LIFE INSURANCE POLICIES, PROVISIONS, OPTIONS AND RIDERS PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR THE FULL VERSION STUDY GUIDE

https://lifepoliciesprovisions.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. What is the primary role of an insurance agent in life insurance?

A. To manage the company's finances

B. To assist clients in selecting policies and explaining options

C. To handle claims processing only

D. To determine the company's premium rates

2. What is a contingent beneficiary?

A. A secondary beneficiary who will receive the death benefit if the primary beneficiary is unavailable.

B. An individual who will inherit the policyholder's assets in case of policy cancellation.

C. A beneficiary designated only for health insurance policies.

D. The primary recipient of the death benefit in a life insurance policy.

3. Which policy combines the flexibility of a universal life policy with investment options?

A. Adjustable universal life policy

B. Flexible universal life policy

C. Variable universal life policy

D. Modified universal life policy

4. Which policy option allows a policyholder to receive a portion of the death benefit while still alive?

A. Accelerated Death Benefit

B. Term Conversion Option

C. Extended Term Option

D. Dividend Option

5. What is the death benefit in a life insurance policy?

A. The total premiums paid by the policyholder

B. The amount paid to beneficiaries upon death

C. The cash value accumulated over time

D. The administrative fees of the policy

SAMPLE

6. What do exclusions in a life insurance policy refer to?

A. Conditions that allow for premium refunds

B. Specific circumstances under which death benefits will not be paid

C. Additional benefits available to policyholders

D. Conditions for reinstating a lapsed policy

7. Which statement best describes whole life insurance?

A. It only offers limited coverage for a short term

B. It is designed for permanent coverage and may accumulate cash value

C. It requires no premium payments after a certain age

D. It is primarily used for group coverage

8. What occurs at the end of a term life insurance policy?

A. The policy automatically converts to a whole life policy

B. The coverage ends unless renewed or converted

C. The premiums are refunded to the policyholder

D. The death benefit increases significantly

9. What do you call the provision that allows a policyholder to surrender their life insurance policy for its cash value?

A. Face Value Provision

B. Cash Surrender Value Provision

C. Loan Provision

D. Dividend Provision

10. A Renewable Term Life insurance policy can be renewed when?

A. At a predetermined date or age, regardless of the insured's health

B. Only if the insured provides evidence of insurability

C. Anytime at the policyowner's request

D. Typically with no change in premium

SAMPLE

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. What is the primary role of an insurance agent in life insurance?

A. To manage the company's finances

B. To assist clients in selecting policies and explaining options

C. To handle claims processing only

D. To determine the company's premium rates

The primary role of an insurance agent in life insurance is to assist clients in selecting policies and explaining options. Insurance agents serve as the intermediary between the clients and the insurance companies. Their responsibilities include assessing the needs of clients, providing information about different policy types, explaining the features and benefits of various options, and helping clients choose a policy that fits their financial goals and personal circumstances. Agents also educate clients about the coverage terms, any riders that can be added to a policy, and how various factors may affect premiums and coverage. This guidance is critical for clients to make informed decisions regarding their life insurance needs. While managing finances, claims processing, and determining premium rates are important aspects of the insurance industry, these are typically not the direct responsibilities of an insurance agent. Their focus is primarily on client interaction and support, making them crucial in the policy selection process.

2. What is a contingent beneficiary?

A. A secondary beneficiary who will receive the death benefit if the primary beneficiary is unavailable.

B. An individual who will inherit the policyholder's assets in case of policy cancellation.

C. A beneficiary designated only for health insurance policies.

D. The primary recipient of the death benefit in a life insurance policy.

A contingent beneficiary refers to an individual designated to receive the death benefit of a life insurance policy if the primary beneficiary is unable to do so. This situation may arise if the primary beneficiary has passed away before the insured or is otherwise unqualified to receive the benefit due to legal or other reasons. By establishing a contingent beneficiary, the policyholder ensures that there is a secondary recipient who can claim the benefits, thereby preventing the proceeds from escheating to the state or being tied up in probate. The other options do not accurately define a contingent beneficiary. The second option describes an inheritance scenario related to policy cancellation but does not pertain to beneficiaries of a life insurance policy. The third option is specific to health insurance and does not relate to life insurance beneficiaries. The fourth option incorrectly describes a primary beneficiary, who is the first in line to receive the benefits upon the death of the insured. A contingent beneficiary serves an entirely different function in the policy structure.

SAMPLE

3. Which policy combines the flexibility of a universal life policy with investment options?

A. Adjustable universal life policy

B. Flexible universal life policy

C. Variable universal life policy

D. Modified universal life policy

The variable universal life policy effectively combines the flexibility of a universal life insurance policy with a variety of investment options. This type of policy allows policyholders to adjust their premiums and death benefit amounts, similar to universal life. However, what sets variable universal life apart is the ability to allocate the cash value into different investment sub-accounts, which can include stocks, bonds, or mutual funds. This feature enables policyholders to potentially enhance their cash value and death benefit through market performance, providing both insurance coverage and an investment vehicle. In contrast, other policies mentioned do not offer the same mix of features. An adjustable universal life policy offers some flexibility in terms of premium and death benefit adjustments, but it does not include investment options. A flexible universal life policy is essentially another term for universal life, emphasizing flexibility without incorporating investment choices. A modified universal life policy typically focuses on a lower premium at the start, which later increases, but it does not provide the investment component found in variable universal life policies. Thus, variable universal life distinctly meets the criteria of blending flexibility with investment opportunities.

4. Which policy option allows a policyholder to receive a portion of the death benefit while still alive?

A. Accelerated Death Benefit

B. Term Conversion Option

C. Extended Term Option

D. Dividend Option

The accurate answer is the Accelerated Death Benefit, as it enables the policyholder to access a portion of their life insurance death benefit before they pass away, typically under specific circumstances such as terminal illness or critical health issues. This option provides financial support when it may be most needed, allowing individuals to use the funds for medical expenses or other urgent needs. In contrast, the Term Conversion Option pertains to converting a term life insurance policy into a permanent one without requiring further medical underwriting, which does not involve accessing the death benefit early. The Extended Term Option is related to maintaining coverage after the cash value of a permanent policy is depleted by converting the policy into term insurance, also lacking the feature of early access to funds. Lastly, the Dividend Option refers to how a participating whole life policyholder can receive dividends from the insurer, which can be taken as cash, paid premiums, or used to purchase additional coverage, but does not allow for a portion of the death benefit to be claimed while still alive.

SAMPLE

5. What is the death benefit in a life insurance policy?

A. The total premiums paid by the policyholder

B. The amount paid to beneficiaries upon death

C. The cash value accumulated over time

D. The administrative fees of the policy

The death benefit in a life insurance policy specifically refers to the amount that is paid out to the beneficiaries upon the insured's death. This payment is made tax-free in most cases and serves as a financial protection for the dependents or heirs of the policyholder, ensuring that they are supported financially after the loss of the insured individual. The purpose of the death benefit is to provide security and help cover expenses such as funeral costs, outstanding debts, and ongoing living expenses for the beneficiaries. Other options, while they may be relevant to life insurance in general, do not accurately describe the death benefit. For example, the total premiums paid by the policyholder indicates the amount the policyholder has contributed over time, but it does not reflect the payment made upon death. Similarly, the cash value accumulated over time is relevant for certain types of life insurance, like whole life policies, but it does not pertain to the death benefit directly. Administrative fees relate to the costs of maintaining the policy and are separate from the benefits provided to beneficiaries.

6. What do exclusions in a life insurance policy refer to?

A. Conditions that allow for premium refunds

B. Specific circumstances under which death benefits will not be paid

C. Additional benefits available to policyholders

D. Conditions for reinstating a lapsed policy

Exclusions in a life insurance policy specifically refer to certain circumstances or situations that are outlined in the policy under which the insurer will not pay death benefits. These exclusions are crucial because they define the boundaries of coverage and inform policyholders about which events or conditions will lead to a denial of a claim. Common exclusions may include deaths resulting from suicide within a specified period, deaths due to illegal activities, or fatalities occurring while engaging in high-risk activities, among others. Understanding these exclusions helps policyholders make informed decisions about their insurance coverage and understand the limits of their policies. It is important for individuals considering life insurance to read the policy thoroughly to ensure they are aware of any exclusions that may apply to their coverage.

7. Which statement best describes whole life insurance?

A. It only offers limited coverage for a short term

B. It is designed for permanent coverage and may accumulate cash value

C. It requires no premium payments after a certain age

D. It is primarily used for group coverage

Whole life insurance is best described as a policy that is designed for permanent coverage and has the feature of accumulating cash value over time. This type of insurance provides lifelong protection, ensuring that the death benefit is paid out to beneficiaries regardless of when the insured passes away, as long as premiums are paid. Additionally, one unique aspect of whole life insurance is that it builds cash value, which policyholders can borrow against or withdraw from, providing them with a financial asset that can be used in various ways throughout their lives. The other options do not accurately capture the essence of whole life insurance; therefore, they do not convey its primary attributes. For example, limited coverage for a short term is more characteristic of term life insurance rather than whole life. The statement about no premium payments after a certain age might be related to some types of insurance but does not specifically apply to whole life policies, which typically require lifelong premium payments unless a paid-up option is selected. Lastly, whole life insurance is generally individual coverage, not primarily focused on group coverage, which is more common in employer-sponsored life insurance plans.

SAMPLE

8. What occurs at the end of a term life insurance policy?

A. The policy automatically converts to a whole life policy

B. The coverage ends unless renewed or converted

C. The premiums are refunded to the policyholder

D. The death benefit increases significantly

At the end of a term life insurance policy, the coverage generally ends unless the policyholder takes specific actions such as renewing or converting the policy. Term life insurance is designed to provide coverage for a specified period, typically ranging from 10 to 30 years. Once that term expires, the policy does not provide any benefits or coverage unless the policyholder opts to renew the policy or convert it to a different type of insurance, like whole life. Renewal often comes with a higher premium, reflecting the insured's current age and health status, while conversion allows the policyholder to transition to a permanent life insurance policy without undergoing a medical examination. Understanding this cycle is crucial for managing life insurance needs effectively, as the conclusion of a term policy without taking further action means that the insured is no longer covered for death benefits. The other options do not accurately describe the typical end-of-term scenario for life insurance policies. For example, automatic conversion to a whole life policy usually only happens if the policy specifically includes such a provision. Refunding premiums is not standard practice since term insurance is designed to provide protection without accumulating cash value. Similarly, an increase in death benefits is not characteristic of term insurance once a policy reaches its maturity without conversion.

9. What do you call the provision that allows a policyholder to surrender their life insurance policy for its cash value?

A. Face Value Provision

B. Cash Surrender Value Provision

C. Loan Provision

D. Dividend Provision

The provision that allows a policyholder to surrender their life insurance policy for its cash value is known as the Cash Surrender Value Provision. This provision is important as it provides the policyholder with an option to access the cash accumulated in the policy when they choose to terminate or no longer need the coverage. The cash surrender value is typically available in permanent life insurance policies, such as whole life or universal life, where a cash value component builds over time. When a policyholder decides to utilize this provision, they receive the cash value minus any applicable surrender charges and outstanding loans against the policy, if any. This option can be beneficial if financial situations change, allowing the policyholder to recoup some of their investment in the policy rather than letting it lapse or continuing to pay premiums without receiving any return. The other options provided do not fit this definition. The Face Value Provision relates to the amount payable upon the insured's death, the Loan Provision outlines terms for borrowing against the policy, and the Dividend Provision pertains to the payment of dividends on participating policies.

SAMPLE

10. A Renewable Term Life insurance policy can be renewed when?

A. At a predetermined date or age, regardless of the insured's health

B. Only if the insured provides evidence of insurability

C. Anytime at the policyowner's request

D. Typically with no change in premium

A Renewable Term Life insurance policy offers the policyholder the right to renew the coverage at specific intervals or upon reaching certain ages without the need for a health examination or providing evidence of insurability. This aspect of the policy provides significant convenience and peace of mind, as it ensures continual coverage despite potential changes in health status that could otherwise affect insurability. The ability to renew at a predetermined date or age, regardless of the insured's health, makes option A the correct choice. It highlights the key feature of renewable term policies, which is to provide flexibility and maintain coverage for the insured. The other choices do not accurately represent the nature of renewable term policies. For instance, the requirement for evidence of insurability is typically not applicable for renewals in this type of policy. Additionally, while premium changes can occur upon renewal, they are usually predetermined by the insurance provider when the policy is originally issued, rather than being guaranteed to remain unchanged. Thus, the correct interpretation of renewable term policies aligns with the first choice, emphasizing the renewal's independence from health assessments.

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://lifepoliciesprovisions.examzify.com

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

SAMPLE