

Comprehensive Guide to the Life Insurance Exam

Preparing for the *life insurance exam* can feel overwhelming. But with the right guidance, you can succeed. In this article, we will cover everything you need to know about obtaining a life insurance license, including licensing requirements, pre-licensing courses, and practice tests. For further details, visit [this resource](#).

Understanding Life Insurance Licensing Requirements

Before you can work in the life insurance industry, you must meet specific **licensing requirements**. Typically, these requirements include:

- Being at least **18 years old**
- Completing a **pre-licensing course**
- Passing the state **life insurance exam**
- Submitting a **background check**

Different states may have additional requirements, so be sure to *check your local regulations*.

Enrolling in a Life Insurance Pre-Licensing Course

Taking a pre-licensing course is essential. These courses provide the knowledge you need to pass the exam and understand fundamental insurance concepts. Many options are available, including:

- In-person classes
- *Online courses*
- Hybrid programs that combine both

Choose a course that fits your learning style and schedule.

Taking the Life Insurance Exam

The life insurance exam is designed to evaluate your understanding of insurance concepts, laws, and ethics. To pass, keep these tips in mind:

- Study the course materials thoroughly.
- Take **practice tests** to build confidence.
- Manage your time effectively during the exam.

Remember, **preparation** is key!

Practice Makes Perfect: Using Life Insurance Licensing Practice Tests

One of the best ways to prepare is by taking *practice tests*. These simulate the actual exam experience and help you identify areas where you need improvement. Many options are available online for these practice tests:

- Timed quizzes to check your speed
- Topic-specific tests to focus your study

Incorporating these into your study routine can significantly boost your chances of passing. Explore [additional practice resources here](#).

Obtaining Your Online Life Insurance License

With advancements in technology, getting your life insurance license online is easier than ever. Many states allow you to complete your coursework and even take the exam online. Check with your state's insurance department for specific details.

The Benefits of Having a Life Insurance License

Once you obtain your life insurance license, you unlock various **opportunities** in the insurance industry. Some benefits include:

- **Career flexibility** and options
- Potential for a lucrative salary
- The ability to help individuals secure their family's financial future

This career can be rewarding, both personally and financially.

Ready to start your journey to becoming a licensed life insurance agent? **Enroll in a pre-licensing course today!**

Conclusion

Getting your life insurance license may seem daunting, but with proper preparation and resources, you can achieve your goal. Follow the steps outlined in this guide, and you'll be well on your way to a successful career in insurance. Good luck!

Real Exam Questions 2025

Below given questions are for demo purposes only. **The full version** is up-to-date and contains actual questions and answers.

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Question: 1

A policyowner borrows \$100,000 from his bank and is deciding whether to make the bank an assignee or a primary beneficiary on his \$400,000 policy. If the policyowner has family obligations, the best choice is to:

- A. Make the bank the primary beneficiary
- B. Put the bank as contingent beneficiary
- C. Use collateral assignment
- D. Split the primary beneficiary several ways

Answer: C

Explanation:

Collateral assignment makes the bank the primary beneficiary only to the extent of the loan balance. If the bank is the primary beneficiary, the bank may receive the entire face amount and would not be obligated to share the proceeds with the family. If a bank permitted a beneficiary split, it could result in the bank receiving more than the outstanding loan balance. Banks generally do not accept contingent beneficiaries.

Question: 2

After a policy is issued, the original application is:

- A. Part of the contract
- B. Shredded
- C. Returned to the applicant
- D. Stored for reference

Answer: A

Explanation:

Under the Entire Contract provision, the application, or a copy of it, is a permanent part of the insurance contract because it contains representations upon which the insurer must rely to extend coverage.

Question: 3

A policyowner has a straight life policy. To take money out of the policy, he can:

- A. Take out dividends and borrow cash surrender values
- B. Borrow cash values
- C. Stop premium payments
- D. Borrow dividends and cash surrender values

Answer: A

Explanation:

If a policy has dividends, those can be withdrawn at any time and cash surrender values can be borrowed up to certain limits. Dividends are not borrowed, and stopping premium payments can cause a policy lapse.

Question: 4

A policyowner changes from paying his premiums from quarterly to semi-annually. His premiums will:

- A. Decrease
- B. See higher dividends
- C. Increase
- D. Stay the same

Answer: A

Explanation:

Total premiums will decrease because the policyowner will pay a lower modal factor (periodic) fee. Dividends are not affected by modal factors.

Question: 5

The higher a policy's rating, the:

- A. Better the price
- B. More the face amount
- C. More the policy benefits
- D. Higher the cost

Answer: D

Explanation:

Ratings increase when insureds have higher risk profiles. To cover those risks, the company charges a higher premium called a rating.

Question: 6

Regulations require that when a replacement is planned,

- A. Forms must be signed by the agent and policyowner
- B. The policyowner notifies existing insurers
- C. New benefits must be added
- D. Costs are lower

Answer: A

Explanation:

If replacement is planned, replacement forms, signed by both the policyowner and the agent, are required. Adding benefits or lowering costs is not required. The replacing insurer notifies existing insurers that a replacement is planned.

Question: 7

Where permitted, policyowners can do all of the following, except:

- A. Take loans
- B. Change insureds
- C. Waive underwriting
- D. Change beneficiaries

Answer: C

Explanation:

Insurers set underwriting requirements, not policyowners. Where permitted, policyowners can change insureds (i.e., insured's spouse), take loans, and change beneficiaries.

Question: 8

An agent meets with a client who wishes to purchase life insurance. Which of the following forms the conditional contract coverage?

- A. Receipt of initial premium
- B. Results of physical
- C. Signature
- D. Application

Answer: A

Explanation:

The receipt of the initial premium forms the conditional contract and coverage for the issuance of a new policy.

Question: 9

An insurer invests some of its reserves in a Blue Chip bond fund. This is an example of:

- A. Off-book allocation
- B. Diversification
- C. Poor management
- D. Speculative risk

Answer: D

Explanation:

Speculative risk offers the possibility of gain or loss. While Blue Chip bond funds may be relatively safe, they are not guaranteed and can produce a loss.

Question: 10

A SEP-IRA has all of the following features, except the plan:

- A. Can be open and funded until October 15 for the previous year
- B. Allows the employer to fund the plan annually, or not
- C. Has higher limits than other IRAs
- D. Allows tax-free withdrawals before age 50 ½

Answer: D

Explanation:

The SEP-IRA is, for all purposes, an IRA that accepts employer contributions only. It is an IRA with penalties for withdrawals before age 59 ½. As an ERISA plan, it must treat all employees equally by funding eligible employees in a like percentage of their income as the employer funds for themselves. Contributions are discretionary with higher contributions and SEPs can be open and funded until the employer files taxes, even as late as October 15, if they extend their filing.

Question: 11

A policy that allows loans must make a loan available on that policy after:

- A. One year
- B. Three years
- C. Two years
- D. Four years

Answer: B

Explanation:

Insurance regulations require that cash value policies that allow policy loans must make loans available after three policy years.

Question: 12

All of these are permanent life insurance, except:

- A. Straight life
- B. Credit life
- C. Universal life
- D. Variable life

Answer: B

Explanation:

Credit life expires when the loan to which it is attached is paid in full. All others listed are considered to be permanent life.

Question: 13

A policyowner has a \$250,000 permanent life policy with \$45,000 in cash surrender values. If he borrows \$35,000 and the insured dies, the death benefit is:

- A. \$285,000
- B. \$260,000
- C. \$250,000
- D. \$215,000

Answer: D

Explanation:

The loan reduces the cash surrender value and the death benefit. If the face amount is \$250,000 and a loan is taken for \$35,000, the death benefit is \$215,000 (\$250,000 - \$35,000). Additionally, interest on the loan may reduce the death benefit.

Question: 14

Regarding beneficiaries, all of the following are false, except:

- A. Beneficiaries can be challenged
- B. Beneficiaries cannot be changed after the insured dies
- C. Only persons related to the insured may be beneficiaries
- D. A beneficiary must accept insurance proceeds

Answer: A

Explanation:

Persons who are not named as beneficiaries may challenge insurance payouts and such actions usually end up in court. Non-relatives, business partners, non-profits and others may be beneficiaries. After death, those who incurred medical bills or expenses for the deceased can be named beneficiaries and a beneficiary can decline an insurance payout.

Question: 15

Underwriters may consider on an applicant's profile all of the following, except:

- A. Convictions
- B. Disabilities
- C. Children
- D. Surgeries

Answer: C

Explanation:

The number of or lack of one's having children is not an underwriting factor.