

PRACTICE EXAM 7: LIFE & HEALTH INSURANCE LICENSE (100 QUESTIONS)

Choose the single best answer for each question. This is a jurisdiction-neutral practice exam covering common life and health insurance principles; state statutes, mandated benefits, and licensing rules may differ.

1. A contract in which the insurer promises to pay a stated benefit when the insured dies is:

- A. health insurance
- B. property insurance
- C. life insurance
- D. liability insurance

2. The person whose life is covered by a life insurance policy is the:

- A. beneficiary
- B. insured
- C. producer
- D. policyowner

3. The person or entity entitled to receive policy proceeds is the:

- A. beneficiary
- B. underwriter
- C. applicant
- D. annuitant

4. A policyowner who can change beneficiaries without their consent has named a:

- A. primary insurer
- B. contingent owner
- C. irrevocable beneficiary
- D. revocable beneficiary

5. A beneficiary designated to receive proceeds if the primary beneficiary is not living is a:

- A. contingent beneficiary
- B. revocable beneficiary
- C. premium payor
- D. policy rider

6. The amount paid periodically to keep insurance in force is the:

- A. cash value
- B. benefit
- C. premium
- D. dividend

7. The insurer's written promise to provide coverage is the:

- A. binder
- B. policy
- C. application
- D. illustration

8. An insurer evaluates proposed risks primarily through:

- A. claims adjustment
- B. reinsurance
- C. policy replacement
- D. underwriting

9. Facts that would influence an insurer's underwriting decision are:

- A. settlements
- B. endorsements
- C. dividends
- D. material facts

10. A false statement made with intent to deceive is generally considered:

- A. a premium mode
- B. a waiver
- C. fraud
- D. an indemnity

11. A statement on an application that is believed true to the applicant's knowledge is a:

- A. representation
- B. warranty
- C. disclosure notice
- D. rider

12. A statement in an insurance contract that must be literally true is a:

- A. representation
- B. warranty
- C. conversion
- D. endorsement

13. A provision that lets an insurer review certain statements for a limited early period is the:

- A. incontestability provision
- B. entire contract provision
- C. misstatement provision
- D. grace provision

14. The clause naming the documents that comprise the insurance agreement is the:

- A. insuring clause
- B. consideration clause
- C. free-look provision
- D. entire contract provision

15. The policy clause identifying the insurer, insured, and amount of coverage is commonly the:

- A. beneficiary clause
- B. insuring clause
- C. rider clause
- D. assignment clause

16. A policy add-on that changes coverage is called a:

- A. premium mode
- B. dividend option
- C. rider
- D. policy loan

17. A rider that waives premium payments when the insured becomes totally disabled is the:

- A. guaranteed insurability rider
- B. accidental death rider
- C. waiver of premium rider
- D. payor benefit rider

18. A rider allowing additional insurance purchases at stated times without proof of insurability is:

- A. double indemnity
- B. return of premium
- C. cost of living
- D. guaranteed insurability

19. Term life insurance is designed to provide coverage for a:

- A. medical expense benefit
- B. specified period
- C. retirement income guarantee
- D. lifetime with cash value

20. Whole life insurance generally provides:

- A. lifetime protection with cash value
- B. temporary protection only
- C. variable market returns only
- D. disability income only

21. Universal life is commonly characterized by:

- A. flexible premiums and adjustable benefits
- B. no cash value
- C. fixed term only
- D. employer-only ownership

22. Variable life policies place investment risk primarily on the:

- A. producer
- B. beneficiary
- C. insurer
- D. policyowner

23. The death benefit of decreasing term insurance:

- A. increases every year
- B. declines over time
- C. is paid only at maturity
- D. remains level permanently

24. Mortgage protection is often structured as:

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

25. A policy with level death benefit and level premium for the term is:

- A. adjustable life insurance
- B. level term insurance
- C. credit life insurance
- D. decreasing term insurance

26. Renewable term insurance allows the owner to:

- A. change the insured at will
- B. withdraw cash value
- C. convert every policy automatically
- D. continue coverage without new evidence of insurability

27. Convertible term insurance allows the owner to:

- A. borrow against the policy
- B. sell the death benefit
- C. exchange term coverage for permanent coverage
- D. skip all premiums

28. The period after a premium due date when coverage remains in force is the:

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

29. A policy that ends because required premium was not paid has:

- A. lapsed
- B. assigned
- C. vested
- D. renewed

30. Reinstatement generally requires a lapsed policyowner to:

- A. surrender cash value
- B. buy a new policy only
- C. name a new beneficiary
- D. meet stated requirements and pay overdue amounts

31. The cash amount available to a policyowner upon surrender of permanent life insurance is:

- A. face amount
- B. policy dividend
- C. cash surrender value
- D. accidental death benefit

32. A policy loan is normally secured by the policy's:

- A. beneficiary designation
- B. cash value
- C. grace period
- D. insuring clause

33. If an unpaid loan exists at death, the insurer typically:

- A. adds it to the premium
- B. deducts the balance from proceeds
- C. pays it to the producer
- D. voids the policy automatically

34. A nonforfeiture option preserves some value when permanent coverage is discontinued because:

- A. the policy is renewable
- B. the beneficiary changes
- C. the insured changes jobs
- D. cash value has accumulated

35. The extended term option uses cash value to purchase:

- A. a new health policy
- B. reduced paid-up insurance
- C. term insurance for the full face amount
- D. an annuity immediately

36. The reduced paid-up option provides:

- A. a smaller amount of permanent insurance with no further premiums
- B. a refund of all premiums
- C. the original face amount for a short term
- D. a loan with no interest

37. A dividend from a participating life policy is best described as:

- A. a return of divisible surplus, not a guarantee
- B. a premium tax
- C. a guaranteed interest payment
- D. a required death benefit

38. The dividend option that buys small additions of permanent insurance is:

- A. reduced paid-up
- B. paid-up additions
- C. accumulation at interest
- D. one-year term

39. An assignment that transfers all ownership rights is an:

- A. beneficiary change
- B. collateral assignment
- C. absolute assignment
- D. revocable transfer

40. An assignment made to secure a debt is a:

- A. conversion privilege
- B. novation
- C. complete surrender
- D. collateral assignment

41. A life settlement involves:

- A. selling an existing policy to a third party
- B. borrowing from the insurer
- C. adding a beneficiary
- D. converting group coverage

42. An annuity is primarily intended to address:

- A. the need for liability defense
- B. the risk of unemployment
- C. the risk of property loss
- D. the risk of outliving income

43. The person whose life expectancy determines annuity payments is the:

- A. beneficiary
- B. producer
- C. annuitant
- D. policyowner only

44. The period during which money is paid into a deferred annuity is the:

- A. benefit period
- B. accumulation period
- C. annuitization period
- D. grace period

45. The conversion of accumulated annuity value into periodic income is:

- A. replacement
- B. reinstatement
- C. subrogation
- D. annuitization

46. An immediate annuity generally begins income payments:

- A. only after a long accumulation period
- B. soon after purchase
- C. when a disability occurs
- D. at the insured's death

47. A fixed annuity promises:

- A. guaranteed minimum values subject to contract terms
- B. direct ownership of stock shares
- C. medical expense reimbursement
- D. only variable investment results

48. A variable annuity's value is tied to:

- A. the insurer's property claims
- B. a fixed interest rate only
- C. investment performance of separate accounts
- D. the beneficiary's age only

49. A joint-and-survivor annuity continues payments until:

- A. the beneficiary reaches majority
- B. the last covered annuitant dies
- C. the owner changes jobs
- D. the first annuitant dies

50. An annuity payout option with no survivor or refund feature is a:

- A. period-certain option
- B. cash refund option
- C. life income option
- D. installment refund option

51. A deductible is the amount the insured:

- A. pays before the plan begins sharing covered loss
- B. receives after a claim
- C. borrows from cash value
- D. pays as a policy dividend

52. Coinsurance usually requires the insured to:

- A. pay every expense
- B. wait for renewal
- C. name a beneficiary
- D. share covered expenses

53. A copayment is generally:

- A. the policy's face amount
- B. a fixed amount paid for a covered service
- C. a type of life dividend
- D. a refund at cancellation

54. The maximum an insured pays from covered costs during a period is the:

- A. out-of-pocket maximum
- B. policy loan limit
- C. elimination period
- D. benefit period

55. A managed care plan that commonly requires use of a network is an:

- A. Medigap policy
- B. credit life policy
- C. HMO
- D. indemnity plan

56. A PPO generally offers:

- A. life insurance conversion
- B. cash-only benefits
- C. no provider network
- D. network discounts and flexibility

57. A primary care physician often coordinates care in:

- A. managed care arrangements
- B. fixed annuities
- C. property insurance contracts
- D. credit disability plans

58. An indemnity medical plan typically reimburses:

- A. cash value loans
- B. covered expenses according to the policy terms
- C. life policy dividends
- D. only network providers

59. Disability income insurance is intended to replace:

- A. the full cost of property damage
- B. life insurance cash value
- C. a beneficiary designation
- D. a portion of lost earned income

60. The waiting time before disability benefits begin is the:

- A. grace period
- B. conversion period
- C. elimination period
- D. contestability period

61. The maximum length for which disability benefits can be paid is the:

- A. probationary period
- B. benefit period
- C. accumulation period
- D. free-look period

62. An own-occupation definition of disability focuses on inability to perform:

- A. any job in the economy
- B. only household tasks
- C. a beneficiary's occupation
- D. the duties of the insured's own occupation

63. A residual disability benefit is designed for:

- A. partial income loss after a disability
- B. total property loss
- C. a policy loan repayment
- D. death from an accident

64. Presumptive disability provisions may pay benefits for losses such as:

- A. a missed premium
- B. seasonal illness
- C. specified sight or limb loss
- D. investment decline

65. A disability policy's recurrent disability provision addresses:

- A. a later disability related to an earlier one
- B. a change of beneficiary
- C. a new life insurance rider
- D. a premium frequency change

66. Accidental death and dismemberment coverage pays for:

- A. retirement income
- B. specified accidental losses
- C. ordinary medical expenses
- D. cash surrender values

67. A medical expense policy most directly covers:

- A. loss of wages only
- B. auto liability judgments
- C. eligible health care charges
- D. death proceeds only

68. A hospital indemnity policy commonly pays:

- A. actual surgical bills only
- B. investment gains
- C. life insurance cash value
- D. a stated amount per covered hospital day

69. A critical illness policy generally provides:

- A. property repair coverage
- B. a beneficiary change service
- C. an annuity income stream
- D. a lump-sum benefit for a covered diagnosis

70. Long-term care insurance is designed primarily for:

- A. routine automobile repairs
- B. assistance with chronic care needs
- C. securities investing
- D. temporary life insurance

71. Activities of daily living commonly include:

- A. choosing investments
- B. filing a tax return
- C. bathing, dressing, and eating
- D. selling property

72. A policy that pays a benefit when an insured cannot perform stated ADLs uses:

- A. an ADL benefit trigger
- B. a life settlement trigger
- C. a collateral assignment
- D. a premium mode

73. Medicare Part A is commonly associated with:

- A. life insurance benefits
- B. prescription drug coverage only
- C. outpatient physician services
- D. inpatient hospital coverage

74. Medicare Part B is commonly associated with:

- A. inpatient hospital room charges
- B. disability income only
- C. physician and outpatient services
- D. life insurance cash value

75. Medicare Advantage plans are generally offered through:

- A. life settlement providers
- B. private plans approved to provide Medicare benefits
- C. only state property insurers
- D. employers with no regulation

76. Medicare supplement insurance is designed to:

- A. help pay certain gaps in Original Medicare
- B. fund an annuity
- C. provide workers compensation
- D. replace all life insurance

77. Medicaid is generally a:

- A. private life insurance plan
- B. needs-based public health coverage program
- C. property liability pool
- D. fixed annuity contract

78. Workers compensation generally addresses:

- A. life policy dividends
- B. retirement annuity values
- C. job-related injury or illness
- D. personal investment losses

79. COBRA is associated with the opportunity to:

- A. avoid all premiums permanently
- B. receive a life settlement
- C. convert an annuity to life insurance
- D. continue qualifying group health coverage after certain events

80. A group insurance master contract is normally issued to the:

- A. group policyholder
- B. producer
- C. individual certificate holder
- D. beneficiary

81. A certificate of insurance is typically given to:

- A. the state regulator
- B. the reinsurer
- C. a covered group member
- D. the underwriting department

82. Contributory group insurance requires:

- A. covered employees to contribute toward premium
- B. individual policy loans
- C. no enrollment process
- D. only the employer to pay

83. Noncontributory group insurance is generally funded by:

- A. the beneficiary
- B. the policy loan account
- C. each covered employee
- D. the employer

84. A conversion privilege in group life insurance lets an eligible person:

- A. withdraw a group cash value
- B. obtain individual coverage without evidence of insurability
- C. sell the master contract
- D. change the employer

85. HIPAA portability rules are associated with:

- A. protections affecting health coverage transitions
- B. annuity payout choices
- C. homeowners liability
- D. life policy loans

86. An insurer's review of a claim to determine covered benefits is:

- A. reinstatement
- B. claims adjudication
- C. underwriting
- D. annuitization

87. The process by which an insurer seeks recovery from a responsible third party is:

- A. consideration
- B. conversion
- C. indemnification
- D. subrogation

88. The principle intended to prevent an insured from profiting from a loss is:

- A. representation
- B. assignment
- C. indemnity
- D. adhesion

89. A policy provision that gives a new owner time to review and return a policy is the:

- A. free-look provision
- B. coinsurance provision
- C. misstatement provision
- D. nonforfeiture option

90. The provision allowing the insurer to correct benefits when age was misstated is:

- A. beneficiary provision
- B. assignment provision
- C. incontestability provision
- D. misstatement of age provision

91. An insurer that transfers part of its risk to another insurer uses:

- A. annuitization
- B. reinsurance
- C. conversion
- D. subrogation

92. A producer is generally a person authorized to:

- A. guarantee investments
- B. adjudicate every claim
- C. solicit, negotiate, or sell insurance
- D. set state law

93. Premiums held by a producer for an insurer are generally treated as:

- A. policy dividends
- B. fiduciary funds
- C. personal commissions
- D. cash surrender values

94. Making misleading statements to induce a policy replacement is an example of:

- A. an unfair trade practice
- B. indemnification
- C. annuitization
- D. risk pooling

95. Twisting generally involves:

- A. paying a valid claim
- B. issuing a group certificate
- C. calculating a deductible
- D. misrepresenting policy terms to induce replacement

96. Rebating is generally the improper practice of:

- A. collecting a lawful premium
- B. using risk classification
- C. offering an unauthorized inducement to buy insurance
- D. explaining policy exclusions

97. The contract characteristic meaning ambiguous language is interpreted against its drafter is:

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

98. Insurance is called aleatory because:

- A. both parties exchange equal amounts
- B. only the insured makes a promise
- C. coverage is never conditional
- D. exchange values may be unequal depending on loss

99. Insurance is unilateral because:

- A. the producer owns the policy
- B. both parties must perform identical acts
- C. only the insurer makes an enforceable promise to pay
- D. the beneficiary pays all premiums

100. Consideration in an insurance contract includes:

- A. only the death benefit
- B. premium and the applicant's representations
- C. only a policy loan
- D. only a beneficiary designation

PRACTICE EXAM 7: ANSWER KEY AND EXPLANATIONS

1. **C** - life insurance is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
2. **B** - insured is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
3. **A** - beneficiary is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
4. **D** - revocable beneficiary is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
5. **A** - contingent beneficiary is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
6. **C** - premium is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
7. **B** - policy is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
8. **D** - underwriting is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
9. **D** - material facts is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
10. **C** - fraud is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
11. **A** - representation is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
12. **B** - warranty is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
13. **A** - incontestability provision is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
14. **D** - entire contract provision is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
15. **B** - insuring clause is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.

- 16. C** - rider is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 17. C** - waiver of premium rider is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 18. D** - guaranteed insurability is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 19. B** - specified period is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 20. A** - lifetime protection with cash value is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 21. A** - flexible premiums and adjustable benefits is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 22. D** - policyowner is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 23. B** - declines over time is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 24. C** - decreasing term insurance is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 25. B** - level term insurance is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 26. D** - continue coverage without new evidence of insurability is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 27. C** - exchange term coverage for permanent coverage is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 28. A** - grace period is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 29. A** - lapsed is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 30. D** - meet stated requirements and pay overdue amounts is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 31. C** - cash surrender value is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.

- 32. B** - cash value is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 33. B** - deducts the balance from proceeds is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 34. D** - cash value has accumulated is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 35. C** - term insurance for the full face amount is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 36. A** - a smaller amount of permanent insurance with no further premiums is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 37. A** - a return of divisible surplus, not a guarantee is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 38. B** - paid-up additions is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 39. C** - absolute assignment is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 40. D** - collateral assignment is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 41. A** - selling an existing policy to a third party is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 42. D** - the risk of outliving income is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 43. C** - annuitant is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 44. B** - accumulation period is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 45. D** - annuitization is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 46. B** - soon after purchase is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 47. A** - guaranteed minimum values subject to contract terms is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.

- 48. C** - investment performance of separate accounts is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 49. B** - the last covered annuitant dies is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 50. C** - life income option is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 51. A** - pays before the plan begins sharing covered loss is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 52. D** - share covered expenses is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 53. B** - a fixed amount paid for a covered service is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 54. A** - out-of-pocket maximum is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 55. C** - HMO is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 56. D** - network discounts and flexibility is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 57. A** - managed care arrangements is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 58. B** - covered expenses according to the policy terms is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 59. D** - a portion of lost earned income is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 60. C** - elimination period is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 61. B** - benefit period is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 62. D** - the duties of the insured's own occupation is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 63. A** - partial income loss after a disability is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.

- 64. C** - specified sight or limb loss is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 65. A** - a later disability related to an earlier one is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 66. B** - specified accidental losses is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 67. C** - eligible health care charges is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 68. D** - a stated amount per covered hospital day is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 69. D** - a lump-sum benefit for a covered diagnosis is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 70. B** - assistance with chronic care needs is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 71. C** - bathing, dressing, and eating is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 72. A** - an ADL benefit trigger is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 73. D** - inpatient hospital coverage is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 74. C** - physician and outpatient services is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 75. B** - private plans approved to provide Medicare benefits is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 76. A** - help pay certain gaps in Original Medicare is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 77. B** - needs-based public health coverage program is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 78. C** - job-related injury or illness is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 79. D** - continue qualifying group health coverage after certain events is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.

- 80. A** - group policyholder is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 81. C** - a covered group member is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 82. A** - covered employees to contribute toward premium is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 83. D** - the employer is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 84. B** - obtain individual coverage without evidence of insurability is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 85. A** - protections affecting health coverage transitions is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 86. B** - claims adjudication is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 87. D** - subrogation is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 88. C** - indemnity is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 89. A** - free-look provision is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 90. D** - misstatement of age provision is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 91. B** - reinsurance is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 92. C** - solicit, negotiate, or sell insurance is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 93. B** - fiduciary funds is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 94. A** - an unfair trade practice is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.
- 95. D** - misrepresenting policy terms to induce replacement is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.

96. C - offering an unauthorized inducement to buy insurance is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.

97. A - adhesion is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.

98. D - exchange values may be unequal depending on loss is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.

99. C - only the insurer makes an enforceable promise to pay is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.

100. B - premium and the applicant's representations is correct. It precisely matches the definition or function in the question. Each other option is a different insurance term, benefit, party, or policy feature. Do not choose a familiar word unless it meets the full definition. Review related terms carefully and remember that state law may change testing emphasis.

Educational practice material. Verify jurisdiction-specific requirements with your state insurance department.