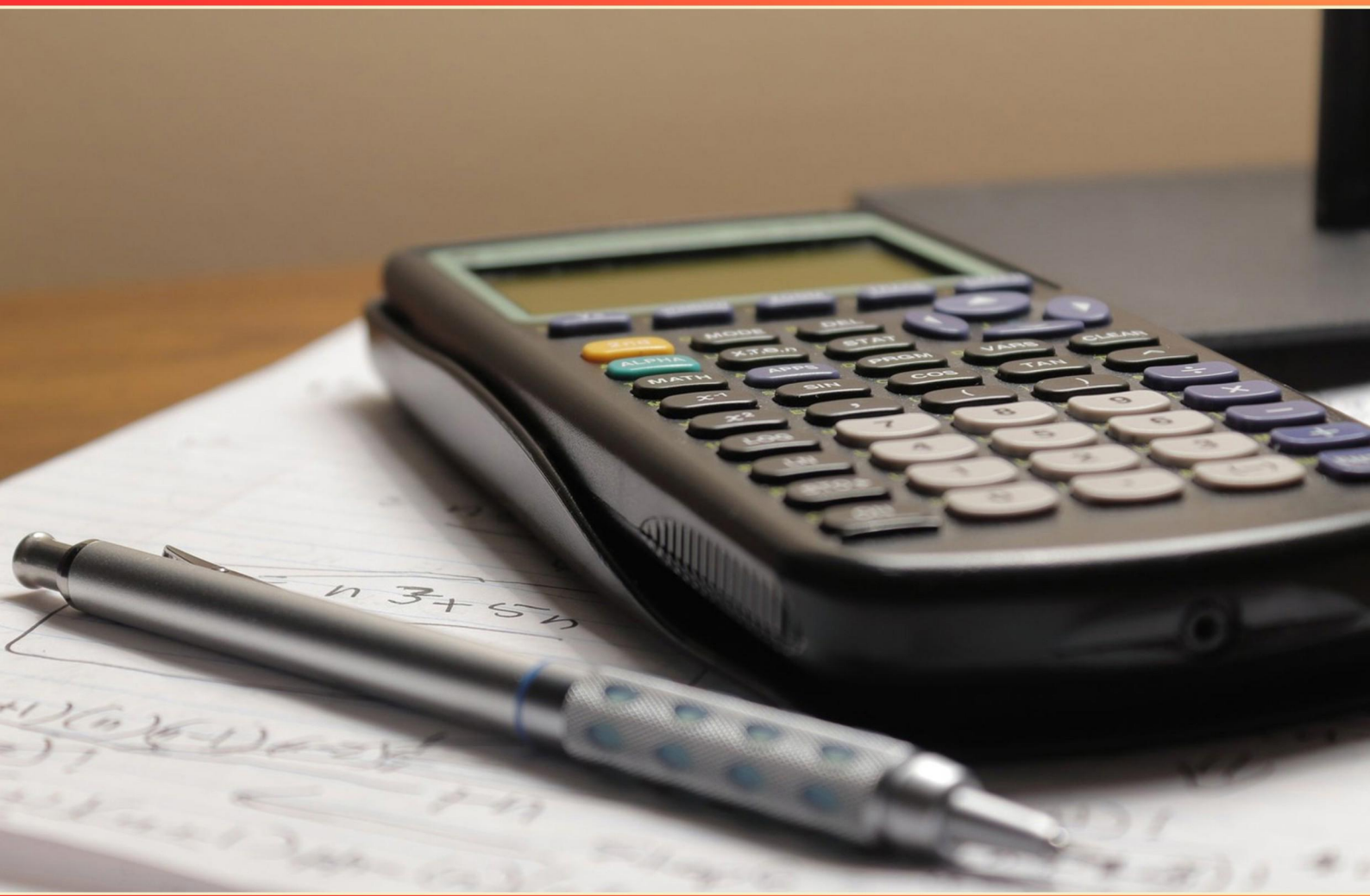
LIFE AND ANNUITY LICENSE PRACTICE EXAM (SAMPLE)

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.

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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!

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Questions

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1. Which organization is not considered an insurer but provides benefits to members of an affiliated lodge or religious group?

A. Mutual Insurance Company

B. Fraternal Benefit Society

C. Health Maintenance Organization

D. Insurance Exchange

2. What is typically included in the notice regarding replacement?

A. A detailed breakdown of fees

B. Information on how to avoid lapses in coverage

C. Comparative analysis of the old and new policies

D. Regulatory requirements for the insurer

3. What characteristic is true about a spouse term rider?

A. The rider is usually variable term insurance

B. The rider is usually whole life insurance

C. The rider is usually level term insurance

D. The rider is typically a decreasing term insurance

4. What is the minimum age for purchasing a life insurance policy in Florida?

A. 12

B. 15

C. 18

D. 21

5. Social Security was designed to protect against which of the following?

A. Disability

B. Sickness in old age

C. Premature death

D. Bad investment choices

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6. Which situation would be considered an example of unfair claims settlement practice?

A. Failing to provide policy documents

B. Delaying payment due to ongoing investigations

C. Failing to acknowledge a claim within 30 days

D. Requesting additional documentation from the insured

7. An employee will be taxed on the cost of group life insurance paid by the employer if coverage exceeds what amount?

A. $25,000

B. $50,000

C. $75,000

D. $100,000

8. Which of the following is NOT a requirement for life insurance illustrations?

A. Must be part of the contract

B. Must be a written document

C. Must include a legal disclaimer

D. Must be based on accurate projections

9. Is it ever legal for an insurance company to limit coverage based on marital status?

A. Yes, in certain circumstances

B. No, it is never legal

C. Yes, if disclosed to the policyholder

D. Only during underwriting

10. What are some personal uses of life insurance?

A. Tax evasion and debt coverage

B. Survivor protection and cash accumulation

C. Investment diversification and real estate ownership

D. Health benefits and retirement plans

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Answers

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

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Explanations

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1. Which organization is not considered an insurer but provides benefits to members of an affiliated lodge or religious group?

A. Mutual Insurance Company

B. Fraternal Benefit Society

C. Health Maintenance Organization

D. Insurance Exchange

The correct answer is a Fraternal Benefit Society, which is indeed not considered a traditional insurer but instead functions to provide benefits exclusively to its members who are part of a specific lodge or religious group. These societies operate on a non-profit basis and promote community and social connections among their members, offering benefits such as life insurance, health coverage, and other types of financial assistance. Fraternal Benefit Societies are unique because they often require membership in a specific group, which distinguishes them from standard insurance companies that offer services to the general public. They are an important alternative for individuals looking for insurance options within supportive community networks. In contrast, mutual insurance companies are owned by their policyholders and are classified as insurers, offering a broader range of insurance products. Health Maintenance Organizations (HMOs) provide health care services to members but are also categorized as health insurers. Insurance exchanges, often related to health coverage, serve as marketplaces for buying insurance and are considered part of the insurance industry as well.

2. What is typically included in the notice regarding replacement?

A. A detailed breakdown of fees

B. Information on how to avoid lapses in coverage

C. Comparative analysis of the old and new policies

D. Regulatory requirements for the insurer

The notice regarding replacement typically includes a comparative analysis of the old and new policies. This is essential for consumers as it allows them to understand the differences in coverage, benefits, costs, and terms between their current policy and the proposed new policy. The purpose of this comparative analysis is to ensure that consumers are fully informed about how the changes may impact their financial situation and coverage needs. It highlights key aspects, such as differences in premium amounts, benefit structures, and any potential gaps in coverage, enabling policyholders to make an informed decision before proceeding with the replacement. This transparency helps protect consumers from inadvertently losing valuable benefits or facing higher costs.

3. What characteristic is true about a spouse term rider?

A. The rider is usually variable term insurance

B. The rider is usually whole life insurance

C. The rider is usually level term insurance

D. The rider is typically a decreasing term insurance

A spouse term rider is typically designed to provide a death benefit for the policyholder's spouse, often during a specified term. The most common type of coverage offered through such riders is level term insurance. This means that the death benefit remains constant throughout the life of the term, making it predictable and easier to manage for policyholders. Level term insurance is favored for spouse term riders because it aligns with the need for stable coverage costs and benefits, allowing the policyholder to ensure that if anything were to happen to their spouse within the term, financial support can be provided to dependents or cover expenses without unexpected increases in premium costs or changes in coverage amounts. While variable term insurance adjustments can cause fluctuations in coverage, and whole life insurance is more structured and permanent, these characteristics do not typically apply to spouse term riders. Typically, a decreasing term would not fulfill the needs of a spouse rider, which aims for a set amount of coverage rather than a diminishing benefit. Thus, the nature of a spouse term rider clearly aligns with the principles of level term insurance.

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4. What is the minimum age for purchasing a life insurance policy in Florida?

A. 12

B. 15

C. 18

D. 21

In Florida, the minimum age for purchasing a life insurance policy is indeed set at 15 years old. This allows individuals who are 15 years old and above the legal capacity to enter into contracts, including insurance contracts. At this age, minors can often acquire a life insurance policy, typically with the consent of a parent or guardian. It's important for potential policyholders to understand that while 15 is the minimum age, practical considerations often affect the type and extent of coverage available to younger individuals. Insurance companies may have specific underwriting guidelines that apply to minors, and coverage amounts may be influenced by the applicant's age. While other options, such as being 18 or older, align with common statutory ages for various types of contracts, they do not reflect the specific legal provisions established in Florida for life insurance purchases.

5. Social Security was designed to protect against which of the following?

A. Disability

B. Sickness in old age

C. Premature death

D. Bad investment choices

The correct answer to the question about what Social Security was designed to protect against is not D. Instead, Social Security was established to provide financial support in various circumstances where individuals might face economic difficulties, particularly in old age, disability, or in the event of premature death of a breadwinner. Social Security provides Old-Age, Survivors, and Disability Insurance (OASDI). The program essentially supports individuals who can no longer work due to age or disability, as well as providing financial benefits to the family members of deceased workers. Disability coverage ensures that individuals who become disabled and cannot work can still receive income. For elderly citizens, Social Security offers a financial safety net during retirement, addressing the risk of poverty in old age. The system also addresses the unfortunate event of premature death by providing survivors' benefits, which help the dependents of deceased workers manage financially. The focus of Social Security is more about providing income stability during periods of loss, whether due to health issues, age, or unexpected death of a wage earner. Therefore, linking Social Security to bad investment choices does not align with its primary purpose or design.

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6. Which situation would be considered an example of unfair claims settlement practice?

A. Failing to provide policy documents

B. Delaying payment due to ongoing investigations

C. Failing to acknowledge a claim within 30 days

D. Requesting additional documentation from the insured

Failing to acknowledge a claim within 30 days is a clear instance of unfair claims settlement practice because timely communication is a fundamental obligation of insurers when handling claims. Insurers are expected to review and respond to claims promptly, ensuring that the insured knows the status of their claim and what steps they need to take next. A failure to acknowledge a claim within a set timeframe, such as 30 days, can leave the policyholder in a state of uncertainty and can prevent them from receiving benefits or resolving their claims effectively. This practice is in place to protect consumers and ensure that they are treated fairly and with respect. Not adhering to this timeline can be seen as neglecting the insurer's duty to provide service and support during what may already be a challenging time for the policyholder. Timely acknowledgment helps facilitate a smoother claims process and enhances confidence in the insurance company's reliability.

7. An employee will be taxed on the cost of group life insurance paid by the employer if coverage exceeds what amount?

A. $25,000

B. $50,000

C. $75,000

D. $100,000

An employee is subject to taxation on the cost of group life insurance paid by the employer if the coverage exceeds $50,000. The Internal Revenue Service (IRS) has established this threshold to determine the tax treatment of employer-provided life insurance benefits. When the coverage amount surpasses $50,000, the cost of the insurance that exceeds this limit is considered a taxable fringe benefit. The taxable amount is calculated based on the IRS table of uniform premiums for $1,000 of group-term life insurance coverage. This means that if an employee has coverage of, for instance, $70,000, they would be taxed on the value of the $20,000 excess over the $50,000 limit. Understanding this threshold is crucial for both employers and employees to ensure compliance with tax regulations regarding employee benefits.

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8. Which of the following is NOT a requirement for life insurance illustrations?

A. Must be part of the contract

B. Must be a written document

C. Must include a legal disclaimer

D. Must be based on accurate projections

The assertion that an illustration must be part of the contract is inaccurate because life insurance illustrations are typically a separate document designed to help potential policyholders understand the features, benefits, and projected performance of a life insurance policy. An illustration serves as an educational tool that presents detailed information about how a policy may perform under various parameters, including premium payments, interest rates, and cash value accumulation. It is not a contract itself, but rather supplementary information that guides the purchaser in making an informed decision. In contrast, written documentation is essential for life insurance illustrations to ensure clarity and provide a formal record. Including a legal disclaimer is also a requirement to inform potential policyholders that the projections are based on certain assumptions and may not predict actual results. Furthermore, the illustrations must be based on accurate projections of policy performance to present truthful and realistic expectations. Thus, the separation of illustrations from the actual contract reinforces the understanding that they are illustrative rather than contractual commitments.

9. Is it ever legal for an insurance company to limit coverage based on marital status?

A. Yes, in certain circumstances

B. No, it is never legal

C. Yes, if disclosed to the policyholder

D. Only during underwriting

Insurance companies are generally prohibited from limiting coverage based on marital status due to anti-discrimination laws that are designed to ensure fairness and equality in insurance practices. When it comes to insurance underwriting and policy issuance, regulations typically require that decisions and conditions are based on objective criteria rather than personal characteristics such as marital status, which could lead to unfair treatment of individuals. The rationale behind this prohibition is to prevent discrimination that could negatively impact certain groups of individuals, reinforcing the principle that insurance should be accessible and equitable for all, regardless of their marital situation. Policies must be standardized in such a way that they provide equal opportunity for coverage, thereby fostering a fair competitive environment within the insurance market. Consequently, while there might be nuances in certain circumstances that allow insurance companies to consider other factors in their underwriting guidelines, marital status should not be used as a criterion for limiting or denying coverage entirely. This helps to maintain trust in the insurance process and protects consumers from biases that could arise from purely personal attributes.

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10. What are some personal uses of life insurance?

A. Tax evasion and debt coverage

B. Survivor protection and cash accumulation

C. Investment diversification and real estate ownership

D. Health benefits and retirement plans

Life insurance serves several important personal uses, and survivor protection and cash accumulation are two of the key benefits it provides. Survivor protection refers to the financial support life insurance offers to beneficiaries in the event of the policyholder's death. This ensures that loved ones can maintain their standard of living, pay off debts, and cover living expenses without the financial burden on the family being exacerbated by the loss of income. Cash accumulation is another significant aspect of certain types of life insurance, particularly permanent policies like whole life or universal life insurance. These policies build cash value over time, which the policyholder can borrow against or withdraw under certain conditions. This feature can provide a financial resource for emergencies, education expenses, or retirement needs. In contrast, other options might misrepresent the role or purpose of life insurance. For example, life insurance is not meant for tax evasion; it is governed by strict regulations that prohibit such misuse. While investment diversification is important in personal finance, life insurance primarily focuses on providing coverage rather than functioning as an investment vehicle. Additionally, health benefits and retirement plans are typically associated with other financial products and services rather than directly with life insurance. The primary personal uses of life insurance center around providing financial security and accumulating value for the policyholder and

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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://lifeandannuity.examzify.com

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

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