AD BANKER COMPREHENSIVE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR THE FULL VERSION STUDY GUIDE

https://adbanker.examzify.com

Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain accurate, complete, and timely information about this product from reliable sources.

SAMPLE

Table of Contents

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

SAMPLE

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.

SAMPLE

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!

SAMPLE

Questions

SAMPLE

1. **Which act provided the federal government the right to regulate the insurance industry concerning fraud and false statements?**

   A. McCarran/Ferguson Act

   B. COBRA Act

   C. HIPAA Act

   D. Gramm-Leach-Bliley Act

2. **Which of the following would be considered a speculative risk?**

   A. The possibility your car is totaled in an auto accident

   B. The possibility the painting you bought might be a long-lost masterpiece

   C. The possibility you will die on the job at a young age

   D. The possibility you will become disabled

3. **Which group is NOT exempt from the Affordable Care Act's requirement to purchase coverage?**

   A. Members of a religion opposed to acceptance of health care benefits

   B. Undocumented immigrants

   C. Those who must pay less than 9.5% of their income for health insurance

   D. Those whose household income does not require filing a tax return

4. **What is the required action if a licensee changes their name or address?**

   A. Submit a new application

   B. Notify within 10 days

   C. Inform the Commissioner within 30 days

   D. Pay a penalty fee

5. **The head of the state department of insurance has all of the following powers, except:**

   A. Approving rates and rate increases for regulated lines of insurance

   B. Imposing penalties for violations of the insurance code, including but not limited to fines, suspensions or revocations of licenses and Certificates of Authority, and requesting that the Attorney General prosecute a violator

   C. Subpoenaing witnesses and administering oaths in order to further any examination, investigation, or hearing on insurance matters

   D. Creating and establishing new premium rates for insurance companies operating in the state

SAMPLE

6. If the Commissioner denies a request for an extension to comply with the continuing education requirements, how many days does the licensee have to complete the requirements after being notified of the denial?

A. 20

B. 45

C. 30

D. 60

7. Controlled business may be defined as insurance sold to:

A. Individuals needing an increased amount of term insurance

B. Existing clients only

C. Anyone willing to buy

D. The producer, the producer's family and friends, and the producer's business associates

8. What must occur for the interest to be payable on a policy at the time of death?

A. Policy must be active for at least five years

B. Beneficiary must request it

C. Loan payments must be up to date

D. Claim must be filed immediately

9. In many jurisdictions, permanent policies are required to have some cash value by the end of:

A. The fourth year

B. The first year

C. The second year

D. The third year

10. What happens to the cash value of a life insurance policy upon surrendering it?

A. It is automatically taxable

B. It may or may not be taxable depending on premiums paid

C. It is eligible for a loan

D. It is forfeited

SAMPLE

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. Which act provided the federal government the right to regulate the insurance industry concerning fraud and false statements?

A. McCarran/Ferguson Act

B. COBRA Act

C. HIPAA Act

D. Gramm-Leach-Bliley Act

The McCarran/Ferguson Act is pivotal in the regulation of the insurance industry in the United States, particularly concerning fraud and false statements. Enacted in 1945, this act gives states the authority to regulate the insurance business while allowing the federal government to intervene in cases of fraudulent activities or in the event that state regulation is inadequate. This legislation recognizes the importance of state-level regulation for the insurance sector while simultaneously affirming the federal government's role in ensuring ethical practices and protecting consumers from false statements in insurance marketing and policies. The other acts listed do focus on different aspects of regulation. The COBRA Act relates to health insurance and employee benefits, the HIPAA Act deals primarily with patient privacy and health information security, and the Gramm-Leach-Bliley Act addresses financial services and privacy issues rather than insurance regulation directly. Therefore, the McCarran/Ferguson Act stands out as the legislation specifically empowering the federal government to combat fraud and ensure truthful representations within the insurance market.

2. Which of the following would be considered a speculative risk?

A. The possibility your car is totaled in an auto accident

B. The possibility the painting you bought might be a long-lost masterpiece

C. The possibility you will die on the job at a young age

D. The possibility you will become disabled

Speculative risk involves situations where there is the potential for both loss and gain, creating uncertainty regarding the outcome. When considering the scenario of the painting you bought potentially being a long-lost masterpiece, this perfectly illustrates speculative risk. There is a chance the value of the painting could increase dramatically if it turns out to be a significant piece of art, providing a financial gain. Conversely, if it turns out to be of little value, you could incur a loss. This characteristic of having both upside and downside makes it distinctly different from pure risks, which are situations where the only possible outcomes are loss or no loss. In the other scenarios presented, while they all involve potential negative outcomes, they do not offer the possibility of a financial gain, which is essential for classifying something as speculative. Thus, the option involving the painting stands out as the only scenario where both positive and negative outcomes exist, solidifying it as the correct choice for identifying a speculative risk.

SAMPLE

3. Which group is NOT exempt from the Affordable Care Act's requirement to purchase coverage?

A. Members of a religion opposed to acceptance of health care benefits

B. Undocumented immigrants

C. Those who must pay less than 9.5% of their income for health insurance

D. Those whose household income does not require filing a tax return

The correct option highlights individuals who must pay less than 9.5% of their income for health insurance as not being exempt from the Affordable Care Act's requirement to purchase coverage. Under the ACA, if a person's insurance premium exceeds a certain percentage of their income, they may qualify for an exemption. Specifically, the affordability threshold is set at 9.5%, meaning that if individuals can afford coverage at that rate or less, they are expected to enroll in a health insurance plan rather than seek an exemption. This provision is designed to ensure that insurance is affordable for Americans in varying income brackets, creating a balance in the healthcare system by requiring those who can afford coverage to acquire it. The obligation to obtain insurance under the ACA also promotes wider participation in the health insurance pool, which is essential for spreading risk and managing costs. The other groups mentioned may qualify for exemptions for specific reasons; for example, members of certain religious groups may be opposed to insurance altogether, undocumented immigrants do not qualify for many government programs including ACA benefits, and those with extremely low incomes are not mandated to file tax returns or purchase health insurance. However, individuals who can afford coverage but fall under the affordability threshold have a requirement to obtain it.

4. What is the required action if a licensee changes their name or address?

A. Submit a new application

B. Notify within 10 days

C. Inform the Commissioner within 30 days

D. Pay a penalty fee

When a licensee changes their name or address, the correct procedure is to inform the Commissioner within 30 days. This requirement is in place to ensure that the regulatory authority has up-to-date information on all licensed individuals, which is crucial for maintaining the integrity and security of the licensing process. Timely notification helps in proper communication regarding any official correspondence and ensures compliance with licensing regulations, avoiding potential lapses that could impact the licensee's standing. Other responses may suggest different timelines or requirements, but informing the Commissioner within a specified period is the established regulatory action to ensure that all records remain accurate and current. This practice also aids in avoiding issues that could arise from outdated information that might affect the licensee's operations or legal obligations.

SAMPLE

5. The head of the state department of insurance has all of the following powers, except:

A. Approving rates and rate increases for regulated lines of insurance

B. Imposing penalties for violations of the insurance code, including but not limited to fines, suspensions or revocations of licenses and Certificates of Authority, and requesting that the Attorney General prosecute a violator

C. Subpoenaing witnesses and administering oaths in order to further any examination, investigation, or hearing on insurance matters

D. Creating and establishing new premium rates for insurance companies operating in the state

The head of the state department of insurance possesses various regulatory powers to oversee the insurance industry and ensure compliance with established laws. However, the creation and establishment of new premium rates for insurance companies is not within their typical authority. This task usually falls to the insurance companies themselves, who set their premium rates based on risk assessments, market conditions, and actuarial data. While the head of the department may approve or disapprove these rates based on compliance with the law or their reasonableness, they do not have the power to unilaterally create or set new rates. The other options accurately reflect the roles and responsibilities typically granted to the head of the state department of insurance. They include approving rates and rate increases to ensure they meet regulatory standards, imposing penalties to uphold the insurance code and maintain integrity within the industry, and subpoenaing witnesses to assist in investigations or hearings—activities that are essential for effective regulatory oversight.

6. If the Commissioner denies a request for an extension to comply with the continuing education requirements, how many days does the licensee have to complete the requirements after being notified of the denial?

A. 20

B. 45

C. 30

D. 60

When a licensee receives a denial of their request for an extension to meet continuing education requirements, they are granted a specific timeframe to complete these requirements. The correct choice indicates that the licensee has 30 days from the notice of denial to fulfill their educational obligations. This timeframe is set to ensure that licensees remain compliant and maintain their qualifications within a reasonable period, reflecting the regulatory agency's efforts to uphold standards in the profession. The timeframe serves as a balance between allowing sufficient time for the licensee to complete the required education while also ensuring that the licensee adheres to the continuing education standards necessary for maintaining their license. This mechanism reflects the importance of ongoing professional education in ensuring practitioners remain knowledgeable about current practices and regulations in their field.

SAMPLE

7. Controlled business may be defined as insurance sold to:

A. Individuals needing an increased amount of term insurance

B. Existing clients only

C. Anyone willing to buy

D. The producer, the producer's family and friends, and the producer's business associates

Controlled business is a term used in insurance to refer specifically to policies that are sold to individuals who have a close relationship with the insurance producer, such as the producer themselves, their family members, friends, or business associates. This concept is important because many states have regulations concerning the amount of controlled business that an agent can write in order to prevent conflicts of interest and ensure that agents are serving a broader clientele rather than just those they have personal connections with. The choice indicating the producer, their family, friends, and business associates accurately captures this definition. It emphasizes the relational aspect of controlled business and highlights the potential for bias if an agent primarily sells insurance to those within their immediate network instead of the general public. This distinction is critical in understanding the ethical and legal boundaries within which insurance producers must operate. The other options focus on broader market segments or specific alignments with customers that do not encapsulate the narrow focus of controlled business, which specifically involves personal relationships.

8. What must occur for the interest to be payable on a policy at the time of death?

A. Policy must be active for at least five years

B. Beneficiary must request it

C. Loan payments must be up to date

D. Claim must be filed immediately

For interest to be payable on a life insurance policy at the time of death, the claim must be filed in a timely manner. This is important because life insurance companies typically do not begin accruing interest on the death benefit until they are officially notified of the claim. Filing the claim promptly ensures that the insurance company can process it efficiently and start the necessary calculations, which may include any interest due. While factors such as the policy's length or the beneficiary's request can influence the payout process, they do not inherently determine whether interest will be applied. Similarly, keeping loan payments up to date may affect the overall benefit amount if there are outstanding loans against the policy, but it does not specifically influence the payable interest on the death benefit at the time of death. Prompt claim filing directly aligns with the requirement for interest to be calculated and payable.

SAMPLE

9. In many jurisdictions, permanent policies are required to have some cash value by the end of:

A. The fourth year

B. The first year

C. The second year

D. The third year

Permanent life insurance policies, such as whole life and universal life insurance, typically accumulate cash value over time. In many jurisdictions, regulations mandate that these policies must have a minimum cash value by the end of the third policy year. This requirement serves to protect policyholders, ensuring that they have a tangible asset that grows in value as a part of their insurance policy. This cash value can be accessed by the policyholder through loans or withdrawals, providing financial flexibility. The importance of this timeline is rooted in balancing the insurance company's need to manage risk while also providing a benefit to the policyholder. By the third year, the insurer has had enough time to develop the policy's cash value, reflecting the contributions made and the investment growth associated with those contributions. This regulatory standard helps ensure that both new and existing policyholders can plan for their financial future with some assurance of cash value accumulation.

10. What happens to the cash value of a life insurance policy upon surrendering it?

A. It is automatically taxable

B. It may or may not be taxable depending on premiums paid

C. It is eligible for a loan

D. It is forfeited

When a life insurance policy is surrendered, the cash value is typically considered to be taxable to the extent that it exceeds the total premiums paid into the policy. This means that if the cash value is greater than the amount of premiums you have contributed, the difference is subject to income tax. Thus, the situation requires careful evaluation of the policy's accumulated cash value against the premiums paid. If a policyholder had paid less in premiums than the cash value at the time of surrender, then the amount over the total premiums would be taxable. In contrast, the other scenarios provided do not accurately reflect what happens to the cash value upon surrendering a policy. For instance, while it may be true that the cash value can be used for a loan, this is not the primary outcome of surrendering the policy; instead, surrendering means the policy is terminated, and the cash value is paid out. The notion of forfeiture implies that no value is received, which does not apply here as cash value is involved upon surrender. Lastly, asserting that surrendering is automatically taxable simplifies the situation without considering the relationship between cash value and paid premiums. Therefore, the most accurate statement regarding the tax implications upon surrender is that it may or may not be taxable based on

SAMPLE

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://adbanker.examzify.com

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

SAMPLE