

ARIZONA LIFE AND HEALTH INSURANCE LICENSE

STUDY GUIDE - EXAM 12 (150 QUESTIONS)

This 150-question practice exam is designed for Arizona Life and Health producer licensing preparation. Choose the single best answer for each question. This is a study aid, not an official examination; verify current Arizona statutes, regulations, and examination requirements with the Arizona Department of Insurance and Financial Institutions and the authorized testing provider.

1. Which policy feature lets a policyowner name who receives proceeds at the insured's death?

- A. beneficiary designation
- B. grace-period clause
- C. consideration clause
- D. contestability provision

2. Which life policy is designed to provide coverage for a specified period, such as 20 years?

- A. variable life insurance
- B. universal life insurance
- C. whole life insurance
- D. term life insurance

3. What is the primary purpose of life insurance?

- A. replace damaged property
- B. pay routine medical bills
- C. guarantee investment gains
- D. provide funds after an insured's death

4. Which element requires an applicant to have a financial or family interest in the insured's continued life?

- A. insurable interest
- B. indemnity
- C. subrogation
- D. coinsurance

5. Which clause allows an insurer to examine a life policy's statements after issue for a limited period?

- A. insuring clause
- B. entire-contract clause
- C. incontestability clause
- D. ownership clause

6. Which life settlement option pays income for as long as the payee lives?

- A. lump-sum option
- B. life income option
- C. fixed-period option
- D. interest-only option

7. In life insurance, what is a premium?

- A. the policy's cash value
- B. the amount paid to keep coverage in force
- C. the insurer's reserve
- D. the amount paid at death

8. What does a policy loan use as collateral in a permanent life policy?

- A. the policy's cash value
- B. the death benefit only
- C. the insurer's surplus
- D. the beneficiary's assets

9. Which rider waives premiums when the insured becomes totally disabled as defined by the policy?

- A. cost-of-living rider
- B. guaranteed insurability rider
- C. waiver of premium rider
- D. accidental death rider

10. What generally happens when a life policy lapses for nonpayment after any grace period?

- A. a claim becomes payable
- B. cash value doubles
- C. beneficiary changes automatically
- D. coverage terminates

11. Which life insurance policy combines a death benefit with separately managed investment accounts?

- A. credit life insurance
- B. term life insurance
- C. industrial life insurance
- D. variable life insurance

12. What is a key feature of whole life insurance?

- A. level premiums and permanent protection

- B. no cash value potential
- C. no death benefit
- D. coverage ending annually

13. Which provision gives a policyowner time to pay an overdue premium while coverage remains in force?

- A. elimination period
- B. grace period
- C. probationary period
- D. contestable period

14. What does the dividend option 'paid-up additions' purchase?

- A. a return of all premiums
- B. a reduced deductible
- C. small amounts of additional permanent insurance
- D. a term-policy conversion

15. What is the usual purpose of a life insurance conversion privilege?

- A. increase face amount after a loss
- B. change term coverage to permanent coverage without new evidence of insurability
- C. borrow against a term policy
- D. transfer ownership automatically

16. Which nonforfeiture option uses cash value to buy a smaller amount of fully paid permanent insurance?

- A. extended term insurance
- B. cash surrender option

- C. reduced paid-up insurance
- D. automatic premium loan

17. Which nonforfeiture option uses cash value to continue the original face amount for a limited time?

- A. reduced paid-up insurance
- B. interest-only option
- C. cash surrender option
- D. extended term insurance

18. What is an annuity primarily intended to address?

- A. the risk of outliving income
- B. the risk of liability lawsuits
- C. the risk of unemployment
- D. the risk of property damage

19. During which annuity phase are funds accumulating before benefit payments begin?

- A. accumulation phase
- B. annuitization phase
- C. elimination phase
- D. grace phase

20. What does annuitization do?

- A. changes an insured
- B. cancels a rider
- C. converts annuity value into a payment stream
- D. creates a deductible

21. Which annuity guarantees a stated interest rate under its contract terms?

- A. group annuity only
- B. fixed annuity
- C. variable annuity
- D. equity option contract

22. What is a surrender charge?

- A. a tax on death benefits
- B. a premium due at renewal
- C. a fee paid with each claim
- D. a charge that may apply when funds are withdrawn early

23. Which annuity payment option continues payments to a beneficiary if the annuitant dies before a guaranteed period ends?

- A. life with period certain
- B. life only
- C. cash refund only
- D. interest only

24. Which health plan feature requires an insured to pay a stated amount before benefits begin?

- A. benefit period
- B. copayment
- C. deductible
- D. preauthorization

25. What is a copayment?

- A. a refund of unused premium
- B. the annual policy premium
- C. the insurer's share after deductible
- D. a fixed amount the insured pays for a covered service

26. What is coinsurance in medical expense insurance?

- A. a cash-value withdrawal
- B. a percentage sharing of covered expenses
- C. a waiting period before coverage
- D. a fixed death benefit

27. Which health policy provision identifies covered services, limitations, and exclusions?

- A. schedule of benefits
- B. assignment clause
- C. misstatement provision
- D. free-look notice

28. What does a preexisting-condition limitation address?

- A. claims after a policy anniversary
- B. beneficiary changes
- C. injuries caused by work
- D. conditions existing before coverage begins

29. Which type of health plan commonly uses a network and requires a primary-care referral for many specialists?

- A. indemnity plan
- B. health maintenance organization
- C. Medicare supplement plan
- D. fee-for-service plan

30. What is an HSA generally paired with?

- A. a disability income policy
- B. a whole life policy
- C. a qualifying high-deductible health plan
- D. a dental-only policy

31. What does disability income insurance generally replace?

- A. a portion of lost earnings
- B. the cost of property repairs
- C. the insured's life benefit
- D. the insurer's underwriting expense

32. What is an elimination period in disability income coverage?

- A. the time to pay premiums
- B. the waiting period before benefits begin
- C. the period to contest a claim
- D. the maximum benefit duration

33. Which disability definition focuses on the inability to perform duties of the insured's own occupation?

- A. any-occupation definition
- B. residual-income definition

- C. own-occupation definition
- D. presumptive-loss definition

34. What is a residual disability benefit designed to address?

- A. a beneficiary's death
- B. a hospital deductible
- C. a policy loan balance
- D. partial loss of income after a disability

35. Which policy typically pays a stated amount per day of hospital confinement?

- A. dental policy
- B. major medical policy
- C. hospital indemnity policy
- D. long-term care policy

36. What is long-term care insurance intended to help pay for?

- A. business property losses
- B. routine automobile repairs
- C. term-life premiums
- D. ongoing assistance with daily living needs

37. Which activity is commonly an activity of daily living?

- A. bathing
- B. driving to work
- C. filing taxes
- D. investing

38. What is a major medical policy designed to provide?

- A. only dental cleanings
- B. broad protection against large medical expenses
- C. only a death benefit
- D. only workers' compensation

39. What is an accident-only policy designed to cover?

- A. losses resulting from accidental injury
- B. investment losses
- C. all chronic illnesses
- D. property theft

40. What does a limited-benefit health policy generally provide?

- A. life insurance cash value
- B. coverage for a narrow category of services or losses
- C. unlimited medical coverage
- D. property liability protection

41. What is an insured's usual responsibility after a covered loss?

- A. appoint the beneficiary
- B. set the premium rate
- C. give timely notice and cooperate with the claim process
- D. issue the policy

42. What is subrogation?

- A. a health-plan referral
- B. the insured's right to change insurers
- C. a reduction in policy limits
- D. the insurer's right to recover from a responsible third party

43. What is coordination of benefits intended to prevent?

- A. payment of deductibles
- B. premium increases
- C. duplicate payment of the same medical expense
- D. a policy cancellation

44. What does 'assignment of benefits' generally authorize?

- A. payment of covered benefits directly to a provider
- B. a new beneficiary designation
- C. a premium refund
- D. a policy loan

45. What is a policy exclusion?

- A. an applicant's premium
- B. a rider adding coverage
- C. a benefit paid after a loss
- D. a loss or service the contract does not cover

46. What is a rider?

- A. a premium receipt
- B. an amendment that changes or adds policy benefits
- C. a claim form

D. the main policy application

47. What is consideration in an insurance contract?

- A. the insured's medical history
- B. the exchange of premium and the insurer's promise
- C. a producer's commission
- D. the policy's cash surrender value

48. Which contract characteristic means the insurer drafted the policy language?

- A. conditional
- B. unilateral
- C. adhesion
- D. aleatory

49. Which contract characteristic means values exchanged may be unequal depending on future events?

- A. aleatory
- B. personal
- C. bilateral
- D. commutative

50. Which contract characteristic means only the insurer makes an enforceable promise to pay covered claims?

- A. voidable
- B. bilateral
- C. commutative
- D. unilateral

51. What does utmost good faith require in insurance transactions?

- A. honest disclosure and fair dealing by the parties
- B. a lower premium
- C. guaranteed claim approval
- D. automatic renewal

52. What is a material misrepresentation on an application?

- A. a late premium payment
- B. any spelling mistake
- C. a beneficiary change
- D. a false statement important to the insurer's decision

53. What is adverse selection?

- A. a policyowner surrendering coverage
- B. an insurer paying early claims
- C. a tendency for higher-risk applicants to seek more insurance
- D. a producer selecting a beneficiary

54. What is underwriting?

- A. issuing a death certificate
- B. evaluating risk and determining acceptable coverage terms
- C. selling claims to providers
- D. collecting deductibles

55. What is the purpose of a conditional receipt?

- A. to replace a policy rider
- B. to guarantee issue
- C. to waive all premiums
- D. to describe temporary coverage conditions while underwriting is pending

56. What is a replacement transaction in life insurance?

- A. a claim is denied
- B. a beneficiary changes address
- C. a new policy is purchased and an existing policy may be surrendered or changed
- D. a premium is refunded

57. Why must producers avoid twisting?

- A. it reduces underwriting
- B. it involves misleading inducement to replace coverage
- C. it guarantees better benefits
- D. it pays a claim faster

58. What is rebating?

- A. offering an unauthorized inducement to purchase insurance
- B. collecting a premium
- C. explaining an exclusion
- D. paying a valid claim

59. What is unfair discrimination in insurance?

- A. charging a deductible
- B. treating similar risks differently without a lawful actuarial basis
- C. using a beneficiary form

D. issuing a rider

60. What is the primary role of the Arizona Department of Insurance and Financial Institutions?

- A. set every insurer's premium
- B. sell policies directly to consumers
- C. regulate insurance activity and enforce Arizona insurance law
- D. act as a beneficiary

61. What is a producer's fiduciary duty regarding premiums collected from clients?

- A. invest funds for the client
- B. waive all policy terms
- C. keep funds as personal income
- D. handle and remit funds properly under applicable requirements

62. Why should a producer document client communications and recommendations?

- A. to create an accurate record of the transaction
- B. to replace an application
- C. to eliminate underwriting
- D. to guarantee claim approval

63. What is the purpose of a policy summary?

- A. to present key policy features in understandable form
- B. to waive exclusions
- C. to replace the application
- D. to change the insurance contract

64. What does a free-look period allow a policyowner to do?

- A. change the insurer's reserves
- B. skip all premiums
- C. review and return a new policy within the stated period
- D. borrow without interest

65. What is a beneficiary revocable by the policyowner?

- A. a beneficiary who receives premiums
- B. a beneficiary who owns the policy
- C. a beneficiary who is always a trust
- D. a beneficiary who may be changed without that beneficiary's consent

66. What is an irrevocable beneficiary's key right?

- A. the right to issue riders
- B. changes affecting that interest may require the beneficiary's consent
- C. the right to underwrite applicants
- D. the right to set premium rates

67. What is the purpose of a contingent beneficiary?

- A. receive proceeds if the primary beneficiary cannot
- B. pay the policy premium
- C. approve policy loans
- D. act as the insurer

68. What does per stirpes distribution generally mean?

- A. all proceeds go to the estate
- B. a deceased beneficiary's share passes to that beneficiary's descendants
- C. beneficiaries are paid monthly
- D. the insurer chooses recipients

69. What does a common-disaster provision address?

- A. an insured's job loss
- B. a policy loan default
- C. a premium billing error
- D. uncertain order of death when insured and beneficiary die in the same event

70. What is an accelerated death benefit rider intended to provide?

- A. a new term period
- B. a property benefit
- C. access to part of the death benefit during qualifying serious illness
- D. a higher deductible

71. What does a guaranteed insurability rider generally allow?

- A. surrender a policy without charge
- B. name an insurer
- C. purchase additional coverage at stated times without new evidence of insurability
- D. convert every policy to an annuity

72. What is a cost-of-living rider designed to address?

- A. beneficiary changes
- B. erosion of purchasing power from inflation
- C. claim investigation

D. a policy's grace period

73. What does a return-of-premium term rider generally provide?

- A. a stated premium return if the insured survives the term and conditions are met
- B. hospital reimbursement
- C. automatic cash value
- D. an immediate annuity

74. What does a guaranteed renewable health policy generally promise?

- A. benefits increase automatically
- B. premiums can never change
- C. all losses are covered
- D. the insurer will renew coverage subject to stated conditions

75. What does noncancelable health insurance generally provide?

- A. no waiting period
- B. automatic claim approval
- C. renewal with premiums and benefits fixed as stated
- D. unlimited policy loans

76. What is a probationary period in health insurance?

- A. a disability benefit period
- B. a time for policy loans
- C. a premium grace period
- D. an initial period during which certain sickness losses may not be covered

77. What is a benefit period?

- A. a producer appointment
- B. the maximum length of time benefits are payable for a covered loss
- C. the policy's issue date
- D. the time before coverage begins

78. What is a stop-loss provision designed to limit?

- A. the insured's out-of-pocket exposure after stated conditions
- B. the applicant's age
- C. the policyowner's beneficiary rights
- D. the insurer's licensing duty

79. What is managed care intended to emphasize?

- A. coordinated, cost-conscious delivery of health services
- B. unlimited provider choice without rules
- C. life insurance investment returns
- D. property-loss adjustment

80. What is utilization review?

- A. a beneficiary designation
- B. evaluation of the medical necessity or appropriateness of services
- C. a review of producer commissions
- D. a policy surrender method

81. In a client discussion, which policy feature lets a policyowner name who receives proceeds at the insured's death?

- A. consideration clause
- B. grace-period clause
- C. beneficiary designation
- D. contestability provision

82. In a client discussion, which life policy is designed to provide coverage for a specified period, such as 20 years?

- A. whole life insurance
- B. variable life insurance
- C. universal life insurance
- D. term life insurance

83. In a client discussion, what is the primary purpose of life insurance?

- A. guarantee investment gains
- B. pay routine medical bills
- C. provide funds after an insured's death
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84. In a client discussion, which element requires an applicant to have a financial or family interest in the insured's continued life?

- A. coinsurance
- B. indemnity
- C. subrogation
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85. In a client discussion, which clause allows an insurer to examine a life policy's statements after issue for a limited period?

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- B. incontestability clause
- C. ownership clause
- D. insuring clause

86. In a client discussion, which life settlement option pays income for as long as the payee lives?

- A. life income option
- B. lump-sum option
- C. fixed-period option
- D. interest-only option

87. In a client discussion, in life insurance, what is a premium?

- A. the amount paid at death
- B. the policy's cash value
- C. the amount paid to keep coverage in force
- D. the insurer's reserve

88. In a client discussion, what does a policy loan use as collateral in a permanent life policy?

- A. the insurer's surplus
- B. the beneficiary's assets
- C. the death benefit only
- D. the policy's cash value

89. In a client discussion, which rider waives premiums when the insured becomes totally disabled as defined by the policy?

- A. accidental death rider
- B. waiver of premium rider
- C. guaranteed insurability rider
- D. cost-of-living rider

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91. In a client discussion, which life insurance policy combines a death benefit with separately managed investment accounts?

- A. variable life insurance
- B. term life insurance
- C. credit life insurance
- D. industrial life insurance

92. In a client discussion, what is a key feature of whole life insurance?

- A. no death benefit
- B. no cash value potential
- C. coverage ending annually
- D. level premiums and permanent protection

93. In a client discussion, which provision gives a policyowner time to pay an overdue premium while coverage remains in force?

- A. elimination period
- B. contestable period
- C. grace period
- D. probationary period

94. In a client discussion, what does the dividend option 'paid-up additions' purchase?

- A. small amounts of additional permanent insurance
- B. a return of all premiums
- C. a reduced deductible
- D. a term-policy conversion

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- A. borrow against a term policy
- B. transfer ownership automatically
- C. increase face amount after a loss
- D. change term coverage to permanent coverage without new evidence of insurability

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- A. the risk of liability lawsuits
- B. the risk of outliving income
- C. the risk of unemployment
- D. the risk of property damage

99. In a client discussion, during which annuity phase are funds accumulating before benefit payments begin?

- A. grace phase
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- C. annuitization phase
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100. In a client discussion, what does annuitization do?

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- A. a tax on death benefits
- B. a fee paid with each claim
- C. a charge that may apply when funds are withdrawn early
- D. a premium due at renewal

103. In a client discussion, which annuity payment option continues payments to a beneficiary if the annuitant dies before a guaranteed period ends?

- A. cash refund only
- B. interest only
- C. life only
- D. life with period certain

104. In a client discussion, which health plan feature requires an insured to pay a stated amount before benefits begin?

- A. deductible
- B. benefit period
- C. copayment
- D. preauthorization

105. In a client discussion, what is a copayment?

- A. a refund of unused premium
- B. the insurer's share after deductible
- C. a fixed amount the insured pays for a covered service
- D. the annual policy premium

106. In a client discussion, what is coinsurance in medical expense insurance?

- A. a waiting period before coverage
- B. a percentage sharing of covered expenses
- C. a cash-value withdrawal
- D. a fixed death benefit

107. In a client discussion, which health policy provision identifies covered services, limitations, and exclusions?

- A. assignment clause
- B. misstatement provision
- C. schedule of benefits
- D. free-look notice

108. In a client discussion, what does a preexisting-condition limitation address?

- A. injuries caused by work
- B. conditions existing before coverage begins
- C. claims after a policy anniversary
- D. beneficiary changes

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- A. health maintenance organization
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- C. fee-for-service plan
- D. Medicare supplement plan

110. In a client discussion, what is an HSA generally paired with?

- A. a whole life policy
- B. a dental-only policy
- C. a disability income policy
- D. a qualifying high-deductible health plan

111. In a client discussion, what does disability income insurance generally replace?

- A. a portion of lost earnings
- B. the insured's life benefit
- C. the insurer's underwriting expense
- D. the cost of property repairs

112. In a client discussion, what is an elimination period in disability income coverage?

- A. the maximum benefit duration
- B. the time to pay premiums
- C. the waiting period before benefits begin
- D. the period to contest a claim

113. In a client discussion, which disability definition focuses on the inability to perform duties of the insured's own occupation?

- A. presumptive-loss definition
- B. any-occupation definition
- C. residual-income definition
- D. own-occupation definition

114. In a client discussion, what is a residual disability benefit designed to address?

- A. a hospital deductible
- B. partial loss of income after a disability
- C. a beneficiary's death
- D. a policy loan balance

115. In a client discussion, which policy typically pays a stated amount per day of hospital confinement?

- A. major medical policy
- B. dental policy
- C. hospital indemnity policy
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- A. business property losses
- B. ongoing assistance with daily living needs
- C. term-life premiums
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- A. property liability protection
- B. coverage for a narrow category of services or losses
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- A. payment of deductibles
- B. a policy cancellation
- C. duplicate payment of the same medical expense
- D. premium increases

124. In a client discussion, what does 'assignment of benefits' generally authorize?

- A. a premium refund
- B. a policy loan
- C. a new beneficiary designation
- D. payment of covered benefits directly to a provider

125. In a client discussion, what is a policy exclusion?

- A. a rider adding coverage
- B. a loss or service the contract does not cover
- C. an applicant's premium
- D. a benefit paid after a loss

126. In a client discussion, what is a rider?

- A. an amendment that changes or adds policy benefits
- B. a claim form
- C. the main policy application
- D. a premium receipt

127. In a client discussion, what is consideration in an insurance contract?

- A. the insured's medical history
- B. a producer's commission
- C. the exchange of premium and the insurer's promise
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- B. a policyowner surrendering coverage
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- D. a tendency for higher-risk applicants to seek more insurance

134. In a client discussion, what is underwriting?

- A. selling claims to providers
- B. issuing a death certificate
- C. evaluating risk and determining acceptable coverage terms
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135. In a client discussion, what is the purpose of a conditional receipt?

- A. to replace a policy rider
- B. to waive all premiums
- C. to guarantee issue

D. to describe temporary coverage conditions while underwriting is pending

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- A. a claim is denied
- B. a new policy is purchased and an existing policy may be surrendered or changed
- C. a beneficiary changes address
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137. In a client discussion, why must producers avoid twisting?

- A. it guarantees better benefits
- B. it pays a claim faster
- C. it involves misleading inducement to replace coverage
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- A. offering an unauthorized inducement to purchase insurance
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- C. to change the insurance contract
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- A. borrow without interest
- B. skip all premiums
- C. review and return a new policy within the stated period
- D. change the insurer's reserves

145. In a client discussion, what is a beneficiary revocable by the policyowner?

- A. a beneficiary who may be changed without that beneficiary's consent
- B. a beneficiary who owns the policy
- C. a beneficiary who receives premiums
- D. a beneficiary who is always a trust

146. In a client discussion, what is an irrevocable beneficiary's key right?

- A. the right to set premium rates
- B. the right to underwrite applicants
- C. the right to issue riders
- D. changes affecting that interest may require the beneficiary's consent

147. In a client discussion, what is the purpose of a contingent beneficiary?

- A. pay the policy premium
- B. approve policy loans
- C. receive proceeds if the primary beneficiary cannot
- D. act as the insurer

148. In a client discussion, what does per stirpes distribution generally mean?

- A. all proceeds go to the estate
- B. a deceased beneficiary's share passes to that beneficiary's descendants
- C. beneficiaries are paid monthly
- D. the insurer chooses recipients

149. In a client discussion, what does a common-disaster provision address?

- A. a premium billing error
- B. a policy loan default
- C. an insured's job loss
- D. uncertain order of death when insured and beneficiary die in the same event

150. In a client discussion, what is an accelerated death benefit rider intended to provide?

- A. access to part of the death benefit during qualifying serious illness
- B. a higher deductible
- C. a new term period
- D. a property benefit

Exam 12: Answer Key and Explanations

1. A — The correct answer is A. A beneficiary designation directs death proceeds to the named recipient. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

2. D — The correct answer is D. Term life provides protection for a stated period without building cash value. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

3. D — The correct answer is D. Life insurance transfers the financial impact of premature death. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or

payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer. Use the policy wording and stated facts.

4. A — The correct answer is A. Insurable interest helps distinguish legitimate protection from wagering. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer. Use the policy wording and stated facts.

5. C — The correct answer is C. The incontestability clause limits late challenges after its stated period. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

6. B — The correct answer is B. A life income option bases payments on the recipient's lifetime. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

7. B — The correct answer is B. A premium is the consideration paid for insurance protection. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer. Use the policy wording and stated facts.

8. A — The correct answer is A. A policy loan is secured by available cash value. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer. Use the policy wording and stated facts.

9. C — The correct answer is C. The waiver rider helps preserve coverage during qualifying disability. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer. Use the policy wording and stated facts.

10. D — The correct answer is D. Lapse ends coverage unless a nonforfeiture or reinstatement option applies. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

11. D — The correct answer is D. Variable life places cash value in separate-account investment options. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer. Use the policy wording and stated facts.

12. A — The correct answer is A. Whole life is permanent insurance with scheduled premiums and cash-value buildup. It fits the facts. Other choices are related but different insurance terms, policy

features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

13. B — The correct answer is B. A grace period prevents immediate termination when a premium is late. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

14. C — The correct answer is C. Paid-up additions use dividends to buy additional fully paid life insurance. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

15. B — The correct answer is B. Conversion lets a term policyowner obtain permanent coverage under stated conditions. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

16. C — The correct answer is C. Reduced paid-up keeps permanent protection at a lower face amount. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

17. D — The correct answer is D. Extended term preserves the original death benefit for a temporary period. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

18. A — The correct answer is A. Annuities are structured to provide income, often during retirement. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer. Use the policy wording and stated facts.

19. A — The correct answer is A. The accumulation phase is when value builds through premiums and earnings. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

20. C — The correct answer is C. Annuitization turns accumulated value into scheduled income payments. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer. Use the policy wording and stated facts.

21. B — The correct answer is B. A fixed annuity credits interest according to the insurer's guarantees. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or

payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

22. D — The correct answer is D. A surrender charge discourages early withdrawals during a stated period. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

23. A — The correct answer is A. This option combines lifetime income with a minimum payment period. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

24. C — The correct answer is C. A deductible is the initial covered expense retained by the insured. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

25. D — The correct answer is D. A copayment is a fixed cost-sharing amount for a service. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

26. B — The correct answer is B. Coinsurance divides covered costs between the insurer and insured by percentage. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

27. A — The correct answer is A. The schedule of benefits describes what the contract will pay for. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

28. D — The correct answer is D. Such a limitation concerns medical conditions present before enrollment. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer. Use the policy wording and stated facts.

29. B — The correct answer is B. An HMO emphasizes coordinated, network-based care and referrals. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer. Use the policy wording and stated facts.

30. C — The correct answer is C. An HSA is designed to accompany qualifying high-deductible health coverage. It fits the facts. Other choices are related but different insurance terms, policy features,

coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

31. A — The correct answer is A. Disability income coverage addresses income loss caused by disability. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer. Use the policy wording and stated facts.

32. B — The correct answer is B. The elimination period is the interval between disability and benefit payments. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

33. C — The correct answer is C. Own-occupation coverage evaluates the insured's particular job duties. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer. Use the policy wording and stated facts.

34. D — The correct answer is D. Residual benefits help when the insured can work but earns less. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

35. C — The correct answer is C. Hospital indemnity coverage pays a specified daily benefit rather than actual charges. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

36. D — The correct answer is D. Long-term care coverage addresses extended custodial or supportive care needs. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

37. A — The correct answer is A. Activities of daily living are basic self-care tasks such as bathing. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

38. B — The correct answer is B. Major medical insurance is intended for substantial covered medical costs. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

39. A — The correct answer is A. Accident-only coverage responds to accidental injuries, not ordinary illness. It fits the facts. Other choices are related but different insurance terms, policy features, coverage

limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer. Use the policy wording and stated facts.

40. B — The correct answer is B. Limited-benefit plans cover selected risks rather than comprehensive care. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer. Use the policy wording and stated facts.

41. C — The correct answer is C. Timely notice and cooperation help the insurer investigate and process a claim. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

42. D — The correct answer is D. Subrogation lets an insurer pursue a party responsible for a paid loss. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

43. C — The correct answer is C. Coordination of benefits allocates payment when more than one plan applies. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

44. A — The correct answer is A. Assignment of benefits directs eligible claim payment to the provider. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

45. D — The correct answer is D. An exclusion states a circumstance, loss, or service outside coverage. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

46. B — The correct answer is B. A rider modifies the base contract by adding or changing terms. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

47. B — The correct answer is B. Consideration is the value exchanged by the parties to support the contract. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

48. C — The correct answer is C. An adhesion contract is prepared by one party and accepted by the other. It fits the facts. Other choices are related but different insurance terms, policy features, coverage

limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

49. A — The correct answer is A. Insurance is aleatory because benefit value depends on uncertain loss. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

50. D — The correct answer is D. Insurance is unilateral because the insurer's promise is enforceable after consideration. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

51. A — The correct answer is A. Good faith supports accurate underwriting and fair claim handling. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer. Use the policy wording and stated facts.

52. D — The correct answer is D. A material misrepresentation is significant enough to affect underwriting or issuance. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

53. C — The correct answer is C. Adverse selection occurs when risk information is unevenly distributed against the insurer. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

54. B — The correct answer is B. Underwriting assesses risk and sets eligibility, pricing, and policy terms. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

55. D — The correct answer is D. A conditional receipt may provide interim coverage only if its conditions are met. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

56. C — The correct answer is C. Replacement can affect values and protections in the existing policy. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

57. B — The correct answer is B. Twisting is improper because it uses misleading comparisons to cause replacement. It fits the facts. Other choices are related but different insurance terms, policy features,

coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

58. A — The correct answer is A. Rebating involves offering value not stated in the policy as an inducement. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

59. B — The correct answer is B. Risk classification must be based on legitimate underwriting factors, not unfair distinctions. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

60. C — The correct answer is C. Arizona's insurance regulator oversees licensing, market conduct, and insurer compliance. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

61. D — The correct answer is D. Premium funds are handled in trust-like fashion and must be properly accounted for. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

62. A — The correct answer is A. Good documentation supports clarity, compliance, and later review of the transaction. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

63. A — The correct answer is A. A policy summary helps consumers understand major benefits, costs, and limitations. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

64. C — The correct answer is C. The free-look period gives the buyer time to review and cancel as provided. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

65. D — The correct answer is D. A revocable beneficiary can be changed by the owner under the policy terms. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

66. B — The correct answer is B. An irrevocable beneficiary has a vested interest that restricts certain owner changes. It fits the facts. Other choices are related but different insurance terms, policy features,

coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

67. A — The correct answer is A. A contingent beneficiary is next in line if the primary beneficiary does not take proceeds. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

68. B — The correct answer is B. Per stirpes preserves a family branch's share through its descendants. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

69. D — The correct answer is D. The provision supplies a contractual method for handling simultaneous or near-simultaneous deaths. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

70. C — The correct answer is C. The rider may advance part of the death benefit when stated conditions are met. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

71. C — The correct answer is C. This rider preserves future purchase opportunities despite later health changes. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

72. B — The correct answer is B. A cost-of-living rider adjusts benefits according to stated inflation-related terms. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

73. A — The correct answer is A. Return-of-premium term adds a conditional premium-return feature to term coverage. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

74. D — The correct answer is D. Guaranteed renewable means renewal cannot be refused during the stated period, though class-based premiums may change. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

75. C — The correct answer is C. Noncancelable coverage offers strong renewal protection and restricts changes specified by the contract. It fits the facts. Other choices are related but different insurance

terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

76. D — The correct answer is D. A probationary period limits specified sickness coverage early in the policy. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

77. B — The correct answer is B. The benefit period establishes how long eligible benefits may continue. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

78. A — The correct answer is A. Stop-loss limits the insured's cumulative cost sharing under the plan terms. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

79. A — The correct answer is A. Managed care uses networks and utilization practices to coordinate care and control costs. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

80. B — The correct answer is B. Utilization review examines whether proposed or provided services meet plan standards. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

81. C — The correct answer is C. A beneficiary designation directs death proceeds to the named recipient. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

82. D — The correct answer is D. Term life provides protection for a stated period without building cash value. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

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100. A — The correct answer is A. Annuitization turns accumulated value into scheduled income payments. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer. Use the policy wording and stated facts.

101. D — The correct answer is D. A fixed annuity credits interest according to the insurer's guarantees. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

102. C — The correct answer is C. A surrender charge discourages early withdrawals during a stated period. It fits the facts. Other choices are related but different insurance terms, policy features, coverage

limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

103. D — The correct answer is D. This option combines lifetime income with a minimum payment period. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

104. A — The correct answer is A. A deductible is the initial covered expense retained by the insured. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

105. C — The correct answer is C. A copayment is a fixed cost-sharing amount for a service. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

106. B — The correct answer is B. Coinsurance divides covered costs between the insurer and insured by percentage. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

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110. D — The correct answer is D. An HSA is designed to accompany qualifying high-deductible health coverage. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

111. A — The correct answer is A. Disability income coverage addresses income loss caused by disability. It fits the facts. Other choices are related but different insurance terms, policy features,

coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer. Use the policy wording and stated facts.

112. C — The correct answer is C. The elimination period is the interval between disability and benefit payments. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

113. D — The correct answer is D. Own-occupation coverage evaluates the insured's particular job duties. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer. Use the policy wording and stated facts.

114. B — The correct answer is B. Residual benefits help when the insured can work but earns less. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

115. C — The correct answer is C. Hospital indemnity coverage pays a specified daily benefit rather than actual charges. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

116. B — The correct answer is B. Long-term care coverage addresses extended custodial or supportive care needs. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

117. D — The correct answer is D. Activities of daily living are basic self-care tasks such as bathing. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

118. A — The correct answer is A. Major medical insurance is intended for substantial covered medical costs. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

119. A — The correct answer is A. Accident-only coverage responds to accidental injuries, not ordinary illness. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer. Use the policy wording and stated facts.

120. B — The correct answer is B. Limited-benefit plans cover selected risks rather than comprehensive care. It fits the facts. Other choices are related but different insurance terms, policy features, coverage

limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer. Use the policy wording and stated facts.

121. D — The correct answer is D. Timely notice and cooperation help the insurer investigate and process a claim. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

122. C — The correct answer is C. Subrogation lets an insurer pursue a party responsible for a paid loss. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

123. C — The correct answer is C. Coordination of benefits allocates payment when more than one plan applies. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

124. D — The correct answer is D. Assignment of benefits directs eligible claim payment to the provider. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

125. B — The correct answer is B. An exclusion states a circumstance, loss, or service outside coverage. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

126. A — The correct answer is A. A rider modifies the base contract by adding or changing terms. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

127. C — The correct answer is C. Consideration is the value exchanged by the parties to support the contract. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

128. B — The correct answer is B. An adhesion contract is prepared by one party and accepted by the other. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

129. D — The correct answer is D. Insurance is aleatory because benefit value depends on uncertain loss. It fits the facts. Other choices are related but different insurance terms, policy features, coverage

limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

130. A — The correct answer is A. Insurance is unilateral because the insurer's promise is enforceable after consideration. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

131. A — The correct answer is A. Good faith supports accurate underwriting and fair claim handling. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer. Use the policy wording and stated facts.

132. B — The correct answer is B. A material misrepresentation is significant enough to affect underwriting or issuance. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

133. D — The correct answer is D. Adverse selection occurs when risk information is unevenly distributed against the insurer. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

134. C — The correct answer is C. Underwriting assesses risk and sets eligibility, pricing, and policy terms. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

135. D — The correct answer is D. A conditional receipt may provide interim coverage only if its conditions are met. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

136. B — The correct answer is B. Replacement can affect values and protections in the existing policy. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

137. C — The correct answer is C. Twisting is improper because it uses misleading comparisons to cause replacement. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

138. A — The correct answer is A. Rebating involves offering value not stated in the policy as an inducement. It fits the facts. Other choices are related but different insurance terms, policy features,

coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

139. B — The correct answer is B. Risk classification must be based on legitimate underwriting factors, not unfair distinctions. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

140. C — The correct answer is C. Arizona's insurance regulator oversees licensing, market conduct, and insurer compliance. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

141. D — The correct answer is D. Premium funds are handled in trust-like fashion and must be properly accounted for. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

142. A — The correct answer is A. Good documentation supports clarity, compliance, and later review of the transaction. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

143. B — The correct answer is B. A policy summary helps consumers understand major benefits, costs, and limitations. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

144. C — The correct answer is C. The free-look period gives the buyer time to review and cancel as provided. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

145. A — The correct answer is A. A revocable beneficiary can be changed by the owner under the policy terms. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

146. D — The correct answer is D. An irrevocable beneficiary has a vested interest that restricts certain owner changes. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

147. C — The correct answer is C. A contingent beneficiary is next in line if the primary beneficiary does not take proceeds. It fits the facts. Other choices are related but different insurance terms, policy

features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

148. B — The correct answer is B. Per stirpes preserves a family branch's share through its descendants. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

149. D — The correct answer is D. The provision supplies a contractual method for handling simultaneous or near-simultaneous deaths. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.

150. A — The correct answer is A. The rider may advance part of the death benefit when stated conditions are met. It fits the facts. Other choices are related but different insurance terms, policy features, coverage limits, or payment arrangements. On the licensing examination, match the requested concept to its definition. Select the single best answer.