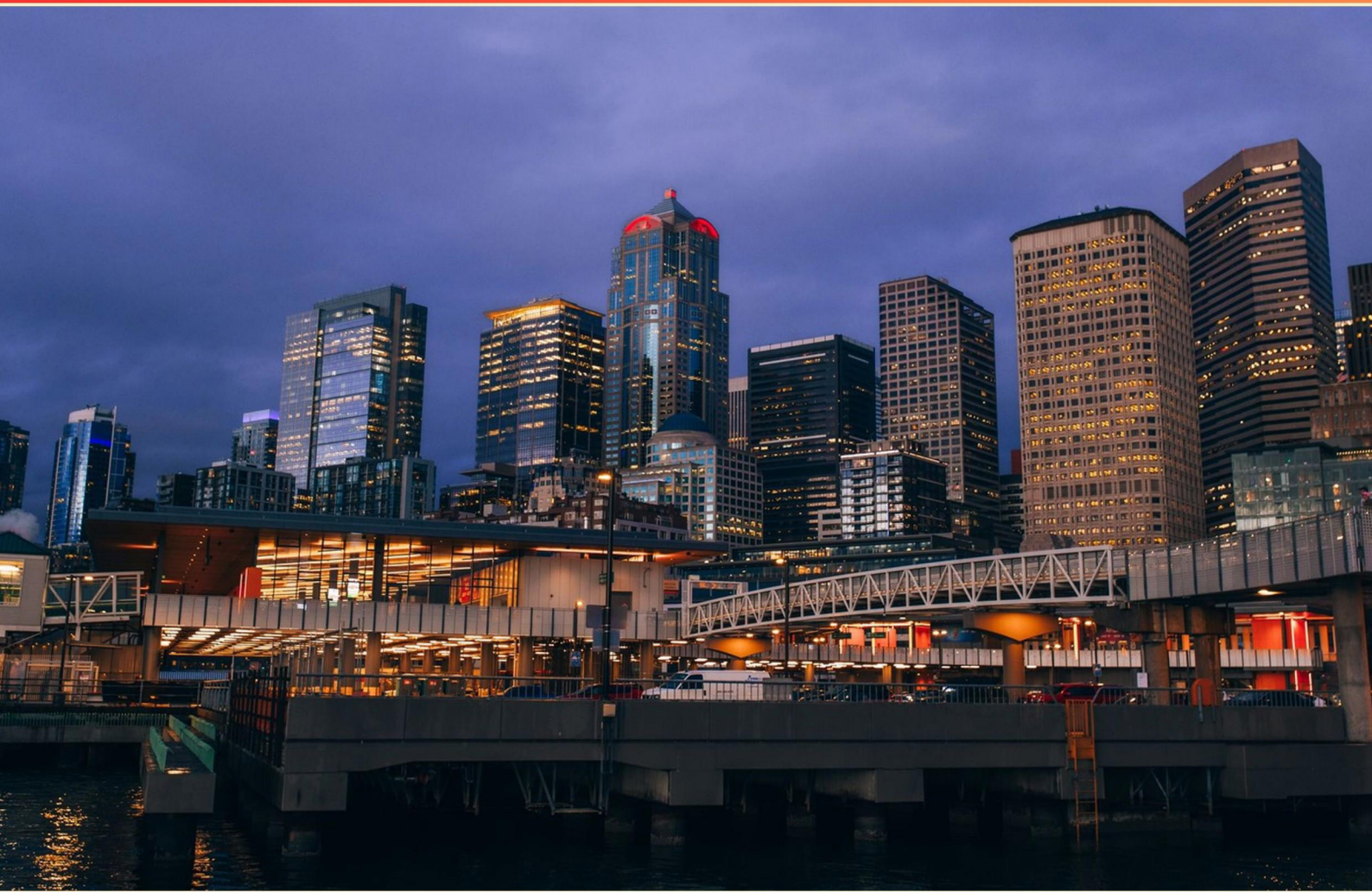


WASHINGTON LIFE AND HEALTH INSURANCE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

**VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE**

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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 does premium mode refer to?

- A. The interest rate applied to premiums
- B. The frequency at which premiums are paid
- C. The total amount of premiums due annually
- D. The method of calculating insurance rates

2. What is the primary feature of decreasing term insurance?

- A. The face value increases over time
- B. The policy provides a fixed premium for life
- C. The face value decreases over the term
- D. The coverage provides cash value accumulation

3. What distinguishes variable annuities from other types of annuities?

- A. The owner chooses the investment option
- B. They provide fixed payments until death
- C. They do not accumulate cash value
- D. Payments are based solely on interest rates

4. What does Medicare Part A primarily cover?

- A. Outpatient services
- B. Home healthcare visits
- C. Prescription drugs
- D. Long-term care facilities

5. Which dividend option is considered the automatic choice if no other option is selected?

- A. Cash dividend option
- B. Reduced premium option
- C. Additional paid-up insurance dividend option
- D. Accumulate at interest option

- 6. What is a key feature of the conversion privilege from group to individual insurance?**
- A. The new policy can exceed the face value of the old policy
 - B. The insured must pay a premium based on their current age
 - C. There is no grace period for the new policy
 - D. The conversion is required irrespective of employment changes
- 7. Under what condition can the insurer contest a policy after the two-year mark?**
- A. For any reason
 - B. In cases of honest mistakes only
 - C. In the case of fraud
 - D. For unpaid premiums
- 8. What does interest-sensitive whole life insurance link to?**
- A. The overall performance of the insurance market
 - B. The company's financial success
 - C. The interest rates set by the Federal Reserve
 - D. The stock market index
- 9. What happens in a life annuity with amount certain if the annuitant dies early?**
- A. No benefits are paid to the estate
 - B. The annuity payouts stop immediately
 - C. The remaining balance is paid to the annuitant's estate
 - D. Payments are paid to the government instead
- 10. What is the primary purpose of the paid-up life dividend option?**
- A. To provide immediate cash benefits
 - B. To reduce the total length of time the policyowner has to pay
 - C. To increase the death benefit of the policy
 - D. To convert the policy into a term plan

Answers

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

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Explanations

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1. What does premium mode refer to?

- A. The interest rate applied to premiums
- B. The frequency at which premiums are paid**
- C. The total amount of premiums due annually
- D. The method of calculating insurance rates

Premium mode specifically refers to the frequency at which premiums are paid by the policyholder. This can include options such as monthly, quarterly, semi-annually, or annually. The choice of premium mode can significantly impact the overall cost of the insurance, as different frequencies may have different administrative fees or interest implications. For example, paying premiums annually may often result in a lower total cost compared to paying them monthly because the insurer can manage the cash flow differently and may pass on the savings to the policyholder. Understanding premium mode is crucial for policyholders as it affects not only the budgeting for insurance payments but also the overall financial management of their insurance policies. In contrast, options that discuss interest rates, total annual premiums, or calculations for insurance rates do not accurately capture the essence of premium mode, which centers solely on the timing and frequency of payments.

2. What is the primary feature of decreasing term insurance?

- A. The face value increases over time
- B. The policy provides a fixed premium for life
- C. The face value decreases over the term**
- D. The coverage provides cash value accumulation

Decreasing term insurance is characterized by a decline in the policy's face value over the duration of the term. This type of insurance is often designed to fit the needs of policyholders who may require life insurance coverage that correlates with a decreasing financial obligation, such as a mortgage or personal loan. As the borrower's balance on these debts decreases over time, the corresponding life insurance coverage also decreases. This structure makes it a cost-effective option for individuals looking for temporary coverage that reflects their diminishing need for a large death benefit. The premiums generally remain level throughout the term, but the key characteristic that defines decreasing term insurance is the reduction in face value. The other options do not accurately describe the nature of decreasing term insurance. An increasing face value is characteristic of a different type of policy, while cash value accumulation is typically associated with permanent life insurance policies rather than term policies. Additionally, a fixed premium for life applies to whole life or other types of permanent insurance, not to decreasing term insurance.

3. What distinguishes variable annuities from other types of annuities?

- A. The owner chooses the investment option
- B. They provide fixed payments until death
- C. They do not accumulate cash value
- D. Payments are based solely on interest rates

Variable annuities are distinct from other types of annuities primarily because the owner has the ability to choose the investment options. This flexibility allows the owner to allocate their premium payments into various sub-accounts, which typically include a range of investment options such as stocks, bonds, and mutual funds. The performance of these chosen investments directly influences the value of the variable annuity, including both the cash value and the payouts during the distribution phase. In contrast, fixed annuities provide guaranteed fixed payments over time and do not offer the same level of investment control. Additionally, variable annuities accumulate cash value based on the performance of the investments selected, which is also a key difference from options that do not accumulate cash value. Lastly, payments from variable annuities are not determined solely by fixed interest rates; instead, they fluctuate with the market performance of the underlying investments chosen by the annuity owner. This key feature—having the responsibility and opportunity to select the investment strategy—sets variable annuities apart from other types.

4. What does Medicare Part A primarily cover?

- A. Outpatient services
- B. Home healthcare visits
- C. Prescription drugs
- D. Long-term care facilities

Medicare Part A primarily covers inpatient hospital stays, skilled nursing facility care, hospice care, and some home health care services. It is focused on services that require a patient to be formally admitted to a healthcare facility or receive skilled nursing care. Home healthcare visits, which can include services like nursing care or physical therapy while the patient is still in their home, fall under this coverage when they are considered necessary and ordered by a physician. While other parts of Medicare cover outpatient services, prescription drugs, and long-term care facilities, those areas are handled by different parts of the Medicare program. For instance, outpatient services are covered by Medicare Part B, prescription drugs are covered under Part D, and long-term care facilities may not be adequately covered at all under Medicare as a whole. Understanding each part's specific coverage can help beneficiaries choose the right options for their healthcare needs.

5. Which dividend option is considered the automatic choice if no other option is selected?

- A. Cash dividend option
- B. Reduced premium option
- C. Additional paid-up insurance dividend option**
- D. Accumulate at interest option

The correct answer is that the additional paid-up insurance dividend option is the automatic choice if no other option is selected. This means that when policyholders are given dividends and do not indicate a preference for how those dividends should be used, the insurer will automatically apply the dividends towards purchasing additional paid-up insurance. This option effectively increases the death benefit of the policy without requiring additional premiums from the policyholder. By automatically opting for additional paid-up insurance, policyholders benefit from compounding growth in their policy's value, as this approach increases the overall coverage amount without incurring out-of-pocket costs. This is advantageous for many policyholders who wish to enhance their protection in a cost-effective manner. The other options provided, such as cash dividend, reduced premium, and accumulate at interest, while all valid ways to use dividends, are not automatically selected by the insurer. For instance, cash dividends provide immediate payment to the policyholder, which may not align with long-term insurance growth strategies. Reduced premium options allow policyholders to lower their future premium payments, which could be beneficial but might leave them with less coverage than they initially had. Accumulate at interest options involve the insurer holding the dividends and paying interest on them, but this does not directly enhance the policy's coverage

6. What is a key feature of the conversion privilege from group to individual insurance?

- A. The new policy can exceed the face value of the old policy
- B. The insured must pay a premium based on their current age**
- C. There is no grace period for the new policy
- D. The conversion is required irrespective of employment changes

The correct answer highlights a crucial aspect of the conversion privilege from group to individual insurance, specifically that the premium for the new individual policy is determined based on the insured's current age at the time of conversion. This is important because as individuals age, insurance premiums generally increase due to the higher risk associated with older age. Therefore, when converting from a group plan to an individual plan, the insured must be prepared for potentially higher premiums reflective of their current age, rather than the age at which they originally entered the group plan. This understanding underscores why the individual might see an increase in their premium costs upon conversion. They must be aware that while they have the option to convert their coverage even without evidence of insurability, the cost implications tied to their age at the time of conversion are significant. The other aspects of the conversion privilege provide context but are not defining features. For instance, the option that the new policy can exceed the face value of the old policy is not standard; typically, the new individual policy will not exceed the limit of the original group coverage. The notion of not having a grace period can vary based on the specific policy rather than being a universal characteristic of conversion privileges. Finally, while it's true that conversion is allowed regardless of job changes

7. Under what condition can the insurer contest a policy after the two-year mark?

- A. For any reason
- B. In cases of honest mistakes only
- C. In the case of fraud**
- D. For unpaid premiums

Policies typically include a "contestability period," which is a two-year timeframe during which the insurer can investigate and contest a claim based on misrepresentation or other issues related to a policyholder's application. After this period, the insurer generally cannot contest the policy unless specific circumstances arise. The correct answer is based on the understanding that fraud is a serious violation of the trust that underlies the insurance contract. If it is proven that an individual knowingly provided false information or concealed significant facts with the intent to deceive (fraud), the insurer retains the right to contest the policy even after the two-year contestability period has expired. This serves to protect the integrity of the insurance system and ensures that those who commit fraud do not benefit from their wrongdoing. Other options do not qualify under the same legal standards. For instance, contesting for reasons such as unpaid premiums is related to policy lapse rather than fraud and does not fall under the same conditions for contestability. The option concerning honest mistakes is too vague and does not meet the legal threshold required to contest a policy after the initial period. Hence, fraud is the only condition that allows an insurer to challenge a policy beyond the two-year limit.

8. What does interest-sensitive whole life insurance link to?

- A. The overall performance of the insurance market
- B. The company's financial success**
- C. The interest rates set by the Federal Reserve
- D. The stock market index

Interest-sensitive whole life insurance is designed to provide policyholders with returns that are influenced by interest rates, particularly those linked to fixed-income investments. The correct answer reflects that the performance of this type of insurance is tied to the company's ability to generate investment income, which is closely related to the company's financial success. As the insurance company invests the premiums collected from policyholders, it earns interest on these investments. The returns provided to policyholders can vary based on the company's investment performance, which in turn affects the policy's cash value and the dividends paid to policyholders. While the overall performance of the insurance market, interest rates set by the Federal Reserve, and stock market indices can all influence the broader economic environment, the specific link for interest-sensitive whole life insurance is primarily to the financial success of the insurance company itself. This connection to the company's financial health underpins the value and returns offered within such policies.

9. What happens in a life annuity with amount certain if the annuitant dies early?

- A. No benefits are paid to the estate
- B. The annuity payouts stop immediately
- C. The remaining balance is paid to the annuitant's estate**
- D. Payments are paid to the government instead

In a life annuity with an amount certain, the structure guarantees that the annuitant will receive payments for a specified period, regardless of their lifespan. If the annuitant dies before the end of this guaranteed period, the remaining payments that are due will be paid to the annuitant's estate. This ensures that the value of the contract is preserved and that beneficiaries can still benefit from the payments that were promised in the event of the annuitant's early death. This characteristic is essential in providing a sense of security for both the annuitant and their beneficiaries, as it acknowledges the possibility of death occurring before the guaranteed term concludes. Thus, option C accurately reflects the benefit of an amount certain in a life annuity, confirming that the remaining balance effectively goes to the estate of the annuitant.

10. What is the primary purpose of the paid-up life dividend option?

- A. To provide immediate cash benefits
- B. To reduce the total length of time the policyowner has to pay**
- C. To increase the death benefit of the policy
- D. To convert the policy into a term plan

The primary purpose of the paid-up life dividend option is to reduce the total length of time the policyowner has to make premium payments on their life insurance policy. This option allows policyholders to use their dividends to pay off more of the policy's premiums, thereby accelerating the point at which the policy becomes fully paid-up. When this occurs, the insured does not have to make any further payments, while still maintaining the coverage. This approach is especially attractive to policyowners who wish to ensure their life insurance coverage without the financial burden of ongoing premium payments. By utilizing accumulated dividends effectively, the policyholder can achieve a fully paid-up policy sooner than they would under the standard premium payment schedule. Other options might have the potential benefits associated with insurance policies but do not align with the specific intent of the paid-up life dividend option. For instance, offering immediate cash, increasing the death benefit, or converting to a term plan are not the primary objectives of this specific option. Instead, it focuses solely on enhancing the policyowner's financial flexibility and easing the commitment to ongoing payments.

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:

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

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