

Tennessee Insurance Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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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. What type of coverage is typically associated with credit life insurance?**
 - A. Whole Life Insurance**
 - B. Term Life Insurance**
 - C. Decreasing Term Coverage**
 - D. Universal Life Insurance**

- 2. What will the insurer likely do if L dies and it is discovered she understated her age on the application?**
 - A. Cancel the policy**
 - B. Adjust the death benefit**
 - C. Offer a reimbursement**
 - D. Enforce a waiting period**

- 3. When must insurable interest be present in order for a life insurance policy to be valid?**
 - A. At the time of the beneficiary's death**
 - B. Upon renewal of the policy**
 - C. When the application is made**
 - D. At the time of premium payment**

- 4. What type of life insurance allows for flexible premiums and adjustable death benefits?**
 - A. Whole Life**
 - B. Universal Life**
 - C. Term Life**
 - D. Endowment Life**

- 5. What is one reason considered NOT valid for purchasing life insurance on a minor?**
 - A. It funds a child trust**
 - B. It provides a death benefit to the child if both parents die**
 - C. It pays for college expenses**
 - D. It covers burial costs**

6. Which of the following statements about representations or warranties is true?

- A. False representations never affect a policy**
- B. If material to the risk, false representations will void a policy**
- C. All representations must be true for a policy to remain valid**
- D. Warranties are not applicable to life insurance policies**

7. In an Interest Sensitive Whole Life policy, how are cash values determined?

- A. Based on the policyholder's age**
- B. By the insured's health status**
- C. According to changing interest rates**
- D. Fixed at the time of the policy purchase**

8. Which factor is primarily considered when determining the premium rate for a Whole Life Policy?

- A. Policyholder's age**
- B. Policy benefits**
- C. Risk classification**
- D. Investment options**

9. A Return of Premium life insurance policy is categorized as?

- A. Term life insurance**
- B. Whole life and decreasing term**
- C. Whole life and increasing term**
- D. Universal life insurance**

10. What type of insurance provides permanent life coverage with premiums payable for the lifetime of the insured?

- A. Universal Life**
- B. Whole Life**
- C. Term Life**
- D. Variable Life**

Answers

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

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Explanations

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1. What type of coverage is typically associated with credit life insurance?

- A. Whole Life Insurance**
- B. Term Life Insurance**
- C. Decreasing Term Coverage**
- D. Universal Life Insurance**

Credit life insurance is specifically designed to pay off a borrower's debt in the event of their death. The most common type of coverage associated with credit life insurance is decreasing term coverage. This is because as the borrower's outstanding debt decreases over time (for instance, as loan payments are made), the amount of life insurance coverage also decreases accordingly. Decreasing term coverage aligns with the needs of creditors and borrowers, ensuring that the death benefit paid will pay off the remaining loan balance at the time of death. Other types of coverage, such as whole life or universal life insurance, do not decrease in value over time and are typically intended for different purposes, such as long-term savings or permanent coverage. Therefore, the nature of decreasing term coverage is a perfect fit for the purpose of credit life insurance, which focuses on the repayment of loans upon death.

2. What will the insurer likely do if L dies and it is discovered she understated her age on the application?

- A. Cancel the policy**
- B. Adjust the death benefit**
- C. Offer a reimbursement**
- D. Enforce a waiting period**

If it is discovered that L understated her age on the insurance application after her death, the insurer will likely adjust the death benefit. Insurance premiums and benefits are often calculated based on the applicant's age at the time the policy is issued. If the age was understated, this could mean that the policy was issued at a lower premium rate than would have been charged had the correct age been disclosed. The insurer typically recalculates the death benefit based on the appropriate age and the corresponding premium rates. For instance, if L had disclosed her correct age, the policy would have provided a different (usually lower) benefit amount, reflecting normal underwriting practices. Therefore, upon discovering the age misinformation, the company would adjust the death benefit to align with the premiums that should have been paid had the correct age been disclosed, rather than taking more drastic measures like canceling the policy or enforcing a waiting period.

3. When must insurable interest be present in order for a life insurance policy to be valid?

- A. At the time of the beneficiary's death**
- B. Upon renewal of the policy**
- C. When the application is made**
- D. At the time of premium payment**

Insurable interest must be present at the time the application for a life insurance policy is made for the policy to be considered valid. This means that the person applying for the insurance must have a legitimate interest in the life of the insured, such as a family relationship or a financial stake. The rationale behind this requirement is to prevent insurance from being used as a gambling contract; it ensures that the policyholder has a genuine reason to wish for the insured's survival. If insurable interest is absent at the application stage, the policy can be deemed void because it lacks the necessary foundation of a valid contract. While the presence of insurable interest is still relevant throughout the life of the policy, it is primarily evaluated at the application stage. This guarantees that the insurer is entering into a contract that has a purpose rooted in legitimate concern for the insured's well-being.

4. What type of life insurance allows for flexible premiums and adjustable death benefits?

- A. Whole Life**
- B. Universal Life**
- C. Term Life**
- D. Endowment Life**

Universal Life insurance is designed with flexibility in mind, allowing policyholders to adjust their premiums and death benefits over time. This adaptability means that as a policyholder's financial situation changes, they can modify their contributions and the coverage amount to better meet their needs. Premiums can vary; the policyholder has the option to pay more than the minimum required, which can contribute to the policy's cash value, or pay less in some periods, though doing so may affect the death benefit or policy continuation. Additionally, the death benefit amount in Universal Life insurance can typically be increased or decreased, providing further flexibility compared to more rigid options like Whole Life insurance, which has fixed premiums and benefits. Term Life policies do not have a cash value component and are strictly for a set term, while Endowment Life is focused on accumulating savings to pay out a specified amount at maturity rather than offering flexible premium payments. Thus, Universal Life uniquely combines these elements of flexibility, accommodating changing life circumstances and financial goals.

5. What is one reason considered NOT valid for purchasing life insurance on a minor?

- A. It funds a child trust**
- B. It provides a death benefit to the child if both parents die**
- C. It pays for college expenses**
- D. It covers burial costs**

Purchasing life insurance on a minor can have several valid reasons, but providing a death benefit to the child if both parents die is not typically considered a valid reason. Life insurance is usually intended to provide financial protection and benefits to beneficiaries, often in the event of the insured's death. In the case of a minor, the primary concern tends to be about protecting the financial interests of the dependents (such as parents), rather than benefiting the minor directly. For example, options that involve establishing a child trust or ensuring there are funds for college expenses are focused on long-term financial planning and support for the child's future. Similarly, covering burial costs can help alleviate the financial burden on the family during a difficult time. These valid reasons align with the protective and financial planning purposes of life insurance. On the other hand, a death benefit intended for the child only arises if they are the insured individual. In scenarios where both parents are deceased, the focus generally shifts to the financial stability and care of the child, rather than providing a death benefit to the child themselves. The insurance policies for minors generally aim to support the family or other dependents financially rather than providing direct benefits to the child in such situations.

6. Which of the following statements about representations or warranties is true?

- A. False representations never affect a policy**
- B. If material to the risk, false representations will void a policy**
- C. All representations must be true for a policy to remain valid**
- D. Warranties are not applicable to life insurance policies**

The statement that false representations will void a policy if material to the risk is accurate because representations are statements made by the insured about their circumstances or characteristics when applying for insurance. A representation is material if it would influence the insurer's decision to accept the risk or determine the premium. If an insured provides false information that significantly alters the risk perception or insurability, the insurer may have grounds to void the policy. This principle underscores the importance of honesty in the insurance application process, as it ensures both parties are protected under the agreed terms. The other statements contain inaccuracies or misunderstandings about how representations and warranties function in insurance. For example, while it is true that false representations can influence policy validity, the assertion that all representations must be true is too stringent, as minor inaccuracies that do not materially affect the risk may not void a policy. Additionally, warranties are indeed relevant in life insurance, as they can impose specific conditions that must be met for a policy to remain effective, therefore making this statement incorrect.

7. In an Interest Sensitive Whole Life policy, how are cash values determined?

- A. Based on the policyholder's age**
- B. By the insured's health status**
- C. According to changing interest rates**
- D. Fixed at the time of the policy purchase**

In an Interest Sensitive Whole Life policy, cash values are determined according to changing interest rates. This type of policy offers more flexibility compared to traditional whole life insurance by allowing the cash value to accumulate based on a specific interest rate that may fluctuate over time. The insurer typically provides a minimum guaranteed interest rate, but the actual rate can vary based on market conditions. As interest rates rise, the cash value grows at a higher rate, benefiting policyholders with increased equity in their policies. Conversely, if interest rates decline, the growth may slow down. This adaptability is a fundamental feature of Interest Sensitive Whole Life policies, making them distinct from fixed cash value policies, where cash values are determined at the time of policy purchase and do not change based on market conditions. The other options, such as factors like the policyholder's age or health status, may impact underwriting or premium calculations but do not fundamentally determine how cash values are influenced in this type of policy. The key takeaway is that cash values fluctuate with prevailing interest rates, offering potential for growth that aligns with broader economic trends.

8. Which factor is primarily considered when determining the premium rate for a Whole Life Policy?

- A. Policyholder's age**
- B. Policy benefits**
- C. Risk classification**
- D. Investment options**

When determining the premium rate for a Whole Life Policy, the primary factor considered is risk classification. This classification assesses the likelihood of an insured individual filing a claim based on various criteria, including health status, lifestyle choices, and other risk factors. Insurance companies use this information to evaluate the potential cost of providing coverage to a policyholder. Though the policyholder's age is important since it can influence the risk and the policy benefits are essential for understanding the coverage provided, these factors play a supportive rather than primary role in rate determination. Investment options are also not typically a direct factor in calculating premiums for whole life policies, as the focus is more on the guarantees and risks associated with the life insurance itself. Thus, risk classification stands out as the central factor in premium setting for these policies.

9. A Return of Premium life insurance policy is categorized as?

- A. Term life insurance**
- B. Whole life and decreasing term**
- C. Whole life and increasing term**
- D. Universal life insurance**

A Return of Premium (ROP) life insurance policy is categorized as a type of term life insurance that provides a unique benefit at the end of the policy term. Specifically, if the insured outlives the duration of the policy, a portion of the premiums paid is returned to them. This structure aligns closely with term life policies, as they primarily provide coverage for a specified period and do not accumulate cash value like whole life or universal life policies. Return of Premium policies are designed to appeal to consumers who may be hesitant to invest in term life insurance if they perceive they will receive no benefit should they outlive the term. By offering a return of premiums, these policies blend the elements of term insurance with an incentive that mimics some financial benefits found in whole life products, though the core structure remains rooted in term insurance. The other categories mentioned do not accurately describe ROP insurance. Whole life insurance provides permanent coverage with a cash value component, while decreasing or increasing term insurance refers to the changing face amount of the policy over time without the return of premiums aspect. Each of these terms highlights different mechanisms and benefits, but none captures the specific feature of the ROP policy that distinguishes it from standard term insurance. Therefore, it accurately fits into the term life

10. What type of insurance provides permanent life coverage with premiums payable for the lifetime of the insured?

- A. Universal Life**
- B. Whole Life**
- C. Term Life**
- D. Variable Life**

The type of insurance that provides permanent life coverage with premiums payable for the lifetime of the insured is Whole Life insurance. This product is designed to offer a death benefit that lasts for the entire life of the insured, as long as the premiums are paid. Whole Life insurance not only ensures a guaranteed payout to beneficiaries at the time of death but also builds cash value over time. Policyholders can borrow against this cash value or even withdraw funds when needed. The premiums for Whole Life insurance are generally fixed and level throughout the insured's lifetime, which provides predictability for budgeting and financial planning. Other types of life insurance, such as Universal Life and Variable Life, have more flexible premium structures and potential investment components but may not guarantee a death benefit in the same way as Whole Life. Term Life insurance, on the other hand, provides coverage for a specified period and does not build cash value, which differentiates it significantly from Whole Life insurance.

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://tennessee-insurance.examzify.com>

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

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