

# Texas Life Agent Practice Exam (Sample)

## Study Guide



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

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# Table of Contents

<b>Copyright</b> .....	<b>1</b>
<b>Table of Contents</b> .....	<b>2</b>
<b>Introduction</b> .....	<b>3</b>
<b>How to Use This Guide</b> .....	<b>4</b>
<b>Questions</b> .....	<b>5</b>
<b>Answers</b> .....	<b>8</b>
<b>Explanations</b> .....	<b>10</b>
<b>Next Steps</b> .....	<b>16</b>

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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. Which rider allows for purchasing additional coverage without evidence of insurability?**
  - A. Guaranteed insurability rider**
  - B. Waiver of premium rider**
  - C. Accidental death rider**
  - D. Return of premium rider**
- 2. After a producer submits a completed application and the first premium check, what is NOT required when the underwriter issues a 'rated policy'?**
  - A. A new completed and signed application**
  - B. Payment of an additional premium**
  - C. New medical examination results**
  - D. Reassessment of the risk**
- 3. In which of the following scenarios is a convertible term policy most useful?**
  - A. When the insured has undergone health changes.**
  - B. When the insured wants to decrease their coverage.**
  - C. When the insured intends to maintain current premiums.**
  - D. When the insured will only need temporary coverage.**
- 4. What happens if a policyholder takes a loan against their life insurance policy?**
  - A. The death benefit is reduced by the loan amount**
  - B. Additional premiums must be paid immediately**
  - C. The policy is canceled automatically**
  - D. The policy cannot earn interest**
- 5. If a client wants to add \$25,000 in Term coverage for their spouse to an existing \$50,000 Whole Life policy, which rider is appropriate?**
  - A. Spouse rider**
  - B. Term rider**
  - C. Other Insured Rider**
  - D. Family protection rider**

**6. Which of the following is necessary for an insurance agent to legally sell insurance?**

- A. A valid driver's license**
- B. Completion of a specific training program**
- C. Possession of a state-issued license**
- D. Membership in a professional organization**

**7. Which of the following is a potential outcome of a successful "twisting" strategy by an agent?**

- A. Increased insurance market transparency**
- B. Greater customer loyalty**
- C. Policy cancellation or lapse**
- D. Higher sales of ethical products**

**8. You have a client that is a real estate agent. Which of the following types of permanent protection is best for this type of client?**

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

**9. What happens if an application for life insurance is not complete?**

- A. The insurer processes it anyway**
- B. The applicant is notified immediately**
- C. The insurer will return it to the producer**
- D. The producer must complete it themselves**

**10. What information is contained in the Statement of Continued Good Health?**

- A. Physical health history**
- B. Proof of premium payment**
- C. Confirmation the applicant is still healthy**
- D. Details of financial standing**

## **Answers**

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

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## **Explanations**

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**1. Which rider allows for purchasing additional coverage without evidence of insurability?**

- A. Guaranteed insurability rider**
- B. Waiver of premium rider**
- C. Accidental death rider**
- D. Return of premium rider**

The guaranteed insurability rider is specifically designed to allow policyholders to purchase additional life insurance coverage at predetermined times without having to provide evidence of insurability. This means that, regardless of changes in health or lifestyle, the insured can increase their coverage during certain life events, such as marriage or the birth of a child, as stipulated in the policy. This feature is particularly valuable for individuals who may anticipate needing more coverage in the future but want to ensure they can secure it even if their health status changes adversely. In contrast, other riders mentioned, such as the waiver of premium rider, focus on different benefits, like waiving premium payments if the policyholder becomes disabled. The accidental death rider provides additional benefits in the case of death caused by an accident, while the return of premium rider provides a refund of premiums paid to the policyholder if the insured survives the term of the policy. None of these options grant the ability to purchase additional coverage without evidence of insurability. Thus, the guaranteed insurability rider is unique in its capacity to facilitate increased insurance coverage without the drawbacks of proving insurability.

**2. After a producer submits a completed application and the first premium check, what is NOT required when the underwriter issues a 'rated policy'?**

- A. A new completed and signed application**
- B. Payment of an additional premium**
- C. New medical examination results**
- D. Reassessment of the risk**

When a producer submits a completed application and the first premium check, and the underwriter subsequently issues a 'rated policy', it is not necessary to obtain a new completed and signed application from the applicant. A rated policy typically indicates that the insurer has classified the applicant as a higher risk compared to standard underwriting guidelines, which may involve charging an additional premium or changing the policy terms. The process of issuing a rated policy builds upon the information already provided in the original application. Therefore, requiring a new application would unnecessarily duplicate the data collection effort, as the underwriter is already working from the initial information submitted. The focus for the underwriter shifts to determining the appropriate level of risk and pricing, rather than collecting new data from the applicant. This allows for a more efficient underwriting process while still ensuring that the company accurately assesses the risk involved in providing coverage.

**3. In which of the following scenarios is a convertible term policy most useful?**

- A. When the insured has undergone health changes.**
- B. When the insured wants to decrease their coverage.**
- C. When the insured intends to maintain current premiums.**
- D. When the insured will only need temporary coverage.**

A convertible term policy is particularly useful when the insured has undergone health changes. This type of policy allows the insured to convert their term life insurance into a permanent life insurance policy, typically without needing to provide evidence of insurability. If an individual experiences negative health changes, they may find it difficult or impossible to secure new life insurance coverage due to their altered risk profile. The ability to convert to a permanent policy ensures that they can maintain some level of life insurance protection despite their changing health, thus providing peace of mind and financial security for their beneficiaries. In contrast, a scenario involving decreasing coverage does not specifically relate to the unique benefits of a convertible term policy. The option to convert is primarily valuable when facing health issues rather than adjusting the amount of coverage. Maintaining current premiums is also the opposite of what typically occurs when converting a term policy, as permanent insurance often comes with higher premiums than term policies. Finally, if an insured only needs temporary coverage, they might not take advantage of the conversion option, as they likely wouldn't need to convert to a permanent policy if they plan to let the coverage lapse after a set period.

**4. What happens if a policyholder takes a loan against their life insurance policy?**

- A. The death benefit is reduced by the loan amount**
- B. Additional premiums must be paid immediately**
- C. The policy is canceled automatically**
- D. The policy cannot earn interest**

When a policyholder takes a loan against their life insurance policy, the death benefit is indeed reduced by the amount of the outstanding loan. This occurs because the insurance company has a claim on the policy's cash value to secure the loan. If the policyholder passes away before repaying the loan, the insurer will subtract the loan amount from the death benefit payable to the beneficiaries. Therefore, if a policyholder has borrowed against their policy, it is essential for them to be aware that any unpaid loans at the time of death will directly diminish the financial protection the policy provides. In contrast, taking a loan does not require the immediate payment of additional premiums, as the policy remains in force as long as the premiums are paid, which makes the second option inaccurate. The third option is also incorrect since the policy does not automatically cancel just by taking a loan; it remains active as long as the premiums are maintained. Lastly, the policy can continue to earn interest on the cash value even after a loan is taken, assuming its structure allows for such growth, which contradicts the provided information in the fourth option. Understanding these nuances is crucial for managing a life insurance policy effectively.

**5. If a client wants to add \$25,000 in Term coverage for their spouse to an existing \$50,000 Whole Life policy, which rider is appropriate?**

- A. Spouse rider**
- B. Term rider**
- C. Other Insured Rider**
- D. Family protection rider**

When considering adding coverage for the spouse to an existing whole life policy, the appropriate choice is the Other Insured Rider. This rider specifically allows the policyholder to insure another individual, such as a spouse, under the primary policy. The Other Insured Rider provides the requested additional term coverage of \$25,000 for the spouse, which complements the base policy owned by the primary insured. The Spouse Rider generally allows coverage for a spouse, but it might not provide the exact amount requested in a flexible way that suits the client's need. A Term rider could also potentially add term coverage, but it is typically used to provide temporary life insurance on the main insured's life, rather than adding coverage for the spouse. The Family Protection Rider is designed to provide coverage to all eligible family members, but it might not specifically allow for the addition of a defined amount like the \$25,000 term coverage in this case. Therefore, the Other Insured Rider is the most suitable option for adding coverage specifically for a spouse.

**6. Which of the following is necessary for an insurance agent to legally sell insurance?**

- A. A valid driver's license**
- B. Completion of a specific training program**
- C. Possession of a state-issued license**
- D. Membership in a professional organization**

To legally sell insurance, an insurance agent must possess a state-issued license. This requirement ensures that the agent has met the educational qualifications, passed necessary examinations, and understands the laws and regulations governing insurance in that particular state. Licensing helps protect consumers by ensuring that agents are knowledgeable about the types of insurance products they are offering and can provide informed advice and service. While having a valid driver's license, completing training programs, or being a member of a professional organization can be beneficial for an insurance agent, they are not legally required to sell insurance. The primary prerequisite enforced by state law is the possession of the appropriate license, making it the key factor in establishing an agent's capability to operate legally in the insurance market.

**7. Which of the following is a potential outcome of a successful "twisting" strategy by an agent?**

- A. Increased insurance market transparency**
- B. Greater customer loyalty**
- C. Policy cancellation or lapse**
- D. Higher sales of ethical products**

A successful "twisting" strategy typically refers to the practice where an agent persuades a client to discontinue an existing life insurance policy in favor of a new one, usually for the agent's financial gain rather than the benefit of the client. Consequently, a key outcome of this practice is that the policyholder may experience policy cancellation or lapse. When a client is convinced to switch policies, they may not fully understand the implications, such as the potential loss of benefits or the waiting periods associated with new policies. As a result, their original policy is canceled, leading to a lapse in coverage, which can leave them without protection during critical periods. This outcome clearly illustrates the risks associated with twisting, both for the policyholder and the overall insurance market. The other options do not align with the nature of twisting: increased transparency or customer loyalty, as well as promoting ethical products, are unlikely to result from manipulative sales tactics like twisting. Instead, these options reflect positive values in the insurance industry, which are not congruent with the potentially harmful practice of twisting.

**8. You have a client that is a real estate agent. Which of the following types of permanent protection is best for this type of client?**

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

For a client who is a real estate agent, Adjustable Life insurance is particularly well-suited because it combines the features of both term and whole life insurance, allowing the policyholder to adapt their coverage to meet their changing needs over time. Real estate agents often experience fluctuations in income and may have varying financial responsibilities. Adjustable Life policies provide the flexibility to modify the premium payments and the death benefit amount as needed. This means that during periods of higher income, the client could choose to increase their coverage or make higher premium payments. Conversely, they could reduce their coverage during leaner times without having to switch policies. The ability to adjust these parameters makes Adjustable Life a practical choice for someone in a profession where income can be variable and unpredictable. This type of policy also typically accumulates cash value over time, which can serve as a financial resource if needed. The other options may not provide the same level of flexibility and adaptability that the Adjustable Life option offers, making it a more fitting choice for the specific circumstances of a real estate agent.

## 9. What happens if an application for life insurance is not complete?

- A. The insurer processes it anyway
- B. The applicant is notified immediately
- C. The insurer will return it to the producer**
- D. The producer must complete it themselves

When an application for life insurance is not complete, the insurer will typically return it to the producer. This process ensures that the application is properly filled out and that all necessary information is available to underwrite the policy effectively. Insurance applications require detailed information to assess risk accurately, and an incomplete application could lead to misunderstandings or miscalculations that could affect the underwriting decision. Returning the incomplete application allows the producer to correct the omissions or errors and resubmit it. This action also prevents potential delays in processing and ensures that the applicant's needs are adequately addressed. This practice aligns with the regulatory standards in the insurance industry, which emphasize correct and complete documentation to promote transparency and effective communication among all parties involved. While it may seem that processing the application without completeness is a possibility, it could lead to significant issues later in the underwriting process. Immediate notification to the applicant or the producer might depend on the situation, but typically the process involves returning the application first for corrections. The producer completing it themselves is not a standard response unless they are explicitly authorized to do so based on the situation.

## 10. What information is contained in the Statement of Continued Good Health?

- A. Physical health history
- B. Proof of premium payment
- C. Confirmation the applicant is still healthy**
- D. Details of financial standing

The Statement of Continued Good Health is a document that confirms that the applicant remains in good health at the time of policy delivery. This is particularly important as it assures the insurer that there have been no significant changes in the applicant's health status since their application was submitted. If an applicant's health has changed negatively, it could potentially affect their coverage or the terms of the policy they are purchasing. This document serves to protect both the insurer and the insured by ensuring that the risk being assumed is accurately represented. If the statement indicates that the applicant is still healthy, it allows the coverage to proceed without needing to reassess the risk associated with their health, which is crucial for the insurer's underwriting process. Other options such as physical health history, proof of premium payment, and details of financial standing are not typically included in the Statement of Continued Good Health, focusing instead on the individual's current health status and ensuring that the initial underwriting basis remains valid.

# 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://texaslifeagent.examzify.com>**

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

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