NEW YORK LIFE, ACCIDENT, AND HEALTH 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. Which type of designation allows a policyowner to change the beneficiary?

A. Irrevocable designation

B. Revocable designation

C. Fixed designation

D. Temporary designation

2. What is the primary purpose of risk retention groups?

A. To provide health insurance

B. To pool liability risks

C. To distribute wealth among members

D. To offer term life insurance policies

3. How is the interest paid during an annuity's payout period typically treated for tax purposes?

A. Exempt from taxes

B. Taxed as a capital gain

C. Taxed as ordinary income

D. Taxed at a lower rate

4. Which condition is NOT required for an accidental death benefit to be paid?

A. Death must involve a third party

B. Cause of death must be from a job-related injury

C. Death must be accidental

D. Death must occur within the policy coverage period

5. Which of the following best describes the purpose of long-term care insurance?

A. To cover short-term hospitalization costs

B. To provide comprehensive medical coverage

C. To assist in covering extended personal care needs

D. To offer life insurance benefits

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6. As of January 1, 2014, what is the restricted annual limit for plans under the Affordable Care Act?

A. $5000

B. $10,000

C. No limit

D. $20,000

7. After an insurer receives written proof of loss, how long must the insured wait before taking legal action?

A. 30 days

B. 45 days

C. 60 days

D. 90 days

8. What is the primary purpose of replacement rules in insurance?

A. To enhance premiums

B. To protect the interest of the policyowner

C. To simplify claims processing

D. To limit coverage options

9. What penalty tax applies to premature IRA distributions?

A. 5%

B. 10%

C. 15%

D. 20%

10. How long does a life insurance policy in New York remain contestable?

A. 1 year

B. 2 years

C. 3 years

D. 5 years

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Answers

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

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Explanations

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1. Which type of designation allows a policyowner to change the beneficiary?

A. Irrevocable designation

B. Revocable designation

C. Fixed designation

D. Temporary designation

A revocable designation is the correct answer because it allows the policyowner the flexibility to change the beneficiary at any time without needing the consent of the current beneficiary. This means that the policyowner retains control over the policy and can adapt their decisions based on changing circumstances or preferences. In contrast, an irrevocable designation locks in the beneficiary and typically requires the policyowner to obtain the beneficiary's consent if they wish to make any changes. Therefore, the policyowner loses flexibility once this designation is made. Fixed and temporary designations are not standard terms typically used to categorize beneficiary designations in life insurance policies, as they do not clearly align with the established concepts of revocable and irrevocable designations. This further highlights why revocable designation is the most appropriate choice in the context of beneficiary changes.

2. What is the primary purpose of risk retention groups?

A. To provide health insurance

B. To pool liability risks

C. To distribute wealth among members

D. To offer term life insurance policies

The primary purpose of risk retention groups is to pool liability risks. These groups are formed primarily to allow members with similar risks to come together and share those risks, which can lead to lower costs and better coverage options for the participants. They are often used by businesses engaged in similar industries or activities, providing a means for them to manage their liability exposure collectively. By pooling their risks, members of a risk retention group can benefit from economies of scale, which can reduce premium costs and increase access to necessary liability coverage that might be challenging to secure individually due to the nature of their businesses. This shared responsibility among members allows them to handle larger claims and provides stability that individual policyholders might not achieve on their own.

3. How is the interest paid during an annuity's payout period typically treated for tax purposes?

A. Exempt from taxes

B. Taxed as a capital gain

C. Taxed as ordinary income

D. Taxed at a lower rate

During an annuity's payout period, the interest earned is generally classified as ordinary income for tax purposes. This means that any distributions received from the annuity, which includes both the return of the principal and the interest earnings, are taxed at the individual's regular income tax rate. This treatment occurs because the contributions to the annuity were often made with pre-tax dollars, meaning that the tax liability is deferred until the money is withdrawn. Thus, when payouts begin, the interest portion of those payouts is subject to taxation just like wages or salaries. Understanding this classification is essential for individuals making financial plans, as it can impact their overall tax strategy during retirement. The ordinary income tax treatment highlights the importance of careful planning regarding withdrawals from an annuity, as it may influence the tax bracket for individuals receiving these payments.

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4. Which condition is NOT required for an accidental death benefit to be paid?

A. Death must involve a third party

B. Cause of death must be from a job-related injury

C. Death must be accidental

D. Death must occur within the policy coverage period

An accidental death benefit is a feature in life insurance policies that provides an additional payout if the insured dies as a result of an accident. For these benefits to be paid out, certain conditions must be met. The correct answer indicates that a death being the result of a job-related injury is not a requirement for an accidental death benefit to be paid. Accidental death benefits typically hinge on the premise that the death occurs due to an unforeseen and unintended event, which encompasses a wide range of accidents that are not limited to work situations. Thus, while an accidental death might occur in a job-related scenario, it is not a criterion that excludes the payout if the accident occurs elsewhere. The focus is primarily on whether the death was accidental, rather than the context or setting in which it occurred. In an insurance context, the mechanism for payouts also emphasizes the need for the death to be categorized as accidental, affirmation that it occurred within the policy's coverage period, and in many cases, the involvement of third-party liability can influence coverage details, but going beyond that to include job specifics is not a requirement for claims eligibility. This means that even if the death arose from a non-work-related accident, the beneficiaries would still be entitled to the accidental death benefit as long as

5. Which of the following best describes the purpose of long-term care insurance?

A. To cover short-term hospitalization costs

B. To provide comprehensive medical coverage

C. To assist in covering extended personal care needs

D. To offer life insurance benefits

The purpose of long-term care insurance is primarily to assist individuals in covering extended personal care needs. This type of insurance is designed to provide financial support for services that assist with everyday activities, such as bathing, dressing, and eating, which are often required when individuals face chronic illnesses or disabilities. Long-term care insurance is crucial for helping pay for care received at home, in assisted living facilities, or in nursing homes, enabling individuals to maintain a certain quality of life and independence while managing their health-related needs. In contrast, options that refer to short-term hospitalization costs, comprehensive medical coverage, or life insurance benefits do not accurately capture the specific function of long-term care insurance. These other types of coverage serve different purposes and do not address the extended personal care that long-term care insurance is specifically meant to support.

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6. As of January 1, 2014, what is the restricted annual limit for plans under the Affordable Care Act?

A. $5000

B. $10,000

C. No limit

D. $20,000

The Affordable Care Act (ACA) established several regulations regarding healthcare coverage, one of which pertains to annual limits on essential health benefits. As of January 1, 2014, the ACA prohibits health plans from establishing annual dollar limits on most benefits, thereby allowing for comprehensive coverage of essential health services without a cap on the amount of benefits an individual may receive. This means that for essential health benefits, there is no longer a restriction on annual coverage limits, which is why the correct response indicates that there is no limit. This provision aims to ensure that individuals receive necessary medical care without the fear of reaching a financial cap on their benefits, thus promoting access to healthcare services. In contrast, the other response options imply specific financial caps that would restrict coverage, which the ACA specifically seeks to eliminate for essential health benefits.

7. After an insurer receives written proof of loss, how long must the insured wait before taking legal action?

A. 30 days

B. 45 days

C. 60 days

D. 90 days

The correct answer indicates that after an insurer receives written proof of loss, the insured must wait 60 days before initiating legal action. This stipulation is rooted in the provisions commonly found in insurance policies which are designed to encourage both parties to resolve disputes amicably before resorting to litigation. In many insurance contracts, there is a required period during which the insurer reviews the claim and communicates its decision. The 60-day waiting period allows the insurance company sufficient time to investigate and settle the claim or provide a reason for denial. This timeframe ensures that the insurer's obligations are clear and that the insured has provided necessary documentation for the claim. Understanding this timeframe is critical for policyholders because if a claim is denied or not settled satisfactorily, it emphasizes the importance of adhering to this waiting period before escalating the issue legally. By waiting for the specified duration, the insured demonstrates compliance with policy provisions, which can be advantageous should the matter proceed to court.

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8. What is the primary purpose of replacement rules in insurance?

A. To enhance premiums

B. To protect the interest of the policyowner

C. To simplify claims processing

D. To limit coverage options

The primary purpose of replacement rules in insurance is to protect the interest of the policyowner. These regulations are designed to ensure that consumers are not adversely affected when they switch from one insurance policy to another. Replacement rules require insurance companies and agents to provide clients with essential information regarding the new policy, including any benefits and limitations compared to the old policy. This allows policyowners to make informed decisions and minimizes the risks associated with lapsing or canceling their existing coverage without fully understanding the implications. By focusing on the interests of policyowners, replacement rules help prevent situations where a consumer might unknowingly end up with less favorable coverage or increased costs by switching policies. The creation of transparent processes and mandatory disclosures fosters responsible business practices and consumer protection in the insurance market.

9. What penalty tax applies to premature IRA distributions?

A. 5%

B. 10%

C. 15%

D. 20%

Premature distributions from an Individual Retirement Account (IRA), which are withdrawals made before the account holder reaches the age of 59½, are subject to a penalty tax of 10%. This 10% penalty is designed to discourage individuals from withdrawing funds from their retirement accounts before they reach retirement age, thereby helping to ensure that the funds remain invested for their intended purpose: to provide income during retirement. It's important to note that while individuals can still access their IRA funds before age 59½, doing so incurs this penalty unless certain exemptions apply, such as for qualified education expenses, first-time home purchase, or certain medical expenses. The penalty serves as an incentive for individuals to preserve their retirement savings until the appropriate age, thus reinforcing the long-term financial planning aspect of IRAs.

10. How long does a life insurance policy in New York remain contestable?

A. 1 year

B. 2 years

C. 3 years

D. 5 years

In New York, a life insurance policy remains contestable for a period of two years from the date of issuance. This means that the insurance company has the right to investigate and potentially deny a claim based on misrepresentations or omissions made by the insured during the application process. The two-year contestability period serves to provide a balance between the insurer's need to mitigate risk and the policyholder's right to secure coverage without undue uncertainty. After the two-year period has elapsed, the policy typically cannot be contested on the grounds of misrepresentation, except in cases of fraud. This ensures that policyholders have a level of protection and stability in their coverage after the initial period, promoting consumer confidence in the insurance system.

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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://newyorklifeaccidenthealth.examzify.com

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

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