

Rhode Island Life Insurance Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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	16

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 provision stops an insurer from altering contract terms by referring to external documents?**
 - A. Entire Contract Provision**
 - B. Misstatement of Age Provision**
 - C. Incontestability Clause**
 - D. Renewability Provision**
- 2. What is an underwriting process in life insurance?**
 - A. The examination of claims made by beneficiaries**
 - B. The assessment of risk to determine insurability**
 - C. The process of marketing insurance policies**
 - D. The evaluation of policy documents for disclosures**
- 3. What type of life insurance policy is best for protecting a 15-year mortgage?**
 - A. 15-year increasing term**
 - B. 15-year decreasing term**
 - C. Whole life**
 - D. Universal life**
- 4. What type of premium is associated with a whole life policy?**
 - A. Adjustable**
 - B. Variable**
 - C. Level**
 - D. Decreasing**
- 5. In terms of policy loans, what must a policyholder consider?**
 - A. Policy loans do not accrue interest**
 - B. Loans can be taken against the cash value of the policy**
 - C. Policy loans reduce the death benefit permanently**
 - D. All policy loans require repayment within 30 days**

- 6. When must an insurance company notify an applicant about the potential for an investigative consumer report?**
- A. After the policy is issued**
 - B. Before the application is submitted**
 - C. During the claims process**
 - D. According to the Fair Credit Reporting Act**
- 7. When must insurable interest be established for a life insurance policy to be valid?**
- A. When the policy is delivered**
 - B. At the time of premium payment**
 - C. When the application is made**
 - D. At the time of the claim**
- 8. Upon policy delivery, a signed good health statement is requested from the applicant. Why would this be necessary?**
- A. To verify recent changes in health status**
 - B. To complete the legal documentation**
 - C. To assess the risk level for premium determination**
 - D. The initial premium was NOT submitted with the application**
- 9. How can additional coverage be included in a whole life policy?**
- A. By increasing the mortality charge**
 - B. By adding a decreasing term rider**
 - C. By converting the policy to term insurance**
 - D. By extending the policy's duration**
- 10. Which action is NOT possible with a Universal Life policy?**
- A. Flexible premiums**
 - B. Adjustable death benefits**
 - C. Premiums may be applied as a credit against income tax**
 - D. Cash value growth based on current interest rates**

Answers

SAMPLE

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

SAMPLE

Explanations

1. What provision stops an insurer from altering contract terms by referring to external documents?

- A. Entire Contract Provision**
- B. Misstatement of Age Provision**
- C. Incontestability Clause**
- D. Renewability Provision**

The Entire Contract Provision is the correct choice because it ensures that the insurance policy is comprehensive and complete by stating that the policy itself represents the entirety of the agreement between the insurer and the insured. This means that no changes, alterations, or additional terms can be added to the contract that are not included within the actual document of the insurance policy. This provision guarantees that all parties are clear on the terms and conditions set forth, preventing any external documentation, conversations, or representations from modifying the official contract. It is designed to protect the policyholder by ensuring that they have the rights and benefits they agreed to at the outset of the insurance agreement without the risk of unexpected changes being introduced later. Regarding the other choices, the Misstatement of Age Provision pertains to what happens if a policyholder misstates their age, affecting the benefits paid out but does not address alterations to contract terms. The Incontestability Clause generally prevents insurers from disputing the validity of a policy after a specified period, which also doesn't relate to external documentation. The Renewability Provision deals with the conditions under which a policy can be renewed but does not limit changes based on outside documents.

2. What is an underwriting process in life insurance?

- A. The examination of claims made by beneficiaries**
- B. The assessment of risk to determine insurability**
- C. The process of marketing insurance policies**
- D. The evaluation of policy documents for disclosures**

The underwriting process in life insurance refers to the assessment of risk to determine insurability. This is a fundamental function of insurance that involves evaluating various factors related to the applicant, including their health history, lifestyle choices, and other relevant information that could affect their life expectancy and the insurer's overall risk. By analyzing these factors, underwriters can make informed decisions about whether to accept or decline a policy application, as well as determine the appropriate premium rates. This ensures that the insurance company can effectively manage its risk while providing coverage to those who qualify. The other choices do not encapsulate the essence of underwriting. Examining claims pertains to the claims handling process after a policy is in force, marketing involves promoting policies to potential clients, and evaluating policy documents for disclosures is related to regulatory compliance rather than the assessment of risk associated with potential policyholders.

3. What type of life insurance policy is best for protecting a 15-year mortgage?

- A. 15-year increasing term**
- B. 15-year decreasing term**
- C. Whole life**
- D. Universal life**

The most suitable type of life insurance policy for protecting a 15-year mortgage is a 15-year decreasing term policy. This type of policy is specifically designed to cover a debt that reduces over time, such as a mortgage. As the principal balance of the mortgage decreases with each payment made, the coverage amount on the policy also decreases correspondingly, which ensures that the life insurance aligns closely with the remaining mortgage balance. Choosing this policy offers the advantage of having a lower premium compared to whole life or universal life insurance, making it a cost-effective option for homeowners looking to provide financial security for their family in the event of their passing. The decreasing term structure means that the death benefit goes down over time, directly relating to the homeowner's mortgage obligations. Whole life insurance provides lifelong coverage with a cash value component but does not adjust for a mortgage that diminishes over time. Similarly, universal life insurance offers flexibility in premium payments and death benefits but is not tailored specifically to cover decreasing debts like a mortgage. 15-year increasing term policies would not be effective for this scenario since they would see the death benefit increase over time, opposite to the mortgage balance which is decreasing. Thus, the 15-year decreasing term policy is the ideal choice for protecting a mortgage.

4. What type of premium is associated with a whole life policy?

- A. Adjustable**
- B. Variable**
- C. Level**
- D. Decreasing**

A whole life policy is associated with a level premium. This means that the premium amount remains constant throughout the life of the policyholder, ensuring predictability in premium payments. The level premium is designed to cover the policyholder's risk of mortality as they age, as well as to build cash value over time. Whole life insurance tends to provide a death benefit that is guaranteed to be paid out, and the cash value typically grows at a steady rate, reinforcing the stability offered by the level premium structure. In contrast, adjustable premiums fluctuate based on the performance of the insurance company or the policyholder's changes in coverage. Variable premiums can change based on investment performance within the policy, and decreasing premiums are often associated with term policies, where the coverage amount decreases over time as the policy is in force. Each of these options does not align with the consistent and predictable nature of the whole life policy premium structure.

5. In terms of policy loans, what must a policyholder consider?

- A. Policy loans do not accrue interest**
- B. Loans can be taken against the cash value of the policy**
- C. Policy loans reduce the death benefit permanently**
- D. All policy loans require repayment within 30 days**

A policyholder must consider that loans can be taken against the cash value of the policy. This is a fundamental feature of whole life insurance policies, where a portion of the premiums paid contributes to a cash value that accumulates over time. The policyholder can borrow against this cash value at generally favorable terms, and the loan does not require immediate repayment. While it's important to note that the outstanding loan amount, along with any accrued interest, will reduce the death benefit that beneficiaries receive if the loan is not repaid, this effect happens only when the insured passes away or if the policy lapses. Therefore, while loans must be managed carefully, the ability to borrow against the cash value is a core benefit of such policies. In contrast, many other considerations listed in the other choices, such as the perceptions of interest accrual, the requirement for repayment within a short timeframe, or a permanent reduction of the death benefit regardless of the policyholder's actions, do not reflect the accurate mechanics and implications of policy loans. Understanding the nature of loans against the cash value empowers policyholders to manage their policies effectively and utilize this feature to their advantage when the need arises.

6. When must an insurance company notify an applicant about the potential for an investigative consumer report?

- A. After the policy is issued**
- B. Before the application is submitted**
- C. During the claims process**
- D. According to the Fair Credit Reporting Act**

The correct choice centers on the compliance with the Fair Credit Reporting Act (FCRA). This legislation mandates that consumers be informed whenever an insurance company intends to obtain an investigative consumer report, which includes details gathered from interviews with individuals who may know about the applicant's lifestyle and character. According to the FCRA, the notification must occur at or before the time the report is requested. This allows consumers to be aware of potential background checks and gives them an opportunity to understand how their information may be used in the insurance underwriting process. The requirement for disclosure ensures transparency and protects the rights of applicants, enabling them to know when their personal information is being assessed. On the other hand, alternatives that suggest notification after the policy is issued or during the claims process do not align with the proactive intent of the FCRA, which seeks to inform applicants before or concurrently with the report being requested. Additionally, the option that indicates notification before the application is submitted is somewhat misleading; while it is important to inform the applicant early on in the process, the law specifies that the notification must occur at least at the time of request for the report or before making a decision based on it.

7. When must insurable interest be established for a life insurance policy to be valid?

- A. When the policy is delivered**
- B. At the time of premium payment**
- C. When the application is made**
- D. At the time of the claim**

Insurable interest must be established at the time the application is made for a life insurance policy to be valid. This requirement is in place to prevent moral hazards and undue speculation on a person's life. Insurable interest refers to the financial interest a policyholder has in the continued life of the insured, ensuring that the policyholder stands to suffer a financial loss if the insured person passes away. By requiring insurable interest to be demonstrated at the application stage, insurers are safeguarding against individuals taking out policies on the lives of those with whom they have no legitimate connection or interest. This principle helps maintain the integrity of the insurance system, ensuring that policies are used for their intended purpose of protecting against unforeseen losses rather than betting on someone's death. Establishing insurable interest at this point also ensures that both the insurer and insured have a clear understanding of the relationship, which is crucial for the policy's enforceability.

8. Upon policy delivery, a signed good health statement is requested from the applicant. Why would this be necessary?

- A. To verify recent changes in health status**
- B. To complete the legal documentation**
- C. To assess the risk level for premium determination**
- D. The initial premium was NOT submitted with the application**

In the context of life insurance policies, a signed good health statement is typically requested upon policy delivery to ensure that the applicant's health status has not significantly changed since the application was submitted. This requirement helps the insurer confirm that the risks associated with insuring the individual are still as originally assessed based on the information provided at the time of application. When the initial premium is not submitted with the application, the good health statement serves as a way to verify that the individual is still in the same health condition as when they applied. This is crucial because if there have been any changes in the applicant's health, the insurer may need to reassess the risk and adjust the terms of the policy accordingly, whether that involves changing the premium or even possibly denying coverage. Hence, the signed good health statement acts as both a safeguard for the insurer and a necessary step in the policy delivery process. This context clarifies why having a signed good health statement is essential at this stage, especially when the initial premium was not included with the application.

9. How can additional coverage be included in a whole life policy?

- A. By increasing the mortality charge**
- B. By adding a decreasing term rider**
- C. By converting the policy to term insurance**
- D. By extending the policy's duration**

Adding a decreasing term rider to a whole life policy is a way to provide additional coverage that complements the permanent coverage of the whole life policy. This rider typically allows for a specified amount of term insurance with a death benefit that declines over time, which can be particularly useful for covering temporary financial needs, such as a mortgage or other debts. This added layer of protection works in concert with the whole life component, which provides lifelong coverage and builds cash value. In this context, the decreasing term rider enhances the overall insurance coverage by addressing specific financial obligations that may diminish over time, while the whole life policy continues to cover the policyholder's life with a stable death benefit and cash accumulation. This strategy allows for flexibility in managing insurance needs as circumstances change, especially when there are short-term obligations that need to be insured while still maintaining the lifelong benefits of whole life insurance. The other options suggest modifications that do not effectively add coverage in the same manner. Increasing the mortality charge could raise premiums without providing additional benefits, converting to term insurance changes the nature of the policy rather than adding coverage, and extending the policy's duration does not inherently equate to providing more coverage but rather prolongs the coverage period of the existing policy.

10. Which action is NOT possible with a Universal Life policy?

- A. Flexible premiums**
- B. Adjustable death benefits**
- C. Premiums may be applied as a credit against income tax**
- D. Cash value growth based on current interest rates**

In the context of a Universal Life policy, it's important to understand the fundamental features that define this type of life insurance. Universal Life policies are indeed designed to offer flexibility in both premiums and death benefits, allowing policyholders to adjust these aspects as their financial needs change. The option that states premiums may be applied as a credit against income tax is not correct because the premiums paid for a life insurance policy, including Universal Life, are not tax-deductible. Instead, the death benefit is typically received tax-free by beneficiaries. In contrast, cash value growth in Universal Life policies is based on current interest rates, which aligns fully with this insurance product's features. Therefore, it's clear that the correct information regarding what is NOT possible with a Universal Life policy centers on the misconception about the tax treatment of premiums.

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://rhodeisland-lifeinsurance.examzify.com>

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