NEW JERSEY LIFE AND HEALTH STATE PRACTICE EXAM (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. **Which of these factors is NOT taken into account when determining an applicant's life insurance needs?**

   A. Age

   B. Income level

   C. Automobile

   D. Family size

2. **What type of health insurance policy allows an insurer to change the policyowner's premiums, but NOT cancel the policy?**

   A. Non-renewable policy

   B. Guaranteed renewable policy

   C. Term policy

   D. Permanent policy

3. **What guarantees that the statements supplied by an insurance applicant are true?**

   A. Contractual agreement

   B. Disclosure document

   C. Warranty

   D. Endorsement

4. **Which law provides non-occupational disability benefits in New Jersey?**

   A. New Jersey Family Leave Act

   B. New Jersey Temporary Disability Benefits law

   C. New Jersey Workers' Compensation Act

   D. New Jersey Unemployment Insurance law

5. **What common clause in life insurance protects beneficiaries from losing proceeds to creditors?**

   A. Exemption clause

   B. Spendthrift clause

   C. Protection clause

   D. Creditor clause

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6. What is a valid reason why a policy premium would be higher than the standard premium?

A. The insured has a higher risk profile

B. The insured does not meet established underwriting requirements

C. The insurance company is new in the market

D. The policy is for a longer term

7. What type of insurance policy is likely to have a low risk of being contested by the insurer?

A. Term life insurance

B. Whole life insurance

C. Guaranteed issue insurance

D. Universal life insurance

8. Upon passing the New Jersey Insurance licensing examination, how long does Nina have to apply for a producer's license?

A. 6 months

B. 12 months

C. 18 months

D. 24 months

9. Which clause protects proceeds from a life insurance policy from the beneficiary's creditors?

A. Spendthrift trust clause

B. Beneficiary protection clause

C. Creditor exemption clause

D. Asset protection clause

10. What type of insurance typically protects against losses related to accidents and deaths?

A. Property insurance

B. Life insurance

C. Health insurance

D. Liability insurance

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Answers

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

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Explanations

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1. Which of these factors is NOT taken into account when determining an applicant's life insurance needs?

A. Age

B. Income level

C. Automobile

D. Family size

When determining an applicant's life insurance needs, several factors are typically considered to assess the appropriate coverage amount. Age is a critical factor because it impacts life expectancy and therefore influences risk assessments by insurers. Income level is also important, as it helps to calculate the financial responsibilities and the potential impact on dependents in the event of the applicant's death. Additionally, family size plays a significant role, as more dependents usually increase the need for coverage to ensure financial security for all family members. In contrast, the applicant's automobile is generally not a factor in assessing life insurance needs. An automobile may be relevant for other types of insurance, such as automobile insurance, but it does not directly relate to the financial implications of a person's life or the needs of their beneficiaries after their passing. Life insurance focuses on factors that influence the financial stability of dependents following the applicant's death, making their vehicle ownership irrelevant in this context.

2. What type of health insurance policy allows an insurer to change the policyowner's premiums, but NOT cancel the policy?

A. Non-renewable policy

B. Guaranteed renewable policy

C. Term policy

D. Permanent policy

A guaranteed renewable policy is designed to secure ongoing coverage for the policyholder, with the stipulation that the insurer cannot cancel the policy as long as the premiums are paid. This policy structure allows the insurer to adjust the premium rates, but only at specified intervals and not based on the health status of the insured. This means that although the cost of premiums may increase, the policy remains in force, providing assurance that the policyholder cannot suddenly lose their coverage. In contrast, a non-renewable policy typically provides coverage for a limited time and may cease upon expiration. A term policy is limited to a specified duration and does not allow for renewal; if the term ends, the coverage ceases. Lastly, a permanent policy usually provides lifelong coverage with stable premiums, but the insurer may have the option to adjust premiums under specific conditions, which varies according to the policy type but is generally different from guaranteed renewable options. Thus, the correct choice emphasizes the unique characteristic of guaranteed renewable policies in maintaining coverage while allowing for premium changes, which distinguishes it from the other types of policies listed.

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3. What guarantees that the statements supplied by an insurance applicant are true?

A. Contractual agreement

B. Disclosure document

C. Warranty

D. Endorsement

The correct choice is a warranty because, in the context of insurance, a warranty is a specific type of statement or promise made by the applicant regarding the truthfulness and accuracy of certain information provided in the application. Warranties differ from representations in that they must be true in every respect. If a warranty is found to be false, it can provide grounds for the insurer to deny a claim or void the policy altogether, regardless of whether the false statement was intentional or not. In contrast, a contractual agreement establishes the overall terms and conditions of the insurance policy but does not specifically guarantee the truthfulness of the statements made by the applicant. A disclosure document typically serves to inform the applicant about the terms and conditions of a policy but does not certify their accuracy. Lastly, an endorsement is an amendment or addition to a policy that modifies its coverage or terms but does not pertain to the truth of information provided in the application process.

4. Which law provides non-occupational disability benefits in New Jersey?

A. New Jersey Family Leave Act

B. New Jersey Temporary Disability Benefits law

C. New Jersey Workers' Compensation Act

D. New Jersey Unemployment Insurance law

The New Jersey Temporary Disability Benefits law is designed specifically to provide financial assistance to workers who become temporarily disabled due to non-work-related injuries or illnesses. This law ensures that eligible employees can receive a percentage of their wages while they are unable to work, thus offering vital support during their recovery period. This option is distinctly focused on non-occupational disabilities, which means that it applies to situations where the disability is not caused by workplace conditions or job-related activities. It contrasts with laws such as the Workers' Compensation Act, which is meant for disabilities resulting from work-related incidents. Other options relate to family leave, unemployment, or job-related injuries and do not specifically cater to non-occupational disability benefits in the way that the Temporary Disability Benefits law does.

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5. What common clause in life insurance protects beneficiaries from losing proceeds to creditors?

A. Exemption clause

B. Spendthrift clause

C. Protection clause

D. Creditor clause

The spendthrift clause is a common provision found in life insurance policies that serves to protect the benefits payable to the beneficiaries from the claims of creditors. This clause is specifically designed to prevent creditors from seizing the life insurance proceeds that are intended for the beneficiaries. By including a spendthrift clause, the policy ensures that the life insurance payout remains with the designated beneficiaries and is not accessible to creditors who may attempt to claim these funds to satisfy debts of the policyholder or the beneficiaries. In essence, this clause provides a layer of financial security for beneficiaries by safeguarding their inheritance against any financial liabilities or creditor claims that the policyholder may have incurred during their lifetime or posthumously. This feature is particularly beneficial in providing peace of mind that the intended recipients will receive the full benefit of the life insurance policy without outside interference or legal claims.

6. What is a valid reason why a policy premium would be higher than the standard premium?

A. The insured has a higher risk profile

B. The insured does not meet established underwriting requirements

C. The insurance company is new in the market

D. The policy is for a longer term

A higher policy premium can be attributed to a variety of risk factors and underwriting considerations. In the context of the provided choices, a valid reason why a policy premium would be higher than the standard premium is that the insured does not meet established underwriting requirements. This scenario indicates that the individual presents a profile that may involve increased health risks, lifestyle factors, or other elements that make them less favorable to an insurer. Underwriting is the process where insurance companies assess the risk of insuring an applicant. If an applicant's profile is deemed insufficient or lacking in meeting certain criteria (which may include medical history, occupation, or lifestyle), this can lead insurers to charge a higher premium to account for the additional risk they are taking on. Insurers aim to balance risk and premium pricing, and those who do not meet underwriting standards are often perceived as posing a higher financial risk. The other options reference factors that, while they may affect premium pricing or be relevant for consideration, they do not directly pertain to an individual's validity in meeting underwriting criteria in the same way. For instance, a higher risk profile is indeed a basis for elevated premiums, but it aligns within the broader context of underwriting. A new insurance company might have higher premium rates due to initial operating costs

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7. What type of insurance policy is likely to have a low risk of being contested by the insurer?

A. Term life insurance

B. Whole life insurance

C. Guaranteed issue insurance

D. Universal life insurance

Guaranteed issue insurance is designed for individuals who may have difficulties obtaining coverage due to health issues. This type of policy does not require the applicant to undergo a medical examination or provide detailed health information, which means that insurers are less likely to contest the policy after it has been issued. Because of its nature, guaranteed issue insurance often comes with a simplified application process and fixed premiums, making it a reliable option for those seeking life insurance without the fear of contestability. In contrast, term life insurance, whole life insurance, and universal life insurance policies typically involve underwriting processes that assess the applicant's health and risk factors. These assessments can result in policies being contested if discrepancies are found later, making them more susceptible to contestation than guaranteed issue policies.

8. Upon passing the New Jersey Insurance licensing examination, how long does Nina have to apply for a producer's license?

A. 6 months

B. 12 months

C. 18 months

D. 24 months

Nina has 12 months to apply for a producer's license after passing the New Jersey insurance licensing examination. This time frame is important because it ensures that individuals who have demonstrated knowledge and skill in insurance practices can promptly enter the workforce and start serving clients. Failing to apply within this period means that she would have to retake the examination, which can be both time-consuming and costly. The regulation is designed to maintain a current and applicable understanding of insurance laws and practices, emphasizing the importance of timely licensure following the examination.

9. Which clause protects proceeds from a life insurance policy from the beneficiary's creditors?

A. Spendthrift trust clause

B. Beneficiary protection clause

C. Creditor exemption clause

D. Asset protection clause

The spendthrift trust clause is designed to protect the proceeds of a life insurance policy from creditors of the beneficiary. This clause specifically prevents creditors from accessing the funds intended for the beneficiary, ensuring that the policy proceeds are used for the beneficiary's benefit rather than being diverted to settle debts. In a spendthrift trust arrangement, the proceeds can only be claimed by the beneficiary at the designated time, protecting those funds from claims by creditors during the beneficiary's lifetime. This is particularly significant for individuals who may be financially vulnerable, as it helps ensure that a life insurance payout remains intact for the intended recipient without the risk of being seized by creditors. The other options do not specifically address the protection of life insurance proceeds from creditors in the same way that a spendthrift trust clause does. While they may sound similar or relevant, they do not carry the same legal implications regarding the prevention of creditors from accessing the benefits of a life insurance policy.

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10. What type of insurance typically protects against losses related to accidents and deaths?

A. Property insurance

B. Life insurance

C. Health insurance

D. Liability insurance

Life insurance is designed specifically to provide financial protection to beneficiaries in the event of the policyholder's death. When someone passes away, life insurance pays out a predetermined sum of money, which can help cover immediate expenses such as funeral costs or long-term financial obligations, such as mortgage payments or children's education. This form of insurance not only provides peace of mind to the insured but also financial security to their loved ones, ensuring that they are taken care of following an unexpected loss. Property insurance, on the other hand, protects against losses related to physical damage or loss of property, which is not relevant to accidents and deaths. Health insurance covers medical expenses but does not directly address death. Liability insurance protects individuals from claims resulting from injuries and damage to other people or property, but again, it does not specifically relate to losses from death. Hence, life insurance is the most appropriate type of coverage for protecting against losses related to accidents and deaths.

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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:

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

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