QFA LIFE ASSURANCE PRACTICE TEST (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. What is a rider in life insurance?

A. An additional provision that modifies a life insurance policy

B. A refund on premium payments

C. A statutory limit on the death benefit

D. An optional term for workers' compensation insurance

2. Which of the following will NOT revoke a Will?

A. Making a new Will

B. Entering a civil partnership

C. Marrying after the Will was made

D. Changing domicile to another country

3. Which factor influences the premium payable for a €100,000 life assurance policy?

A. The life assured's gender

B. The current exit tax rate

C. The current higher rate of income tax

D. The anticipated investment return of the unit fund to which the policy will be linked

4. What is the "right of rescission" in life insurance?

A. A clause allowing for increased benefits after the policy starts

B. A period during which a policyholder can cancel their policy for a full refund

C. A condition for renewing the policy at the end of terms

D. A waiting period before beneficiaries can make claims

5. What is the sum insured in Sean's life cover policy as quoted by Life Company A?

A. €50,000

B. €75,000

C. €100,000

D. €150,000

6. **In a partnership insurance arrangement, who pays the highest premium?**
    A. The youngest partner
    B. The oldest partner
    C. The partner aged 48
    D. The two partners aged 43 and 48

7. **Owen pays €250 each month to a unit-linked savings plan. Why does the number of units allocated vary each month?**
    A. Life cover charges vary
    B. Unit price fluctuates in value
    C. Policy fee varies
    D. Exit tax may be deductible

8. **In which type of unit funds may a life company refuse policyholder switch instructions?**
    A. Unitised with profit
    B. Equity
    C. Property
    D. Managed

9. **What characterizes a simplified issue life insurance policy?**
    A. It requires extensive medical testing
    B. It has higher coverage amounts than traditional policies
    C. It requires minimal health questions for approval
    D. It automatically approves coverage for everyone who applies

10. **At what income level does Daniel pay a lower rate of USC if he does not hold a medical card?**
    A. A €60,000
    B. B €65,000
    C. C €70,000
    D. D €75,000

Answers

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

Explanations

1. What is a rider in life insurance?

A. An additional provision that modifies a life insurance policy

B. A refund on premium payments

C. A statutory limit on the death benefit

D. An optional term for workers' compensation insurance

In life insurance, a rider is an additional provision that modifies the terms of a standard policy. This can enhance the coverage offered or provide additional benefits, allowing policyholders to customize their insurance to better meet their individual needs. For example, a common rider is the accidental death benefit, which provides an additional payout in the event of death due to an accident. Other types may include critical illness riders or waiver of premium riders, which ensure the policy remains in force during specific situations. The other options mentioned do not accurately capture the essence of what a rider is. A refund on premium payments refers to a different concept and does not relate to modifying coverage. Similarly, a statutory limit on the death benefit is about regulatory constraints rather than a personalized enhancement of a policy. Lastly, an optional term for workers' compensation insurance is outside the scope of life insurance and does not pertain to the customization of life insurance policies in the same way as riders do.

2. Which of the following will NOT revoke a Will?

A. Making a new Will

B. Entering a civil partnership

C. Marrying after the Will was made

D. Changing domicile to another country

A civil partnership does not inherently revoke a Will. This means that if someone has made a Will prior to entering into a civil partnership, that Will remains valid and in effect, unless they decide to change or revoke it through specific actions later on. In contrast, making a new Will automatically revokes any previous Wills unless explicitly stated otherwise, and marriage after a Will has been made generally revokes that Will unless it includes provisions for that future marriage. Changing domicile to another country does not automatically revoke a Will but may affect the probate jurisdiction; however, it does not invalidate the existing Will itself. Thus, entering into a civil partnership does not lead to any automatic cancellation of a previously existing Will.

3. Which factor influences the premium payable for a €100,000 life assurance policy?

A. The life assured's gender

B. The current exit tax rate

C. The current higher rate of income tax

D. The anticipated investment return of the unit fund to which the policy will be linked

The anticipated investment return of the unit fund to which the policy will be linked significantly influences the premium payable for a life assurance policy because it directly affects the insurer's expectations regarding the performance of the policy. In a unit-linked life assurance policy, the premiums paid by the policyholder are invested in a fund that aims to grow over time, and the eventual payout depends on the future value of these investments. If higher investment returns are anticipated, the insurer may be able to project a larger payout at the end of the policy term, which could lead to a lower premium since the insurer can afford to take on a lower upfront risk. Conversely, if the expected returns are lower, the insurer may need to charge a higher premium to ensure that there are enough funds available to meet the eventual payout obligations. In contrast, factors like the life assured's gender, the current exit tax rate, and the higher rate of income tax may influence certain aspects of life assurance but do not directly affect the calculation of premiums in the same way that the anticipated investment returns do. For example, while gender can impact mortality risk assessments, the primary calculation of premiums in unit-linked policies is more closely tied to the expected performance of the investment funds.

4. What is the "right of rescission" in life insurance?

A. A clause allowing for increased benefits after the policy starts

B. A period during which a policyholder can cancel their policy for a full refund

C. A condition for renewing the policy at the end of terms

D. A waiting period before beneficiaries can make claims

The right of rescission in life insurance refers to a specific period during which a policyholder has the opportunity to cancel their policy and receive a full refund of any premiums paid. This right is intended to protect consumers by allowing them to reconsider their decision to purchase the policy after they have had time to review the terms and understand the coverage provided. Typically, this period is defined in the policy documents and can vary by jurisdiction or type of policy. The right of rescission reinforces the importance of informed decision-making and ensures that policyholders are not locked into a contract that they may later determine does not suit their needs or circumstances. Other options, such as clauses for increased benefits, conditions for renewal, or waiting periods for claims, represent different aspects of life insurance policies but do not capture the essence of the right of rescission. The focus of the right is squarely on the policyholder's ability to withdraw and seek a refund, which is a critical consumer protection feature in life insurance contracts.

5. What is the sum insured in Sean's life cover policy as quoted by Life Company A?

A. €50,000

B. €75,000

C. €100,000

D. €150,000

The sum insured in a life cover policy represents the amount that will be paid out by the insurance company in the event of the policyholder's death. In this case, Sean's life cover policy with Life Company A specifies that the sum insured is €100,000. This amount is the total benefit that his beneficiaries would receive, providing them financial security upon his passing. Selecting the amount of €100,000 indicates that the coverage is likely designed to meet specific financial needs or obligations Sean may wish to provide for, such as family maintenance, debts, or other financial considerations. To ensure adequate protection, it is common for individuals to choose a sum insured that reflects their family's financial situation and future needs.

6. In a partnership insurance arrangement, who pays the highest premium?

A. The youngest partner

B. The oldest partner

C. The partner aged 48

D. The two partners aged 43 and 48

In a partnership insurance arrangement, the premium that each partner pays is typically influenced by their age and health status. Generally, older individuals are considered to be at a higher risk for claims due to their increased likelihood of health issues as they age. Consequently, insurance companies often charge higher premiums to older partners based on this risk assessment. In this scenario, the oldest partner is responsible for paying the highest premium because insurance pricing is risk-based, with age being a significant factor. The older a partner is, the more likely it is that they may require insurance benefits sooner than younger partners, resulting in a higher cost for the insurance policy. This premium structure reflects the insurance industry's approach to manage risk and ensure that premiums are commensurate with the probability of claims being made. The other options reflect different ages or combinations of ages that do not surpass that of the oldest partner, leading to lower premium costs for those individuals due to their relatively lesser risk profiles.

7. Owen pays €250 each month to a unit-linked savings plan. Why does the number of units allocated vary each month?

A. Life cover charges vary

B. Unit price fluctuates in value

C. Policy fee varies

D. Exit tax may be deductible

The number of units allocated to Owen's unit-linked savings plan varies each month primarily because the unit price fluctuates in value. In a unit-linked plan, the premiums paid are used to purchase units in a fund whose value changes based on market conditions and the performance of the underlying investments. When Owen pays €250, the number of units he receives is determined by dividing the amount of his payment by the current price of each unit at that time. If the unit price increases, fewer units will be allocated with the same €250 payment, while if the unit price decreases, more units will be allocated. This fluctuation in unit price is a fundamental characteristic of unit-linked products, which are directly tied to the performance of the investments they are linked to. Therefore, the value of the units and subsequently the allocation will vary according to market conditions, resulting in different amounts of units each month.

8. In which type of unit funds may a life company refuse policyholder switch instructions?

A. Unitised with profit

B. Equity

C. Property

D. Managed

In unit funds, the life company may refuse policyholder switch instructions particularly in property funds. This is primarily due to the nature of property investments, which are less liquid than other types of assets, such as equities or cash. In property funds, the buying and selling of properties take time, and the fund may not be able to quickly convert the investment into cash to accommodate switch requests. This can lead to complications, such as potentially disadvantaging other policyholders if switches were allowed without consideration of the underlying asset liquidity. On the other hand, unitised with profit, equity, and managed funds generally allow for more flexible switching because they typically invest in more liquid assets that can be more easily traded without significant delays or complications. This liquidity facilitates the smooth processing of switch instructions from policyholders in these types of funds.

9. What characterizes a simplified issue life insurance policy?

A. It requires extensive medical testing

B. It has higher coverage amounts than traditional policies

C. It requires minimal health questions for approval

D. It automatically approves coverage for everyone who applies

A simplified issue life insurance policy is characterized by its requirement of minimal health questions for approval. This approach allows individuals to obtain life insurance more easily as it avoids the lengthy and often complex medical underwriting processes found in traditional policies that require extensive medical testing. By limiting the health questions, these policies cater to those who may not want to undergo extensive examinations or who might have difficulties obtaining coverage due to health issues. The simplicity of this application process helps expedite approval and makes life insurance accessible to a wider audience. Individuals can often find a policy that suits their needs with fewer health disclosures, making them an attractive option for many looking for quick life insurance solutions. Contrary to this, options that involve extensive medical testing or automatic approvals do not align with the fundamental principles of simplified issue policies, which prioritize accessibility and ease of application without the traditional barriers of comprehensive health assessments. Additionally, while some policies may offer a range of coverage amounts, simplified issue products typically do not exceed the maximum limits commonly set by standard policies, focusing instead on quicker and easier access to manageable coverage.

10. At what income level does Daniel pay a lower rate of USC if he does not hold a medical card?

A. A €60,000

B. B €65,000

C. C €70,000

D. D €75,000

To determine at what income level Daniel pays a lower rate of Universal Social Charge (USC) if he does not hold a medical card, it's crucial to understand the thresholds associated with USC rates. Typically, USC rates decrease as income levels increase within certain bands. For individuals without a medical card, the first €12,012 of income is charged at a lower rate, with subsequent bands charged at higher rates. The income bands are structured so that as one approaches different limits, the USC rates become progressively higher. In this scenario, €60,000 appears to be the threshold where the USC rate for the first portion of the income is still favorable compared to higher income levels. At income levels above €60,000, the applicable USC rates generally start to rise, leading to a potentially higher effective tax rate on the overall income. Thus, Daniel would benefit from a lower rate of USC at the €60,000 income level because it falls within the more favorable charging band compared to higher income levels that trigger increased rates. It's important to analyze these brackets carefully, as even a modest increase in income can lead to a noticeable change in the USC rate applied. Understanding these thresholds allows individuals to position their income strategically to optimize tax exposure, specifically

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!