PROACTIVE LICENSING PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR THE FULL VERSION STUDY GUIDE

https://proactivelicensing.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 15

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 term is used to describe providing false information in a claim?

A. Fraud

B. Perjury

C. Concealment

D. Misrepresentation

2. What is the key feature of interest-sensitive life insurance policies?

A. Fixed premium rates

B. Investment option availability

C. Flexible payment terms

D. Adjustable death benefits

3. Which insurance principle outlines that premiums will be adjusted during a policy term based on risk assessment?

A. Underwriting

B. Adjustable terms

C. Dynamic pricing

D. Fixed costs

4. What does it mean for a policy to have no remaining value upon payout?

A. Whole life

B. Term life

C. Life only

D. Universal life

5. Which type of life insurance does NOT have cash value?

A. Whole life

B. Term life

C. Universal life

D. Variable life

6. What is a key characteristic of tort law?

A. It focuses on criminal punishments.

B. It involves civil wrongs that cause harm.

C. It governs corporate compliance.

D. It regulates fiduciary responsibilities.

SAMPLE

7. What role does managing risk play in financial planning?

A. Increases investment growth

B. Reduces costs

C. Balances financial obligations

D. Mitigates potential losses

8. What is a common indicator of concealment in insurance?

A. Transparent disclosures

B. Omission of medical history

C. Frequent premium payments

D. Multiple policy ownerships

9. In insurance, which term refers to the measurement of the risk taken on by insuring an individual?

A. Impact assessment

B. Risk assessment

C. Benefit assessment

D. Value assessment

10. What does the acronym FICO stand for in credit scores?

A. Financial Insurance Company Online

B. Fair Isaac Corporation

C. Fiscal Integrity Credit Organization

D. Fixed Income Credit Overview

SAMPLE

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. What term is used to describe providing false information in a claim?

A. Fraud

B. Perjury

C. Concealment

D. Misrepresentation

The term used to describe providing false information in a claim is "fraud." Fraud involves intentionally deceiving another party for personal gain, often in a legal context, such as during a claim process. This deceptive activity can take many forms, including falsifying documents, exaggerating damage, or outright lying about the circumstances surrounding a claim. It undermines the integrity of the claims process and can have serious legal ramifications, both for the individual making the fraudulent claims and the parties involved. While perjury specifically refers to lying under oath, it is a more narrow term and typically applies only in a legal setting, particularly when a person is sworn in to give testimony. Concealment pertains to hiding relevant information rather than providing false information, and misrepresentation involves presenting false information, but it does not necessarily carry the same level of intent or legal implications as fraud. Thus, "fraud" is the most accurate term in this context.

2. What is the key feature of interest-sensitive life insurance policies?

A. Fixed premium rates

B. Investment option availability

C. Flexible payment terms

D. Adjustable death benefits

Interest-sensitive life insurance policies are characterized primarily by their ability to adjust the cash value and death benefit based on current interest rates or investment performance. This means that the policyholder can benefit from potentially higher returns on their cash value when interest rates rise, providing a dynamic aspect that aligns with market conditions. This feature allows policyholders to participate in the investment performance indirectly, which can lead to a higher cash value over time compared to traditional whole life policies that rely on fixed premiums and guaranteed cash values. Thus, the availability of investment options that can affect the overall performance of the policy is a defining element of interest-sensitive life insurance, setting it apart from other types of life insurance that do not offer such flexibility or potential for increased returns.

3. Which insurance principle outlines that premiums will be adjusted during a policy term based on risk assessment?

A. Underwriting

B. Adjustable terms

C. Dynamic pricing

D. Fixed costs

The principle that outlines that premiums will be adjusted during a policy term based on risk assessment is referred to as underwriting. Underwriting is a critical process in the insurance industry where insurers assess the risk associated with insuring an individual or entity. This process involves evaluating various factors, such as the applicant's history, behavior, and other relevant data to determine the likelihood of a claim being made. In underwriting, insurers may decide to modify the premium during the policy term if new information comes to light that alters the assessed risk. For example, if an insured property has increased in risk due to changes in the local area or if the policyholder's behavior indicates a higher risk profile, the insurer may decide to raise the premium accordingly. This principle is essential because it allows insurers to maintain financial viability and adjust to changing risk levels over time.

SAMPLE

4. What does it mean for a policy to have no remaining value upon payout?

A. Whole life

B. Term life

C. Life only

D. Universal life

A policy having no remaining value upon payout refers specifically to the concept associated with term life insurance. Term life insurance is designed to provide coverage for a specified period, such as 10, 20, or 30 years. If the insured person passes away during that term, the policy pays out a death benefit to the beneficiaries. However, if the term expires and the insured is still alive, the policy does not accumulate any cash value, and there is no payout. Therefore, upon the conclusion of the term, the policy essentially has no remaining value. This is distinct from whole life and universal life policies, which are types of permanent insurance that do build cash value over time. As such, if those policies lapse or are surrendered, they often have a cash value that the policyholder can access. Life only, while related to life insurance, does not specifically denote a policy type that has no remaining value, further underscoring why term life is the appropriate choice here.

5. Which type of life insurance does NOT have cash value?

A. Whole life

B. Term life

C. Universal life

D. Variable life

Term life insurance is a type that does not accumulate cash value. Unlike whole life, universal life, or variable life insurance policies, which provide a savings component and can grow cash value over time, term life insurance is solely focused on providing a death benefit for a specified period. This means that term life insurance simply offers coverage for a set duration—such as 10, 20, or 30 years—with no investment or savings features included. Once the term ends, if the insured has not passed away, the coverage terminates, and there is no cash value to be retrieved. This makes term life insurance typically more affordable than other types of permanent life insurance, as it is designed to provide protection rather than an investment return. In contrast, policies like whole life, universal life, and variable life insurance have components that allow for cash value accumulation, making them more complex and generally higher in premium payments.

6. What is a key characteristic of tort law?

A. It focuses on criminal punishments.

B. It involves civil wrongs that cause harm.

C. It governs corporate compliance.

D. It regulates fiduciary responsibilities.

Tort law is primarily concerned with civil wrongs that cause harm to individuals or their property. The key characteristic of tort law is that it provides a mechanism for individuals to seek compensation or restitution for injuries suffered due to the actions or negligence of another party. This body of law covers various types of civil wrongs, including negligence, intentional infliction of harm, and strict liability, fostering accountability and responsibility within society. In contrast, criminal law deals with offenses against the state and involves punishments such as imprisonment or fines. Corporate compliance relates to adherence by corporations to laws, regulations, and guidelines, which falls outside the scope of tort law. Similarly, fiduciary responsibilities pertain to the duties and obligations one party has to another in a trust or agency relationship, which is not the primary focus of tort law. Therefore, the statement that it involves civil wrongs that cause harm accurately reflects the essence of tort law.

SAMPLE

7. What role does managing risk play in financial planning?

A. Increases investment growth

B. Reduces costs

C. Balances financial obligations

D. Mitigates potential losses

Managing risk is a fundamental component of financial planning because it focuses on identifying, assessing, and prioritizing potential threats to financial well-being. By mitigating potential losses, individuals and organizations can protect their assets, investments, and overall financial health from unforeseen circumstances that could disrupt their financial goals. This proactive approach allows for more stable financial planning, ensuring that unexpected events do not derail long-term strategies. Incorporating risk management effectively means that one can strategize around market fluctuations, personal asset safety, and changes in expenses, which in turn allows for a clearer focus on achieving financial objectives. By reducing the likelihood and impact of adverse events, financial planners can create more resilient plans that can weather changes in the financial landscape.

8. What is a common indicator of concealment in insurance?

A. Transparent disclosures

B. Omission of medical history

C. Frequent premium payments

D. Multiple policy ownerships

The omission of medical history is a common indicator of concealment in insurance because it can significantly affect the underwriting process and the assessment of risk. When an applicant fails to disclose relevant medical information, it may suggest that they are attempting to hide a pre-existing condition or other health-related issues that could lead to higher premiums or a denial of coverage. Insurers rely on complete and accurate medical histories to make informed decisions about eligibility and cost, so any omissions can raise red flags about the applicant's honesty and the potential risk involved. Transparent disclosures would indicate the opposite of concealment, as they involve clear and full communication of information, which is essential for a trustworthy insurance application process. Frequent premium payments do not directly indicate concealment; rather, they might suggest good financial management or commitment to maintaining coverage. Multiple policy ownerships, while possibly complex, don't inherently imply concealment since individuals may have valid reasons for holding numerous policies.

SAMPLE

9. In insurance, which term refers to the measurement of the risk taken on by insuring an individual?

A. Impact assessment

B. Risk assessment

C. Benefit assessment

D. Value assessment

The term that refers to the measurement of the risk taken on by insuring an individual is risk assessment. This process involves evaluating various factors related to an individual's health, lifestyle, and history to determine the level of risk that the insurer will bear. By conducting a risk assessment, insurers can set appropriate premiums, coverage limits, and terms based on the potential risk of loss. Risk assessment is a crucial component of the underwriting process and helps insurers manage their overall exposure to claims. This systematic evaluation allows for informed decision-making, ensuring that both the insurer and the insured understand the nature of the risk involved. In contrast, impact assessment usually focuses on the consequences of risk rather than its measurement. Benefit assessment relates to evaluating the advantages or value provided by a policy, while value assessment typically pertains to determining the worth of an asset or service, rather than the measurement of risk in insurance contexts. Therefore, the appropriate term that aligns with the measurement of risk in insurance is indeed risk assessment.

10. What does the acronym FICO stand for in credit scores?

A. Financial Insurance Company Online

B. Fair Isaac Corporation

C. Fiscal Integrity Credit Organization

D. Fixed Income Credit Overview

The acronym FICO stands for Fair Isaac Corporation, which is a data analytics company that created the FICO score, a widely used credit score in the United States. This score is used by lenders to assess an individual's credit risk when they apply for loans or credit cards. The FICO score takes into account various factors, including payment history, amounts owed, length of credit history, new credit, and types of credit used. Given its significant role in the lending process, understanding the origin of the term "FICO" is vital for anyone studying credit and finance. This connection to the company reveals the foundational aspect of credit scoring systems and underscores the importance of credit scores in evaluating financial health and eligibility for borrowing.

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://proactivelicensing.examzify.com

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

SAMPLE