RHODE ISLAND PRE-LICENSING LIFE & HEALTH INSURANCE 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. In life insurance, what does the term "lapse" refer to?

A. A policy reaching its maturity date
B. A missed premium payment resulting in coverage termination
C. The insurer's right to cancel a policy
D. The renewal of an annual policy

2. What does the guarantee of insurability option allow a long-term care policy owner to do?

A. Renew their policy without premium increases
B. Buy additional coverage at a later date
C. Change beneficiaries without restrictions
D. Transfer the policy to another person

3. If the initial premium is NOT submitted with an application, what action should a producer take?

A. Hold the application until the premium is received
B. Return the application to the applicant
C. Forward the application to the insurer without the initial premium
D. Cancel the application process

4. Annuity suitability regulations in the state of Rhode Island require that a producer obtain each of the following criteria EXCEPT?

A. Sexual orientation
B. Income level
C. Investment experience
D. Existing financial needs

5. In life insurance, the term "face amount" refers to what?

A. The total premiums paid
B. The amount payable upon death of the insured
C. The cash value available during the policyholder's life
D. The cost of the policy

6. When is a life insurance policy considered a wagering contract?

A. When beneficiaries are not clearly defined

B. Without insurable interest

C. When the policy has been purchased online

D. When the premium is unpaid

7. What must a life insurance applicant expect to be provided with according to Rhode Island's rules on disclosure?

A. A detailed financial statement

B. A Buyer's Guide and Policy Summary

C. An annual report

D. A list of previous claims

8. What is true regarding a group accident and health policy issued to an employer?

A. Every employee receives the policy directly

B. The employer receives the policy and each employee is issued a certificate

C. The policy is only for key employees

D. Employees have to enroll to receive benefits

9. Which type of policy requires the insured to be the beneficiary for the claim to be paid?

A. Term Life

B. Whole Life

C. Universal Life

D. Key Employee Life

10. One major function of the RI Guaranty Association is to do what?

A. Evaluate insurer risk

B. Assess member fees upon all admitted insurers in RI

C. Enforce regulatory compliance

D. Provide insurance education

Answers

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

Explanations

1. In life insurance, what does the term "lapse" refer to?

A. A policy reaching its maturity date

B. A missed premium payment resulting in coverage termination

C. The insurer's right to cancel a policy

D. The renewal of an annual policy

In the context of life insurance, the term "lapse" specifically refers to a missed premium payment that results in the termination of coverage. When a policyholder fails to pay their premiums within the specified grace period, the insurer may allow the policy to lapse. This means that the insurance policy is no longer in effect, and the policyholder will lose their coverage and any associated benefits. Understanding the consequences of a lapse is crucial for policyholders, as it highlights the importance of maintaining consistent premium payments to keep the policy active and ensure financial protection for beneficiaries. The lapse occurs when the insurer does not cancel the policy but rather allows it to become inactive due to non-payment.

2. What does the guarantee of insurability option allow a long-term care policy owner to do?

A. Renew their policy without premium increases

B. Buy additional coverage at a later date

C. Change beneficiaries without restrictions

D. Transfer the policy to another person

The guarantee of insurability option specifically allows a long-term care policy owner to buy additional coverage at a later date without having to undergo medical underwriting or provide proof of insurability. This is a significant benefit for policyholders, as it protects them from potential health changes that might make them uninsurable or increase their premiums if they seek additional coverage in the future. This option is particularly valuable for individuals who anticipate their insurance needs may grow over time due to age or health changes, giving them peace of mind and flexibility in their long-term care planning. The other choices don't accurately describe what the guarantee of insurability option entails. Options related to policy renewals or premium increases refer to different features of insurance policies, while changing beneficiaries and transferring policies are more about policy management rather than the coverage expansion that the guarantee of insurability provides.

3. If the initial premium is NOT submitted with an application, what action should a producer take?

A. Hold the application until the premium is received

B. Return the application to the applicant

C. Forward the application to the insurer without the initial premium

D. Cancel the application process

When an application for insurance is submitted without the initial premium, the most appropriate action is to forward the application to the insurer without the initial premium. This is because many insurance companies have policies that allow the application process to begin even if the initial premium is not included. Once the application is received by the insurer, they can begin evaluating the risk and determining whether to approve coverage. If the insurer approves the application, they may then send a policy or coverage confirmation along with instructions regarding the payment of the initial premium. This method helps avoid unnecessary delays and allows for a more efficient processing of the application. Additionally, if the insurer does not approve the coverage, there is no need to return the application or hold it in limbo, thereby streamlining communication and processing for all parties involved. This action of forwarding the application aids in maintaining momentum in the underwriting process, ensuring that applicants are promptly informed of their application status, and preparing for the next steps regarding their potential coverage.

4. Annuity suitability regulations in the state of Rhode Island require that a producer obtain each of the following criteria EXCEPT?

A. Sexual orientation

B. Income level

C. Investment experience

D. Existing financial needs

In the context of annuity suitability regulations in Rhode Island, producers are required to gather specific information to ensure that an annuity product is suitable for the client's financial situation and goals. The criteria typically include income level, investment experience, and existing financial needs. Sexual orientation is not a relevant factor in determining the suitability of an annuity. The focus of suitability assessments is on financial and investment aspects rather than personal characteristics that do not influence financial decision-making. The main objective of these regulations is to safeguard consumers by ensuring that financial products like annuities align with their financial circumstances, risk tolerance, and objectives, making options like sexual orientation irrelevant in this specific context.

5. In life insurance, the term "face amount" refers to what?

A. The total premiums paid

B. The amount payable upon death of the insured

C. The cash value available during the policyholder's life

D. The cost of the policy

The term "face amount" in life insurance is defined as the amount payable upon the death of the insured. This is the sum that the beneficiary receives when the insured person passes away, assuming the policy is in force and all conditions for payment are met. The face amount is crucial because it represents the primary financial benefit intended to provide help to the policyholder's loved ones after their death. This concept is foundational in life insurance as it helps to determine the financial security provided by a policy. Understanding the face amount allows potential policyholders to appropriately assess how much coverage they need based on their financial responsibilities and the needs of their beneficiaries. It's also essential to differentiate this from other aspects of a life insurance policy, such as cash value, which accumulates over time in certain types of policies and might be available during the policyholder's life. However, it does not represent the amount paid to beneficiaries upon death, unlike the face amount.

6. When is a life insurance policy considered a wagering contract?

A. When beneficiaries are not clearly defined

B. Without insurable interest

C. When the policy has been purchased online

D. When the premium is unpaid

A life insurance policy is considered a wagering contract when it lacks insurable interest. Insurable interest is a fundamental principle in insurance that requires the policyholder to have a legitimate interest in the life or health of the insured. This means that the policyholder will suffer a financial loss or hardship if the insured person dies or becomes ill. If a life insurance policy is purchased without this insurable interest, the contract resembles a wager on the life of the insured, where the policyholder stands to gain only from the death of the insured rather than from a legitimate concern for their well-being. This is why such contracts are typically considered void or unenforceable, as they go against the ethical and legal principles underpinning the insurance industry. The other choices do not accurately describe the conditions under which a life insurance policy becomes a wagering contract. For example, defining beneficiaries, whether purchased online, or having unpaid premiums do not inherently affect the existence of insurable interest. Understanding this concept is key in recognizing the validity and enforceability of life insurance contracts.

7. What must a life insurance applicant expect to be provided with according to Rhode Island's rules on disclosure?

A. A detailed financial statement

B. A Buyer's Guide and Policy Summary

C. An annual report

D. A list of previous claims

A life insurance applicant in Rhode Island is entitled to receive a Buyer's Guide and Policy Summary as part of the state's rules on disclosure. This requirement is in place to ensure that consumers have access to essential information about the insurance policies they are considering. The Buyer's Guide serves as an educational resource that provides an overview of life insurance products, helping applicants understand the types of coverage available, their features, and the benefits associated with them. It also addresses common questions and considerations that potential policyholders should be aware of when making their decision. The Policy Summary complements the Buyer's Guide by offering specific details about the policy the applicant is considering, including key features, coverage amounts, and any exclusions or conditions that may apply. By providing these documents, the insurer promotes transparency and helps applicants make informed choices based on their individual needs. This focus on providing clear and accessible information is crucial in fostering consumer trust and ensuring that individuals can make choices that align with their financial goals and life circumstances.

8. What is true regarding a group accident and health policy issued to an employer?

A. Every employee receives the policy directly

B. The employer receives the policy and each employee is issued a certificate

C. The policy is only for key employees

D. Employees have to enroll to receive benefits

In the context of group accident and health insurance policies issued to employers, it is standard practice for the employer to receive the master policy. This master policy outlines the coverage details, terms, and conditions of the insurance plan. Each employee covered under this group policy then receives a certificate of insurance, which serves as proof of coverage and provides them with information about their specific benefits. This structure simplifies administration for the employer and allows for a collective coverage approach, making it more efficient and cost-effective for both the employer and employees. The choice regarding every employee receiving the policy directly doesn't align with how group policies operate, as it is common for the employer to hold the master policy. The idea that the policy is only for key employees does not reflect the inclusive nature of group policies, which are typically designed to cover all eligible employees rather than a select few. As for the requirement for employees to enroll to receive benefits, while enrollment may be necessary for individual participation in the plan, the grouped nature of the coverage often means employment itself may be adequate for coverage eligibility, as long as the employee meets the plan's requirements.

9. Which type of policy requires the insured to be the beneficiary for the claim to be paid?

A. Term Life

B. Whole Life

C. Universal Life

D. Key Employee Life

In the context of life insurance policies, a Key Employee Life policy is designed to provide financial protection to a business in the event of the death of a crucial employee whose contributions are vital to the company's operations. In this type of policy, the employer is typically the policyholder and pays the premiums, while the insured is the key employee. The employer is also the beneficiary, which means that in order for a claim to be paid, it is essential that the insured individual—the key employee—must meet the criteria. This structure ensures that the business can recover a substantial financial loss related to the key employee's absence through the benefit received from the policy. In contrast, other policy types, such as Term Life, Whole Life, and Universal Life, generally allow the policyholder to designate any beneficiary who would receive the death benefit, regardless of their relationship to the insured. Therefore, these policies do not specifically require the insured to be the beneficiary for the claim to be paid, making them different from Key Employee Life policies in terms of their beneficiary arrangements.

10. One major function of the RI Guaranty Association is to do what?

A. Evaluate insurer risk

B. Assess member fees upon all admitted insurers in RI

C. Enforce regulatory compliance

D. Provide insurance education

The Rhode Island Guaranty Association plays a vital role in protecting policyholders in the event that an insurance company becomes insolvent. One of its major functions is to assess member fees upon all admitted insurers in Rhode Island. This process involves collecting funds from member insurance companies, which are then used to pay claims to policyholders of the insolvent insurer up to certain limits established by law. This financial support is crucial because it helps ensure that policyholders do not suffer financial losses due to the failure of an insurance company. By assessing fees from all member insurers, the Association builds a safety net that secures the interests of policyholders while maintaining stability within the insurance marketplace in Rhode Island. The other options reflect responsibilities that might be associated with the broader insurance regulatory framework but do not specifically identify the core function of the RI Guaranty Association as it relates to the protection of policyholders following an insurer's insolvency.

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:

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