

Virginia Life Insurance Laws and Rules 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. In Virginia, what is the required action if a policyholder dies during the suicide clause period?**
 - A. The insurer pays the full death benefit**
 - B. The insurer pays nothing**
 - C. The insurer provides a refund of premiums paid**
 - D. They must pay only partial benefits**
- 2. What is required for a prohibited person to transact insurance business in this state, according to federal regulations?**
 - A. Written consent from the state insurance regulatory agency**
 - B. Proof of financial stability**
 - C. A valid insurance license from any state**
 - D. Approval from a local agency**
- 3. What is required for John to engage in insurance transactions after a felony conviction involving dishonesty?**
 - A. Written approval from the insurance company**
 - B. A public statement of his conviction**
 - C. Permission from a state regulatory agency**
 - D. A notarized letter from a judge**
- 4. What must be included in the disclosure for premium payments in a life insurance policy?**
 - A. Payments made online**
 - B. Methods of premium payment**
 - C. Grace periods for late payments**
 - D. Interest charged on overdue payments**
- 5. An agent must provide a replacement notice when replacement is involved by which date?**
 - A. Policy delivery date**
 - B. Application date**
 - C. End of the original policy term**
 - D. Within 5 days of application**

- 6. How long must agents keep records of transactions related to life insurance policies?**
- A. At least 3 years**
 - B. At least 5 years**
 - C. At least 7 years**
 - D. Indefinitely**
- 7. What is the penalty for insurers in Virginia that fail to comply with consumer protection laws?**
- A. They may face fines, sanctions, or loss of license**
 - B. They are liable for policyholder claims**
 - C. They will be required to double premiums**
 - D. They must refund all policyholder premiums**
- 8. What must insurers provide to a policyholder regarding dividends for participating policies?**
- A. A monthly dividend payment**
 - B. An annual report on the dividends**
 - C. A statement of guaranteed dividends**
 - D. Information on potential early withdrawals**
- 9. Can individuals with a felony conviction acquire life insurance in Virginia?**
- A. No, they are completely disqualified**
 - B. Yes, but the insurer evaluates their application at their discretion**
 - C. Yes, but only if the felony was a misdemeanor**
 - D. No, they must wait 10 years after the conviction**
- 10. What role do licensed agents play in processing insurance applications?**
- A. Only to collect premiums from clients**
 - B. To solicit and forward applications to the insurer**
 - C. They are not involved in application processing at all**
 - D. To decide whether applications are acceptable**

Answers

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

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Explanations

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1. In Virginia, what is the required action if a policyholder dies during the suicide clause period?

- A. The insurer pays the full death benefit**
- B. The insurer pays nothing**
- C. The insurer provides a refund of premiums paid**
- D. They must pay only partial benefits**

In Virginia, if a policyholder dies during the suicide clause period, the insurer typically pays nothing. The suicide clause is a provision in a life insurance policy that specifically addresses the situation where the insured commits suicide within a certain time frame, often two years from the date the policy went into effect. This clause is designed to prevent fraudulent claims and to ensure that the policy serves its intended purpose of providing financial protection to beneficiaries rather than acting as a financial tool for individuals contemplating suicide. Once the suicide clause period has elapsed, the insurer would generally proceed with full benefits under the policy as long as all other conditions are met. However, within the designated suicide period, the insurance company has the right to deny the claim altogether, which reflects its reliance on calculated risk assessments when underwriting policies. This ensures that the life insurance system is not exploited by premeditated actions taken within the vulnerable time frame shortly after policy issuance.

2. What is required for a prohibited person to transact insurance business in this state, according to federal regulations?

- A. Written consent from the state insurance regulatory agency**
- B. Proof of financial stability**
- C. A valid insurance license from any state**
- D. Approval from a local agency**

In accordance with federal regulations, a prohibited person must obtain written consent from the state insurance regulatory agency in order to transact insurance business. This requirement is in place to ensure that individuals or entities that fall under certain categories, such as those previously involved in fraudulent activities or those who have either been convicted of significant crimes or violated laws related to insurance, are not permitted to engage in this business without oversight. Written consent serves as a means of protecting the public and maintaining the integrity of the insurance marketplace. It allows the regulatory agency to evaluate the individual's or entity's character, fitness, and responsibility before allowing them to conduct insurance transactions within the state. Other options, such as proof of financial stability, a valid insurance license from any state, or approval from a local agency, do not specifically address the conditions set for prohibited individuals, as they would not suffice to ensure the proper regulation and oversight needed in these circumstances. Therefore, acquiring written consent from the state insurance regulatory agency is both a necessary and sufficient condition for a prohibited person to transact insurance business in the state.

3. What is required for John to engage in insurance transactions after a felony conviction involving dishonesty?

- A. Written approval from the insurance company**
- B. A public statement of his conviction**
- C. Permission from a state regulatory agency**
- D. A notarized letter from a judge**

To engage in insurance transactions after a felony conviction involving dishonesty, it is necessary for John to obtain permission from a state regulatory agency. This is consistent with the regulatory framework that governs the insurance industry, where individuals with certain convictions may be prohibited from participating in insurance activities unless they receive clearance from the appropriate regulatory body. The rationale is to ensure that individuals in positions of trust, such as those who handle insurance transactions, are fit and qualified, thus protecting consumers and maintaining the integrity of the insurance market. In this context, other listed options do not fulfill the legal requirements set by regulatory authorities. While written approval from an insurance company may be helpful for employment or internal processes, it doesn't substitute for regulatory approval. A public statement about his conviction might not be necessary or could even be harmful without proper guidance. Finally, a notarized letter from a judge does not equate to the regulatory permission required to resume insurance transactions.

4. What must be included in the disclosure for premium payments in a life insurance policy?

- A. Payments made online**
- B. Methods of premium payment**
- C. Grace periods for late payments**
- D. Interest charged on overdue payments**

In the context of life insurance policies, the disclosure for premium payments must include grace periods for late payments. This provision is crucial because it informs policyholders about the timeframe they have to make premium payments before their coverage is affected. By outlining the grace period, the insurer provides clarity regarding the policyholder's rights and options, thereby fostering transparency and reducing the risk of unintentional policy lapses. While other aspects, such as the methods of premium payment or the possibility of charging interest on overdue payments, may be relevant, they do not have the same regulatory emphasis as grace periods. Grace periods are often mandated by state laws to protect consumers, ensuring that they are aware of the time allowed to pay their premiums without losing coverage. This transparency is vital for maintaining trust and understanding between the insurer and the policyholder.

5. An agent must provide a replacement notice when replacement is involved by which date?

- A. Policy delivery date**
- B. Application date**
- C. End of the original policy term**
- D. Within 5 days of application**

A replacement notice is a crucial document that an insurance agent must provide to a policyholder when they are replacing an existing life insurance policy with a new one. This requirement is in place to ensure that the policyholder is fully informed about the implications of the replacement, including potential loss of benefits and the terms of the new policy. The requirement to provide the replacement notice at the application date is grounded in consumer protection regulations. By ensuring that the notice is given at the application date, the insurer and agent can help the policyholder make an informed decision prior to committing to the new policy. This timing allows the consumer to review the information provided about the replacement before agreeing to the new coverage, ensuring transparency and understanding in the transaction. Providing the notice at the application stage helps to close the information gap that could lead to uninformed decisions, thereby fostering responsible insurance practices. In summary, the obligation to present the replacement notice at the time of application reflects an intentional design to protect consumers by promoting awareness and informed consent when making significant financial decisions regarding their life insurance coverage.

6. How long must agents keep records of transactions related to life insurance policies?

- A. At least 3 years**
- B. At least 5 years**
- C. At least 7 years**
- D. Indefinitely**

Agents are required to keep records of transactions related to life insurance policies for at least 5 years. This time frame is in place to ensure that all transactional information is accessible for reference, compliance, and auditing purposes. Retaining records for this duration helps protect both the agent and the policyholders by providing a clear history of policy transactions, claims, and communications, which can be crucial in case of disputes or inquiries. Keeping records for a minimum of 5 years aligns with broader industry practices and regulatory requirements, allowing for adequate protection and accountability within the insurance sector. It strikes a balance between maintaining necessary information for regulatory oversight and acknowledging that after this period, the necessity for retention may diminish unless there are ongoing issues or claims associated with a policy. In contrast, options that suggest shorter durations, such as 3 years, would not provide sufficient time for thorough record-keeping, which could pose challenges in reconciling policy matters or addressing client needs effectively. Conversely, suggesting an indefinite retention period may not be practical since it could lead to unnecessary accumulation of outdated records, complicating storage and retrieval processes. Therefore, the requirement of 5 years is a pragmatic approach that ensures agents are prepared to address any relevant concerns while managing their operational efficiency.

7. What is the penalty for insurers in Virginia that fail to comply with consumer protection laws?

A. They may face fines, sanctions, or loss of license

B. They are liable for policyholder claims

C. They will be required to double premiums

D. They must refund all policyholder premiums

Insurers in Virginia that fail to comply with consumer protection laws face a range of potential penalties, which can include fines, sanctions, or the loss of their license to operate. This is designed to enforce compliance with regulations that protect consumers and ensure fair practices in the insurance industry. The penalties serve as a deterrent and underscore the importance of adherence to consumer protection regulations. These laws are put in place to safeguard policyholders from unfair practices, ensuring that they are treated justly and have access to necessary information regarding their insurance products. When insurers violate these laws, regulatory bodies need the ability to impose consequences to maintain industry integrity and protect the public. The other options, such as liability for policyholder claims, doubling premiums, or refunding all premiums, do not typically serve as direct penalties for non-compliance with consumer protection laws. Instead, they address different legal or financial aspects of the insurance relationship that are not specifically tied to regulatory violations regarding consumer protections.

8. What must insurers provide to a policyholder regarding dividends for participating policies?

A. A monthly dividend payment

B. An annual report on the dividends

C. A statement of guaranteed dividends

D. Information on potential early withdrawals

Insurers are required to provide policyholders of participating policies with an annual report regarding dividends. This report generally includes information about the dividends that have been declared, how they are calculated, and the basis upon which they are paid out. This helps policyholders understand the financial performance of their policies and the distribution of dividends, which enhances transparency and informs them about the potential growth of their investment. The annual report is essential because it ensures that policyholders are aware of the dividends they may receive and the overall performance of the insurer. By providing this information regularly, insurers help maintain clarity and trust with their customers, allowing them to make informed decisions about their policies and any potential benefits. In contrast, while other options may seem appealing, they do not reflect the actual requirements set forth in insurance regulations regarding dividend disclosures. For instance, monthly dividend payments or guaranteed dividend statements are not standard practices mandated by insurers, and details about potential early withdrawals are typically not included in this context. The focus here is specifically on the annual report, which provides comprehensive insight into the dividends associated with participating policies.

9. Can individuals with a felony conviction acquire life insurance in Virginia?

- A. No, they are completely disqualified**
- B. Yes, but the insurer evaluates their application at their discretion**
- C. Yes, but only if the felony was a misdemeanor**
- D. No, they must wait 10 years after the conviction**

Individuals with a felony conviction can acquire life insurance in Virginia, but the insurer has the discretion to evaluate their application. Insurers typically consider various factors when assessing a risk profile, including criminal history. Each application is reviewed on a case-by-case basis, allowing the insurer to weigh the nature of the felony, the time elapsed since the conviction, and other relevant information. While some companies may impose restrictions or additional requirements for individuals with felony convictions, the overall framework does permit access to life insurance. Insurers are not legally bound to deny coverage solely based on a felony conviction; rather, they can decide how much weight to give that factor in relation to the other aspects of the applicant's life and risk. This leniency underscores the importance of fostering inclusivity and understanding that individuals can redeem themselves after serving their time, aligning with broader social and rehabilitation principles.

10. What role do licensed agents play in processing insurance applications?

- A. Only to collect premiums from clients**
- B. To solicit and forward applications to the insurer**
- C. They are not involved in application processing at all**
- D. To decide whether applications are acceptable**

Licensed agents are crucial facilitators in the insurance application process, primarily responsible for soliciting and forwarding applications to the insurer. This role involves guiding clients through the application process, gathering necessary information, and ensuring that the applications are completed accurately before submitting them to the insurance company. Agents serve as a bridge between potential policyholders and the insurer, helping to clarify policy options and requirements, making it easier for clients to navigate the often-complex world of insurance. While they do collect premiums, that task is just part of a broader scope of responsibilities that agents undertake. Agents do not make underwriting decisions or determine the acceptability of applications, as those tasks are reserved for the insurer's underwriting team, which manages the risk assessment and final approval of policies. Therefore, their primary function lies in facilitating the initial stages of application rather than evaluating the risk associated with each application. This distinction highlights the agent's important yet supportive role in the insurance application process.

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://valifeinsurancelawsrules.examzify.com>

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