NEVADA LIFE & HEALTH INSURANCE PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED 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.

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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. How is an investigative consumer report different from a standard consumer report?

A. It includes only financial information

B. It is derived from public records only

C. It involves interviews with acquaintances of the consumer

D. It does not include any personal opinions

2. Which of the following statements about hospice care is true?

A. It is only available for patients older than 65

B. It can be provided by any medical facility

C. It is focused on palliation rather than cure

D. It requires prior hospitalization

3. What type of account allows employees to defer their salary to pay for dependent care expenses?

A. Health Savings Account

B. Flexible Spending Account

C. Retirement Account

D. Health Reimbursement Account

4. What unique feature does variable universal life insurance offer?

A. A fixed rate of return on cash value

B. The ability to invest cash value in chosen portfolios

C. A single premium payment policy

D. Guaranteed interest rates on contributions

5. What is the minimum premium in a universal life policy?

A. The amount needed to maintain cash value

B. The amount required to keep the policy in force for the year

C. The target amount recommended by the insurer

D. The total amount paid by the policyowner over the life of the policy

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6. What does it mean to be chronically ill in the context of life insurance?

A. To require frequent medical check-ups

B. To be unable to perform at least two daily living activities

C. To have a condition that is always terminal

D. To need constant hospitalization

7. What characterizes an aleatory contract?

A. Equal exchange of values

B. It's a legally unenforceable contract

C. Exchange of unequal amounts or values

D. Requires notarization to be valid

8. Who is not eligible to use the Health Insurance Marketplace?

A. Individuals without insurance

B. Individuals with employer-sponsored insurance

C. Individuals with Medicare coverage

D. Individuals seeking dental plans only

9. For which reason might an insurer be required to provide notice of the right to convert?

A. Upon renewal of a policy

B. When a policyholder changes address

C. When an insured becomes eligible for an individual policy

D. When a policy is terminated

10. What is the role of a managing general agent in an insurance context?

A. Acts as a consultant for insurance companies

B. Negotiates and binds ceding reinsurance contracts

C. Provides legal advice on insurance matters

D. Handles customer complaints for insurers

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Answers

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

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Explanations

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1. How is an investigative consumer report different from a standard consumer report?

A. It includes only financial information

B. It is derived from public records only

C. It involves interviews with acquaintances of the consumer

D. It does not include any personal opinions

An investigative consumer report is distinct from a standard consumer report primarily because it involves interviews that go beyond just raw data. While a standard consumer report typically contains straightforward information such as credit history and payments, an investigative consumer report customarily includes insights gathered through interviews with acquaintances, neighbors, or other people who know the consumer. This additional qualitative information can provide a deeper understanding of the consumer's character, reputation, and lifestyle, which are not typically available in a regular consumer report. This aspect of blending both personal insights and factual data helps insurance companies or other entities to make more informed decisions. It reflects a more comprehensive approach to assessing a consumer's background and reliability, which is critical in industries such as insurance where underwriting assessments rely heavily on understanding the applicant's overall profile.

2. Which of the following statements about hospice care is true?

A. It is only available for patients older than 65

B. It can be provided by any medical facility

C. It is focused on palliation rather than cure

D. It requires prior hospitalization

Hospice care is primarily focused on providing comfort and support to individuals with terminal illnesses, prioritizing palliative care rather than curative treatment. This approach is designed to enhance the quality of life for patients whose conditions are no longer responsive to curative measures. By emphasizing symptom management, emotional support, and assistance for families, hospice care helps ensure that patients experience dignity and peace during their final days. While other aspects of hospice care, such as eligibility and the type of facilities providing care, may present limitations or requirements, the core philosophy and primary goal of hospice care remain centered on palliation, reducing suffering, and supporting quality of life rather than pursuing aggressive treatment aimed at curing an illness. This distinction is what makes the statement regarding its focus on palliation the correct choice.

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3. What type of account allows employees to defer their salary to pay for dependent care expenses?

A. Health Savings Account

B. Flexible Spending Account

C. Retirement Account

D. Health Reimbursement Account

A Flexible Spending Account (FSA) is specifically designed to allow employees to set aside a portion of their earnings to pay for qualified expenses, including dependent care expenses. This type of account enables employees to use pre-tax dollars for eligible childcare costs, thus reducing their taxable income and providing financial relief for expenses related to caring for dependents. The advantage of an FSA is that it allows for flexible spending throughout the year. Employees can plan their contributions based on anticipated expenses for dependent care, making it an effective tool for budgeting childcare costs. These accounts can also increase employees' take-home pay by reducing the amount that is taxable, which is beneficial for families managing dependent care responsibilities. In contrast, a Health Savings Account (HSA) focuses on health-related expenses and requires a high-deductible health plan to be eligible. A Retirement Account is for long-term savings for retirement and does not provide access to funds for dependent care expenses. Meanwhile, a Health Reimbursement Account (HRA) is employer-funded and can be used for specific medical expenses but is not structured to cover dependent care costs directly. Thus, the Flexible Spending Account is the correct option for deferring salary for dependent care expenses.

4. What unique feature does variable universal life insurance offer?

A. A fixed rate of return on cash value

B. The ability to invest cash value in chosen portfolios

C. A single premium payment policy

D. Guaranteed interest rates on contributions

Variable universal life insurance provides the unique feature of allowing policyholders to invest the cash value of their policy in various investment portfolios, which can include stocks, bonds, or mutual funds. This investment component distinguishes it from traditional life insurance products, as the cash value can fluctuate based on the performance of the chosen investment options. In variable universal life insurance, the policyholder has flexibility not just in premium payments, but also in the investment decisions impacting their cash value growth. This means that the growth potential of the cash value is tied directly to market performance, offering the opportunity for higher returns compared to products with fixed interest rates. This flexibility and investment potential is a significant reason policyholders may opt for variable universal life insurance, making it an attractive option for those looking for a combination of life insurance protection and investment growth. Other options describe characteristics of different types of life insurance products that do not encapsulate the distinctive elements of variable universal life insurance.

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5. What is the minimum premium in a universal life policy?

A. The amount needed to maintain cash value

B. The amount required to keep the policy in force for the year

C. The target amount recommended by the insurer

D. The total amount paid by the policyowner over the life of the policy

The minimum premium in a universal life policy is primarily defined as the amount required to keep the policy in force for the year. This is crucial because universal life insurance is designed to be flexible, allowing policyholders to adjust their premiums and death benefits. However, there is a baseline amount that must be paid to ensure that the policy remains active and does not lapse. If the minimum premium is not paid, the policy could lose coverage or the cash value could diminish significantly. This amount takes into account the cost of insurance and any administrative charges associated with managing the policy. Therefore, understanding the minimum premium is key for policyholders to maintain their coverage without facing unexpected lapses in their insurance. Other options speak to different aspects of universal life policies, such as cash value maintenance, suggested target amounts, or total premium amounts over time, but they do not specifically align with the definition of the minimum premium necessary to keep the policy active for the year.

6. What does it mean to be chronically ill in the context of life insurance?

A. To require frequent medical check-ups

B. To be unable to perform at least two daily living activities

C. To have a condition that is always terminal

D. To need constant hospitalization

In the context of life insurance, being chronically ill generally refers to an individual's inability to perform at least two of the activities of daily living (ADLs). These activities typically include essential self-care tasks such as bathing, dressing, eating, toileting, and mobility. When a person is unable to carry out these basic functions, it indicates a significant level of impairment that is associated with chronic illness. This definition is important because it serves as a key criterion for various insurance benefits, including long-term care insurance or accelerated death benefits. Insurance policies may provide added support or coverage options for individuals classified as chronically ill, allowing them to access necessary funds or care services that address their ongoing health needs. The other options describe different health situations or needs but do not accurately capture the accepted definition of chronic illness within the insurance context. For instance, requiring frequent medical check-ups does not necessarily imply a chronic condition; not all chronic illnesses demand constant observation or treatment. Similarly, having a condition that is always terminal or needing constant hospitalization may apply to some individuals but does not encompass the broader definition of chronic illness used for insurance purposes.

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7. What characterizes an aleatory contract?

A. Equal exchange of values

B. It's a legally unenforceable contract

C. Exchange of unequal amounts or values

D. Requires notarization to be valid

An aleatory contract is characterized by the exchange of unequal amounts or values between the parties involved. In the realm of insurance, this means that the premiums paid by the insured are often much less than the potential payout the insurer would make in the event of a claim. This inherent imbalance is what makes the contract 'aleatory'; the outcome depends on uncertain events, such as the occurrence of an accident or illness. Because insurance contracts involve risk and uncertainty, the value of what each party provides can vary significantly. The insured pays a relatively small amount in premiums, while the insurer may be obligated to pay a much larger sum if the insured event occurs. This unpredictability and the nature of the exchange is fundamental to the concept of aleatory contracts in insurance. Understanding this aspect is crucial for recognizing how insurance policies function and how risks are managed between insurers and policyholders.

8. Who is not eligible to use the Health Insurance Marketplace?

A. Individuals without insurance

B. Individuals with employer-sponsored insurance

C. Individuals with Medicare coverage

D. Individuals seeking dental plans only

Individuals with Medicare coverage are not eligible to use the Health Insurance Marketplace because Medicare is a federally funded program designed specifically for older adults and certain individuals with disabilities. Those who qualify for Medicare already have health coverage that meets the standards set forth by the Affordable Care Act (ACA), and the Marketplace is intended for those who do not have adequate coverage. In contrast, individuals without insurance, those with employer-sponsored insurance, and individuals seeking dental plans only can all use the Marketplace in various ways. People without insurance may seek coverage through the Marketplace to find affordable options. Individuals with employer-sponsored insurance can use the Marketplace, but it may not be to enroll in a plan; rather, they might be interested in comparing options or seeking coverage for family members. Lastly, those just looking for dental plans may also utilize the Marketplace, as it offers stand-alone dental coverage options. Thus, Medicare recipients are the only group listed that cannot access the Marketplace for health insurance options.

9. For which reason might an insurer be required to provide notice of the right to convert?

A. Upon renewal of a policy

B. When a policyholder changes address

C. When an insured becomes eligible for an individual policy

D. When a policy is terminated

An insurer is typically required to provide notice of the right to convert when an insured becomes eligible for an individual policy. This situation often arises when a group health insurance plan is ending, and the insured has the option to convert their coverage to an individual policy to continue receiving benefits. The right to convert is an important consumer protection that ensures individuals do not lose coverage due to changes in their employment status or group policy circumstances. The process ensures that individuals are made aware of their options so that they can avoid any gaps in coverage. This requirement is particularly relevant in group insurance scenarios, where individuals may need to transition to individual plans after leaving a job or losing group coverage. It affirms the insurer's responsibility to keep policyholders informed about their rights and available options related to their health insurance coverage.

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10. What is the role of a managing general agent in an insurance context?

A. Acts as a consultant for insurance companies

B. Negotiates and binds ceding reinsurance contracts

C. Provides legal advice on insurance matters

D. Handles customer complaints for insurers

The role of a managing general agent (MGA) in the insurance context involves various responsibilities that empower them to act as a bridge between insurance carriers and retail agents. One of the primary functions of an MGA is to negotiate and bind ceding reinsurance contracts. This means they have the authority to enter into agreements on behalf of insurers, managing the distribution of insurance products and the risks involved in underwriting them. This can include setting underwriting guidelines, determining premium rates, and negotiating terms directly with both reinsurers and agents. By having the authority to bind coverage, MGAs play a crucial role in streamlining processes for insurers, allowing them to reach broader markets and effectively manage their risk portfolio. They also typically operate under a contractual agreement with one or more insurance companies and possess a deep understanding of both the products they handle and the markets they serve. The other roles mentioned, such as acting as a consultant for insurers, providing legal advice, or handling customer complaints, are not typically the primary functions of an MGA. While MGAs may assist in certain capacities related to these areas, their definitive role centers around underwriting and risk management, which is cemented in their authority to negotiate and bind reinsurance contracts.

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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://nevadalifehealthinsurance.examzify.com

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

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