

# Tennessee Life and Health Insurance Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

**This is a sample study guide. To access the full version with hundreds of 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. Don't worry about getting everything right, 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, and take breaks to retain information better.**

## **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.**

## **7. Use Other Tools**

**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!**

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## **Questions**

- 1. What allows an insured individual to select any healthcare provider without restriction?**
  - A. Preferred provider organization (PPO)**
  - B. Health maintenance organization (HMO)**
  - C. Comprehensive major medical policy**
  - D. Service insurer**
- 2. What is considered a deceptive practice in the context of insurance?**
  - A. Providing accurate information about policy benefits**
  - B. Encouraging clients to understand their policies**
  - C. Maliciously criticizing an insurer's financial condition**
  - D. Offering competitive rates**
- 3. What indicates a policy owner's right to reinstate a lapsed policy?**
  - A. The expiration of the grace period.**
  - B. The auto-renewal clause.**
  - C. The insurer's consent.**
  - D. The reinstatement provision.**
- 4. Term life insurance policies are typically known for what characteristic?**
  - A. High cash value accumulation**
  - B. Low initial premiums**
  - C. Long-term coverage**
  - D. Guaranteed payout**
- 5. Where can the face value for a life insurance policy typically be found?**
  - A. On the last page of the policy**
  - B. In the policyholder's account statement**
  - C. On the 1st page of the policy/contract**
  - D. In the exclusions section of the policy**



- 6. What type of disability insurance is commonly available as a group plan?**
- A. Accidental Death and Dismemberment Policy**
  - B. Individual Disability Income Policy**
  - C. Group Disability Income Policy**
  - D. Business Overhead Expense Policy**
- 7. What is the clause that requires the owner of a policy to pay a premium in exchange for benefits?**
- A. Consideration clause**
  - B. Revocable clause**
  - C. Irrevocable clause**
  - D. Endorsement clause**
- 8. What is the primary purpose of workers compensation insurance?**
- A. Pays the worker who gets hurt on the job**
  - B. Covers medical expenses for temporary disabilities**
  - C. Offers life insurance benefits for employees**
  - D. Provides retirement benefits for workers**
- 9. What action should be taken if your license has been revoked?**
- A. Ignore it**
  - B. Sell it**
  - C. Reapply immediately**
  - D. Return it to the Commissioner**
- 10. Which type of insurance allows borrowing against cash value?**
- A. Fixed life insurance**
  - B. Flexible permanent insurance**
  - C. Scheduled term life insurance**
  - D. Interest-sensitive whole life insurance**

## **Answers**

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

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## **Explanations**

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**1. What allows an insured individual to select any healthcare provider without restriction?**

- A. Preferred provider organization (PPO)**
- B. Health maintenance organization (HMO)**
- C. Comprehensive major medical policy**
- D. Service insurer**

The answer highlights the nature of a Preferred Provider Organization, or PPO, which is designed to provide flexibility in choosing healthcare providers. In a PPO, the insured individual is not limited to a specific network of providers and can see any doctor or specialist without needing a referral, which is a key characteristic of this type of plan. Policyholders may incur lower out-of-pocket costs when they choose to utilize providers within the PPO network, but they retain the freedom to seek care outside of that network if they choose. This flexibility is a significant advantage over other types of health plans, such as Health Maintenance Organizations (HMOs), where members must select from a limited list of providers and often require referrals for specialist services. Comprehensive major medical policies offer a wide array of coverage but do not inherently grant the same level of provider choice as a PPO. Service insurers typically operate on a fee-for-service basis but can have varying restrictions based on the specific plan rules. Overall, the flexibility offered by PPOs to see any healthcare provider without restrictions makes them a preferred option for many insured individuals seeking autonomy in their healthcare decisions.

**2. What is considered a deceptive practice in the context of insurance?**

- A. Providing accurate information about policy benefits**
- B. Encouraging clients to understand their policies**
- C. Maliciously criticizing an insurer's financial condition**
- D. Offering competitive rates**

In the context of insurance, a deceptive practice is defined as any action that misleads or causes confusion among consumers regarding insurance policies or their providers. Maliciously criticizing an insurer's financial condition fits this definition because it aims to undermine confidence in an insurer through false or misleading statements. This kind of behavior not only creates an adverse perception of the insurer but can also lead consumers to make decisions based on inaccurate information, which is both unethical and potentially illegal under insurance regulations. The focus here is on the intent and effect of the action. Criticism that is intended to mislead or instill distrust is a clear violation of ethical standards in the insurance industry, as it hampers fair competition and can disrupt the insurance marketplace. In contrast, providing accurate information about policy benefits, encouraging clients to understand their policies, and offering competitive rates are practices that support transparent communication and promote consumer education, thereby enhancing the integrity of the insurance process. Such practices are not deceptive because they aim to empower consumers with truthful and helpful information.

**3. What indicates a policy owner's right to reinstate a lapsed policy?**

- A. The expiration of the grace period.**
- B. The auto-renewal clause.**
- C. The insurer's consent.**
- D. The reinstatement provision.**

A policy owner's right to reinstate a lapsed policy is specifically indicated by the reinstatement provision. This provision is a clause included in the insurance contract that outlines the conditions under which a policy that has lapsed due to non-payment of premiums can be renewed and put back into force. Typically, the reinstatement provision will specify requirements such as the time frame within which reinstatement can occur, the payment of past due premiums, and possibly evidence of insurability. This gives the policyholder a clear understanding of their rights and obligations should their policy lapse, allowing them an opportunity to regain coverage rather than being forced to start a new policy. Other options present factors that may affect the policy but do not directly indicate the right to reinstate. The expiration of the grace period refers to the end of the time allowed for premium payments before a policy lapses, while the auto-renewal clause pertains to automatic continuation of coverage rather than reinstating a lapsed policy. Lastly, while obtaining the insurer's consent may be part of the reinstatement process, it does not define the policy owner's inherent right to reinstate under the terms outlined in the reinstatement provision.

**4. Term life insurance policies are typically known for what characteristic?**

- A. High cash value accumulation**
- B. Low initial premiums**
- C. Long-term coverage**
- D. Guaranteed payout**

Term life insurance policies are primarily known for their low initial premiums, making them an affordable option for many individuals seeking life insurance. These policies provide coverage for a specified term, typically ranging from one to thirty years, during which the premiums are generally lower than those of permanent life insurance policies. This affordability is attractive to individuals who want to ensure financial protection for their beneficiaries without the higher costs associated with whole or universal life insurance. In contrast, options like high cash value accumulation are more characteristic of permanent life insurance policies, which include a savings or investment component that builds cash value over time. Long-term coverage typically implies that the policy lasts for the insured's entire life, a feature associated with permanent life insurance rather than term policies, which expire at the end of the term without payout if the insured survives that period. Lastly, while term insurance does provide for a guaranteed payout if the insured passes away during the covered term, this characteristic does not distinguish term insurance compared to permanent options, as both can offer payout under specific circumstances. Thus, the correct answer highlights the significant financial advantage of term life insurance regarding its initial costs.

**5. Where can the face value for a life insurance policy typically be found?**

- A. On the last page of the policy**
- B. In the policyholder's account statement**
- C. On the 1st page of the policy/contract**
- D. In the exclusions section of the policy**

The face value of a life insurance policy, which represents the amount payable to beneficiaries upon the insured's death, is typically indicated clearly on the first page of the policy or contract. This strategic placement allows policyholders to easily identify the most critical aspect of their coverage right from the start. The first page usually summarizes key details such as the insured individual's name, the policy number, and, importantly, the face value or coverage amount, providing a clear and accessible reference for the policyholder. This location is designed for transparency and emphasizes the fundamental purpose of the policy, ensuring that the insured and policyholder have a straightforward understanding of the financial protection being provided. Other potential locations, such as an account statement or a later section of the contract, may not present this essential information as directly or prominently, making the first page the most logical and useful spot for locating the face value.

**6. What type of disability insurance is commonly available as a group plan?**

- A. Accidental Death and Dismemberment Policy**
- B. Individual Disability Income Policy**
- C. Group Disability Income Policy**
- D. Business Overhead Expense Policy**

Group Disability Income Policies are designed to provide wage replacement for employees who become unable to work due to illness or injury. These policies are typically offered by employers as part of a benefits package, allowing them to cover multiple employees under a single policy. The group nature of this insurance often results in lower premiums compared to individual policies because the risk is spread among a larger pool of insured individuals. In contrast, an Accidental Death and Dismemberment Policy specifically covers accidents resulting in death or loss of limbs, which does not provide income replacement for disabilities related to sickness or injury. Individual Disability Income Policies are tailored to individual needs and typically require more assessment of health risks, making them less common as a group offering. Business Overhead Expense Policies focus on covering the operational expenses of a business when the owner is disabled, which is not applicable to the broader employee base. Thus, the Group Disability Income Policy stands out as the most relevant option for group plans intended for wage replacement.

**7. What is the clause that requires the owner of a policy to pay a premium in exchange for benefits?**

**A. Consideration clause**

**B. Revocable clause**

**C. Irrevocable clause**

**D. Endorsement clause**

The consideration clause is a fundamental component of an insurance policy that establishes the contractual obligations between the policyowner and the insurance company. This clause specifies that the policyholder must pay a premium in exchange for the insurance company providing coverage and benefits. Essentially, it outlines that the policy's validity is contingent on the timely payment of premiums, highlighting the reciprocal nature of the contract. In this context, the consideration clause serves as the basis for the entire agreement, underscoring that without the payment of premium, the insurer is not obligated to uphold its end of the bargain by providing the promised benefits. This clause ensures that both parties understand their commitments within the policy. The other options, although they refer to different aspects of insurance contracts, do not pertain specifically to the requirement of premium payment in exchange for benefits. The revocable and irrevocable clauses relate to the rights and permissions regarding beneficiaries, while the endorsement clause refers to modifications made to an existing policy. Thus, the consideration clause is appropriately identified as the clause that mandates the payment of premiums for coverage.

**8. What is the primary purpose of workers compensation insurance?**

**A. Pays the worker who gets hurt on the job**

**B. Covers medical expenses for temporary disabilities**

**C. Offers life insurance benefits for employees**

**D. Provides retirement benefits for workers**

The primary purpose of workers' compensation insurance is to provide financial support to workers who are injured or become ill as a result of their job. This type of insurance aims to ensure that employees who suffer from work-related injuries receive necessary medical care and financial compensation for lost wages due to their inability to work. It is designed to offer benefits without the need for the employee to prove fault or negligence, thus protecting both employees and employers from potential lawsuits related to work-related injuries. While it's true that workers' compensation can cover medical expenses related to these injuries and can also provide compensation for temporary disabilities, the overarching goal is to facilitate payment to the worker who is injured on the job. This assistance can help workers recover and return to work more effectively, which is central to the purpose of the insurance system. The other options, which include life insurance benefits and retirement benefits, do not accurately represent the focus of workers' compensation. Life insurance and retirement benefits fall under different forms of insurance and financial planning that are not directly related to work-related injuries or conditions.



**9. What action should be taken if your license has been revoked?**

- A. Ignore it**
- B. Sell it**
- C. Reapply immediately**
- D. Return it to the Commissioner**

When a license has been revoked, returning it to the Commissioner is a necessary step in acknowledging the revocation and complying with regulatory requirements. This act demonstrates a recognition of the authority of the department overseeing insurance licenses in Tennessee and reflects an understanding that the license is no longer valid for conducting insurance business. Ignoring the situation could lead to further legal complications, including penalties for practicing without a valid license. Selling the revoked license is not permissible or legal, as it does not resolve the status of the license and could lead to more severe consequences. Reapplying immediately without taking the proper steps can also be premature, as there may be specific conditions or waiting periods imposed by the regulatory body before reapplication is appropriate. Returning the revoked license is a proactive and responsible way to handle the situation, ensuring that all actions taken are in accordance with the law and the established procedures of the Commissioner's office.

**10. Which type of insurance allows borrowing against cash value?**

- A. Fixed life insurance**
- B. Flexible permanent insurance**
- C. Scheduled term life insurance**
- D. Interest-sensitive whole life insurance**

Interest-sensitive whole life insurance permits policyholders to borrow against the cash value accumulated within the policy. This type of insurance combines a death benefit with a savings component, allowing the policy to accumulate cash value based on a rate of return that may vary but is typically linked to interest rates. As the policyholder pays premiums, a portion of those funds contributes to the cash value, which grows over time. This cash value can be accessed through loans, enabling policyholders to leverage their policy's savings without forfeiting the death benefit. However, it's important to note that any amounts borrowed will reduce the death benefit if not repaid. Other types of insurance, such as fixed life insurance and scheduled term life insurance, do not accumulate cash value, meaning there is no cash to borrow against. Flexible permanent insurance may or may not allow cash value accumulation depending on the specific type of policy and its structure, but it is not as explicitly defined as interest-sensitive whole life insurance in its borrowing provisions. Hence, the ability to borrow against cash value is a defining characteristic of interest-sensitive whole life policies.

## 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](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://tennesseelifeandhealthinsurance.examzify.com>**

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