

West Virginia State Life 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. Which statement about insurance policy rescission is accurate?**
 - A. Rescission can be applied retroactively**
 - B. Rescission allows continued coverage**
 - C. Rescission is only allowed with policyholder consent**
 - D. Rescission must take place within one year of issue**
- 2. Why do quarterly premium payments lead to an increased annual cost of insurance?**
 - A. It reduces the coverage amount**
 - B. It causes administrative costs to decrease**
 - C. Interest to the insurer is decreased while administrative costs are increased**
 - D. It requires more frequent payment processing**
- 3. What is an option available to policyholders of Adjustable Life insurance?**
 - A. Convert the policy to a term policy**
 - B. Adjust premium payment amounts**
 - C. Terminate the policy without penalty**
 - D. Increase coverage without additional underwriting**
- 4. Who may receive an applicant's medical information from the Medical Information Bureau (MIB)?**
 - A. The applicant's employer**
 - B. The applicant's physician**
 - C. The public health department**
 - D. The insurance company underwriter only**
- 5. Which of these types of policies may NOT have the Automatic Premium Loan provision attached to it?**
 - A. Whole life insurance**
 - B. Universal life insurance**
 - C. Term life insurance**
 - D. Decreasing term insurance**

- 6. For an association to qualify for a group life insurance plan, what criterion must be satisfied?**
- A. Must have a charter established for insurance purposes**
 - B. Formed for a purpose other than acquiring insurance**
 - C. Membership must exceed 500 individuals**
 - D. Must provide a minimum of 30 days' notice before implementation**
- 7. If the insured and primary beneficiary are both killed in the same accident and it cannot be determined who died first, where are the death proceeds directed under the Uniform Simultaneous Death Act?**
- A. Insured's estate**
 - B. Insured's contingent beneficiary**
 - C. Primary beneficiary's estate**
 - D. Insurer retains the proceeds**
- 8. Which of the following statements is CORRECT regarding the tax treatment of a lump-sum payment paid to a life insurance policy's primary beneficiary?**
- A. All proceeds are taxable in the year they are received**
 - B. Proceeds are taxed only if withdrawn within the first year**
 - C. All proceeds are income tax-free**
 - D. Proceeds are taxed on a sliding scale**
- 9. When can a policyowner change a revocable beneficiary?**
- A. Only during the policy renewal**
 - B. Only upon the insurer's consent**
 - C. Anytime**
 - D. Only at the end of the policy term**
- 10. In an insurance contract, which party makes a legally enforceable promise?**
- A. Insured**
 - B. Beneficiary**
 - C. Producer**
 - D. Insurer**

Answers

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

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Explanations

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1. Which statement about insurance policy rescission is accurate?

- A. Rescission can be applied retroactively**
- B. Rescission allows continued coverage**
- C. Rescission is only allowed with policyholder consent**
- D. Rescission must take place within one year of issue**

Rescission in the context of insurance policies refers to the cancellation of a policy by the insurer due to material misrepresentation, concealment of facts, or even fraud by the insured at the time of applying for insurance. The accurate statement regarding rescission is that it can indeed be applied retroactively. This means that if the insurer discovers pertinent information that was not disclosed or was misrepresented, they can void the insurance policy as if it never existed, affecting all aspects of coverage from the date of issue. This principle underscores the fundamental aspect of the insurance contract, which is based on the good faith of both parties. The insurer relies on the information provided by the policyholder to assess risk and determine coverage provisions. Therefore, if critical information is omitted or misrepresented, the insurer is entitled to rescind the contract retroactively, negating any claims made under it. While other statements might touch on elements of insurance practice, they do not accurately describe how rescission functions. Rescission does not allow for continued coverage, does not necessitate the policyholder's consent, and there is typically no strict time frame of one year within which rescission must occur; rather, it is contingent on the discovery of the misrepresentation at any time during the policy.

2. Why do quarterly premium payments lead to an increased annual cost of insurance?

- A. It reduces the coverage amount**
- B. It causes administrative costs to decrease**
- C. Interest to the insurer is decreased while administrative costs are increased**
- D. It requires more frequent payment processing**

Quarterly premium payments generally lead to an increased annual cost of insurance because they decrease the interest earnings for the insurer while increasing administrative costs. When policyholders pay premiums more frequently, the insurance company has access to those funds for a shorter period of time compared to a scenario where the premiums are paid annually. This reduced time frame translates to a lower opportunity for the insurer to earn interest on those premium funds, potentially increasing the overall cost to policyholders. Additionally, more frequent premium payments necessitate additional processing and administration work, thereby raising operational expenses. These factors combined typically lead to higher costs when premiums are paid quarterly rather than annually, which is why this option is correct. The other options do not accurately reflect the dynamics of premium payment frequency and its financial implications for both the insurer and the insured.

3. What is an option available to policyholders of Adjustable Life insurance?

- A. Convert the policy to a term policy**
- B. Adjust premium payment amounts**
- C. Terminate the policy without penalty**
- D. Increase coverage without additional underwriting**

Adjustable Life insurance is designed to offer flexibility to policyholders, particularly regarding premium payments and coverage amounts. One of the key features of this type of policy is the ability to adjust premium payment amounts. This means that policyholders can increase or decrease their premium as needed, which can be especially beneficial for individuals whose financial situations may vary over time. By allowing adjustments to the premium payments, Adjustable Life insurance provides policyholders with the opportunity to manage their insurance costs according to their current needs and financial capabilities. This flexibility is a significant advantage, as it helps ensure that the policy remains affordable and relevant throughout the policyholder's life events such as changes in income or lifestyle. The other options do not accurately reflect the main characteristics of Adjustable Life insurance. For instance, converting a policy to a term policy generally does not apply directly to Adjustable Life insurance, as it is primarily a whole life product with adjustable features. Similarly, terminating the policy without penalty is not a standard feature and may not be readily available. While some policies may allow certain adjustments, increasing coverage without additional underwriting typically does not align with the conditions of most life insurance policies, including Adjustable Life insurance.

4. Who may receive an applicant's medical information from the Medical Information Bureau (MIB)?

- A. The applicant's employer**
- B. The applicant's physician**
- C. The public health department**
- D. The insurance company underwriter only**

The correct choice is that the applicant's physician may receive medical information from the Medical Information Bureau (MIB). The MIB serves as a resource for insurance companies to collect and verify medical information related to applicants for life insurance and other health-related insurance products. Physicians often require access to medical histories to provide the best possible care to their patients. When an applicant applies for insurance, their physician can receive information from the MIB, which helps them understand the individual's health background and any medical conditions that may need to be addressed, thus supporting the physician's role in patient care. The other options listed do not have access to the applicant's medical information in the same way. An employer generally does not have the right to access an employee's medical data due to privacy laws unless there is a specific consent. While public health departments may collect medical data, they typically do not receive information from MIB regarding specific applicants for life insurance. Insurance company underwriters do utilize MIB data, but they specifically apply it for the underwriting process rather than being directly considered recipients of that information like the physician is. Thus, the physician's access to the MIB's information aligns with their role in providing healthcare, making it the correct answer for who may receive the

5. Which of these types of policies may NOT have the Automatic Premium Loan provision attached to it?

- A. Whole life insurance**
- B. Universal life insurance**
- C. Term life insurance**
- D. Decreasing term insurance**

The Automatic Premium Loan (APL) provision is a feature typically found in some types of permanent life insurance policies, such as whole life insurance. This feature allows the insurer to automatically take the premium due from the cash value of the policy if the policyholder fails to pay the premium before the grace period ends. Thus, it ensures that the policy remains in force even if premium payments are missed. Decreasing term insurance is a form of term life insurance where the coverage amount decreases over time, usually in conjunction with paying off a debt or mortgage. Since term insurance is not designed to accumulate cash value, the Automatic Premium Loan provision is not applicable. This type of policy focuses solely on providing a death benefit for a specified term rather than also serving as a savings vehicle, which makes APL irrelevant for this product. In contrast, whole life policies are designed to build cash value, allowing for APL to be applicable. Universal life insurance shares some cash-value attributes as well and could also use the APL option. Term insurance, generally, does not have this feature because it does not build cash value. Therefore, the correct answer reflects that decreasing term insurance specifically does not allow for the Automatic Premium Loan provision due to the lack of cash value accumulation inherent in this

6. For an association to qualify for a group life insurance plan, what criterion must be satisfied?

- A. Must have a charter established for insurance purposes**
- B. Formed for a purpose other than acquiring insurance**
- C. Membership must exceed 500 individuals**
- D. Must provide a minimum of 30 days' notice before implementation**

To qualify for a group life insurance plan, the association must be formed for a purpose other than acquiring insurance. This criterion ensures that the group is a legitimate entity with a primary mission that extends beyond simply obtaining insurance benefits. The goal is to have a cohesive group of individuals joined together for common interests or activities, thereby allowing them to access more favorable insurance rates and coverage terms due to their collective membership. When an association is created with the primary focus of obtaining insurance, it may not fulfill regulatory requirements or the essence of group insurance, which relies on a variety of members being part of a shared interest or cause outside of insurance itself. This criterion protects the integrity of group insurance by ensuring it serves its intended function of providing coverage to members with commonality in reason for their association that is not solely based on insurance needs.

7. If the insured and primary beneficiary are both killed in the same accident and it cannot be determined who died first, where are the death proceeds directed under the Uniform Simultaneous Death Act?

A. Insured's estate

B. Insured's contingent beneficiary

C. Primary beneficiary's estate

D. Insurer retains the proceeds

The Uniform Simultaneous Death Act provides a clear guideline for situations where the insured and the primary beneficiary die simultaneously, and it's impossible to determine the order of death. In such cases, the law typically directs the death proceeds to be distributed as if the primary beneficiary had died before the insured. This legal approach helps to ensure that the intent of the policyholder is honored, which is generally to provide financial support to beneficiaries. If the primary beneficiary is assumed to have died first, the proceeds would then go to the contingent beneficiary, if one exists, rather than the primary beneficiary's estate. This avoids complications and potential disputes regarding the deceased beneficiary's estate and ensures that the intended parties receive the benefits according to the policy design. Thus, selecting the insured's contingent beneficiary as the recipient under these circumstances aligns with the principles outlined in the Uniform Simultaneous Death Act.

8. Which of the following statements is CORRECT regarding the tax treatment of a lump-sum payment paid to a life insurance policy's primary beneficiary?

A. All proceeds are taxable in the year they are received

B. Proceeds are taxed only if withdrawn within the first year

C. All proceeds are income tax-free

D. Proceeds are taxed on a sliding scale

The correct statement regarding the tax treatment of a lump-sum payment paid to a life insurance policy's primary beneficiary is that all proceeds are income tax-free. When a life insurance policy pays out benefits to a named beneficiary following the death of the insured, the payout is not included in the beneficiary's taxable income. This means that the beneficiary receives the full amount of the death benefit without any income tax liabilities attached to it. This tax treatment is one of the primary advantages of life insurance, as it provides a financial benefit to the beneficiaries that is not diminished by taxation. While choices related to taxation may present scenarios where proceeds could be taxable, such as withdrawals or varying rates, they do not apply to the straightforward case of a lump-sum death benefit payout under a life insurance policy. Therefore, understanding the tax implications helps beneficiaries plan for their financial management and ensures they utilize the benefits as intended without the burden of tax liabilities.

9. When can a policyowner change a revocable beneficiary?

- A. Only during the policy renewal**
- B. Only upon the insurer's consent**
- C. Anytime**
- D. Only at the end of the policy term**

A policyowner can change a revocable beneficiary anytime they choose because revocable beneficiaries are designed to provide the policyowner with flexibility. This means that as long as the policy is active and the policyowner is not limited by any specific contractual terms, they have the authority to modify the beneficiary designation as their circumstances or intentions change. The ability to change the beneficiary without needing consent from the beneficiary is a key characteristic of revocable designations. This allows policyowners to adapt their insurance coverage to accommodate changes in personal relationships, financial situations, or other relevant factors that might influence their choice of beneficiary. This contrasts with irrevocable beneficiaries, where consent from the beneficiary is necessary for any changes to be made. In those cases, the policyowner has permanently entrusted the benefits to the designated beneficiary, preventing any unilateral alterations.

10. In an insurance contract, which party makes a legally enforceable promise?

- A. Insured**
- B. Beneficiary**
- C. Producer**
- D. Insurer**

In an insurance contract, the party that makes a legally enforceable promise is the insurer. The insurer agrees to provide financial coverage or benefits in exchange for the premiums paid by the insured. This promise is central to the insurance contract, as it establishes the insurer's obligations to fulfill claims and provide agreed-upon benefits, such as death benefits in a life insurance policy or coverage for specific risk events. The insured, while part of the contract, does not make a legally enforceable promise in the same way; rather, they are the party receiving the protections offered by the insurer. The beneficiary is the party who stands to receive the benefits when a covered event occurs, but they are not involved in the creation of the contract and do not make promises. The producer, typically an agent or broker, facilitates the insurance contract but does not assume the obligations of the contract. Thus, the insurer is the entity that has the primary legal obligation as defined within the contract.

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://westvirginiastatelifeinsurance.examzify.com>

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