

ARIZONA LIFE AND HEALTH INSURANCE LICENSE

STUDY GUIDE - EXAM 14 (150 QUESTIONS)

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

1. Which policy feature names who receives proceeds when the insured dies?
 - A. grace period
 - B. consideration clause
 - C. policy loan
 - D. beneficiary designation

2. Which policy provides life insurance protection for a stated number of years?
 - A. whole life insurance
 - B. term life insurance
 - C. variable life insurance
 - D. universal life insurance

3. What is the primary purpose of life insurance?
 - A. guarantee investment returns
 - B. pay routine medical bills
 - C. provide funds after an insured's death
 - D. repair personal property

4. What must exist when a person buys life insurance on another person?

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

5. What is a premium?

- A. the payment that keeps insurance in force
- B. the cash surrender value
- C. the policy death benefit
- D. the insurer reserve

6. What does a grace period allow after a premium due date?

- A. a policy loan without interest
- B. an immediate claim payment
- C. an automatic beneficiary change
- D. time to pay while coverage continues

7. What does a waiver-of-premium rider generally do?

- A. removes all exclusions
- B. waives premiums during qualifying disability
- C. creates a new beneficiary
- D. doubles every death benefit

8. What is a policy loan secured by in a permanent life policy?

- A. the beneficiary assets
- B. the policy application
- C. the producer commission
- D. cash value

9. What does reduced paid-up insurance provide?

- A. a smaller amount of fully paid permanent insurance
- B. a new medical policy
- C. a full cash refund
- D. the original amount of term insurance

10. What does extended term insurance provide?

- A. a reduced face amount for life
- B. a policy loan
- C. the original face amount for a limited period
- D. a dividend payment

11. What is the principal purpose of an annuity?

- A. protect against property loss
- B. address the risk of outliving income
- C. replace disability earnings
- D. provide legal defense

12. During which annuity stage is value building before payments begin?

- A. elimination period
- B. annuitization phase
- C. accumulation phase

D. grace period

13. What does annuitization accomplish?

- A. reduces a deductible
- B. changes an insured
- C. cancels a policy rider
- D. converts accumulated value into income payments

14. Which annuity credits interest according to stated guarantees?

- A. fixed annuity
- B. disability policy
- C. group medical plan
- D. variable annuity

15. What is a health-policy deductible?

- A. amount paid by the insured before benefits begin
- B. a fixed office-visit charge
- C. the insurer payment percentage
- D. a life policy premium

16. What is a copayment?

- A. policy cash value
- B. percentage paid after deductible
- C. annual premium amount
- D. fixed amount paid for a covered service

17. What is medical coinsurance?

- A. a waiting period for claims
- B. a death-benefit option
- C. percentage sharing of covered expenses
- D. a cash-value feature

18. What does a health-policy exclusion identify?

- A. a beneficiary right
- B. a loss or service not covered
- C. a benefit paid in full
- D. a required premium

19. What does a disability income policy generally replace?

- A. property repair costs
- B. part of lost earnings
- C. medical provider charges
- D. life insurance proceeds

20. What is an elimination period in disability income insurance?

- A. time to contest a claim
- B. premium due date
- C. maximum benefit duration
- D. waiting period before benefits begin

21. What does an own-occupation disability definition evaluate?

- A. ability to pay a premium
- B. a beneficiary's interest
- C. ability to perform the insured's own job duties
- D. the insurer's reserve level

22. What does residual disability coverage address?

- A. partial income loss after disability
- B. a hospital deductible
- C. policy replacement
- D. a death benefit claim

23. What is long-term care coverage intended to help fund?

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

24. Which is an activity of daily living?

- A. filing taxes
- B. commuting
- C. bathing
- D. investing

25. What is subrogation?

- A. a deductible refund
- B. insurer recovery from a responsible third party
- C. a beneficiary change

D. a policy loan

26. What is coordination of benefits designed to prevent?

- A. duplicate payment of the same expense
- B. beneficiary changes
- C. policy cancellation
- D. deductible collection

27. What is underwriting?

- A. paying a policy loan
- B. evaluating risk and setting acceptable coverage terms
- C. appointing beneficiaries
- D. selling a claim to a provider

28. What is a material misrepresentation?

- A. a late premium payment
- B. a beneficiary address
- C. a false statement important to underwriting
- D. a minor spelling error

29. What is twisting?

- A. misleading inducement to replace insurance
- B. explaining exclusions
- C. collecting a premium
- D. paying a valid claim

30. What is the Arizona Department of Insurance and Financial Institutions responsible for?

- A. setting all premiums
- B. selling insurance directly
- C. acting as beneficiary
- D. regulating insurance activity and enforcing Arizona insurance law

31. In a policy review, which policy feature names who receives proceeds when the insured dies?

- A. beneficiary designation
- B. consideration clause
- C. policy loan
- D. grace period

32. In a policy review, which policy provides life insurance protection for a stated number of years?

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

33. In a policy review, what is the primary purpose of life insurance?

- A. repair personal property
- B. provide funds after an insured's death
- C. pay routine medical bills
- D. guarantee investment returns

34. In a policy review, what must exist when a person buys life insurance on another person?

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

35. In a policy review, what is a premium?

- A. the insurer reserve
- B. the policy death benefit
- C. the payment that keeps insurance in force
- D. the cash surrender value

36. In a policy review, what does a grace period allow after a premium due date?

- A. a policy loan without interest
- B. time to pay while coverage continues
- C. an immediate claim payment
- D. an automatic beneficiary change

37. In a policy review, what does a waiver-of-premium rider generally do?

- A. waives premiums during qualifying disability
- B. removes all exclusions
- C. creates a new beneficiary
- D. doubles every death benefit

38. In a policy review, what is a policy loan secured by in a permanent life policy?

- A. the policy application
- B. the producer commission
- C. the beneficiary assets

D. cash value

39. In a policy review, what does reduced paid-up insurance provide?

- A. a new medical policy
- B. the original amount of term insurance
- C. a full cash refund
- D. a smaller amount of fully paid permanent insurance

40. In a policy review, what does extended term insurance provide?

- A. the original face amount for a limited period
- B. a policy loan
- C. a dividend payment
- D. a reduced face amount for life

41. In a policy review, what is the principal purpose of an annuity?

- A. protect against property loss
- B. address the risk of outliving income
- C. provide legal defense
- D. replace disability earnings

42. In a policy review, during which annuity stage is value building before payments begin?

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

43. In a policy review, what does annuitization accomplish?

- A. changes an insured
- B. reduces a deductible
- C. cancels a policy rider
- D. converts accumulated value into income payments

44. In a policy review, which annuity credits interest according to stated guarantees?

- A. fixed annuity
- B. group medical plan
- C. disability policy
- D. variable annuity

45. In a policy review, what is a health-policy deductible?

- A. a life policy premium
- B. amount paid by the insured before benefits begin
- C. the insurer payment percentage
- D. a fixed office-visit charge

46. In a policy review, what is a copayment?

- A. percentage paid after deductible
- B. fixed amount paid for a covered service
- C. policy cash value
- D. annual premium amount

47. In a policy review, what is medical coinsurance?

- A. a cash-value feature
- B. a death-benefit option
- C. percentage sharing of covered expenses
- D. a waiting period for claims

48. In a policy review, what does a health-policy exclusion identify?

- A. a loss or service not covered
- B. a benefit paid in full
- C. a required premium
- D. a beneficiary right

49. In a policy review, what does a disability income policy generally replace?

- A. property repair costs
- B. medical provider charges
- C. part of lost earnings
- D. life insurance proceeds

50. In a policy review, what is an elimination period in disability income insurance?

- A. maximum benefit duration
- B. time to contest a claim
- C. premium due date
- D. waiting period before benefits begin

51. In a policy review, what does an own-occupation disability definition evaluate?

- A. ability to perform the insured's own job duties
- B. a beneficiary's interest
- C. ability to pay a premium

D. the insurer's reserve level

52. In a policy review, what does residual disability coverage address?

- A. a death benefit claim
- B. policy replacement
- C. a hospital deductible
- D. partial income loss after disability

53. In a policy review, what is long-term care coverage intended to help fund?

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

54. In a policy review, which is an activity of daily living?

- A. investing
- B. bathing
- C. filing taxes
- D. commuting

55. In a policy review, what is subrogation?

- A. a policy loan
- B. a beneficiary change
- C. a deductible refund
- D. insurer recovery from a responsible third party

56. In a policy review, what is coordination of benefits designed to prevent?

- A. duplicate payment of the same expense
- B. policy cancellation
- C. deductible collection
- D. beneficiary changes

57. In a policy review, what is underwriting?

- A. selling a claim to a provider
- B. appointing beneficiaries
- C. evaluating risk and setting acceptable coverage terms
- D. paying a policy loan

58. In a policy review, what is a material misrepresentation?

- A. a late premium payment
- B. a false statement important to underwriting
- C. a beneficiary address
- D. a minor spelling error

59. In a policy review, what is twisting?

- A. collecting a premium
- B. paying a valid claim
- C. explaining exclusions
- D. misleading inducement to replace insurance

60. In a policy review, what is the Arizona Department of Insurance and Financial Institutions responsible for?

- A. setting all premiums
- B. regulating insurance activity and enforcing Arizona insurance law
- C. selling insurance directly
- D. acting as beneficiary

61. For a prospective client, which policy feature names who receives proceeds when the insured dies?

- A. beneficiary designation
- B. policy loan
- C. consideration clause
- D. grace period

62. For a prospective client, which policy provides life insurance protection for a stated number of years?

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

63. For a prospective client, what is the primary purpose of life insurance?

- A. pay routine medical bills
- B. provide funds after an insured's death
- C. guarantee investment returns
- D. repair personal property

64. For a prospective client, what must exist when a person buys life insurance on another person?

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

65. For a prospective client, what is a premium?

- A. the payment that keeps insurance in force
- B. the insurer reserve
- C. the cash surrender value
- D. the policy death benefit

66. For a prospective client, what does a grace period allow after a premium due date?

- A. an immediate claim payment
- B. an automatic beneficiary change
- C. a policy loan without interest
- D. time to pay while coverage continues

67. For a prospective client, what does a waiver-of-premium rider generally do?

- A. removes all exclusions
- B. waives premiums during qualifying disability
- C. doubles every death benefit
- D. creates a new beneficiary

68. For a prospective client, what is a policy loan secured by in a permanent life policy?

- A. cash value
- B. the beneficiary assets
- C. the policy application

D. the producer commission

69. For a prospective client, what does reduced paid-up insurance provide?

- A. a full cash refund
- B. the original amount of term insurance
- C. a smaller amount of fully paid permanent insurance
- D. a new medical policy

70. For a prospective client, what does extended term insurance provide?

- A. a reduced face amount for life
- B. a dividend payment
- C. a policy loan
- D. the original face amount for a limited period

71. For a prospective client, what is the principal purpose of an annuity?

- A. address the risk of outliving income
- B. replace disability earnings
- C. provide legal defense
- D. protect against property loss

72. For a prospective client, during which annuity stage is value building before payments begin?

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

73. For a prospective client, what does annuitization accomplish?

- A. cancels a policy rider
- B. converts accumulated value into income payments
- C. reduces a deductible
- D. changes an insured

74. For a prospective client, which annuity credits interest according to stated guarantees?

- A. disability policy
- B. group medical plan
- C. fixed annuity
- D. variable annuity

75. For a prospective client, what is a health-policy deductible?

- A. a fixed office-visit charge
- B. amount paid by the insured before benefits begin
- C. the insurer payment percentage
- D. a life policy premium

76. For a prospective client, what is a copayment?

- A. annual premium amount
- B. percentage paid after deductible
- C. fixed amount paid for a covered service
- D. policy cash value

77. For a prospective client, what is medical coinsurance?

- A. a death-benefit option
- B. a waiting period for claims
- C. a cash-value feature
- D. percentage sharing of covered expenses

78. For a prospective client, what does a health-policy exclusion identify?

- A. a loss or service not covered
- B. a required premium
- C. a beneficiary right
- D. a benefit paid in full

79. For a prospective client, what does a disability income policy generally replace?

- A. medical provider charges
- B. life insurance proceeds
- C. part of lost earnings
- D. property repair costs

80. For a prospective client, what is an elimination period in disability income insurance?

- A. premium due date
- B. time to contest a claim
- C. maximum benefit duration
- D. waiting period before benefits begin

81. For a prospective client, what does an own-occupation disability definition evaluate?

- A. the insurer's reserve level
- B. ability to perform the insured's own job duties
- C. ability to pay a premium

D. a beneficiary's interest

82. For a prospective client, what does residual disability coverage address?

- A. partial income loss after disability
- B. a death benefit claim
- C. a hospital deductible
- D. policy replacement

83. For a prospective client, what is long-term care coverage intended to help fund?

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

84. For a prospective client, which is an activity of daily living?

- A. bathing
- B. filing taxes
- C. commuting
- D. investing

85. For a prospective client, what is subrogation?

- A. a beneficiary change
- B. a policy loan
- C. a deductible refund
- D. insurer recovery from a responsible third party

86. For a prospective client, what is coordination of benefits designed to prevent?

- A. policy cancellation
- B. deductible collection
- C. duplicate payment of the same expense
- D. beneficiary changes

87. For a prospective client, what is underwriting?

- A. paying a policy loan
- B. appointing beneficiaries
- C. evaluating risk and setting acceptable coverage terms
- D. selling a claim to a provider

88. For a prospective client, what is a material misrepresentation?

- A. a minor spelling error
- B. a false statement important to underwriting
- C. a beneficiary address
- D. a late premium payment

89. For a prospective client, what is twisting?

- A. collecting a premium
- B. explaining exclusions
- C. paying a valid claim
- D. misleading inducement to replace insurance

90. For a prospective client, what is the Arizona Department of Insurance and Financial Institutions responsible for?

- A. regulating insurance activity and enforcing Arizona insurance law
- B. setting all premiums
- C. selling insurance directly
- D. acting as beneficiary

91. During a producer consultation, which policy feature names who receives proceeds when the insured dies?

- A. consideration clause
- B. policy loan
- C. beneficiary designation
- D. grace period

92. During a producer consultation, which policy provides life insurance protection for a stated number of years?

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

93. During a producer consultation, what is the primary purpose of life insurance?

- A. repair personal property
- B. provide funds after an insured's death
- C. guarantee investment returns
- D. pay routine medical bills

94. During a producer consultation, what must exist when a person buys life insurance on another person?

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

95. During a producer consultation, what is a premium?

- A. the policy death benefit
- B. the payment that keeps insurance in force
- C. the cash surrender value
- D. the insurer reserve

96. During a producer consultation, what does a grace period allow after a premium due date?

- A. an automatic beneficiary change
- B. a policy loan without interest
- C. an immediate claim payment
- D. time to pay while coverage continues

97. During a producer consultation, what does a waiver-of-premium rider generally do?

- A. creates a new beneficiary
- B. doubles every death benefit
- C. waives premiums during qualifying disability
- D. removes all exclusions

98. During a producer consultation, what is a policy loan secured by in a permanent life policy?

- A. cash value

- B. the beneficiary assets
- C. the policy application
- D. the producer commission

99. During a producer consultation, what does reduced paid-up insurance provide?

- A. a new medical policy
- B. the original amount of term insurance
- C. a smaller amount of fully paid permanent insurance
- D. a full cash refund

100. During a producer consultation, what does extended term insurance provide?

- A. a policy loan
- B. the original face amount for a limited period
- C. a reduced face amount for life
- D. a dividend payment

101. During a producer consultation, what is the principal purpose of an annuity?

- A. address the risk of outliving income
- B. replace disability earnings
- C. provide legal defense
- D. protect against property loss

102. During a producer consultation, during which annuity stage is value building before payments begin?

- A. annuitization phase
- B. grace period
- C. elimination period

D. accumulation phase

103. During a producer consultation, what does annuitization accomplish?

- A. cancels a policy rider
- B. reduces a deductible
- C. changes an insured
- D. converts accumulated value into income payments

104. During a producer consultation, which annuity credits interest according to stated guarantees?

- A. fixed annuity
- B. variable annuity
- C. group medical plan
- D. disability policy

105. During a producer consultation, what is a health-policy deductible?

- A. a fixed office-visit charge
- B. amount paid by the insured before benefits begin
- C. the insurer payment percentage
- D. a life policy premium

106. During a producer consultation, what is a copayment?

- A. annual premium amount
- B. policy cash value
- C. fixed amount paid for a covered service
- D. percentage paid after deductible

107. During a producer consultation, what is medical coinsurance?

- A. a death-benefit option
- B. percentage sharing of covered expenses
- C. a cash-value feature
- D. a waiting period for claims

108. During a producer consultation, what does a health-policy exclusion identify?

- A. a loss or service not covered
- B. a benefit paid in full
- C. a beneficiary right
- D. a required premium

109. During a producer consultation, what does a disability income policy generally replace?

- A. property repair costs
- B. life insurance proceeds
- C. medical provider charges
- D. part of lost earnings

110. During a producer consultation, what is an elimination period in disability income insurance?

- A. maximum benefit duration
- B. time to contest a claim
- C. waiting period before benefits begin
- D. premium due date

111. During a producer consultation, what does an own-occupation disability definition evaluate?

- A. the insurer's reserve level
- B. a beneficiary's interest
- C. ability to perform the insured's own job duties
- D. ability to pay a premium

112. During a producer consultation, what does residual disability coverage address?

- A. a death benefit claim
- B. policy replacement
- C. a hospital deductible
- D. partial income loss after disability

113. During a producer consultation, what is long-term care coverage intended to help fund?

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

114. During a producer consultation, which is an activity of daily living?

- A. commuting
- B. bathing
- C. filing taxes
- D. investing

115. During a producer consultation, what is subrogation?

- A. a deductible refund
- B. a beneficiary change
- C. a policy loan

D. insurer recovery from a responsible third party

116. During a producer consultation, what is coordination of benefits designed to prevent?

- A. beneficiary changes
- B. duplicate payment of the same expense
- C. policy cancellation
- D. deductible collection

117. During a producer consultation, what is underwriting?

- A. evaluating risk and setting acceptable coverage terms
- B. paying a policy loan
- C. selling a claim to a provider
- D. appointing beneficiaries

118. During a producer consultation, what is a material misrepresentation?

- A. a beneficiary address
- B. a late premium payment
- C. a false statement important to underwriting
- D. a minor spelling error

119. During a producer consultation, what is twisting?

- A. explaining exclusions
- B. collecting a premium
- C. misleading inducement to replace insurance
- D. paying a valid claim

120. During a producer consultation, what is the Arizona Department of Insurance and Financial Institutions responsible for?

- A. selling insurance directly
- B. regulating insurance activity and enforcing Arizona insurance law
- C. setting all premiums
- D. acting as beneficiary

121. Under the policy terms, which policy feature names who receives proceeds when the insured dies?

- A. policy loan
- B. consideration clause
- C. grace period
- D. beneficiary designation

122. Under the policy terms, which policy provides life insurance protection for a stated number of years?

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

123. Under the policy terms, what is the primary purpose of life insurance?

- A. repair personal property
- B. pay routine medical bills
- C. guarantee investment returns
- D. provide funds after an insured's death

124. Under the policy terms, what must exist when a person buys life insurance on another person?

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

125. Under the policy terms, what is a premium?

- A. the insurer reserve
- B. the policy death benefit
- C. the payment that keeps insurance in force
- D. the cash surrender value

126. Under the policy terms, what does a grace period allow after a premium due date?

- A. time to pay while coverage continues
- B. an immediate claim payment
- C. an automatic beneficiary change
- D. a policy loan without interest

127. Under the policy terms, what does a waiver-of-premium rider generally do?

- A. doubles every death benefit
- B. removes all exclusions
- C. waives premiums during qualifying disability
- D. creates a new beneficiary

128. Under the policy terms, what is a policy loan secured by in a permanent life policy?

- A. cash value

- B. the policy application
- C. the producer commission
- D. the beneficiary assets

129. Under the policy terms, what does reduced paid-up insurance provide?

- A. the original amount of term insurance
- B. a smaller amount of fully paid permanent insurance
- C. a new medical policy
- D. a full cash refund

130. Under the policy terms, what does extended term insurance provide?

- A. a policy loan
- B. a dividend payment
- C. a reduced face amount for life
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- A. address the risk of outliving income
- B. protect against property loss
- C. provide legal defense
- D. replace disability earnings

132. Under the policy terms, during which annuity stage is value building before payments begin?

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

133. Under the policy terms, what does annuitization accomplish?

- A. changes an insured
- B. reduces a deductible
- C. cancels a policy rider
- D. converts accumulated value into income payments

134. Under the policy terms, which annuity credits interest according to stated guarantees?

- A. variable annuity
- B. fixed annuity
- C. disability policy
- D. group medical plan

135. Under the policy terms, what is a health-policy deductible?

- A. a fixed office-visit charge
- B. the insurer payment percentage
- C. a life policy premium
- D. amount paid by the insured before benefits begin

136. Under the policy terms, what is a copayment?

- A. policy cash value
- B. annual premium amount
- C. fixed amount paid for a covered service
- D. percentage paid after deductible

137. Under the policy terms, what is medical coinsurance?

- A. a waiting period for claims
- B. percentage sharing of covered expenses
- C. a death-benefit option
- D. a cash-value feature

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- A. a loss or service not covered
- B. a benefit paid in full
- C. a beneficiary right
- D. a required premium

139. Under the policy terms, what does a disability income policy generally replace?

- A. medical provider charges
- B. part of lost earnings
- C. property repair costs
- D. life insurance proceeds

140. Under the policy terms, what is an elimination period in disability income insurance?

- A. waiting period before benefits begin
- B. premium due date
- C. maximum benefit duration
- D. time to contest a claim

141. Under the policy terms, what does an own-occupation disability definition evaluate?

- A. a beneficiary's interest

- B. ability to pay a premium
- C. ability to perform the insured's own job duties
- D. the insurer's reserve level

142. Under the policy terms, what does residual disability coverage address?

- A. a death benefit claim
- B. a hospital deductible
- C. policy replacement
- D. partial income loss after disability

143. Under the policy terms, what is long-term care coverage intended to help fund?

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- B. business liabilities
- C. ongoing assistance with daily living needs
- D. automobile repairs

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- B. filing taxes
- C. commuting
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- A. a policy loan
- B. a beneficiary change
- C. a deductible refund
- D. insurer recovery from a responsible third party

146. Under the policy terms, what is coordination of benefits designed to prevent?

- A. policy cancellation
- B. duplicate payment of the same expense
- C. beneficiary changes
- D. deductible collection

147. Under the policy terms, what is underwriting?

- A. appointing beneficiaries
- B. paying a policy loan
- C. selling a claim to a provider
- D. evaluating risk and setting acceptable coverage terms

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- A. a beneficiary address
- B. a late premium payment
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- A. misleading inducement to replace insurance
- B. collecting a premium
- C. explaining exclusions
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150. Under the policy terms, what is the Arizona Department of Insurance and Financial Institutions responsible for?

- A. selling insurance directly
- B. regulating insurance activity and enforcing Arizona insurance law
- C. setting all premiums
- D. acting as beneficiary

Exam 14: Answer Key and Explanations

1. D — The correct answer is D. A beneficiary designation directs the death benefit to the named recipient. It fits the policy purpose and the stated facts. The other choices name related but different insurance terms, payment arrangements, coverage limits, or contractual rights. For licensing practice, identify the requested concept first and then select the option that precisely matches its definition under

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121. D — The correct answer is D. A beneficiary designation directs the death benefit to the named recipient. It fits the policy purpose and the stated facts. The other choices name related but different insurance terms, payment arrangements, coverage limits, or contractual rights. For licensing practice, identify the requested concept first and then select the option that precisely matches its definition under

122. A — The correct answer is A. Term life provides coverage for a specified period without cash value. It fits the policy purpose and the stated facts. The other choices name related but different insurance terms, payment arrangements, coverage limits, or contractual rights. For licensing practice, identify the requested concept first and then select the option that precisely matches its definition under

123. D — The correct answer is D. Life insurance protects against the financial consequences of premature death. It fits the policy purpose and the stated facts. The other choices name related but different insurance terms, payment arrangements, coverage limits, or contractual rights. For licensing practice, identify the requested concept first and then select the option that precisely matches its definition under the

124. B — The correct answer is B. Insurable interest shows a legitimate relationship rather than a wagering arrangement. It fits the policy purpose and the stated facts. The other choices name related but different insurance terms, payment arrangements, coverage limits, or contractual rights. For licensing practice, identify the requested concept first and then select the option that precisely matches its definition under

125. C — The correct answer is C. A premium is the policyowner's consideration for the insurer's promise. It fits the policy purpose and the stated facts. The other choices name related but different insurance terms, payment arrangements, coverage limits, or contractual rights. For licensing practice, identify the requested concept first and then select the option that precisely matches its definition under the

126. A — The correct answer is A. A grace period prevents immediate lapse when a required premium is late. It fits the policy purpose and the stated facts. The other choices name related but different insurance terms, payment arrangements, coverage limits, or contractual rights. For licensing practice, identify the requested concept first and then select the option that precisely matches its definition

127. C — The correct answer is C. The rider helps keep coverage in force if a qualifying disability occurs. It fits the policy purpose and the stated facts. The other choices name related but different insurance terms, payment arrangements, coverage limits, or contractual rights. For licensing practice, identify the requested concept first and then select the option that precisely matches its definition

128. A — The correct answer is A. A policy loan is generally secured by the available cash value. It fits the policy purpose and the stated facts. The other choices name related but different insurance terms, payment arrangements, coverage limits, or contractual rights. For licensing practice, identify the requested concept first and then select the option that precisely matches its definition under

129. B — The correct answer is B. This nonforfeiture option preserves permanent coverage at a reduced face amount. It fits the policy purpose and the stated facts. The other choices name related but different insurance terms, payment arrangements, coverage limits, or contractual rights. For licensing practice, identify the requested concept first and then select the option that precisely matches its definition under

130. D — The correct answer is D. Extended term uses cash value to continue the original death benefit temporarily. It fits the policy purpose and the stated facts. The other choices name related but different

insurance terms, payment arrangements, coverage limits, or contractual rights. For licensing practice, identify the requested concept first and then select the option that precisely matches its definition

131. A — The correct answer is A. An annuity is designed to create income, often for retirement years. It fits the policy purpose and the stated facts. The other choices name related but different insurance terms, payment arrangements, coverage limits, or contractual rights. For licensing practice, identify the requested concept first and then select the option that precisely matches its definition under

132. C — The correct answer is C. The accumulation phase is when premiums and credited earnings build value. It fits the policy purpose and the stated facts. The other choices name related but different insurance terms, payment arrangements, coverage limits, or contractual rights. For licensing practice, identify the requested concept first and then select the option that precisely matches its definition under

133. D — The correct answer is D. Annuitization turns the annuity's value into a scheduled payment stream. It fits the policy purpose and the stated facts. The other choices name related but different insurance terms, payment arrangements, coverage limits, or contractual rights. For licensing practice, identify the requested concept first and then select the option that precisely matches its definition under the

134. B — The correct answer is B. A fixed annuity offers contractually stated interest-crediting guarantees. It fits the policy purpose and the stated facts. The other choices name related but different insurance terms, payment arrangements, coverage limits, or contractual rights. For licensing practice, identify the requested concept first and then select the option that precisely matches its definition under the policy.

135. D — The correct answer is D. A deductible is the initial covered expense retained by the insured. It fits the policy purpose and the stated facts. The other choices name related but different insurance terms, payment arrangements, coverage limits, or contractual rights. For licensing practice, identify the requested concept first and then select the option that precisely matches its definition under

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