

# Virginia Life Insurance Laws and Rules 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

- 1. Under what circumstances can a life insurance policy be contestable?**
  - A. Within the first two years from the date of issue**
  - B. Only if the policyholder has died**
  - C. During the first year of coverage**
  - D. Any time during the policy period**
- 2. When can insurers deny claims based on contestable clauses?**
  - A. After five years of the policy being active**
  - B. Within the first two years of the policy being in force**
  - C. Only within the first year of the policy**
  - D. At any time during the policy period**
- 3. How frequently must licensees complete continuing education for license renewal?**
  - A. Every year**
  - B. Every 2 years**
  - C. Every 3 years**
  - D. Every 5 years**
- 4. Are insurers in Virginia required to provide accidental death benefits?**
  - A. Yes, always**
  - B. No, but they often offer it as a rider**
  - C. Only for specific types of policies**
  - D. Only if requested by the policyholder**
- 5. Are insurable interests required for all life insurance applications in Virginia?**
  - A. No, insurable interest is only required for specific policies**
  - B. Yes, insurable interest must exist at the time of application**
  - C. Yes, but only for beneficiaries**
  - D. No, insurable interest is not necessary for anyone**

- 6. How is a licensee's continuing education measured for renewal purposes?**
- A. In credits**
  - B. In hours**
  - C. In policy types sold**
  - D. In years of service**
- 7. What happens if a policyholder fails to pay their life insurance premium?**
- A. The policy automatically renews**
  - B. The insurer must keep the policy active for an additional month**
  - C. The insurer will cancel the policy immediately**
  - D. The policy may lapse after a grace period**
- 8. What is the effect of a "waiver of premium" rider in a life insurance policy?**
- A. It allows the policyholder to stop paying premiums if they become disabled**
  - B. It increases the death benefit**
  - C. It reduces the premium amount**
  - D. It guarantees renewal without further premiums**
- 9. Which of the following actions is NOT authorized for licensed agents in Virginia?**
- A. Processing claims on behalf of the insurer**
  - B. Soliciting applications from clients**
  - C. Receiving applications from clients**
  - D. Forwarding applications to the insurer**
- 10. What can void a life insurance policy if not disclosed at the time of application?**
- A. Pre-existing health conditions**
  - B. Incorrect address details**
  - C. Age misrepresentation**
  - D. Incomplete application forms**



## **Answers**

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

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## **Explanations**

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**1. Under what circumstances can a life insurance policy be contestable?**

- A. Within the first two years from the date of issue**
- B. Only if the policyholder has died**
- C. During the first year of coverage**
- D. Any time during the policy period**

A life insurance policy can be contestable within the first two years from the date of issue based on the provisions established under state insurance laws. This contestability period is crucial because it allows insurance companies to investigate and assess the validity of the policy, including any misstatements made by the insured in the application. During this initial period, if the insurer finds evidence of fraud or misrepresentation, they may deny a claim or rescind the policy. The rationale for having a contestability period is to protect insurers from taking on undue risk based on potentially false information and to ensure that they're underwriting policies based on accurate data. After the two-year mark, the policy generally becomes incontestable, meaning that the insurer cannot dispute the policy terms based on misstatements, except in cases of outright fraud. The other scenarios presented do not align with standard insurance practices. A policy cannot be contested simply due to the policyholder's death or based solely on an initial coverage period of one year, as these do not establish grounds for legal contestability. Additionally, allowing contestability at any time during the policy period would undermine the security and reliability expected by policyholders.

**2. When can insurers deny claims based on contestable clauses?**

- A. After five years of the policy being active**
- B. Within the first two years of the policy being in force**
- C. Only within the first year of the policy**
- D. At any time during the policy period**

Insurers have the right to deny claims based on contestable clauses within the first two years of a life insurance policy being in force. This is designed to protect insurers from fraudulent applications and misrepresentations. During this contestability period, an insurer can investigate the validity of the claim and the accuracy of the information provided by the policyholder. If the policyholder misrepresented their health status or other vital information when applying for the policy, the insurer can use this contestability clause to deny a claim. After this two-year period, the insurer typically cannot refuse to pay the death benefit based on issues that occurred during the application process, as the policy is considered to be in effect and the insurer accepts the risk associated with the policyholder. This clause ensures that both the insurer and the insured are held accountable for truthful representations, fostering a sense of integrity within the insurance process.

**3. How frequently must licensees complete continuing education for license renewal?**

- A. Every year
- B. Every 2 years**
- C. Every 3 years
- D. Every 5 years

In Virginia, licensees must complete continuing education requirements for license renewal every two years. This periodic education ensures that insurance professionals stay up-to-date with the latest industry practices, regulatory changes, and other relevant knowledge that affects their ability to provide quality service to clients. The requirement emphasizes the importance of maintaining professional standards and enhancing the skills necessary for effective practice. Each licensee must meet this continuing education obligation to ensure their license remains valid and to promote consumer protection through informed and educated insurance practices.

**4. Are insurers in Virginia required to provide accidental death benefits?**

- A. Yes, always
- B. No, but they often offer it as a rider**
- C. Only for specific types of policies
- D. Only if requested by the policyholder

In Virginia, insurers are not obligated to provide accidental death benefits as a standard feature in all life insurance policies. Instead, many insurance companies present accidental death benefits as an optional rider that policyholders can choose to add to their existing policies. This allows individuals to customize their coverage based on their preferences and needs. By having it as a rider, policyholders can decide if they want that additional layer of protection for scenarios specifically involving accidental death. This approach offers flexibility in terms of coverage limits and pricing, helping consumers tailor their insurance to fit their unique circumstances. Therefore, the correct answer accurately reflects the optional nature of accidental death benefits in Virginia life insurance policies.

**5. Are insurable interests required for all life insurance applications in Virginia?**

- A. No, insurable interest is only required for specific policies**
- B. Yes, insurable interest must exist at the time of application**
- C. Yes, but only for beneficiaries**
- D. No, insurable interest is not necessary for anyone**

In Virginia, the requirement for insurable interest is fundamental to the validity of a life insurance policy. This means that the person applying for the insurance must have a legitimate interest in the life of the insured, which typically exists when the applicant and the insured have a close relationship, such as family ties or a financial dependency. The insurable interest must be present at the time of application, ensuring that the applicant stands to suffer a loss if the insured were to pass away. This requirement helps prevent moral hazards, where someone could take out a policy on another individual without any genuine connection or interest in their well-being, potentially leading to unethical situations. By affirming that insurable interest must exist at the time of application, it protects both the insurance company and the public by ensuring that policies are made for valid reasons and not for speculative purposes. The other options do not accurately reflect the legal standards in Virginia regarding insurable interest, making the understanding of its critical role important for both agents and applicants in the life insurance process.

**6. How is a licensee's continuing education measured for renewal purposes?**

- A. In credits**
- B. In hours**
- C. In policy types sold**
- D. In years of service**

For the renewal of a license, a licensee's continuing education is measured in hours. This requirement is set to ensure that individuals remain knowledgeable and current with industry practices, regulations, and advancements. In Virginia, the specifics of continuing education hours can vary based on the type of insurance license, but the overall measure remains consistent across the board. The focus on hours emphasizes the importance of active learning and engagement rather than simply the accumulation of credits or service time. It encourages licensees to pursue targeted educational opportunities that can enhance their skills and expertise, ultimately benefiting consumers and the insurance industry as a whole.

7. What happens if a policyholder fails to pay their life insurance premium?
- A. The policy automatically renews
  - B. The insurer must keep the policy active for an additional month
  - C. The insurer will cancel the policy immediately
  - D. The policy may lapse after a grace period**

When a policyholder fails to pay their life insurance premium, the correct outcome is that the policy may lapse after a grace period. In life insurance policies, it is common practice to include a grace period, typically lasting from 30 to 31 days, during which the policyholder can make the premium payment without losing coverage. If the payment is made during this grace period, the policy remains in force. If the premium is not paid after this grace period, the policy will lapse, meaning that the coverage provided by the policy ends, and the insurer is no longer liable for any claims. This process acknowledges that situations may arise that prevent timely payment, providing policyholders additional time to fulfill their obligations before consequences take effect. The other choices do not accurately reflect standard life insurance protocols: policies do not automatically renew without premium payment, insurers are not required to keep a policy active for an additional month, and immediate cancellation is typically not the standard practice in the industry.

8. What is the effect of a "waiver of premium" rider in a life insurance policy?
- A. It allows the policyholder to stop paying premiums if they become disabled**
  - B. It increases the death benefit
  - C. It reduces the premium amount
  - D. It guarantees renewal without further premiums

The "waiver of premium" rider in a life insurance policy specifically allows the policyholder to stop paying premiums if they become disabled. This feature is designed to protect the policyholder's coverage during periods when they may not be able to work due to a disability. If the policyholder becomes totally disabled, the insurer will waive the premium payments for the duration of the disability, ensuring that the life insurance coverage remains in force without requiring premium payments during that time. This rider provides valuable peace of mind, as it prevents the loss of coverage due to financial constraints resulting from a disability. The other options do not accurately describe the primary function of the waiver of premium rider. While increasing the death benefit, reducing the premium amount, or guaranteeing renewal without further premiums may be features of different riders or aspects of life insurance policies, they do not pertain to the specific benefit provided by the waiver of premium rider. Thus, the primary effect of such a rider is indeed the allowance for policyholders to stop paying premiums in the event of a disability, ensuring that they retain their life insurance protection.

**9. Which of the following actions is NOT authorized for licensed agents in Virginia?**

**A. Processing claims on behalf of the insurer**

**B. Soliciting applications from clients**

**C. Receiving applications from clients**

**D. Forwarding applications to the insurer**

Licensed insurance agents in Virginia have specific roles and responsibilities that are crucial to their function within the insurance industry. Among these actions, processing claims typically falls outside the authorized activities of agents. Agents primarily focus on selling insurance policies, soliciting applications, receiving applications from clients, and forwarding these applications to the insurer. Processing claims, however, is usually designated to claims adjusters or other specialized personnel within the insurance company. This distinction is important to ensure that claims are handled by those with the appropriate knowledge and training to assess and investigate claims effectively. Agents are not held accountable for making claims determinations or decisions, which helps maintain the integrity of the claims process and avoid potential conflicts of interest. Thus, the action of processing claims on behalf of the insurer is not authorized for licensed agents, highlighting the specific boundaries of their responsibilities in the Virginia life insurance market.

**10. What can void a life insurance policy if not disclosed at the time of application?**

**A. Pre-existing health conditions**

**B. Incorrect address details**

**C. Age misrepresentation**

**D. Incomplete application forms**

A life insurance policy can be voided if a pre-existing health condition is not disclosed at the time of application because this information is crucial for the insurer's underwriting process. Insurers rely on accurate information about a policyholder's health to assess risk and determine premiums. Failing to disclose such conditions can lead to the insurer believing they are covering a lower risk than they actually are, which could significantly impact their financial exposure. When it comes to pre-existing health conditions, these factors are often material to the underwriting decision, meaning insurers consider them essential for assessing eligibility and cost. If an applicant intentionally omits this information or fails to disclose it inadvertently, the insurer may have grounds to void the policy later, as it undermines the agreement's basis of good faith and fair dealing. Other options, while they could create issues in the application process, typically do not carry the same weight of materiality as pre-existing health conditions. For example, incorrect address details might lead to issues like miscommunication or administrative complications, but they don't impact the fundamental risk assessment in the same way. Age misrepresentation, though critical, has specific stipulations where it may not automatically void a policy unless it influences coverage terms directly. Incomplete application forms might delay processing or require additional



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

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