

## **PRACTICE EXAM 7: ARIZONA LIFE AND HEALTH INSURANCE LICENSE (150 QUESTIONS)**

*This 150-question practice examination covers life insurance, accident and health insurance, general insurance principles, and Arizona producer regulation. It is a study aid, not an official Arizona examination. Select the single best answer for each question. Verify current Arizona laws, rules, and licensing requirements with the Arizona Department of Insurance and Financial Institutions before testing.*

1. A producer is comparing life products for a client. The client needs a policy that provides protection for a stated period and generally has no cash value. Which choice is most appropriate?
  - A. Term life insurance
  - B. Whole life insurance
  - C. Indexed life insurance
  - D. Modified endowment contract
2. A producer is comparing life products for a client. The client needs a policy that provides lifetime protection with level premiums and guaranteed cash-value features. Which choice is most appropriate?
  - A. Variable annuity
  - B. Life income with period certain
  - C. Whole life insurance
  - D. Industrial life insurance
3. A producer is comparing life products for a client. The client needs a policy that allows flexible premium payments and an adjustable death benefit within policy limits. Which choice is most appropriate?
  - A. Cash refund annuity option
  - B. Annuitization period
  - C. Credit life insurance
  - D. Universal life insurance
4. A producer is comparing life products for a client. The client needs a policy that places cash values in separate-account investment options and shifts investment risk to the owner. Which choice is most appropriate?
  - A. Term life insurance
  - B. Variable life insurance
  - C. Life income with period certain
  - D. Cash refund annuity option
5. A producer is comparing life products for a client. The client needs a policy that combines flexible premiums with separate-account investment choices. Which choice is most appropriate?
  - A. Variable universal life insurance
  - B. Credit life insurance
  - C. Fixed annuity
  - D. Variable life insurance

- 6.** A producer is comparing life products for a client. The client needs a policy that uses a death benefit that declines over the policy period. Which choice is most appropriate?
- A. Life income option
  - B. Annuitization period
  - C. Decreasing term insurance
  - D. Whole life insurance
- 7.** A producer is comparing life products for a client. The client needs a policy that lets the owner exchange term coverage for permanent coverage without new evidence of insurability. Which choice is most appropriate?
- A. Convertible term insurance
  - B. Modified endowment contract
  - C. Universal life insurance
  - D. Survivorship life policy
- 8.** A producer is comparing life products for a client. The client needs a policy that lets coverage continue at the end of a term without evidence of insurability. Which choice is most appropriate?
- A. Accumulation period
  - B. Variable life insurance
  - C. Renewable term insurance
  - D. Indexed life insurance
- 9.** A producer is comparing life products for a client. The client needs a policy that covers two lives and pays when the first insured dies. Which choice is most appropriate?
- A. Credit life insurance
  - B. Joint life policy
  - C. Survivorship life policy
  - D. Modified endowment contract
- 10.** A producer is comparing life products for a client. The client needs a policy that covers two lives and pays after the second insured dies. Which choice is most appropriate?
- A. Annuitization period
  - B. Joint life policy
  - C. Group life insurance
  - D. Survivorship life policy
- 11.** A producer is comparing life products for a client. The client needs a policy that credits a stated or guaranteed interest rate and transfers investment risk to the insurer. Which choice is most appropriate?
- A. Fixed annuity
  - B. Modified endowment contract
  - C. Annuitization period
  - D. Renewable term insurance

12. A producer is comparing life products for a client. The client needs a policy that uses separate-account investments, so payment values can vary with investment performance. Which choice is most appropriate?
- A. Cash refund annuity option
  - B. Deferred annuity
  - C. Immediate annuity
  - D. Variable annuity
13. A producer is comparing life products for a client. The client needs a policy that begins income payments shortly after a lump-sum premium is paid. Which choice is most appropriate?
- A. Indexed life insurance
  - B. Immediate annuity
  - C. Joint life policy
  - D. Life income option
14. A producer is comparing life products for a client. The client needs a policy that accumulates value before the income-payment phase begins. Which choice is most appropriate?
- A. Annuitization period
  - B. Variable life insurance
  - C. Deferred annuity
  - D. Accumulation period
15. A producer is comparing life products for a client. The client needs a policy that is the annuity phase during which premiums grow before distributions begin. Which choice is most appropriate?
- A. Accumulation period
  - B. Indexed life insurance
  - C. Annuitization period
  - D. Universal life insurance
16. A producer is comparing life products for a client. The client needs a policy that is the phase during which an annuity converts accumulated value into income payments. Which choice is most appropriate?
- A. Accumulation period
  - B. Life income option
  - C. Immediate annuity
  - D. Annuitization period
17. A producer is comparing life products for a client. The client needs a policy that pays income for as long as the annuitant lives. Which choice is most appropriate?
- A. Indexed life insurance
  - B. Life income with period certain
  - C. Life income option
  - D. Decreasing term insurance

- 18.** A producer is comparing life products for a client. The client needs a policy that pays for life but guarantees payments for at least a stated period. Which choice is most appropriate?
- A. Term life insurance
  - B. Life income with period certain
  - C. Accumulation period
  - D. Modified endowment contract
- 19.** A producer is comparing life products for a client. The client needs a policy that pays for life and returns any unpaid premium balance at death. Which choice is most appropriate?
- A. Credit life insurance
  - B. Fixed annuity
  - C. Cash refund annuity option
  - D. Survivorship life policy
- 20.** A producer is comparing life products for a client. The client needs a policy that pays for life and continues installments to a beneficiary until the unpaid premium is returned. Which choice is most appropriate?
- A. Installment refund annuity option
  - B. Indexed life insurance
  - C. Survivorship life policy
  - D. Term life insurance
- 21.** A producer is comparing life products for a client. The client needs a policy that credits interest using an external index subject to policy terms, floors, and caps. Which choice is most appropriate?
- A. Variable annuity
  - B. Indexed life insurance
  - C. Life income option
  - D. Survivorship life policy
- 22.** A producer is comparing life products for a client. The client needs a policy that is a life policy that fails the federal seven-pay test and receives different tax treatment for distributions. Which choice is most appropriate?
- A. Accumulation period
  - B. Immediate annuity
  - C. Whole life insurance
  - D. Modified endowment contract
- 23.** A producer is comparing life products for a client. The client needs a policy that is designed to pay or reduce a debtor's loan balance if the debtor dies. Which choice is most appropriate?
- A. Deferred annuity
  - B. Credit life insurance
  - C. Survivorship life policy
  - D. Variable universal life insurance

24. A producer is comparing life products for a client. The client needs a policy that insures a group under a master contract, commonly issued to an employer or association. Which choice is most appropriate?
- A. Decreasing term insurance
  - B. Fixed annuity
  - C. Life income with period certain
  - D. Group life insurance
25. A producer is comparing life products for a client. The client needs a policy that traditionally provides small face amounts with frequent premium collection. Which choice is most appropriate?
- A. Convertible term insurance
  - B. Life income with period certain
  - C. Industrial life insurance
  - D. Deferred annuity
26. In a policy review, the owner asks about a feature that is the time after a premium due date when coverage remains in force while payment is overdue. Which provision, right, or beneficiary arrangement answers the question?
- A. Grace period
  - B. Extended term insurance
  - C. Misstatement of age provision
  - D. Free-look provision
27. In a policy review, the owner asks about a feature that limits the insurer's ability to contest a policy after it has been in force for the stated period, subject to exceptions. Which provision, right, or beneficiary arrangement answers the question?
- A. Incontestability clause
  - B. Entire contract provision
  - C. Common disaster clause
  - D. Free-look provision
28. In a policy review, the owner asks about a feature that limits payment when death by suicide occurs during the policy's early specified period. Which provision, right, or beneficiary arrangement answers the question?
- A. Grace period
  - B. Suicide clause
  - C. Incontestability clause
  - D. Dividend option
29. In a policy review, the owner asks about a feature that restricts a beneficiary's ability to assign or creditors' ability to reach policy proceeds before payment. Which provision, right, or beneficiary arrangement answers the question?
- A. Misstatement of age provision
  - B. Absolute assignment
  - C. Spendthrift clause
  - D. Incontestability clause

- 30.** In a policy review, the owner asks about a feature that states that the policy and attached application make up the complete agreement. Which provision, right, or beneficiary arrangement answers the question?
- A. Per stirpes designation
  - B. Assignment
  - C. Free-look provision
  - D. Entire contract provision
- 31.** In a policy review, the owner asks about a feature that identifies the policyowner's contractual rights, including beneficiary changes when allowed. Which provision, right, or beneficiary arrangement answers the question?
- A. Incontestability clause
  - B. Ownership clause
  - C. Accelerated death benefit rider
  - D. Waiver of premium rider
- 32.** In a policy review, the owner asks about a feature that may be changed by the policyowner without that beneficiary's consent. Which provision, right, or beneficiary arrangement answers the question?
- A. Policy loan provision
  - B. Common disaster clause
  - C. Spendthrift clause
  - D. Revocable beneficiary
- 33.** In a policy review, the owner asks about a feature that has vested rights, so designated changes generally require that beneficiary's consent. Which provision, right, or beneficiary arrangement answers the question?
- A. Absolute assignment
  - B. Policy loan provision
  - C. Irrevocable beneficiary
  - D. Assignment
- 34.** In a policy review, the owner asks about a feature that transfers some or all policy rights from the owner to another party. Which provision, right, or beneficiary arrangement answers the question?
- A. Assignment
  - B. Revocable beneficiary
  - C. Automatic premium loan
  - D. Ownership clause
- 35.** In a policy review, the owner asks about a feature that transfers limited policy rights to secure a debt while the owner retains remaining rights. Which provision, right, or beneficiary arrangement answers the question?
- A. Per capita designation
  - B. Collateral assignment
  - C. Automatic premium loan
  - D. Policy loan provision

**36.** In a policy review, the owner asks about a feature that transfers all ownership rights in the policy to an assignee. Which provision, right, or beneficiary arrangement answers the question?

- A. Common disaster clause
- B. Per capita designation
- C. Absolute assignment
- D. Dividend option

**37.** In a policy review, the owner asks about a feature that allows a permanent-policy owner to borrow against available cash value. Which provision, right, or beneficiary arrangement answers the question?

- A. Revocable beneficiary
- B. Incontestability clause
- C. Collateral assignment
- D. Policy loan provision

**38.** In a policy review, the owner asks about a feature that uses available cash value to pay an overdue premium when the policyowner has elected the option. Which provision, right, or beneficiary arrangement answers the question?

- A. Automatic premium loan
- B. Absolute assignment
- C. Settlement option
- D. Policy loan provision

**39.** In a policy review, the owner asks about a feature that ends the policy and pays the available surrender value. Which provision, right, or beneficiary arrangement answers the question?

- A. Common disaster clause
- B. Suicide clause
- C. Absolute assignment
- D. Cash surrender option

**40.** In a policy review, the owner asks about a feature that uses cash value to buy a smaller amount of permanent insurance with no further premiums. Which provision, right, or beneficiary arrangement answers the question?

- A. Suicide clause
- B. Incontestability clause
- C. Reduced paid-up insurance
- D. Common disaster clause

**41.** In a policy review, the owner asks about a feature that uses cash value to buy term insurance for the original face amount for a limited period. Which provision, right, or beneficiary arrangement answers the question?

- A. Extended term insurance
- B. Suicide clause
- C. Grace period
- D. Reduced paid-up insurance

42. In a policy review, the owner asks about a feature that specifies how a participating-policy owner may receive or apply a policy dividend. Which provision, right, or beneficiary arrangement answers the question?
- A. Spendthrift clause
  - B. Dividend option
  - C. Entire contract provision
  - D. Automatic premium loan
43. In a policy review, the owner asks about a feature that specifies how life insurance proceeds will be distributed to a beneficiary. Which provision, right, or beneficiary arrangement answers the question?
- A. Grace period
  - B. Free-look provision
  - C. Settlement option
  - D. Per stirpes designation
44. In a policy review, the owner asks about a feature that directs a deceased beneficiary's share to that beneficiary's descendants. Which provision, right, or beneficiary arrangement answers the question?
- A. Per stirpes designation
  - B. Absolute assignment
  - C. Collateral assignment
  - D. Grace period
45. In a policy review, the owner asks about a feature that divides proceeds equally among surviving members of the named class. Which provision, right, or beneficiary arrangement answers the question?
- A. Misstatement of age provision
  - B. Per capita designation
  - C. Collateral assignment
  - D. Suicide clause
46. In a policy review, the owner asks about a feature that addresses beneficiary and insured deaths in the same event when the order of death is uncertain. Which provision, right, or beneficiary arrangement answers the question?
- A. Settlement option
  - B. Waiver of premium rider
  - C. Incontestability clause
  - D. Common disaster clause
47. In a policy review, the owner asks about a feature that adjusts benefits to the amount the premium would have purchased at the correct age. Which provision, right, or beneficiary arrangement answers the question?
- A. Per stirpes designation
  - B. Collateral assignment
  - C. Absolute assignment
  - D. Misstatement of age provision

48. In a policy review, the owner asks about a feature that gives the policyowner time after delivery to review and return the policy for a refund. Which provision, right, or beneficiary arrangement answers the question?
- A. Irrevocable beneficiary
  - B. Free-look provision
  - C. Misstatement of age provision
  - D. Spendthrift clause
49. In a policy review, the owner asks about a feature that permits eligible insureds to receive part of the death benefit early upon a qualifying condition. Which provision, right, or beneficiary arrangement answers the question?
- A. Accelerated death benefit rider
  - B. Absolute assignment
  - C. Cash surrender option
  - D. Per capita designation
50. In a policy review, the owner asks about a feature that waives future premiums if the insured becomes totally disabled as defined by the rider. Which provision, right, or beneficiary arrangement answers the question?
- A. Collateral assignment
  - B. Misstatement of age provision
  - C. Waiver of premium rider
  - D. Dividend option
51. A health client requests protection that provides broad medical-expense coverage, commonly subject to deductibles and coinsurance. Which health plan, policy, or funding arrangement should be selected?
- A. Major medical insurance
  - B. Accidental death and dismemberment coverage
  - C. Surgical expense policy
  - D. EPO
52. A health client requests protection that pays a stated amount for covered hospital confinement rather than reimbursing actual expenses. Which health plan, policy, or funding arrangement should be selected?
- A. Disability income insurance
  - B. Hospital indemnity policy
  - C. Accidental death and dismemberment coverage
  - D. Flexible spending arrangement
53. A health client requests protection that pays benefits tied to covered surgical procedures. Which health plan, policy, or funding arrangement should be selected?
- A. Business overhead expense insurance
  - B. Coordination of benefits provision
  - C. COBRA continuation coverage
  - D. Surgical expense policy

54. A health client requests protection that pays benefits for covered physician services. Which health plan, policy, or funding arrangement should be selected?
- A. HMO
  - B. Limited-benefit policy
  - C. Physician expense policy
  - D. PPO
55. A health client requests protection that provides benefits for covered preventive, basic, and sometimes major dental services. Which health plan, policy, or funding arrangement should be selected?
- A. EPO
  - B. Long-term care insurance
  - C. Major medical insurance
  - D. Dental insurance
56. A health client requests protection that provides benefits for covered eye examinations, lenses, frames, or contacts. Which health plan, policy, or funding arrangement should be selected?
- A. Major medical insurance
  - B. COBRA continuation coverage
  - C. Vision insurance
  - D. Dental insurance
57. A health client requests protection that covers qualifying assistance or services for chronic illness or functional impairment. Which health plan, policy, or funding arrangement should be selected?
- A. Accidental death and dismemberment coverage
  - B. Long-term care insurance
  - C. EPO
  - D. Major medical insurance
58. A health client requests protection that replaces part of earned income when a covered disability prevents work. Which health plan, policy, or funding arrangement should be selected?
- A. Disability income insurance
  - B. Long-term care insurance
  - C. Medicaid
  - D. Medicare supplement policy
59. A health client requests protection that reimburses specified business operating expenses during an owner's disability. Which health plan, policy, or funding arrangement should be selected?
- A. Major medical insurance
  - B. Accidental death and dismemberment coverage
  - C. Medicare Advantage plan
  - D. Business overhead expense insurance

- 60.** A health client requests protection that funds a buy-sell obligation when an owner becomes disabled. Which health plan, policy, or funding arrangement should be selected?
- A. COBRA continuation coverage
  - B. Health savings account
  - C. Disability buy-sell insurance
  - D. Flexible spending arrangement
- 61.** A health client requests protection that pays stated benefits for covered accidental death or specified accidental losses. Which health plan, policy, or funding arrangement should be selected?
- A. Major medical insurance
  - B. Accidental death and dismemberment coverage
  - C. EPO
  - D. High-deductible health plan
- 62.** A health client requests protection that provides narrowly defined benefits and is not a substitute for comprehensive major medical coverage. Which health plan, policy, or funding arrangement should be selected?
- A. Disability buy-sell insurance
  - B. Limited-benefit policy
  - C. Long-term care insurance
  - D. POS plan
- 63.** A health client requests protection that uses a network-based delivery system that emphasizes coordinated care and preventive services. Which health plan, policy, or funding arrangement should be selected?
- A. HMO
  - B. Limited-benefit policy
  - C. Flexible spending arrangement
  - D. Medicaid
- 64.** A health client requests protection that provides network discounts while generally allowing out-of-network care at a higher cost. Which health plan, policy, or funding arrangement should be selected?
- A. PPO
  - B. EPO
  - C. Coordination of benefits provision
  - D. Medicare supplement policy
- 65.** A health client requests protection that generally covers nonemergency services only when obtained within the plan's network. Which health plan, policy, or funding arrangement should be selected?
- A. Limited-benefit policy
  - B. Disability income insurance
  - C. Surgical expense policy
  - D. EPO

- 66.** A health client requests protection that combines managed-care features with a choice between network and out-of-network service options. Which health plan, policy, or funding arrangement should be selected?
- A. Vision insurance
  - B. Health reimbursement arrangement
  - C. POS plan
  - D. Flexible spending arrangement
- 67.** A health client requests protection that uses a higher deductible and may be designed for compatibility with a health savings account. Which health plan, policy, or funding arrangement should be selected?
- A. Limited-benefit policy
  - B. High-deductible health plan
  - C. EPO
  - D. Health reimbursement arrangement
- 68.** A health client requests protection that is a tax-advantaged account used with qualifying high-deductible health coverage for eligible medical expenses. Which health plan, policy, or funding arrangement should be selected?
- A. COBRA continuation coverage
  - B. Medicare Advantage plan
  - C. Health savings account
  - D. Hospital indemnity policy
- 69.** A health client requests protection that lets an employee set aside pre-tax salary contributions for eligible expenses, subject to plan rules. Which health plan, policy, or funding arrangement should be selected?
- A. Limited-benefit policy
  - B. Major medical insurance
  - C. Health reimbursement arrangement
  - D. Flexible spending arrangement
- 70.** A health client requests protection that is employer-funded and reimburses employees for eligible medical expenses under employer plan terms. Which health plan, policy, or funding arrangement should be selected?
- A. Health reimbursement arrangement
  - B. Accidental death and dismemberment coverage
  - C. Surgical expense policy
  - D. Hospital indemnity policy
- 71.** A health client requests protection that is standardized private coverage designed to help pay certain medicare cost-sharing amounts. Which health plan, policy, or funding arrangement should be selected?
- A. Medicare supplement policy
  - B. POS plan
  - C. Business overhead expense insurance
  - D. Dental insurance

72. A health client requests protection that provides medicare-covered benefits through a private plan approved by medicare. Which health plan, policy, or funding arrangement should be selected?

- A. Dental insurance
- B. Coordination of benefits provision
- C. Physician expense policy
- D. Medicare Advantage plan

73. A health client requests protection that is a joint federal-state program providing medical assistance to eligible low-income individuals. Which health plan, policy, or funding arrangement should be selected?

- A. PPO
- B. Medicare supplement policy
- C. Medicaid
- D. Health savings account

74. A health client requests protection that allows eligible individuals to continue certain employer group health coverage after qualifying events. Which health plan, policy, or funding arrangement should be selected?

- A. Medicare Advantage plan
- B. COBRA continuation coverage
- C. POS plan
- D. Health savings account

75. A health client requests protection that determines the order in which multiple health plans pay a covered claim. Which health plan, policy, or funding arrangement should be selected?

- A. Surgical expense policy
- B. Medicare supplement policy
- C. Coordination of benefits provision
- D. Health savings account

76. A disability or health claim turns on a provision that is the amount a covered person generally pays before the plan begins sharing covered expenses. Identify the provision involved.

- A. Deductible
- B. Physical examination and autopsy provision
- C. Time-payment-of-claims provision
- D. Proof of loss provision

77. A disability or health claim turns on a provision that is the percentage of a covered expense shared by the insured after any deductible is met. Identify the provision involved.

- A. Any-occupation definition
- B. Coinsurance
- C. Misstatement-of-age provision
- D. Proof of loss provision

**78.** A disability or health claim turns on a provision that is a fixed amount paid by the insured for a covered service under plan terms. Identify the provision involved.

- A. Time-payment-of-claims provision
- B. Elimination period
- C. Unpaid-premium provision
- D. Copayment

**79.** A disability or health claim turns on a provision that caps certain covered cost sharing by the insured during a plan period, subject to plan terms. Identify the provision involved.

- A. Deductible
- B. Time-payment-of-claims provision
- C. Coinsurance
- D. Out-of-pocket maximum

**80.** A disability or health claim turns on a provision that is the waiting time after disability begins before disability-income benefits become payable. Identify the provision involved.

- A. Elimination period
- B. Any-occupation definition
- C. Own-occupation definition
- D. Out-of-pocket maximum

**81.** A disability or health claim turns on a provision that is the maximum length of time benefits may be paid for a covered disability or condition. Identify the provision involved.

- A. Conformity-with-state-statutes provision
- B. Benefit period
- C. Notice of claim provision
- D. Proof of loss provision

**82.** A disability or health claim turns on a provision that defines disability by inability to perform the duties of the insured's own occupation. Identify the provision involved.

- A. Unpaid-premium provision
- B. Other-insurance-with-other-insurers provision
- C. Own-occupation definition
- D. Misstatement-of-age provision

**83.** A disability or health claim turns on a provision that defines disability by inability to perform the duties of any occupation for which the insured is reasonably suited. Identify the provision involved.

- A. Any-occupation definition
- B. Change-of-occupation provision
- C. Probationary period
- D. Preexisting-condition provision

- 84.** A disability or health claim turns on a provision that treats a new disability as a continuation when it returns within the policy's stated period. Identify the provision involved.
- A. Deductible
  - B. Benefit period
  - C. Legal actions provision
  - D. Recurrent disability provision
- 85.** A disability or health claim turns on a provision that pays a partial benefit when disability causes a qualifying loss of income rather than total inability to work. Identify the provision involved.
- A. Time-payment-of-claims provision
  - B. Other-insurance-with-this-insurer provision
  - C. Residual disability benefit
  - D. Misstatement-of-age provision
- 86.** A disability or health claim turns on a provision that treats certain severe losses as total disability without requiring proof of income loss. Identify the provision involved.
- A. Notice of claim provision
  - B. Presumptive disability
  - C. Other-insurance-with-this-insurer provision
  - D. Out-of-pocket maximum
- 87.** A disability or health claim turns on a provision that limits coverage for conditions present before the policy's effective date, subject to applicable law and policy terms. Identify the provision involved.
- A. Time-payment-of-claims provision
  - B. Coinsurance
  - C. Preexisting-condition provision
  - D. Change-of-occupation provision
- 88.** A disability or health claim turns on a provision that is an initial period during which losses from specified conditions are not covered. Identify the provision involved.
- A. Probationary period
  - B. Physical examination and autopsy provision
  - C. Presumptive disability
  - D. Change-of-occupation provision
- 89.** A disability or health claim turns on a provision that requires the insured to notify the insurer of a covered loss within the policy's stated time. Identify the provision involved.
- A. Other-insurance-with-this-insurer provision
  - B. Conformity-with-state-statutes provision
  - C. Presumptive disability
  - D. Notice of claim provision

**90.** A disability or health claim turns on a provision that requires supporting information that substantiates a claim and the amount payable. Identify the provision involved.

- A. Notice of claim provision
- B. Proof of loss provision
- C. Elimination period
- D. Deductible

**91.** A disability or health claim turns on a provision that requires the insurer to pay claims promptly after receiving the required proof. Identify the provision involved.

- A. Probationary period
- B. Time-payment-of-claims provision
- C. Change-of-occupation provision
- D. Residual disability benefit

**92.** A disability or health claim turns on a provision that sets conditions and time limits for bringing a lawsuit under the policy. Identify the provision involved.

- A. Legal actions provision
- B. Own-occupation definition
- C. Presumptive disability
- D. Proof of loss provision

**93.** A disability or health claim turns on a provision that allows benefit adjustment when the insured changes to an occupation with a different risk classification. Identify the provision involved.

- A. Coinsurance
- B. Other-insurance-with-this-insurer provision
- C. Notice of claim provision
- D. Change-of-occupation provision

**94.** A disability or health claim turns on a provision that prevents disability benefits from exceeding the insured's allowable income relationship. Identify the provision involved.

- A. Out-of-pocket maximum
- B. Coinsurance
- C. Relation-of-earnings-to-insurance provision
- D. Time-payment-of-claims provision

**95.** A disability or health claim turns on a provision that coordinates multiple policies issued by the same insurer to prevent excessive benefits. Identify the provision involved.

- A. Legal actions provision
- B. Proof of loss provision
- C. Benefit period
- D. Other-insurance-with-this-insurer provision

**96.** A disability or health claim turns on a provision that coordinates coverage when similar benefits are provided by different insurers. Identify the provision involved.

- A. Legal actions provision
- B. Residual disability benefit
- C. Other-insurance-with-other-insurers provision
- D. Misstatement-of-age provision

**97.** A disability or health claim turns on a provision that allows an insurer to deduct overdue premium from a claim payment when permitted. Identify the provision involved.

- A. Unpaid-premium provision
- B. Out-of-pocket maximum
- C. Coinsurance
- D. Presumptive disability

**98.** A disability or health claim turns on a provision that automatically amends policy terms that conflict with applicable state law. Identify the provision involved.

- A. Relation-of-earnings-to-insurance provision
- B. Conformity-with-state-statutes provision
- C. Legal actions provision
- D. Benefit period

**99.** A disability or health claim turns on a provision that permits an insurer to request examination or autopsy as allowed by policy terms and law. Identify the provision involved.

- A. Proof of loss provision
- B. Physical examination and autopsy provision
- C. Change-of-occupation provision
- D. Copayment

**100.** A disability or health claim turns on a provision that adjusts health benefits to reflect the correct age when age was stated incorrectly. Identify the provision involved.

- A. Recurrent disability provision
- B. Physical examination and autopsy provision
- C. Probationary period
- D. Misstatement-of-age provision

**101.** Select the general insurance concept that matches this situation: Involves the possibility of loss or no loss, without the possibility of gain.

- A. Pure risk
- B. Conditional receipt
- C. Subrogation
- D. Conditional contract

**102.** Select the general insurance concept that matches this situation: Involves a possibility of gain as well as loss.

- A. Twisting
- B. Morale hazard
- C. Speculative risk
- D. Hazard

**103.** Select the general insurance concept that matches this situation: Is the immediate cause of a loss, such as fire or illness.

- A. Peril
- B. Aleatory contract
- C. Indemnity
- D. Subrogation

**104.** Select the general insurance concept that matches this situation: Is a condition that increases the chance or severity of loss.

- A. Conditional contract
- B. Twisting
- C. Hazard
- D. Indemnity

**105.** Select the general insurance concept that matches this situation: Arises from dishonesty or character traits that increase the likelihood of loss.

- A. Aleatory contract
- B. Warranty
- C. Unilateral contract
- D. Moral hazard

**106.** Select the general insurance concept that matches this situation: Arises from carelessness or indifference because insurance exists.

- A. Replacement
- B. Morale hazard
- C. Medical information bureau
- D. Adhesion contract

**107.** Select the general insurance concept that matches this situation: Is a tangible condition that increases the likelihood of loss.

- A. Physical hazard
- B. Medical information bureau
- C. Conditional contract
- D. Representation

**108.** Select the general insurance concept that matches this situation: Is a financial or lawful interest in the continued life or health of the insured.

- A. Peril
- B. Insurable interest
- C. Speculative risk
- D. Replacement

**109.** Select the general insurance concept that matches this situation: Occurs when people with a greater likelihood of loss seek insurance more often or for more coverage.

- A. Insurable interest
- B. Warranty
- C. Adverse selection
- D. Field underwriting

**110.** Select the general insurance concept that matches this situation: Is the process of evaluating risk and deciding whether and on what terms to issue coverage.

- A. Replacement
- B. Attending physician statement
- C. Medical information bureau
- D. Underwriting

**111.** Select the general insurance concept that matches this situation: Refers to the producer's initial screening and information gathering during the application process.

- A. Field underwriting
- B. Insurable interest
- C. Peril
- D. Morale hazard

**112.** Select the general insurance concept that matches this situation: Is a report from an applicant's physician used by an insurer in underwriting when authorized.

- A. Medical information bureau
- B. Hazard
- C. Attending physician statement
- D. Replacement

**113.** Select the general insurance concept that matches this situation: Is an industry reporting organization that may provide coded underwriting information when permitted.

- A. Adverse selection
- B. Medical information bureau
- C. Speculative risk
- D. Aleatory contract

**114.** Select the general insurance concept that matches this situation: Provides temporary coverage only if stated conditions are satisfied.

- A. Hazard
- B. Underwriting
- C. Indemnity
- D. Conditional receipt

**115.** Select the general insurance concept that matches this situation: Is a statement believed true to the best of the applicant's knowledge but not guaranteed as absolute fact.

- A. Representation
- B. Conditional receipt
- C. Underwriting
- D. Twisting

**116.** Select the general insurance concept that matches this situation: Is a statement that must be literally true when made part of an insurance contract.

- A. Indemnity
- B. Warranty
- C. Conditional receipt
- D. Subrogation

**117.** Select the general insurance concept that matches this situation: Is an agreement in which values exchanged may be unequal because payment depends on an uncertain event.

- A. Unilateral contract
- B. Warranty
- C. Aleatory contract
- D. Representation

**118.** Select the general insurance concept that matches this situation: Is a contract drafted by one party, with ambiguities generally construed against that drafter.

- A. Subrogation
- B. Moral hazard
- C. Aleatory contract
- D. Adhesion contract

**119.** Select the general insurance concept that matches this situation: Is a contract in which only one party makes an enforceable promise to perform.

- A. Representation
- B. Field underwriting
- C. Aleatory contract
- D. Unilateral contract

**120.** Select the general insurance concept that matches this situation: Requires certain conditions to be met before the insurer must perform.

- A. Insurable interest
- B. Indemnity
- C. Conditional contract
- D. Warranty

**121.** Select the general insurance concept that matches this situation: Restores an insured financially after a covered loss without creating a profit.

- A. Indemnity
- B. Morale hazard
- C. Insurable interest
- D. Physical hazard

**122.** Select the general insurance concept that matches this situation: Allows an insurer that pays a loss to pursue the responsible third party to the extent of payment.

- A. Adhesion contract
- B. Subrogation
- C. Physical hazard
- D. Aleatory contract

**123.** Select the general insurance concept that matches this situation: Occurs when a new policy is purchased and an existing policy is lapsed, surrendered, or otherwise reduced.

- A. Hazard
- B. Replacement
- C. Conditional receipt
- D. Peril

**124.** Select the general insurance concept that matches this situation: Is an unfair practice that induces a policyholder to replace coverage using misleading comparisons.

- A. Indemnity
- B. Aleatory contract
- C. Physical hazard
- D. Twisting

**125.** Select the general insurance concept that matches this situation: Is offering an inducement not stated in the policy to persuade a person to buy insurance.

- A. Pure risk
- B. Morale hazard
- C. Rebating
- D. Indemnity

- 126.** An Arizona producer must recognize this regulatory or ethical issue: Is the Arizona state agency that regulates insurance and financial institutions. Which term applies?
- A. Arizona Department of Insurance and Financial Institutions
  - B. Producer license renewal (insurance regulatory concept)
  - C. Producer appointment (insurance regulatory concept)
  - D. Policy summary (insurance regulatory concept)
- 127.** An Arizona producer must recognize this regulatory or ethical issue: Is a person licensed to sell, solicit, or negotiate insurance on behalf of an insurer or client as authorized. Which term applies?
- A. Fiduciary responsibility (insurance regulatory concept)
  - B. Privacy notice (insurance regulatory concept)
  - C. Buyer guide (insurance regulatory concept)
  - D. Insurance producer (insurance regulatory concept)
- 128.** An Arizona producer must recognize this regulatory or ethical issue: Is an insurer's authorization of a producer to act for that insurer when appointment is required. Which term applies?
- A. License revocation (insurance regulatory concept)
  - B. Producer appointment (insurance regulatory concept)
  - C. Buyer guide (insurance regulatory concept)
  - D. Unfair discrimination (insurance regulatory concept)
- 129.** An Arizona producer must recognize this regulatory or ethical issue: Requires a producer to handle premiums or other client funds with the care required for money held in trust. Which term applies?
- A. Cease and desist order
  - B. Defamation (insurance regulatory concept)
  - C. Fiduciary responsibility (insurance regulatory concept)
  - D. Producer license renewal (insurance regulatory concept)
- 130.** An Arizona producer must recognize this regulatory or ethical issue: Is making an untrue, misleading, or incomplete statement about policy terms or benefits. Which term applies?
- A. Misrepresentation (insurance regulatory concept)
  - B. Policy summary (insurance regulatory concept)
  - C. Replacement notice (insurance regulatory concept)
  - D. Cease and desist order
- 131.** An Arizona producer must recognize this regulatory or ethical issue: Is using advertising that is untrue, deceptive, or misleading about insurance or an insurer. Which term applies?
- A. Insurance producer (insurance regulatory concept)
  - B. Privacy notice (insurance regulatory concept)
  - C. False advertising (insurance regulatory concept)
  - D. License suspension (insurance regulatory concept)

**132.** An Arizona producer must recognize this regulatory or ethical issue: Is making false statements that harm the financial reputation of an insurer or producer. Which term applies?

- A. Controlled business (insurance regulatory concept)
- B. Defamation (insurance regulatory concept)
- C. Boycott coercion or intimidation
- D. Suitability (insurance regulatory concept)

**133.** An Arizona producer must recognize this regulatory or ethical issue: Is an unfair trade practice that uses collective pressure or threats to restrain insurance business improperly. Which term applies?

- A. Boycott coercion or intimidation
- B. License revocation (insurance regulatory concept)
- C. Fraud (insurance regulatory concept)
- D. Insurance transaction (insurance regulatory concept)

**134.** An Arizona producer must recognize this regulatory or ethical issue: Is treating insureds of the same class and essentially the same risk differently without a lawful basis. Which term applies?

- A. Fraud (insurance regulatory concept)
- B. Producer appointment (insurance regulatory concept)
- C. Producer license renewal (insurance regulatory concept)
- D. Unfair discrimination (insurance regulatory concept)

**135.** An Arizona producer must recognize this regulatory or ethical issue: Is the periodic process of maintaining an active license by meeting applicable Arizona requirements. Which term applies?

- A. Defamation (insurance regulatory concept)
- B. Unfair discrimination (insurance regulatory concept)
- C. Suitability (insurance regulatory concept)
- D. Producer license renewal (insurance regulatory concept)

**136.** An Arizona producer must recognize this regulatory or ethical issue: Is required ongoing education intended to maintain producer competence and compliance. Which term applies?

- A. Controlled business (insurance regulatory concept)
- B. Continuing education (insurance regulatory concept)
- C. Producer appointment (insurance regulatory concept)
- D. Administrative hearing (insurance regulatory concept)

**137.** An Arizona producer must recognize this regulatory or ethical issue: Is a temporary loss of authority to act under an insurance license. Which term applies?

- A. Unfair claims practice (insurance regulatory concept)
- B. Fiduciary responsibility (insurance regulatory concept)
- C. License suspension (insurance regulatory concept)
- D. Administrative hearing (insurance regulatory concept)

**138.** An Arizona producer must recognize this regulatory or ethical issue: Is termination of license authority, generally following a regulatory determination. Which term applies?

- A. License revocation (insurance regulatory concept)
- B. Replacement notice (insurance regulatory concept)
- C. Cease and desist order
- D. Policy summary (insurance regulatory concept)

**139.** An Arizona producer must recognize this regulatory or ethical issue: Provides a process for contesting certain regulatory actions through notice and an opportunity to be heard. Which term applies?

- A. Suitability (insurance regulatory concept)
- B. Replacement notice (insurance regulatory concept)
- C. Unfair claims practice (insurance regulatory concept)
- D. Administrative hearing (insurance regulatory concept)

**140.** An Arizona producer must recognize this regulatory or ethical issue: Directs a person to stop an identified prohibited or unlawful insurance practice. Which term applies?

- A. Cease and desist order
- B. Controlled business (insurance regulatory concept)
- C. Continuing education (insurance regulatory concept)
- D. Boycott coercion or intimidation

**141.** An Arizona producer must recognize this regulatory or ethical issue: Is an improper pattern or practice in investigating, evaluating, or settling insurance claims. Which term applies?

- A. Producer license renewal (insurance regulatory concept)
- B. Unfair claims practice (insurance regulatory concept)
- C. Fiduciary responsibility (insurance regulatory concept)
- D. False advertising (insurance regulatory concept)

**142.** An Arizona producer must recognize this regulatory or ethical issue: Is a disclosure used to help consumers understand that a proposed transaction may replace existing coverage. Which term applies?

- A. Suitability (insurance regulatory concept)
- B. Continuing education (insurance regulatory concept)
- C. Replacement notice (insurance regulatory concept)
- D. Controlled business (insurance regulatory concept)

**143.** An Arizona producer must recognize this regulatory or ethical issue: Is a concise disclosure describing important policy features, benefits, and limitations. Which term applies?

- A. Policy delivery (insurance regulatory concept)
- B. Policy summary (insurance regulatory concept)
- C. Boycott coercion or intimidation
- D. Administrative hearing (insurance regulatory concept)

**144.** An Arizona producer must recognize this regulatory or ethical issue: Is consumer-oriented material that explains insurance concepts and assists comparison of coverage. Which term applies?

- A. License revocation (insurance regulatory concept)
- B. Insurance transaction (insurance regulatory concept)
- C. False advertising (insurance regulatory concept)
- D. Buyer guide (insurance regulatory concept)

**145.** An Arizona producer must recognize this regulatory or ethical issue: Requires recommendations to be appropriate for the consumer's needs, objectives, and circumstances when the rule applies. Which term applies?

- A. Suitability (insurance regulatory concept)
- B. Buyer guide (insurance regulatory concept)
- C. Policy delivery (insurance regulatory concept)
- D. Cease and desist order

**146.** An Arizona producer must recognize this regulatory or ethical issue: Explains an insurer's information-collection, sharing, and protection practices as required by law. Which term applies?

- A. Producer license renewal (insurance regulatory concept)
- B. Misrepresentation (insurance regulatory concept)
- C. Privacy notice (insurance regulatory concept)
- D. Unfair discrimination (insurance regulatory concept)

**147.** An Arizona producer must recognize this regulatory or ethical issue: Is a knowingly deceptive act intended to obtain an improper insurance-related benefit or cause an improper payment. Which term applies?

- A. Policy summary (insurance regulatory concept)
- B. Administrative hearing (insurance regulatory concept)
- C. Fraud (insurance regulatory concept)
- D. Replacement notice (insurance regulatory concept)

**148.** An Arizona producer must recognize this regulatory or ethical issue: Is insurance written primarily on the producer, close family, or business interests and may be restricted by law. Which term applies?

- A. Controlled business (insurance regulatory concept)
- B. Policy delivery (insurance regulatory concept)
- C. Suitability (insurance regulatory concept)
- D. Continuing education (insurance regulatory concept)

**149.** An Arizona producer must recognize this regulatory or ethical issue: Includes activities such as solicitation, negotiation, sale, advice, application, and policy servicing. Which term applies?

- A. Controlled business (insurance regulatory concept)
- B. Arizona Department of Insurance and Financial Institutions
- C. License revocation (insurance regulatory concept)
- D. Insurance transaction (insurance regulatory concept)

**150.** An Arizona producer must recognize this regulatory or ethical issue: Is the act of providing the issued policy to the owner, often accompanied by required disclosures and explanation. Which term applies?

- A. Producer license renewal (insurance regulatory concept)
- B. Policy delivery (insurance regulatory concept)
- C. Insurance producer (insurance regulatory concept)
- D. Privacy notice (insurance regulatory concept)

## PRACTICE EXAM 7: ANSWER KEY AND EXPLANATIONS

- 1. A** - Term life insurance is the best answer because it provides protection for a stated period and generally has no cash value. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.
- 2. C** - Whole life insurance is the best answer because it provides lifetime protection with level premiums and guaranteed cash-value features. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.
- 3. D** - Universal life insurance is the best answer because it allows flexible premium payments and an adjustable death benefit within policy limits. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.
- 4. B** - Variable life insurance is the best answer because it places cash values in separate-account investment options and shifts investment risk to the owner. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.
- 5. A** - Variable universal life insurance is the best answer because it combines flexible premiums with separate-account investment choices. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.
- 6. C** - Decreasing term insurance is the best answer because it uses a death benefit that declines over the policy period. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.
- 7. A** - Convertible term insurance is the best answer because it lets the owner exchange term coverage for permanent coverage without new evidence of insurability. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.
- 8. C** - Renewable term insurance is the best answer because it lets coverage continue at the end of a term without evidence of insurability. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.
- 9. B** - Joint life policy is the best answer because it covers two lives and pays when the first insured dies. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.
- 10. D** - Survivorship life policy is the best answer because it covers two lives and pays after the second insured dies. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.
- 11. A** - Fixed annuity is the best answer because it credits a stated or guaranteed interest rate and transfers investment risk to the insurer. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.
- 12. D** - Variable annuity is the best answer because it uses separate-account investments, so payment values can vary with investment performance. Other choices describe different insurance concepts. Read the qualifying words carefully.

Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**13. B** - Immediate annuity is the best answer because it begins income payments shortly after a lump-sum premium is paid. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**14. C** - Deferred annuity is the best answer because it accumulates value before the income-payment phase begins. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**15. A** - Accumulation period is the best answer because it is the annuity phase during which premiums grow before distributions begin. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**16. D** - Annuitization period is the best answer because it is the phase during which an annuity converts accumulated value into income payments. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**17. C** - Life income option is the best answer because it pays income for as long as the annuitant lives. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**18. B** - Life income with period certain is the best answer because it pays for life but guarantees payments for at least a stated period. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**19. C** - Cash refund annuity option is the best answer because it pays for life and returns any unpaid premium balance at death. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**20. A** - Installment refund annuity option is the best answer because it pays for life and continues installments to a beneficiary until the unpaid premium is returned. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**21. B** - Indexed life insurance is the best answer because it credits interest using an external index subject to policy terms, floors, and caps. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**22. D** - Modified endowment contract is the best answer because it is a life policy that fails the federal seven-pay test and receives different tax treatment for distributions. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**23. B** - Credit life insurance is the best answer because it is designed to pay or reduce a debtor's loan balance if the debtor dies. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**24. D** - Group life insurance is the best answer because it insures a group under a master contract, commonly issued to an employer or association. Other choices describe different insurance concepts. Read the qualifying words carefully.

Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**25. C** - Industrial life insurance is the best answer because it traditionally provides small face amounts with frequent premium collection. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**26. A** - Grace period is the best answer because it is the time after a premium due date when coverage remains in force while payment is overdue. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**27. A** - Incontestability clause is the best answer because it limits the insurer's ability to contest a policy after it has been in force for the stated period, subject to exceptions. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**28. B** - Suicide clause is the best answer because it limits payment when death by suicide occurs during the policy's early specified period. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**29. C** - Spendthrift clause is the best answer because it restricts a beneficiary's ability to assign or creditors' ability to reach policy proceeds before payment. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**30. D** - Entire contract provision is the best answer because it states that the policy and attached application make up the complete agreement. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**31. B** - Ownership clause is the best answer because it identifies the policyowner's contractual rights, including beneficiary changes when allowed. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**32. D** - Revocable beneficiary is the best answer because it may be changed by the policyowner without that beneficiary's consent. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**33. C** - Irrevocable beneficiary is the best answer because it has vested rights, so designated changes generally require that beneficiary's consent. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**34. A** - Assignment is the best answer because it transfers some or all policy rights from the owner to another party. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**35. B** - Collateral assignment is the best answer because it transfers limited policy rights to secure a debt while the owner retains remaining rights. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**36. C** - Absolute assignment is the best answer because it transfers all ownership rights in the policy to an assignee. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**37. D** - Policy loan provision is the best answer because it allows a permanent-policy owner to borrow against available cash value. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**38. A** - Automatic premium loan is the best answer because it uses available cash value to pay an overdue premium when the policyowner has elected the option. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**39. D** - Cash surrender option is the best answer because it ends the policy and pays the available surrender value. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**40. C** - Reduced paid-up insurance is the best answer because it uses cash value to buy a smaller amount of permanent insurance with no further premiums. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**41. A** - Extended term insurance is the best answer because it uses cash value to buy term insurance for the original face amount for a limited period. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**42. B** - Dividend option is the best answer because it specifies how a participating-policy owner may receive or apply a policy dividend. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**43. C** - Settlement option is the best answer because it specifies how life insurance proceeds will be distributed to a beneficiary. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**44. A** - Per stirpes designation is the best answer because it directs a deceased beneficiary's share to that beneficiary's descendants. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**45. B** - Per capita designation is the best answer because it divides proceeds equally among surviving members of the named class. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**46. D** - Common disaster clause is the best answer because it addresses beneficiary and insured deaths in the same event when the order of death is uncertain. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**47. D** - Misstatement of age provision is the best answer because it adjusts benefits to the amount the premium would have purchased at the correct age. Other choices describe different insurance concepts. Read the qualifying words

carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**48. B** - Free-look provision is the best answer because it gives the policyowner time after delivery to review and return the policy for a refund. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**49. A** - Accelerated death benefit rider is the best answer because it permits eligible insureds to receive part of the death benefit early upon a qualifying condition. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**50. C** - Waiver of premium rider is the best answer because it waives future premiums if the insured becomes totally disabled as defined by the rider. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**51. A** - Major medical insurance is the best answer because it provides broad medical-expense coverage, commonly subject to deductibles and coinsurance. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**52. B** - Hospital indemnity policy is the best answer because it pays a stated amount for covered hospital confinement rather than reimbursing actual expenses. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**53. D** - Surgical expense policy is the best answer because it pays benefits tied to covered surgical procedures. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**54. C** - Physician expense policy is the best answer because it pays benefits for covered physician services. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**55. D** - Dental insurance is the best answer because it provides benefits for covered preventive, basic, and sometimes major dental services. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**56. C** - Vision insurance is the best answer because it provides benefits for covered eye examinations, lenses, frames, or contacts. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**57. B** - Long-term care insurance is the best answer because it covers qualifying assistance or services for chronic illness or functional impairment. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**58. A** - Disability income insurance is the best answer because it replaces part of earned income when a covered disability prevents work. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

- 59. D** - Business overhead expense insurance is the best answer because it reimburses specified business operating expenses during an owner's disability. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.
- 60. C** - Disability buy-sell insurance is the best answer because it funds a buy-sell obligation when an owner becomes disabled. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.
- 61. B** - Accidental death and dismemberment coverage is the best answer because it pays stated benefits for covered accidental death or specified accidental losses. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.
- 62. B** - Limited-benefit policy is the best answer because it provides narrowly defined benefits and is not a substitute for comprehensive major medical coverage. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.
- 63. A** - HMO is the best answer because it uses a network-based delivery system that emphasizes coordinated care and preventive services. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.
- 64. A** - PPO is the best answer because it provides network discounts while generally allowing out-of-network care at a higher cost. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.
- 65. D** - EPO is the best answer because it generally covers nonemergency services only when obtained within the plan's network. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.
- 66. C** - POS plan is the best answer because it combines managed-care features with a choice between network and out-of-network service options. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.
- 67. B** - High-deductible health plan is the best answer because it uses a higher deductible and may be designed for compatibility with a health savings account. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.
- 68. C** - Health savings account is the best answer because it is a tax-advantaged account used with qualifying high-deductible health coverage for eligible medical expenses. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.
- 69. D** - Flexible spending arrangement is the best answer because it lets an employee set aside pre-tax salary contributions for eligible expenses, subject to plan rules. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**70. A** - Health reimbursement arrangement is the best answer because it is employer-funded and reimburses employees for eligible medical expenses under employer plan terms. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**71. A** - Medicare supplement policy is the best answer because it is standardized private coverage designed to help pay certain Medicare cost-sharing amounts. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**72. D** - Medicare Advantage plan is the best answer because it provides Medicare-covered benefits through a private plan approved by Medicare. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**73. C** - Medicaid is the best answer because it is a joint federal-state program providing medical assistance to eligible low-income individuals. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**74. B** - COBRA continuation coverage is the best answer because it allows eligible individuals to continue certain employer group health coverage after qualifying events. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**75. C** - Coordination of benefits provision is the best answer because it determines the order in which multiple health plans pay a covered claim. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**76. A** - Deductible is the best answer because it is the amount a covered person generally pays before the plan begins sharing covered expenses. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**77. B** - Coinsurance is the best answer because it is the percentage of a covered expense shared by the insured after any deductible is met. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**78. D** - Copayment is the best answer because it is a fixed amount paid by the insured for a covered service under plan terms. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**79. D** - Out-of-pocket maximum is the best answer because it caps certain covered cost sharing by the insured during a plan period, subject to plan terms. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**80. A** - Elimination period is the best answer because it is the waiting time after disability begins before disability-income benefits become payable. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**81. B** - Benefit period is the best answer because it is the maximum length of time benefits may be paid for a covered disability or condition. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**82. C** - Own-occupation definition is the best answer because it defines disability by inability to perform the duties of the insured's own occupation. Other choices describe different insurance concepts. Read the qualifying words carefully.

Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**83. A** - Any-occupation definition is the best answer because it defines disability by inability to perform the duties of any occupation for which the insured is reasonably suited. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**84. D** - Recurrent disability provision is the best answer because it treats a new disability as a continuation when it returns within the policy's stated period. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**85. C** - Residual disability benefit is the best answer because it pays a partial benefit when disability causes a qualifying loss of income rather than total inability to work. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**86. B** - Presumptive disability is the best answer because it treats certain severe losses as total disability without requiring proof of income loss. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**87. C** - Preexisting-condition provision is the best answer because it limits coverage for conditions present before the policy's effective date, subject to applicable law and policy terms. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**88. A** - Probationary period is the best answer because it is an initial period during which losses from specified conditions are not covered. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**89. D** - Notice of claim provision is the best answer because it requires the insured to notify the insurer of a covered loss within the policy's stated time. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**90. B** - Proof of loss provision is the best answer because it requires supporting information that substantiates a claim and the amount payable. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**91. B** - Time-payment-of-claims provision is the best answer because it requires the insurer to pay claims promptly after receiving the required proof. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**92. A** - Legal actions provision is the best answer because it sets conditions and time limits for bringing a lawsuit under the policy. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**93. D** - Change-of-occupation provision is the best answer because it allows benefit adjustment when the insured changes to an occupation with a different risk classification. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**94. C** - Relation-of-earnings-to-insurance provision is the best answer because it prevents disability benefits from exceeding the insured's allowable income relationship. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**95. D** - Other-insurance-with-this-insurer provision is the best answer because it coordinates multiple policies issued by the same insurer to prevent excessive benefits. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**96. C** - Other-insurance-with-other-insurers provision is the best answer because it coordinates coverage when similar benefits are provided by different insurers. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**97. A** - Unpaid-premium provision is the best answer because it allows an insurer to deduct overdue premium from a claim payment when permitted. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**98. B** - Conformity-with-state-statutes provision is the best answer because it automatically amends policy terms that conflict with applicable state law. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**99. B** - Physical examination and autopsy provision is the best answer because it permits an insurer to request examination or autopsy as allowed by policy terms and law. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**100. D** - Misstatement-of-age provision is the best answer because it adjusts health benefits to reflect the correct age when age was stated incorrectly. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**101. A** - Pure risk is the best answer because it involves the possibility of loss or no loss, without the possibility of gain. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**102. C** - Speculative risk is the best answer because it involves a possibility of gain as well as loss. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**103. A** - Peril is the best answer because it is the immediate cause of a loss, such as fire or illness. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**104. C** - Hazard is the best answer because it is a condition that increases the chance or severity of loss. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**105. D** - Moral hazard is the best answer because it arises from dishonesty or character traits that increase the likelihood of loss. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated

function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**106. B** - Morale hazard is the best answer because it arises from carelessness or indifference because insurance exists. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**107. A** - Physical hazard is the best answer because it is a tangible condition that increases the likelihood of loss. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**108. B** - Insurable interest is the best answer because it is a financial or lawful interest in the continued life or health of the insured. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**109. C** - Adverse selection is the best answer because it occurs when people with a greater likelihood of loss seek insurance more often or for more coverage. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**110. D** - Underwriting is the best answer because it is the process of evaluating risk and deciding whether and on what terms to issue coverage. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**111. A** - Field underwriting is the best answer because it refers to the producer's initial screening and information gathering during the application process. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**112. C** - Attending physician statement is the best answer because it is a report from an applicant's physician used by an insurer in underwriting when authorized. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**113. B** - Medical information bureau is the best answer because it is an industry reporting organization that may provide coded underwriting information when permitted. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**114. D** - Conditional receipt is the best answer because it provides temporary coverage only if stated conditions are satisfied. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**115. A** - Representation is the best answer because it is a statement believed true to the best of the applicant's knowledge but not guaranteed as absolute fact. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**116. B** - Warranty is the best answer because it is a statement that must be literally true when made part of an insurance contract. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**117. C** - Aleatory contract is the best answer because it is an agreement in which values exchanged may be unequal because payment depends on an uncertain event. Other choices describe different insurance concepts. Read the

qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**118. D** - Adhesion contract is the best answer because it is a contract drafted by one party, with ambiguities generally construed against that drafter. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**119. D** - Unilateral contract is the best answer because it is a contract in which only one party makes an enforceable promise to perform. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**120. C** - Conditional contract is the best answer because it requires certain conditions to be met before the insurer must perform. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**121. A** - Indemnity is the best answer because it restores an insured financially after a covered loss without creating a profit. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**122. B** - Subrogation is the best answer because it allows an insurer that pays a loss to pursue the responsible third party to the extent of payment. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**123. B** - Replacement is the best answer because it occurs when a new policy is purchased and an existing policy is lapsed, surrendered, or otherwise reduced. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**124. D** - Twisting is the best answer because it is an unfair practice that induces a policyholder to replace coverage using misleading comparisons. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**125. C** - Rebating is the best answer because it is offering an inducement not stated in the policy to persuade a person to buy insurance. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**126. A** - Arizona Department of Insurance and Financial Institutions is the best answer because it is the Arizona state agency that regulates insurance and financial institutions. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**127. D** - Insurance producer is the best answer because it is a person licensed to sell, solicit, or negotiate insurance on behalf of an insurer or client as authorized. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**128. B** - Producer appointment is the best answer because it is an insurer's authorization of a producer to act for that insurer when appointment is required. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**129. C** - Fiduciary responsibility is the best answer because it requires a producer to handle premiums or other client funds with the care required for money held in trust. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a

licensing examination.

**130. A** - Misrepresentation is the best answer because it is making an untrue, misleading, or incomplete statement about policy terms or benefits. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**131. C** - False advertising is the best answer because it is using advertising that is untrue, deceptive, or misleading about insurance or an insurer. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**132. B** - Defamation is the best answer because it is making false statements that harm the financial reputation of an insurer or producer. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**133. A** - Boycott coercion or intimidation is the best answer because it is an unfair trade practice that uses collective pressure or threats to restrain insurance business improperly. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**134. D** - Unfair discrimination is the best answer because it is treating insureds of the same class and essentially the same risk differently without a lawful basis. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**135. D** - Producer license renewal is the best answer because it is the periodic process of maintaining an active license by meeting applicable Arizona requirements. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**136. B** - Continuing education is the best answer because it is required ongoing education intended to maintain producer competence and compliance. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**137. C** - License suspension is the best answer because it is a temporary loss of authority to act under an insurance license. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**138. A** - License revocation is the best answer because it is termination of license authority, generally following a regulatory determination. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**139. D** - Administrative hearing is the best answer because it provides a process for contesting certain regulatory actions through notice and an opportunity to be heard. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**140. A** - Cease and desist order is the best answer because it directs a person to stop an identified prohibited or unlawful insurance practice. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**141. B** - Unfair claims practice is the best answer because it is an improper pattern or practice in investigating, evaluating, or settling insurance claims. Other choices describe different insurance concepts. Read the qualifying words

carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**142. C** - Replacement notice is the best answer because it is a disclosure used to help consumers understand that a proposed transaction may replace existing coverage. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**143. B** - Policy summary is the best answer because it is a concise disclosure describing important policy features, benefits, and limitations. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**144. D** - Buyer guide is the best answer because it is consumer-oriented material that explains insurance concepts and assists comparison of coverage. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**145. A** - Suitability is the best answer because it requires recommendations to be appropriate for the consumer's needs, objectives, and circumstances when the rule applies. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**146. C** - Privacy notice is the best answer because it explains an insurer's information-collection, sharing, and protection practices as required by law. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**147. C** - Fraud is the best answer because it is a knowingly deceptive act intended to obtain an improper insurance-related benefit or cause an improper payment. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**148. A** - Controlled business is the best answer because it is insurance written primarily on the producer, close family, or business interests and may be restricted by law. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.

**149. D** - Insurance transaction is the best answer because it includes activities such as solicitation, negotiation, sale, advice, application, and policy servicing. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination. The central point is the definition supplied in the stem.

**150. B** - Policy delivery is the best answer because it is the act of providing the issued policy to the owner, often accompanied by required disclosures and explanation. Other choices describe different insurance concepts. Read the qualifying words carefully. Match the stated function to the term. This approach separates closely related concepts on a licensing examination.