RHODE ISLAND LIFE INSURANCE PRACTICE EXAM (SAMPLE)

STUDY GUIDE

SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

Table of Contents

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 of the following is NOT a type of insurance policy?**
    A. Universal Life
    B. Variable Universal Life
    C. Accidental Death Benefit
    D. Student Life Insurance

2. **What penalty tax is applied to premature IRA distributions?**
    A. 5%
    B. 10%
    C. 15%
    D. 20%

3. **Which statement regarding a Key Employee Life policy is NOT true?**
    A. The beneficiary is named by the key employee
    B. The employer pays the premium for the policy
    C. The coverage is typically for a specified term
    D. The policy can provide tax-free benefits to the employer

4. **Who is eligible for a certificate of coverage under a trustee group life policy?**
    A. The employer
    B. The insurer
    C. The employee
    D. The policyholder

5. **An employee with $25,000 group term life coverage that was recently fired can convert this coverage to what type of policy?**
    A. $25,000 individual whole life policy
    B. $25,000 term life policy
    C. $50,000 individual whole life policy
    D. $25,000 universal life policy

6. In Rhode Island, which action by an insurer regarding group life insurance is NOT permissible?

A. Charging additional premium for conversion

B. Requiring evidence of insurability

C. Providing conversion options within a set timeframe

D. Offering a reduced coverage option

7. All of these statements concerning Settlement Options are true, EXCEPT:

A. Only the beneficiary may select

B. Both the policyholder and beneficiary can agree on terms

C. Settlement options can influence the amount of benefits

D. They can provide income for the beneficiary

8. Which statement is true regarding the Change of Beneficiary provision?

A. The beneficiary must be notified of the change

B. The policyowner can change the beneficiary

C. The beneficiary designation is irrevocable

D. The policyowner needs approval from the insurer to change

9. Who has the authority to change the beneficiary designation on a life insurance policy?

A. Beneficiary

B. Producer

C. Policyowner

D. Insurer

10. To be eligible for Social Security disability benefits, an employee must be unable to perform:

A. A specific occupation only

B. Any occupation

C. Jobs similar to their previous employment

D. A limited range of tasks

Answers

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

Explanations

1. Which of the following is NOT a type of insurance policy?

A. Universal Life

B. Variable Universal Life

C. Accidental Death Benefit

D. Student Life Insurance

The chosen answer of "Student Life Insurance" is correct because it does not represent a widely recognized type of insurance policy in the way that the other options do. Universal Life, Variable Universal Life, and Accidental Death Benefit are all established categories of life insurance. Universal Life is a flexible premium, adjustable benefit type of permanent life insurance that allows policyholders to adjust their premium payments and death benefits. Variable Universal Life combines features of universal life with investment options, allowing the policyholder to allocate a portion of the premium to a variety of investment funds. The Accidental Death Benefit is a rider or an additional benefit that can be attached to a life insurance policy, providing an extra payout should the insured die as a result of an accident. In contrast, "Student Life Insurance" does not conform to a specific class of policy recognized in the life insurance industry, making the term more ambiguous and less standardized compared to the other options listed. Thus, it stands apart as the correct answer to the question about which option does not represent a formal type of insurance policy.

2. What penalty tax is applied to premature IRA distributions?

A. 5%

B. 10%

C. 15%

D. 20%

The penalty tax applied to premature IRA distributions is 10%. This means that if an individual withdraws money from their Individual Retirement Account (IRA) before they reach the age of 59½, they are subject to an additional tax on that distribution, which is aimed at discouraging early withdrawals and encouraging the saving of funds for retirement. This 10% penalty is in addition to any regular income tax that may also apply to the funds withdrawn. The purpose of this penalty is to promote long-term savings and to ensure that individuals do not deplete their retirement savings prematurely, which could lead to financial difficulties later in life. While there are certain exceptions to this penalty, such as using the funds for qualified higher education expenses or purchasing a first home, the standard penalty for early withdrawals remains at 10%. This is critical for individuals to understand when considering taking money out of their retirement accounts before reaching retirement age.

3. Which statement regarding a Key Employee Life policy is NOT true?

A. The beneficiary is named by the key employee

B. The employer pays the premium for the policy

C. The coverage is typically for a specified term

D. The policy can provide tax-free benefits to the employer

A Key Employee Life policy is designed to provide financial protection for a business in the event of the loss of a key employee whose contributions are vital for the business's operations. The primary purpose of this policy is to help the business maintain stability and cover costs that may arise from the sudden loss of this individual. In this context, the statement regarding the beneficiary being named by the key employee is not accurate because generally, in a Key Employee Life policy, the employer is the one who purchases the policy and thus has the right to name the beneficiary—often themselves or the business. They pay the premiums, which supports the business's interest in safeguarding its operations against the risk posed by losing a key employee. The employer typically pays the premiums to maintain control over the policy, ensuring that it is in alignment with the company's financial calculus. Coverage can be in the form of a term life policy, which aligns with the temporary needs for financial protection rather than permanent coverage. Additionally, the benefits from the policy can indeed be tax-free to the employer, further emphasizing the financial advantages of having such a policy in place. Thus, the statement regarding the beneficiary being named by the key employee incorrectly represents the nature of who controls the policy and its benefits.

4. Who is eligible for a certificate of coverage under a trustee group life policy?

A. The employer

B. The insurer

C. The employee

D. The policyholder

In a trustee group life policy, the certificate of coverage is typically issued to the employees covered under the policy rather than to the employer or the policyholder. Employees are the ones who benefit from the life insurance coverage provided by the policy. The certificate of coverage serves as proof that the employee is enrolled in the group life insurance plan and outlines the benefits they are entitled to under that policy. It is important for employees, as it confirms their coverage, details the amount of life insurance they have, and includes information on how to claim benefits in the event of death. The other parties mentioned, such as the employer, insurer, or policyholder, do not receive the certificate of coverage in the same capacity. While the employer may manage the policy and the insurer provides the coverage, it is the employee who is the actual insured party receiving the benefits. Therefore, employees are the eligible parties for a certificate of coverage under a trustee group life policy.

5. An employee with $25,000 group term life coverage that was recently fired can convert this coverage to what type of policy?

A. $25,000 individual whole life policy

B. $25,000 term life policy

C. $50,000 individual whole life policy

D. $25,000 universal life policy

When an employee has group term life insurance coverage and leaves their job, they typically have the option to convert their group coverage into an individual policy without having to submit evidence of insurability. In this case, the employee has $25,000 of group term life insurance coverage, and upon conversion, they can obtain a policy that matches the amount of their previous coverage. Choosing an individual whole life policy as the conversion option allows the employee to benefit from the lifelong coverage, guaranteed cash value accumulation, and fixed premium structure that whole life insurance provides. This type of policy ensures that the insured will have coverage for their entire life, as long as premiums are paid, and it affords a degree of financial security and a savings component. Conversion generally does not allow for an increase in coverage amount or a lower-quality policy option. Thus, the choice of a whole life policy for the exact coverage amount previously held — $25,000 — aligns with the purpose of conversion rights typically provided in group term insurance contracts.

6. In Rhode Island, which action by an insurer regarding group life insurance is NOT permissible?

A. Charging additional premium for conversion

B. Requiring evidence of insurability

C. Providing conversion options within a set timeframe

D. Offering a reduced coverage option

In the context of group life insurance in Rhode Island, insurers are often restricted from requiring evidence of insurability when an individual is converting their group coverage to an individual policy. This is to protect the rights of the insured and ensure that individuals who may have developed health issues during their time in the group plan are able to secure individual coverage without undergoing a new medical examination or providing health information. This approach aligns with the principle of providing consumers with the ability to retain insurance protection despite changes in their health status. The other actions mentioned, such as charging additional premiums for conversion, providing conversion options within a set timeframe, and offering a reduced coverage option, are generally permissible as they can be part of the policy provisions and terms set by the insurer and group plan. These practices allow insurers to manage risk while still providing the option for individuals to maintain life insurance coverage after their group coverage ends.

7. All of these statements concerning Settlement Options are true, EXCEPT:

- A. Only the beneficiary may select
- B. Both the policyholder and beneficiary can agree on terms
- C. Settlement options can influence the amount of benefits
- D. They can provide income for the beneficiary

The statement that only the beneficiary may select the settlement options is not accurate. In many cases, the policyholder retains the ability to choose the settlement options at the time the policy is issued, and these options can often be discussed or agreed upon by both the policyholder and the beneficiary. Settlement options define how the insurance benefits will be paid out, and these options can greatly affect the financial impact on the beneficiary. For instance, some options allow for a lump sum payment, while others offer structured payouts over time, which can influence the overall amount received due to interest accrual or other factors. Additionally, many settlement options are designed to provide a steady stream of income to beneficiaries, especially in cases where the death benefit is intended to support them financially over a longer period rather than as a one-time payment. This feature demonstrates how settlement options can be used strategically to meet the financial needs of the beneficiaries.

8. Which statement is true regarding the Change of Beneficiary provision?

- A. The beneficiary must be notified of the change
- B. The policyowner can change the beneficiary
- C. The beneficiary designation is irrevocable
- D. The policyowner needs approval from the insurer to change

The statement that the policyowner can change the beneficiary is correct because, in most life insurance policies, the policyowner retains the right to modify the beneficiary designation at any time unless the beneficiary designation is specified as irrevocable. This means that the policyowner has the authority to decide to whom the policy's death benefit will be paid, which is a fundamental right associated with policy ownership. In contrast, notifying the beneficiary of the change, requiring their approval, or having an irrevocable designation are all elements that can vary based on the specifics of a policy or beneficiary designation type. However, the general principle remains that the policyowner holds the power to change the beneficiary whenever they choose, provided there are no restrictions in the policy. This flexibility allows policyowners to ensure their life insurance benefits are directed to their preferred individuals or entities as personal circumstances change over time.

9. Who has the authority to change the beneficiary designation on a life insurance policy?

- A. Beneficiary
- B. Producer
- C. Policyowner
- D. Insurer

The policyowner holds the authority to change the beneficiary designation on a life insurance policy. This is because the policyowner is the individual who has the rights to control the policy, including making decisions about its provisions and terms. While beneficiaries receive the benefits upon the policyholder's death, they do not have any say in modifying the policy itself. The producer, or agent, may assist the policyowner with the process, but they do not have the authority to make changes on behalf of the policyowner. The insurer is responsible for administering the policy and might process the change once it is formally requested by the policyowner, but they cannot initiate a change without the policyowner's direction. Thus, only the policyowner can exercise the right to change the beneficiary designation, reflecting the ownership and control they have over the policy.

10. To be eligible for Social Security disability benefits, an employee must be unable to perform:

A. A specific occupation only

B. Any occupation

C. Jobs similar to their previous employment

D. A limited range of tasks

To qualify for Social Security disability benefits, an employee must demonstrate that they are unable to perform any occupation, not just their specific job or a limited range of tasks. This requirement is rooted in the principle that the inability to work must be comprehensive. The Social Security Administration (SSA) assesses the individual's medical conditions, limitations, and work history to determine if they can engage in any substantial gainful activity. This broader definition ensures that if an individual possesses the ability to do any form of work available in the national economy, regardless of their past job, they do not meet the criteria for disability benefits. The criteria are designed to provide support to those who cannot earn a living in any capacity, acknowledging the wide range of job types that exist beyond their previous employment.

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!