the primary concern of investors regarding the safety of their invested funds.

- 6. How do life insurance policies typically address accidental death?**
- A. They do not cover accidental death at all**
 - B. They often include additional payout provisions for accidental death**
 - C. They reduce premiums for accidental death cases**
 - D. They require a waiting period before covering accidental death**

Life insurance policies commonly include provisions specifically designed to address accidental death, which is why the choice indicating that they often include additional payout provisions for accidental death is accurate. These additional provisions, often referred to as Accidental Death Benefits or Accidental Death and Dismemberment (AD&D) riders, provide extra financial protection to beneficiaries if the insured passes away due to an accident. This feature not only enhances the value of the life insurance policy but also offers peace of mind, knowing that incidents classified as accidental could lead to a greater benefit than a standard death from natural causes. Adjustments to premiums, waiting periods, or outright exclusions of accidental death are generally not standard practices in life insurance policies, as they would not provide the additional assurance that many policyholders seek. In fact, the incorporation of accidental death benefits demonstrates an understanding of the unpredictability of life and the desire to provide comprehensive coverage in an event that is often unforeseen.

7. In context to unit-linked policies, what does 'charge' typically refer to?

- A. Management fees and expenses**
- B. The total premium amount**
- C. Policyholder contributions made**
- D. The initial setup cost for the policy**

In the context of unit-linked policies, the term 'charge' typically refers to management fees and expenses. These charges are deducted from the investment value of the policy and can include various costs associated with managing the policy, such as administration fees, investment management fees, and sometimes insurance costs. Understanding this is important because these charges can significantly impact the overall returns on the investment component of a unit-linked policy. They are a crucial part of what policyholders need to consider when evaluating the cost-effectiveness and performance of their investment. This knowledge helps consumers make informed decisions about their financial products, ensuring they are aware of ongoing costs that can affect their investment growth over time. The other options do not accurately represent what 'charges' commonly refer to in this context. The total premium amount encompasses all the payments made by the policyholder but does not denote the fees taken by the insurer. Meanwhile, policyholder contributions refer to the amount they choose to invest or pay into the policy, and the initial setup cost pertains to any one-time fees for establishing the policy, neither of which align with the concept of ongoing management and operational fees captured by the term 'charge'.

8. What is the primary role of the Life Insurance Council in the industry?

- A. To underwrite insurance policies**
- B. To promote industry interests and enhance public trust**
- C. To calculate insurance premiums**
- D. To process individual claims**

The primary role of the Life Insurance Council is to promote industry interests and enhance public trust. This organization is crucial for representing the life insurance sector, advocating for its members, and fostering a positive perception among consumers. The council works on various initiatives, including education and awareness campaigns, to inform the public about the benefits of life insurance and the protections it offers. By focusing on consumer trust and maintaining high standards of conduct within the industry, the council plays a vital role in ensuring that the life insurance marketplace operates effectively and ethically. This emphasis on promoting the industry's interests helps create a stable environment where consumers can feel confident purchasing life insurance products, which is imperative for the overall growth and sustainability of the industry.

9. What is the key piece of information needed to compare quotations from two life companies providing the same coverage?

- A. Sean's age
- B. How much existing life assurance cover Sean already has
- C. The investment return assumption made by each life company**
- D. Sean's current income

To effectively compare quotations from two life companies offering the same coverage, the investment return assumption made by each life company is crucial. This assumption significantly impacts the projected growth and performance of the policies being compared, especially for savings or investment-linked life insurance products. Each company may have different expectations regarding future investment returns, which can affect the premiums quoted, the cash value accumulation, and any benefits payable upon maturity or death. If one company anticipates a higher return on its investments than another, this will likely influence the pricing structure and could make one policy appear more attractive than another. Understanding the investment return assumptions allows for a more accurate comparison of the cost and potential benefits of each insurance offering over time. While Sean's age, existing life assurance cover, and current income are relevant factors in determining the amount of coverage needed and perhaps the premiums, they do not directly influence the comparison of the quoted policies in terms of their investment performance potential. Therefore, focusing on the investment return assumption is essential for a fair evaluation of the life insurance options available.

10. How does a suicide clause affect life insurance policies?

- A. It guarantees full payment regardless of circumstances
- B. It states no death benefit is paid if the insured dies by suicide within a specific period**
- C. It increases the premiums significantly
- D. It provides additional benefits only to suicide victims

A suicide clause within life insurance policies is designed to address a sensitive issue: the potential for someone to take their own life shortly after purchasing a life insurance policy. The correct understanding of this clause is that it specifies a period—usually the first two years of the policy—where no death benefit will be paid if the insured dies by suicide. This provision is intended to prevent insurance fraud, where individuals might buy a policy with the intent of committing suicide in order to provide a financial benefit to their beneficiaries. By including a suicide clause, insurers aim to mitigate the financial risk associated with sudden and intentional death and encourage policyholders to seek help if they are struggling with mental health issues. After the specified period has elapsed, if the insured commits suicide, the death benefit is typically paid out to the beneficiaries. This reflects a broader industry understanding that after this time frame, the risk of suicide is not the primary concern for the insurer, and they are willing to honor the policy in accordance with the original purpose of providing financial protection. Other options do not accurately reflect the fundamental nature of suicide clauses. For instance, the notion that it guarantees full payment regardless of circumstances is incorrect as the clause specifically addresses a scenario where coverage may be temporarily denied. Similarly, the idea that

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://qfalifeassurance.examzify.com>

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

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